STRENGTHENING CONNECTIVITY

FOR RESILIENT FINANCIAL SYSTEMS IN SOUTHEAST ASIA

2024

40th ANNIVERSARY

US-ASEAN BUSINESS COUNCIL, INC.

INTRODUCTION

This report provides industry insights on how to best address challenges and enable crucial growth in ASEAN economies and capital markets, targeting topics in line with ASEAN 2024's themes of Connectivity and Resilience.

The US-ASEAN Business Council and its members are committed to being partners and resources to ASEAN governments, in supporting sustainable resilient and inclusive economic growth. This is our 40th year since our founding, and we continue to work closely with governments and other stakeholders to support regional digital trade, finance, and sustainability efforts that build policy frameworks, align standards, and implement best practices to reduce barriers to trade and enhance ASEAN's competitiveness to attract investment, including supporting the development of the ASEAN Digital Economy Framework Agreement (DEFA).

In line with the Lao PDR's ASEAN Chairmanship themes and referencing our industry field data and best practices, we will share with the 11th ASEAN Finance Ministers' and Central Bank Governors' Meeting (AFMGM) a range of recommendations on digital connectivity and resiliency, as well as suggestions related to sustainable healthcare financing.

Executive Summary

CONNECTIVITY

- **Support regulatory changes to unlock infrastructure financing:** Ensure that domestic legislation does not impede infrastructure financing. Consider a negative charge regime and amendments in domestic legislation to incentivize private sector investments in infrastructure.

- **Create investor-friendly environments:** Foster environments conducive to investment by global and regional Multilateral Development Banks (MDBs, aiming to enhance investor confidence and attract private capital for infrastructure projects.

- **Drive reforms in MDB/DFI risk management:** We recommend that ASEAN Member States (AMS) draw on recommendations in the G20 “Boosting MDBs’ Investing Capacity” Report. We recommend AMS play an active role in discussions about MDB/DFI reform and encourage regional institutions to pursue more innovative solutions that could be adopted globally by larger DFIs.

- **Foster financial inclusion and interoperability** of different types of payment architectures.

    - ***Go cash-lite:*** *incentivize transition toward credit/debit/prepaid cards and digital wallets to individuals, businesses and governments and prioritize expansion of banking services to unbanked populations regionally.*

    - ***Promote innovation in payments:*** *AMS should foster and sustain open competition and a level playing field in the payments industry.*

- **Collaborate with well-regulated financial institutions,** such as banks, that have robust risk management procedures to:

    - *Test blockchain in regulated areas, leveraging their expertise to manage risks and educate consumers.*
    - *Test emerging payment infrastructures such as instant payment systems.*

- **Adopt international standards and promote regional alignment:** Work with international policymakers and regulators to promote best practices in market development and mitigate risks. Continue ASEAN wide co-ordination on standards and frameworks.

- **Enable cross-border data flow and limit data transfer restrictions** only in certain circumstances (including through the inclusion of financial services in data-related commitments in the ASEAN Digital Economy Framework Agreement).

- **Remove In-Country Computing Requirements:** Businesses, including financial services companies, aren't bound to locate computing facilities within specific countries.

- **Focus on International Interoperability:** Promote interoperability through standards and partnerships in agreements like DEFA. ASEAN Member States can also utilize existing digital and financial agreements as models, such as the Singapore-Australia Digital Economy Agreement and statements from the United States and Singapore.

RESILIENCE

- **Digital Economy Framework Agreement (DEFA)**
  - *Ensure cross-borders data flow and limit data transfer restrictions only in certain circumstances.*
  - *Build on existing agreements and co-develop digital policies with industry on digital regulations.*
  - *Consider projects tied to DEFA that encourage interoperability among AMS, including projects that would suit countries with different levels of development.*
  - *Foster alignment on digital payments licensing frameworks.*
  - *Promote public-private dialogue on emerging technologies.*

- **Transition Finance**
  - *Maintain cooperation on standards and frameworks for climate-related disclosure, to attract investments and prevent greenwashing.*
  - *Work with industry for strategic initiatives and transition planning.*
  - *Encourage policies that mobilize private capital for low-carbon solutions.*
  - ***Transition topics:***

    1. *Environmental Insurance:* Partner with insurers to address protection gaps and consider mandatory schemes for environmental insurance.
    2. *Pillar 3:* Encourage AMS members of the Basel Committee on Banking Supervision (BCBS) to share the ASEAN views on the concerns with the proposal.
    3. *Transition Planning:* Use international frameworks like International Sustainability Standards Board (ISSB) and Impact Disclosure Taskforce guidance for sustainable capital attraction.
    4. *Carbon Markets:* Support development with clear standards, collaboration, and risk management, leveraging existing international work by ICVCM.

- **Capital Markets Development**
  - *Encourage policy makers to review legal netting framework to clarify gap, working with regional and global trade bodies.*
  - *Close the gap by passing netting certainty law or / and adding specific legal wording to provide netting certainty.*
  - *Encourage the financial ministries, central banks and the market regulators to work together to develop the capital markets.*

- **Incorporate Health in All Policies:** Spending on health is seen as an investment as it is directly linked to economic development. Investments in health across sectors is critical, including education, labor, and science & technology. Sustainable Health Financing is key to stay resilient against changing demographics for economic growth. New sources of revenue can be tapped such as ear-marked taxes for health, private capital directed towards national health goals, blended finance mechanisms to extend impact of public funds.

- **Continue intra-government collaboration and dialogue on health and finance:** We respectfully request that the Laos Chairmanship continue the effort for a permanent feature of an ASEAN Joint Health and Finance Ministers Dialogue, inviting stakeholders including industry to discuss and co- create viable instruments to sustain healthcare financing towards the 2030 UHC goals.

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Theme: Connectivity

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A: Unlocking Capital Markets Financing for Infrastructure Development

The Asian Development Bank (ADB) projects the ASEAN region's baseline total infrastructure investment need at US$2.8 trillion, which rises to US$3.1 trillion when adjusted for climate impact[1]. It is clear to central banks and ministries of finance that the scale of the financing needed cannot be met with public funding alone. Consequently, since 2015, the call to action has been to leverage private sector financing and turn "billions-to-trillions"[2], particularly to fund the SDGs. Opportunities for private sector investment in emerging market climate mitigation and adaptation projects could reach US$23 trillion between 2016 and 2030[3]. Yet mobilizing this money has been difficult and can only be unlocked by solving the obstacles holding back private financing. Reform of multilateral development banks and changes to regulations relating to a negative capital charge for infrastructure are two ways to unlock infrastructure financing.

Multilateral development banks (MDBs) and development finance institutions (DFIs) were created when local capital markets were nascent and developed world private financiers had limited appetite to invest in underdeveloped and fragile markets without the support – or "political umbrella" - of an MDB/DFI. As a result, most privately focused MDBs and DFIs were project finance-like operations, investing across the capital stack and holding loans on their balance sheet, rather than structuring them for distribution or other forms of liquidity exists. With limited competition and a hold-to-maturity approach, projects were typically priced at a flat rate with simple standardized fee structures for the project duration (averaging out construction and operational risk-related price differentials). The World Bank's Private Sector Investment Lab, announced in July 2023, is an example of the kind of change required to move the needle, convening senior executives in partnership with MDB/IFCs to address the barriers to private sector investment. In its first year, this new organization has helped the World Bank to make its first significant change to its guarantee solutions in 15 years. New reforms, announced on February 28, 2024, include structural reforms and new tools aimed toward achieving the World Bank's goal of tripling its annual guarantee issuance to US$20 billion by 2030. The ADB has also instituted an ambitious series of reforms in updating its Capital Adequacy Framework, expanding the bank's annual new commitments capacity to more than US$36 billion—an increase of approximately US$10 billion, or about 40%. The measures will enable ADB to provide up to US$360 billion of its own financing to its developing member countries over the next decade.

Reform in MDB/DFI Risk management: While MDBs/DFIs have matured and broadened their product mix to include corporate lending, bond books and very long-tenor infrastructure projects, their originate-to-hold and related pricing paradigm remains. Furthermore, given shareholder pressure for increased climate lending, MDBs/DFIs have begun to compete with each other for available projects, using blended finance[4] to lower pricing and “win the deal”. The independent review of MDBs’ capital adequacy frameworks, Boosting MDBs’ Investing Capacity (CAF report)[5] for the G20 in 2022 put forward a wide array of measures that would enable global development banks to considerably expand the projects they deliver without the need for additional capital. The CAF report highlights that MDBs/DFIs can take more risk without jeopardizing their AAA credit rating. If implemented, many of the proposed measures, such as adapting their approach to defining risk and giving more credit to callable capital, will increase the flow of private capital over the long term. While a complete and successful implementation of the CAF report’s recommendations would be insufficient to meet the total sum needed to completely close the SDG funding gap, it has the potential to have a catalytic effect, boosting overall efforts to create positive change. Increasing the capital available to MDB/DFIs and having that capital deployed in the same traditional way would never generate the potential multiplier effect needed to close the funding gap. Institutions and governments must think about deploying capital differently. The CAF report addresses the first step – how to increase capital – but it does not address how the capital should be used. Reform of MDB/DFIs is about more than capital availability, it is about partnership with the private sector to shift their business models and products to maximize private capital mobilization. We recommend that ASEAN governments play an active role in discussions about MDB/DFI reform to unlock the financing required for infrastructure and encourage regional institutions to pursue more innovative solutions that could be adopted globally by larger DFIs.

Negative Charge Regime and removal of regulatory roadblocks to infrastructure financing: Regulatory capital charges and stricter capital requirements following the 2008 Financial Crisis restrict banks and prevent them from allocating funds to infrastructure, particularly U.S. banks. The Council recommends amendments to regulations at the local, regional, and global level to encourage banks to fund infrastructure investments and impose lower or negative capital charge requirements for such assets.

Based on experience in other regions, the Council would like to highlight the following important considerations that would help the private sector become more involved in infrastructure financing:

Recommendations

1. **Support changes to bank regulatory capital requirements at the local and global level to encourage banks to fund infrastructure** including changes to regulatory treatment of MDB/DFI risk defeasance tools to allow commercial investors to take better advantage of these.

2. **Draw on recommendations in the G20 "Boosting MDBs' Investing Capacity" to set forward a plan of work by ASEAN Finance Ministers and Central Bank Governors.**

3. **Provide investor-friendly environments** for global and regional MDBs with an eye toward building investor confidence and attracting private capital for infrastructure investment.

4. **Drive MDB/DFI Reforms in Risk Management:** Changes in MDB/DFI risk posture and/or the assumption of incremental risk in their product offerings would enable the crowding in of commercial banks and institutional investors, thereby unlocking capital on a greater scale than MDBs/DFIs can currently manage on their own. In particular, MDBs/DFIs should adjust products and tools to take on aspects of risk that are difficult for private sector debt capital to bear (whether investment grade markets, private credit, infrastructure funds or commercial banks). Creative features to tackle these risks will require breaking norms and include:

   4.1 Securitizing assets for capital recycling: MDBs/DFIs should consider building a portfolio of own-account securitizable assets to be packaged for sale alongside MDB/DFI hold positions. Done properly, creating MDB collateralized loan obligation (CLO) structures should allow access to the deep pool of CLO capital.

   4.2 Temporal structural subordination and/or back-ended amortization: MDBs/DFIs should take on temporary structurally subordinated positions or back-ended maturities to allow commercial financiers to provide shorter tenor financing given duration constraints in many regulatory frameworks.

   4.3 Political risk insurance (PRI), partial risk guarantee (PRG) and non-honoring products: MDBs/DFIs should reexamine guarantee structures, pricing, and quantum, and consider adding functionality. The Multilateral Investment Guarantee Agency (MIGA) and a small number of MDBs and national DFIs provide PRI, non-honoring products, and partial risk guarantees. Yet the demand for these guarantees is multiples of current programs. Additional regional development banks should consider adding these capabilities. The MIGA re-insurance model can be greatly expanded given market capacity.

Summary

- **Support Regulatory Changes:** Ensure that domestic legislation does not impede infrastructure financing. Consider a negative charge regime and amendments in domestic legislation to incentivize private sector investments in infrastructure.
- **Create Investor-Friendly Environments:** Foster environments conducive to investment by global and regional MDBs, aiming to enhance investor confidence and attract private capital for infrastructure projects.
- **Drive Reforms in MDB/DFI Risk management:** We recommend that AMS draw on recommendations in the G20 "Boosting MDBs' Investing Capacity" Report. We reccommend AMS play an active role in discussions about MDB/DFI reform and encourage regional institutions to pursue more innovative solutions that could be adopted globally by larger DFIs.

B. ASEAN Digital Innovation and Infrastructure Connectivity

ASEAN's digital economy is projected to grow from US$300 billion to US$2 trillion by 2030. Key digital sectors include eCommerce, online media, transport and food, online travel, financial services, and health tech. Already, there are 125,000 new internet users in ASEAN every day. Digital partnerships between fintechs, financial institutions and payment networks are helping to expand access to financial services through digital payments by opening new acceptance, driving new payment flows and creating new ways to pay and be paid. According to the World Bank's latest Findex Data, 72.5% of adults in ASEAN countries (excluding Brunei who was not surveyed) had access to the internet in 2021. Only 23.8% of adults had used a debit or credit on average, but 48.4% of adults had made or received a digital payment across ASEAN countries in 2021.[6]

The region has made progress in addressing barriers to digital payments, including by improving access to the internet, promoting digital financial literacy, enabling innovation such as contactless forms of digital payments, promoting adoption of global standards and modernizing payment infrastructure. Enhancing digital payment capabilities would have the added benefit of increasing access to digital financial services, including banking and insurance services that would otherwise not be available in under-penetrated markets.

Increasingly, leading financial services providers are using application programming interfaces (APIs) to connect across their ecosystems, from customers through to suppliers throughout the value chain as well as across internal systems. This evolution has not replaced existing forms of connectivity (e.g., file and batch communications) but complements web-based, host-to-host, or SWIFT[7] communications to facilitate exchange on demand and in real time. Looking forward, cross-border payments providers will be developing their respective approaches to the digital asset space, maintaining readiness to scale up in areas such as Central Bank Digital Currencies (CBDCs), stablecoins, and tokenized deposits should need arise. These key emerging technologies will be important areas for governments in Southeast Asia to consider when developing a future-proof Digital Economy Framework Agreement (DEFA).

ASEAN Regional Payments Connectivity, including bilateral links like the cross border QR payment links between Indonesia and Malaysia and Indonesia and Thailand, as well as Thailand's QR links with Cambodia, Malaysia, and Vietnam are important regional initiatives. But a wide range of market standards does create obstacles for real-time payments and limits regional economic activity. Taking the Single Euro Payments Area as an example, Europe has seen an increase of more than US$23.8 billion in value through the combination of increased economic activity and cost savings generated by bridging previously existing gaps in market standards. Increasing regional cooperation on real-time payments would offer more opportunities for developing markets to learn from the best practices of well-established real-time payment schemes that do exist within ASEAN. The progress made in 2023 at the ASEAN leaders' summit in Labuan Bajo, where member states committed to improving regional payment connectivity and promoting local currency transactions, is encouraging, and will only be enhanced by partnering with industry.

Instant Payments:

Many countries around the world are replacing or improving their established payment systems, to enable instant payments, including several ASEAN countries (Singapore, Malaysia, Thailand, Philippines, Indonesia) as well as India, Brazil, United Kingdom, Japan, South Africa, and Mexico.[8] Instant payment systems can facilitate electronic payments such that the transmission of the payment message and the availability of final funds to the payee occur in real-time, on a 24-hour, seven-days-a-week basis. Often termed 'faster payments' or 'real-time payments', this innovative development has become a core focus for payments authorities and business providers globally. Asia Pacific has been no exception, with these instant payment networks forecast to process more than US$2.4 trillion by 2025.[9]

In Asia-Pacific where digital wallets represent nearly 70% of all ecommerce transactions, instant payment systems are primed to be a key driver of this continuing trend of digital adoption.

- Instant payments can enable individuals and small to medium businesses to get paid faster and make payments faster to avoid late fees associated with liquidity and cashflow constraints, such as payday advancement fees, or wage acceleration fees.
- Instant payments can also support financial inclusion initiatives by offering faster payment infrastructure to digital financial services which address frictions associated with financial inclusion of the unbanked and underbanked. Instant payment solutions can promote financial inclusion for small businesses - instead of accepting only cash payments, instant payments allow them to broaden their consumer base. According to research by the Bank for International Settlements, instant payments and financial inclusion are linked in several ways:
    - ***Network effects:***As more individuals and businesses adopt fast payments across the economy, the unbanked may start to do so too, to address the challenges and costs associated with cash management and handling.
    - ***Low costs and immediate access:*** Fast payments offer low-cost and immediate access to funds; underbanked end users could switch from using cash to fast payments.
    - ***Access to funding:*** Subject to customer consent, financial institutions can offer personalized financial products such as credit cards and loans by using the data generated from the use of fast payments. For governments, which are also important end users of payment services, instant payments can help streamline direct benefit transfers or wage payments. For example, in some jurisdictions, governments relied on instant payments to distribute COVID-19-related benefit payments to those in need.[10]

Moving to an instant payment model supports real-time access to liquidity as settlements happen around the clock and offers an alternative to existing credit transfers. However, transitioning to instant payments places significant demands on national payments infrastructure, which vary in capacity across the region, and focus on trust and security must remain paramount.

CBDCs & blockchain technology: ASEAN member states (AMS) have been exploring use cases and technicality of both wholesale and retail Central Bank Digital Currency (CBDC). A number of AMS central banks have initiated pilot projects and collaborated with commercial banks to test how CBDC can enable more efficient cross-border transactions by leveraging blockchain technology. Some member states have also joined efforts with the BIS Innovation Hub in some high-profile projects, including Project Dunbar and Project Mandala, to experiment with multiple wholesale CBDC platforms.

Blockchain technology has been fueling the enthusiasm and optimism of many APAC/ASEAN market participants on how tokenization of traditional assets could enhance liquidity, improve accessibility, reduce costs and friction, support interoperability and eventually drive resilient economic growth. Improved regulatory clarity has also been seen in the region regarding digital assets.

Recommendations

1 Foster financial inclusion in ASEAN through digitalization and interoperability:

1.1 **Move to cash-lite:** Support progress toward less cash-intensive economies and incentivize transition toward credit/debit/prepaid cards and digital wallets for individuals, businesses and governments and prioritize expansion of banking services to unbanked populations regionally. Despite Asia's leading position in ecommerce, Southeast Asia remains heavily reliant on cash, which is still the most used payment method at point of sale. Digital payments for business and government will also increase efficiency domestically and across borders. A drive toward digitization of economic activity will have outsized benefits for rural populations which will then be less vulnerable to issues like scarce ATM access and theft. It would also contribute to digital inclusion, increase efficiency for businesses, and assist governments in streamlining payments.

1.2 **Promote innovation in payments:** AMS should foster and sustain open competition and a level playing field in the payments industry and promote the development of a range of payment systems and solutions that bring value and choice to users and participants. This can be done by removing barriers to investment, developing clear and simplified regulatory guidance and frameworks, adopting global, interoperable standards, and encouraging partnerships among all players in the ecosystem including financial institutions, fintechs, retailers and payment networks. A technology and form factor-agnostic environment is critical for financial inclusion. The popularity and preference for contactless transactions has increased in recent years. Mobile payment apps saw the emergence of tap-to-pay NFC, QR and other emerging fintech payment technologies. Regulators must be cautious not to single out any one technology, risking an uneven playing field for digital payments. Instead, regulators and industry should support all technologies to support financial inclusion benefiting citizens and businesses. Governments and the private sector should work together to drive innovation - while balancing risks - and access to digital payment services.

2. **Education:** Governments should continue to partner with the private sector to educate consumers and merchants about the benefits and use of digital payments to ensure that as digitization continues apace, certain segments of society are not left behind. Promoting education is an important aspect for businesses and consumers to successfully adopt digital payments. Education and awareness campaigns are effective at familiarizing consumers with the solutions and the expected benefits of usage. Regulators may wish to work closely with all industry stakeholders to educate businesses and consumers on the benefits of digital payment systems and how to use them effectively.

3. **Technology-neutral and responsible innovation:** As technological innovation continues to evolve; we support AMS and the industry working together in a constructive and productive manner to ensure appropriate guardrails are established. It is critical for policymakers to distinguish the risk profiles of different products and services.

    3.1 When a bank tokenizes a traditional bond, the actual bond is now represented digitally on a blockchain (i.e., a record of ownership) which means the underlying asset has not changed and the rights and responsibilities of the parties do not change either. This risk profile differs from issuing a bond natively on a blockchain, which would create a new asset on-chain. We encourage policymakers to recognize that the introduction of blockchain technology does not warrant additional capital requirements or punitive treatment for well-regulated financial institutions. Banks do have robust compliance and risk management procedures already in place to mitigate risks of adopting new technology.

4. **Uniformity, Consistency and Public/Private Partnership:** We encourage ASEAN to work with regional and international policymakers to promote responsible innovation. This is needed to avoid creating fractured frameworks across jurisdiction and regions that could encourage regulatory arbitrage.

    4.1 Investment in digital infrastructure enables better outcomes. The successful implementation of digital payment systems is best served by investment in core digital infrastructure such as clearing and settlement mechanisms, a centralized payment repository, identity and authentication framework, data security, and mobile and internet connectivity. Prioritizing investment in digital infrastructure is crucial in ensuring the widespread adoption of electronic payments, including instant payment systems.

    4.2 Developing clear rules and regulations, alongside transparent governance structures to promote a level playing field for industry participation and innovation, while protecting customers. Financial regulators should collaborate with policy makers to define national objectives for implementing instant payments, identify risks related to fraud and scams and work with industry and civil society groups to define measures to ensure customer protections.

4.3 Promoting regulatory alignment is critical to ensuring interoperability of instant payments systems across ASEAN. Each country or region may have its own regulatory framework governing instant payment systems. Achieving cross-border interoperability requires aligning with multiple regulatory requirements, which can be time consuming and challenging for the private sector to navigate. Regulatory variations, including data protection laws, customer protection regulations, and anti-money laundering measures, need to be addressed to ensure compliance and facilitate seamless cross-border transactions.

4.4 We encourage regulators and the public sector to partner with the private sector, allowing opportunities to develop and test new technology applications within regulated sectors. The private sector can also assist with education and provide concrete examples of the benefits and risks management of the product offerings.

6 **Emphasize the facilitation of Instant Payments in DEFA negotiations.** Progress toward ASEAN's stated goal of "fostering technical interoperability" would be enhanced through close partnership with the financial services industry as well as trade organizations that are deeply invested in the region's continued success. Working with industry as part of the DEFA negotiations process will help to understand and reduce the roadblocks to greater adoption of digital payments domestically as well as across borders. Collaboration between stakeholders such as regulators, merchants, payment system providers (both bank and non-bank) and payment networks is also essential for the successful implementation of digital payment systems. Central banks and the private sector have both been actively involved in the provision of digital payments. In general, payment infrastructures require significant investment and coordination among many stakeholders. Central banks, often in collaboration with private sector PSPs, can help overcome coordination problems associated with a revamp of existing infrastructures or building new ones.[13] This collaboration can be important in reconciling competing goals in the provision of digital payments, which exhibit characteristics of a public good. It is important to encourage partnerships and collaboration between these stakeholders to ensure that digital payment systems are serving wider social benefits and a broad set of industry stakeholders.

Summary

- **Foster financial inclusion and interoperability** *of different types of payment architectures.*
    - ***Go cash-lite:*** *Incentivize transition toward credit/debit cards and digital wallets for individuals, businesses and governments and prioritize expansion of banking services to unbanked populations regionally.*
    - ***Promote innovation in payments:*** *AMS should foster and sustain open competition and a level playing field in the payments industry.*
- **Collaborate with well-regulated financial institutions,** such as banks, that have robust risk management procedures to:
    - *Test blockchain in regulated areas, leveraging their expertise to manage risks and educate consumers.*
    - *Test emerging payment infrastructures such as instant payment systems.*
- **Harmonize e-payment regulations regionally,** specifically targeting financial transactions, through regional agreements like DEFA. We also welcome emphasis on the facilitation of digital payments in regional trade agreements.

C: Data Governance

Safe, secure cross-border data flows are essential to increase trade volumes, enable capital market development, and boost long-term productivity and digital economic growth. Strong data flows serve as a crucial enabler of digital trade, with data flow restrictions having a statistically significant impact on a nation's economy. Information Technology and Innovation Foundation (ITIF) found that a one- point increase in a nation's data restrictiveness cuts gross trade output by 7%, slows productivity by 2.9%, and hikes downstream prices by 1.5% over five years.

However, existing fragmentation of data protection and localization practices across the region poses significant barriers for businesses that wish to operate and trade with confidence across ASEAN, particularly when personal data is required to flow across borders to complete the digital trade transaction. These challenges restrict local actors' ability to participate in the international marketplace and risk compelling foreign investments, funds, and companies from withdrawing from key markets due to operational barriers.

While the Council welcomes ASEAN's steps to facilitate cross-border data flows in several sectors, in many cases these provisions do not extend to financial services at both the national and regional level (e.g., ASEAN model contractual clauses and certification scheme). As various data-related national and regional mechanisms are developed and updated, we urge governments to keep the financial sector in mind, noting that they already comply with numerous regulations (e.g., bank secrecy laws, payments processing regulations, outsourcing requirements, technology risk management regulations). They can also inhibit the development and growth of capital markets and contribute to fragmentation across the region.

The Financial Stability Board's report on international data standards[14] noted that restrictive data policies could increase cyber and operational risks by preventing firms from centrally managing these risks, inhibit AML/CFT/KYC review capabilities, increase fixed and variable costs to deliver payments, and make innovation in the payment space more challenging. Cross-border data transfer restrictions prevent financial firms from providing faster, cheaper, and more inclusive cross-border payment services.

The adoption of internationally accepted standards and best practices is critical in fostering greater interoperability, mitigating compliance and implementation challenges while fostering greater collaboration and business activity across jurisdictions. Regulators have the responsibility of carrying out supervisory functions on all their regulated entities. Under the cloud computing model, regulated entities in the financial sector retain complete control over their data and regulators can carry out supervisory functions by working directly with their regulated entities. The regulator's audit rights therefore should be focused on its ability to obtain information and documents from financial sector institutions, rather than direct access to the premises and systems and the financial books and affairs of the cloud services providers (CSPs). Overbroad, unqualified power to assess CSPs' infrastructure and processes for audit and inspection purposes may subject CSPs' premises to unnecessary physical security risks by requiring CSPs to allow additional personnel to enter their premises. Financial sector institutions can leverage compliance reports issued by third-party auditors who have tested and verified CSPs' compliance with a variety of global, regional, and industry-specific security standards and regulations. Effective and efficient audit and assurance requirements are those that can be satisfied by providing attestations or reports from third parties that are already internationally recognized, such as ISO 27001 certification reports and SOC1 and SOC2 audit reports. These reports typically contain the most significant information required by financial sector institutions and their regulators to carry out appropriate risk mitigation measures. Independent third-party reports also allow CSPs to maintain the security and con fidentiality of systems and those of their customers.

Strong, open data policies also serve as a crucial enabler for the adoption of emerging technologies, such as artificial intelligence (AI). AI has the potential to add nearly US$1 trillion[15] to the region's GDP by 2030. However, data localization requirements pose challenges to the degree of accuracy and insights of AI models, data transfers are integral throughout the AI life cycle, with training data often originating from different jurisdictions. To enable responsible AI innovation and adoption, we urge governments to consider how to increase interoperability through the adoption of data policies that foster innovation and engender trust.

To modernize trade policy to reflect the needs of the digital economy, future agreements must address issues related to small business access, data flows, digital tariffs, digital financial services, and market access restrictions, while also encouraging greater international cooperation. ASEAN Member States have an opportunity to advance efforts to enable the free flow of financial data across borders through measures outlined above – which will help to support jobs, growth, and the development of the digital economy. The US-ABC Financial Services Committee stands ready to discuss these issues with the ASEAN officials in more detail.

Recommendations

US-ABC recommends the following for treatment of data:

1. **Leverage internationally accepted, interoperable standards and establish public-private partnerships** in future agreements (including the DEFA) to promote interoperability.

2. **Ensure cross-border data flow and limit data transfer restrictions only in certain circumstances** (including through the inclusion of financial services in data-related commitments in the ASEAN Digital Economy Framework Agreement). Policymakers should expressly permit cross-border data flows where a business has demonstrated that the data transferred remains protected to the same standards. They can also encourage firms to improve consumer trust through greater transparency about how they manage data.

3. **Avoid the requirement to use or locate computing facilities in-country for businesses** (including financial services) in that country. Restricting data flows across borders will create business disruptions. In some cases, it may result in investments, funds and companies withdrawing from a market due to the difficulties of operating within it.

4. **Refer to the existing digital agreements** such as the Singapore-Australia Digital Economy Agreement as well as financial sector-focused statements like the United States-Singapore Joint Statement on Financial Services Data Connectivity and the Joint Statement of Intent on Data Connectivity between Bangko Sentral ng Pilipinas and the Monetary Authority of Singapore.

Summary

- **Adopt international standards and promote regional alignment:** Work with international policymakers and regulators to promote best practices in market development and mitigate risks. Continue ASEAN wide co-ordination on standards and frameworks.

- **Ensure cross-border data flow and limit data transfer restrictions only in certain circumstances** (including through the inclusion of financial services in data-related commitments in the ASEAN Digital Economy Framework Agreement).

- **Remove In-Country Computing Requirements:** Businesses, including financial services companies, should not be required to locate computing facilities within specific countries.

- **Focus on International Interoperability:** Promote interoperability through standards and partnerships in agreements like DEFA. ASEAN Member States can also utilize existing digital and financial agreements as models, such as the Singapore-Australia Digital Economy Agreement and statements from the United States and Singapore.

Theme: Resilience

2

A: Supporting the Digital Economy Framework Agreement (DEFA)

The digital economy is rapidly transforming the landscape of Southeast Asia, presenting both opportunities and challenges for AMS. The Digital Economy Framework Agreement (DEFA) emerges as a crucial tool for fostering regional cooperation and unlocking the full potential of digital innovation and investment. The implementation of DEFA not only will enhance the competitiveness of ASEAN in the global digital landscape but also catalyze economic growth and job creation. In particular, ASEAN should ensure that rules support cross-border data flows and not mandate data localization requirements will apply to financial services. This will support the adoption of best-in-class digital tools and cybersecurity by financial institutions and banks. ASEAN should also enshrine a permanent moratorium on customs duties on electronic transmissions in DEFA.

Recommendations

USABC urges ASEAN governments to:

1. **Establish high standard rules that support seamless and secure cross-border data flows,** promote non-discriminatory digital trade practices, and encourage interoperability in digital regulatory frameworks. We urge AMS to closely consult private sector and other relevant stakeholders in the process to ensure that DEFA is comprehensive, forward-looking, high standard, ensures interoperability, while also maintaining flexibility and providing capacity building opportunities as pathways for individual AMS.

2. **Build on existing digital agreements** and the breadth of work where AMS have been involved. For DEFA to be effective, it needs to be binding and capture commercially meaningful provisions. It is crucial to establish a capacity building framework that supports the adherence of AMS to high standard rules that will be negotiated in the DEFA.

3. **Encourage industry collaboration** in the development of digital regulations to co-develop policies that encourage investments. ASEAN should promote transparency in the design and implementation of digital regulations. Stakeholder consultation and engagement will be critical to ensure that DEFA is relevant and responsive. The world is constantly in a state of rapid digital and technological progress, which makes robust stakeholder consultation with industry essential as ASEAN formulates and negotiates DEFA. ASEAN should also seek to establish a formal mechanism with other players on the forefront of digital trade, including the U.S. government and U.S. private sector, to consult on how the provisions and principles of the agreements that either party started, ratified or plan to begin, could fit into broad plurilateral, regional or even global conversations on a digital trade agreement. **(USABC 2022 AEM Whitepaper, Digital Trade Priorities)**

4. **Consider projects tied to DEFA which encourage interoperability among AMS.** It is important to build flexibility to accommodate different levels of development in ASEAN, but also work towards the same end goal. The U.S. industry fully appreciates the differing levels of development within ASEAN which would necessitate some measure of flexibility in the way DEFA is designed. Flexible architectures such as a modular approach could be helpful in this regard. However, for ASEAN to fully seize the digital trade opportunity, it is important that all AMS are working towards the same end goal. As such, concrete, demonstrative projects that are tied to the provisions of the DEFA which encourage interoperability between AMS could help in fostering such alignment. For example, a unified approach to the adoption of regulatory sandboxes across all AMS in relation to digital financial services initiatives. We understand that certain AMS, such as Vietnam, Indonesia and Singapore have both used regulatory sandboxes successfully to experiment with various initiatives across different sectors. Endorsement of controlled environments across all AMS, allowing financial institutions to test products, services or business models under regulatory supervision would encourage innovation, create more competitive and dynamic financial markets, enhance consumer protection, and facilitate the development of digital regulations. The ability to closely monitor an innovative solution and ensure any potential risks are mitigated before wider adoption also encourages transparency between regulators and financial institutions, leading to greater mutual understanding of emerging trends, risks, and opportunities.

5. Adopting a consistent approach to regulatory sandboxes would enable ASEAN regulators to leverage best practices through collaboration and accelerate the development of effective and harmonized digital regulatory frameworks. **(USABC 2022 AEM Whitepaper, Digital Trade Priorities)**

6. **Foster alignment on digital payments licensing frameworks,** which many governments are either currently considering or actively enforcing. Currently, with vastly different license requirements across countries, businesses must spend large amounts of time and money to navigate the different policies and requirements. We urge AMS to consider taking steps to harmonize regulatory requirements to facilitate innovation that enables financial inclusion and accelerates economic growth.

7. **Promoting public-private dialogue on emerging technologies,** as governments and businesses look to advance payment choice and inclusion, public-private sector dialogue and collaboration can help ensure that government-run payment systems, policy initiatives, and regulations progress policy objectives while keeping end user needs and practical considerations in mind. Areas such as instant payments, fraud mitigation requirements, AI, and cybersecurity that enhance customer experiences in a safe and secure way present strong opportunities for partnership and exchanges of ideas.

Summary

- **Ensure cross-border data flow and limit data transfer restrictions only in certain circumstances.**
- **Build on existing agreements and co-develop digital policies with industry on digital regulations.**
- **Consider projects tied to DEFA that encourage interoperability among AMS, including projects that would suit countries with different levels of development.**
- **Foster alignment on digital payments licensing frameworks.**
- **Promote public-private dialogue on emerging technologies.**

B: Supporting Transition Finance

Asia needs around $13.6 trillion USD over the next decades to successfully transition to net zero.[17] Given the diverse stages of economic development amongst AMS, striking a balance between sustained economic development and the transition from fossil fuels is a key area of focus. Nevertheless, the resolve of AMS to develop and design frameworks around taxonomies, climate related disclosures as well as climate risk management for banks has not wavered. Banks continue to develop and codify their approach to transition finance. This marks a development from exclusionary policies and targeted sustainable finance to a more pragmatic approach that supports clients' transition away from fossil fuels and towards clean energy.

While there is no standard definition of Transition Finance, some financial institutions are starting to develop their own frameworks. Similarly, there is increased guidance from a number of global bodies around transition planning and finance. This includes Singapore's MAS, which issued a consultation paper in October 2023[18]. Many AMS have announced net zero commitment targets. In so doing, AMS have set out to build green and sustainable ecosystems to support their respective net zero commitment targets.

Several of these frameworks lean on the financing classification developed by the Glasgow Financial Alliance for Net Zero[19] (GFANZ), i.e.:

- Climate solutions – financing technologies, services and tools that mitigate, eliminate or remove GHG emissions.
- Aligned – financing entities already aligned to 1.5°C pathway.
- Managed Phaseout (MPO) – financing high-emitting physical assets that can be phased out before end-of-life

Developing consistent, comparable, and reliable climate disclosure regimes across the economies of ASEAN is critical. Many companies and entities are already making climate disclosures; however, a lack of standardization across these disclosures makes meaningful comparison and assessment difficult for investors and exposes investors to the risk of greenwashing. Managed Phaseout (MPO) is particularly relevant to the ASEAN region given the role coal plays in power generation. Despite coal power being the largest source of CO_2 emissions globally, its usage is expected to rise regionally due to a high dependency reinforced by domestic energy policies, rising electricity demand, and the young age of coal-fired power plants. MPO is designed to help induce the early retirement of such plants by the provision of concessionary finance that helps compensate for their early closure. However, there are significant operational and reputational barriers to surmount. Guidelines for its implementation are still being developed, supported by initial pilot schemes. As international and regional standards are being set and adopted by AMS, differences in political dynamics, local approaches to supervision, and adaptation of international standards continue to create complexity for banks and investors. The risk of fragmentation is keenly felt amongst ASEAN's diverse economies.

Building a Sustainable Finance Ecosystem:

1. **Environmental Insurance:** The insurance industry plays a role in climate mitigation actions, preventing pollution and protecting ecosystems through environmental pollution liability insurance ("environmental insurance")[20], a practice that has been around for decades. This product provides a mechanism to quickly address remediation and restoration in event of natural resources damage, such as water contamination. Even before any pollution event occurs, increased adoption of environmental insurance leads to improved risk management practices, as insurers work with customers to advise on prevention and mitigation measures. Insurance regulators, environmental regulators, policymakers, and insurers can collaborate in advancing the shared goal of environmental preservation by reimagining the role of environmental insurance.

2. **Taxonomies:** Various AMS have published or are in the process of publishing taxonomies – with Malaysia[21], Indonesia[22], and Singapore[23] having all announced their respective taxonomies. Rather than adopt a classification system that is binary, most AMS taxonomies recognize the need to support transition to net zero. The Council is concerned with the proliferation of taxonomies which will potentially create fragmentation if they are made mandatory. Taxonomies can be useful tools for education and capacity-building purposes. They can be used to drive the thinking around the transition to a net zero carbon economy but should not be used strictly to monitor the transition, or from a risk management perspective. In this regard, the Council applauds the work of the ASEAN Taxonomy Board in developing an ASEAN Taxonomy[24] which proposes a multi-tiered classification system and framework to guide AMS towards transition and provides a common language upon which national taxonomies can be based.

3. **Climate-related disclosure:** Developing consistent, comparable, and reliable climate disclosure regimes across the economies of ASEAN is critical. Many companies and entities are already making climate disclosures; however, a lack of standardization across these disclosures makes meaningful comparison and assessment difficult for investors and exposes investors to the risk of greenwashing. Given the rapid proliferation of disclosure standards internationally, there is a real danger of fragmentation across jurisdictions that will raise the cost of compliance and reduce reporting transparency and utility. With this risk at the forefront, the Council recommends that AMS to adopt climate disclosure frameworks aligned with international standards such as TCFD[25], as well as the recently published International Sustainability Standards Board (ISSB) standards[26].

4. In implementing new reporting requirements, we encourage ASEAN countries to phase in implementation over time, and to consult closely with stakeholders to ensure there is appropriate time to clarify methodology and build new data collection and assurance mechanisms.

    - **Pillar 3:** The Basel Committee on Banking Supervision (BCBS) is currently consulting on a Pillar 3 framework for internationally active banks to disclose climate-related financial risks[27]. Pillar 3 disclosures aim to promote market discipline and enable market participants to access key information relating to a bank's regulatory capital and risk exposures to increase transparency and confidence. However, the Council is concerned with the proposal as it does not provide meaningful insight into a bank's capital adequacy and seems to copy and paste corporate disclosures (ISSB) into Pillar 3. It also treats climate risk as its own risk stripe, rather than a component of traditional risks. Pillar 3 must provide meaningful insight into a bank's capital adequacy and not replicate corporate disclosure requirements.

It is also important to note that climate risk is not to be considered in isolation, its effects are to be observed on existing risks, it is therefore a driver to existing risk stripes. The Council encourages AMS members of BCBS to share their views on the concerns with the proposal.

5 **Climate Risk Management:** Managing financial risks stemming from climate change is being incorporated into global prudential principles. Regulators in AMS are and have instituted guidelines on climate risk management and some have conducted scenario analysis and piloted stress testing.

6 **Transition Planning:** Policymakers and regulators are increasingly interested in understanding how companies are implementing changes to their business strategy to meet their climate commitments. As companies are developing their business strategies to navigate the transition globally, it is important that:

- "Net zero transition plan" regulation in one jurisdiction does not undermine transition in another jurisdiction. We encourage regulators globally to take seriously the need for regulation to support, and not undermine, global transition.
- It's important to recognize regulatory transition plan disclosure should be carefully targeted and principles-based to ensure it is fit for purpose.
- Transition plan disclosure and/or supervisory expectations should recognize that banks' transition plans are for business strategy purposes and not about climate risk management.
- Substantive transition plan requirements could constrain financial institutions' business strategies and activities with the potential for severe unintended consequences. Significant fragmentation is also possible if different jurisdictions take different approaches.

7 **Carbon Markets:** We encourage regulators to look at market-based measures to market-based measures such as the work of the Integrity Council on Voluntary Carbon Markets (ICVCM)[28] to develop standards for high-quality carbon credits. Any regulation must be globally coordinated to avoid fragmented oversight approaches that would inhibit scaling needed to achieve optimal voluntary carbon markets' function.

8 As international and regional standards are being set and adopted by AMS, differences in political dynamics, local approaches to supervision, and adaptation of international standards continue to create complexity for banks and investors. The risk of fragmentation is keenly felt amongst ASEAN's diverse economies. USABC urges ASEAN Finance Ministers not to lose to sight of fragmentation risk when creating and implementing climate related and sustainable finance frameworks and rules. Unintended extra-territorial aspects can be most challenging for global firms (including the Council's members) which operate across many jurisdictions.

9 Policies like the US' Infrastructure and Jobs Act and the Inflation Reduction Act (IRA), and similar initiatives across the globe, have the potential to drive innovation, build resilient supply chains, create jobs and reduce energy costs. Cleantech investments in the US post-IRA have surpassed $120bn. This includes investments in key projects needed to transition the global economy, such as energy storage and infrastructure, EV manufacturing and charging infrastructure, hydrogen, solar and wind. We welcome further consideration of these types of real-economy policies and incentives in the ASEAN context which would complement existing work such as the ASEAN Strategy for Carbon Neutrality[29]. The ability of corporates to successfully transition, and for financial institutions to facilitate and finance these transitions, requires economically viable opportunities to decarbonize.

Recommendations

The Council has the following overall recommendations:

1. **Sustain ASEAN's region-wide coordination** on development and implementation of standards and interoperable frameworks. The ASEAN Taxonomy is an excellent example of how cooperation facilitates greater economic opportunity and attracts investment. We recommend more work on climate related disclosure and climate risk management by AMS, recognizing the efforts of some states on these issues including alignment with international standards. The Council commends the existing efforts by AMS on alignment with international standards and recommends further work on climate related disclosure and climate risk management by AMS, in consultation with international policymakers to promote best practices in market development and mitigate risks including greenwashing (e.g. IOSCO, BCBS, IFRS).

2. **Regular industry consultation** to discuss government priorities as well as financial services opportunities to support strategic initiatives and policy development. The industry will be best postured to support transition finance goals if it is informed and integrated as a partner.

On specific topics, the Council has the following recommendations:

1. **Environmental Insurance:** Engage with insurance market participants to help close the protection gap for environmental risks and determine appropriate scoping for developing a mandatory environmental insurance scheme.

    - **Pillar 3:** The Council recommends communicating to BCBS that Pillar 3 must provide meaningful insight on banks' capital adequacy and not replicate corporate disclosure requirements. Also, climate is a risk driver not a risk stripe. It is also important to note that climate risk is not to be considered in isolation, its effects are to be observed on existing risks, it is therefore a driver to existing risk stripes. We encourage AMS members of BCBS to share ASEAN views on the concerns with the proposal.

2. **Transition Planning:** Leverage existing frameworks such as ISSB and ensure regulatory developments are carefully targeted and principles-based to ensure they are fit for purpose. Encourage ASEAN policymakers to consider leveraging the work of the 'Impact Disclosure Taskforce'.

    a. The taskforce provides voluntary guidance to entities and sovereigns, particularly in emerging markets and developing economies (EMDEs), to use the principles of impact measurement and monitoring to attract sustainable capital pools.

    b. The guidance aims to assist entities in disclosing their intentions and progress on achieving incremental impact and contributions to advancing the SDGs and to facilitate the dissemination and evaluation of this information. Note: the guidance complements efforts by the ISSB.

Summary

1. Maintain cooperation on standards and frameworks, especially in climate-related disclosure, to attract investments and prevent greenwashing.
2. Regularly consult with industry for informed support on strategic initiatives for transition planning.
3. Encourage policies that mobilize private capital for low-carbon solutions.

SPECIFIC RECOMMENDATIONS:

4. **Environmental Insurance:** Partner with insurers to address protection gaps and consider mandatory schemes for environmental insurance.
5. **Pillar 3:** Encourage AMS members of BCBS to share the ASEAN views on the concerns with the proposal.
6. **Transition Planning:** Use international frameworks like ISSB and Impact Disclosure Taskforce guidance for sustainable capital attraction.
7. **Carbon Markets:** Support development with clear standards, collaboration, and risk management, leveraging existing international work by ICVCM.

C: Supporting ASEAN capital market development: netting certainty

Deep, liquid, and efficient capital markets strengthen the resilience and long-term growth of the ASEAN economy. The ASEAN emerging and frontier markets have a lot of potential to unlock when the right policies and market infrastructure are in place. To boost institutional investors' confidence to invest in companies through capital markets and to manage risks in a robust manner, policymakers should address fundamental regulatory and legal issues to promote the attractiveness of ASEAN and local capital markets. At the forefront, we believe having legal certainty of close-out netting will be a great leap forward.

Recommendations

Following recent landmark capital market reforms in China (Future Derivatives Law in April 2022) and India (Bilateral Netting of Qualified Financial Contracts Act, 2020 in September 2020) which provided netting certainty, these two countries have been able to further develop their capital markets and expand their bond market. Indonesia passed the Omnibus law in January 2023 paving the way for netting certainty. Netting certainty is the most effective way to reduce counterparty risk, settlement risk and operational risk which ultimately help reduce financial systemic risk and provide better resilience. Globally, the Basel Committee on Banking Supervision and the Financial Stability Board affirmed their support for close-out netting.

Summary

- **Encourage policy makers to review legal netting frameworks to clarify gap, working with regional and global trade bodies such as the International Swaps and Derivatives Association (ISDA) and Asian Securities Industry and Financial Markets Association (ASIFMA).**
- **Close the gap by passing netting certainty law or / and adding specific legal wording to provide netting certainty.**
- **Encourage financial ministries, central banks and the market regulators to work together to develop this capacity in capital markets.**

C: Health Financing

Addressing long-term sustainability risks within ASEAN economies requires a focus on building demographic resilience and on achieving universal health coverage (UHC). Last year, the heads of state of ASEAN countries formally recommitted to achieving UHC, promising to ensure that all individuals have access to necessary health services without financial hardship.[30]

However, rapid demographic changes, coupled with evolving health care demands and budget constraints, underscore the urgent need for resilient health systems that can adapt sustainably to these demands. For example, the population is ageing and by 2030 the population over 60 years old will have grown by 40% from 2017. These are populations with high health care needs and these changes will also shrink the proportion of taxable workforce. There are also rising rates of non-communicable and chronic diseases, including obesity, with 52 million adults and 21 million children being obese. The cancer burden is also increasing and cancer prevalence globally is set to rise to 29.5 million this year[31]. It is expected that health care spending in ASEAN will grow at the same pace or faster than its collective GDP.

ASEAN has experienced significant economic growth and is now set to be the 4th largest economy in the world by 2030[31]. The middle class is growing and is expected to represent 65% of its population and over 60% of them will be under 35 years old and productive part of the workforce. To ensure that this workforce remains healthy and a driver of economic growth, health care system leaders and governments need to ensure that all individuals have access to necessary health services without financial hardship. This strategic focus is particularly vital to promote sustainable economic growth[32].

To achieve this, new sustainable healthcare financing mechanisms[33] such as ear-marked taxes, pay-for-success models, sustainability-linked bonds, blended finance and social impact financial instruments offer promising pathways[34,35], to tackle budget constraints particularly burdensome after COVID-19. For example, the recent use of sustainability-linked bonds in the Philippines to finance infrastructure[36] improvements in health care showcases the potential to link investment directly with health and social metrics. Moreover, ASEAN economies' exploration of pay-for-success mechanisms[37] in health care projects highlights how targeted financing can drive specific health care outcomes, benefiting women and children and contributing to broader demographic resilience,[38,39,40]. Unless health care financing becomes more sustainable in the region, achieving UHC by 2030 will not be possible.

Recommendations

USABC urges ASEAN governments to:

1. **Incorporate Health in All Policies:** Spending on health is seen as an investment as it is directly linked to economic development. Investments in health across sectors is critical, including education, labor, and science and technology.

2. **Continue supporting sustainable healthcare financing:** This is key to ensure resilience against changing demographics and protect economic growth. New sources of revenue can be used, such as ear-marked taxes for health, private capital directed towards national health goals or blended finance mechanisms to extend the impact of public funds.

3. **Continue intra-government collaboration and dialogue on health and finance:** We respectfully request that the Government of Laos PDR, during its ASEAN chairmanship, introduce a permanent feature of an ASEAN Joint Health and Finance Ministers Dialogue, inviting stakeholders including industry to discuss and co-create viable instruments to sustain healthcare financing towards the 2030 UHC goals.

Summary

- **Continue investing in health and sustainable finance.**
- **Enhance intra-government collaboration and dialogue on health and finance,** especially through a ASEAN Joint Health and Finance Ministers Dialogue.

CONCLUSION

About US-ASEAN Business Council

For over 40 years, the US-ASEAN Business Council has been the premier advocacy organization for US corporations operating within the dynamic Association of Southeast Asian Nations (ASEAN). Worldwide, the Council's membership, more than 160 companies, generate over US$6 trillion in revenue and employ more than 13 million people globally. Members include the largest US companies conducting business in ASEAN and range from newcomers to the region to companies that have been working in Southeast Asia for over 100 years.

We believe opening and investing in the sustainability of efficient, resilient, and competitive markets are critical to the continued growth of our member companies and innovation and job creation in the United States and Southeast Asia.

The Council has offices in: Washington, DC; New York, NY; Bangkok, Thailand; Hanoi, Vietnam; Jakarta, Indonesia; Kuala Lumpur, Malaysia; Manila, Philippines; and Singapore. The Council's Financial Services Committee is made up of the world's leading financial services institutions and markets participants operating in Asia's most dynamic regional economic community.

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Appendix

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