

Opening Keynote
Arkhom Termpittayapaisith, Minister of Finance
“EU-Asia Financial Services Dialogue”
By Asia Securities Industry & Financial Markets Association
(ASIFMA) and Afore Consulting
Friday, 12 March 2021, 14.05 – 14.20 (Bangkok Time)

Distinguished guests,

Participants from financial and corporate communities,

Ladies and Gentlemen

It is my great pleasure to deliver an opening keynote for the EU-Asia Financial Services Dialogue today. I would like to congratulate ASIFMA and Afore Consulting for successfully hosting this virtual conference, which has brought together a very diverse group of audience including policy makers, regulators, institutional investors and finance industries. The EU-Asia Financial Services Dialogue is timely as it provides all of us an opportunity to exchange ideas and deepen cooperation on how to reshape our financial and capital market in a post-COVID-19 world.

Overview of the Asia economy amidst COVID-19 and recovery

As you are all aware, the COVID-19 pandemic has an immense impact on all of us. For the past year, governments across the globe have been fighting against the pandemic and eventually managed to contain the spread of the virus and more importantly, vaccines are now available in many countries. Such significant progress would not have been possible without the efforts and unity from all parties, in

particular the sacrifice from the front-line healthcare workers. On the economic front, it seems that the worst appear to be behind us and economic recovery in many countries are already picking up. This was a result of decisive action from governments and central banks to deliver unprecedented level of fiscal stimulus and highly accommodative monetary policies.

As for Asia, we were one of the first to have been hit by the virus and the implications for the economy have been severe. Asia is openly exposed to the world economy through flows of goods, labour, capital and people. Therefore, Asian economy is highly dependent on the global trade, investment and tourism. It was inevitable that the disruptions from the lockdowns led to a sharp economic downturn in 2020. With the great efforts of all governments in putting fiscal policy ahead of monetary policy to help revive economies together with the availability of vaccines this year, most of the economies have already bottomed out. The good sign is that the International Monetary Fund (IMF) has foreseen the potential of a positive growth by 6.9% for Asia region in 2021.

Here in Thailand, the infection was contained relatively quickly and we are also on the path towards economic recovery. In line with other countries' fiscal policy, the Thai government introduced the 1.9 trillion-baht (63 billion USD) stimulus package covering a wide range of sectors affected by COVID-19 including tourism related industries, businesses and SMEs as well as relief for people who lose their jobs and incomes. The package also includes measures to stabilize the

financial markets by injecting liquidity and thereby ensuring accessibility to low cost of funding. Looking forward, fiscal stimulus will be maintained to ensure that the economic recovery remain on track.

Vaccines for sustainable, inclusive and resilient economic growth

Ladies and Gentlemen,

As more and more people become vaccinated around the world, we can be cautiously optimistic that humanity will soon be immune to COVID-19. However, more needs to be done to promote sustainable growth and resiliency of the economy. As we look towards post-COVID world, we must provide ‘vaccines’ to enhance resiliency and provide the economy with the immunity to withstand future shocks.

Like COVID-19 vaccine, the economy also needs its own vaccines to make sure the economy would grow more sustainable in the long-run. The economic vaccines that I mentioned are the following. The first vaccine at the national level: government continues to lay the foundation for growth that is not only sustainable but also inclusive and friendly to the environment.

The second vaccine is at the business-level: Companies should focus in ensuring that they have comprehensive and effective risk management system, operational resilience, and good corporate governance. And the third vaccine is for the individual level: Authorities need to help households build immunity through financial and digital education so that all individuals have sufficient and long-

term savings for retirements and channels of access to ensure their inclusivity.

Ladies and Gentlemen,

I would like to touch upon four areas that may be of your interest.

First, on technologies.

The advancement of technology and digital assets have been in motion before the pandemic but perhaps the use of technology has been fast tracked as a result of the lockdown and containment measures. We were forced to connect through technology to move forward with our daily lives. Many have since found that utilizing technology to digitalize financial products and infrastructures have certainly improved effectiveness of the financial and investment processes. Regulators should ensure the continuity of this momentum and provide support by setting the regulatory framework in a way that ensure sufficient investor protection, financial stability as well as to encourage more innovation and adaptive to the dynamic environment.

Secondly, on digital assets and crypto currencies.

Within the financial markets, digital assets and crypto currencies are among the top priorities of regulators around the world. In Thailand, the Securities and Exchange Commission has put this area on the top of its agenda with strong endeavor to seek proper direction to regulate these emerging assets and avoid regulatory arbitrage. As the market environment changes through innovations, it is imperative

for regulators to appropriately ensure and maintain investor protection and education.

Thirdly, on sustainable finance.

Global awareness for tackling climate change and addressing issues of social disparities has been growing. As a result, we have seen a rapid growth of sustainable finance in particular green and sustainability bonds from the sovereign, corporates and state-owned enterprises. All stakeholders have come together to help create the ecosystem for sustainable finance, from issuing supportive regulations and disclosure standards, to providing a variety of product offerings. Such collaboration also extends to the ASEAN level, the ASEAN Capital Markets Forum or ACMF has introduced ASEAN Green, Social, and Sustainability Bond Standards to accommodate more issuance and ensure that it is in line with international standards.

As a member of the ACMF, Thailand successfully issued the first sovereign sustainability bond in ASEAN last year to finance green transportation projects and COVID relief measures. The size has now grown to around 60 billion baht (2 billion USD) and will reach 100 billion baht (3.3 billion USD) by the end of this year. The commitment underscores our objective of progressing towards meeting the UN SDGs. The sustainability bond has been met with exceptionally strong demand from various investors, including banks, asset management companies, financial institutions, insurance companies and offshore investors.

In addition, the sustainability bond has been certified by the Climate Bond Initiative (CBI) and is also listed on Luxembourg Green Exchange (LGX). This was a result of strong collaboration between the Ministry of Finance, Securities and Exchange Commission (SEC), and various stakeholders at an international level. Such exposure and recognition can help elevate issuers' reputation, promote bonds' visibility, expand new investors' base as well as support the global effort in tackling the urgent issue of climate change.

Fourthly, the roles of capital markets.

Let me now turn to discussing the role of capital markets. The capital markets have once again played a critical role in supporting the economy during times of stress, particularly, in acting as a reliable source of funding for businesses and governments. Flexible capital market policies and measures have effectively complemented the government stimulus package and accommodative monetary policy. The capital markets will continue to be a key driver of the global economy towards recovery. The Thai government has continued to enhance the efficiency of the Thai capital market through Capital Market Development Plan that aims to achieve the following targets in the long-run.

- (1) **Accessibility**, Thai capital market will achieve this target by becoming the fundraising venue for SMEs, startups and innovations, while also emphasizing on enriching financial

literacy for Thais, and broadening their access to financial services for savings and investments.

- (2) To gain **competitiveness**, Thai capital market will focus on enhancing its capacity, becoming the fundraising venue for national infrastructure projects, and transforming into digital capital market.
- (3) Thai capital market will also facilitate and tighten its **connectivity** to become the connector of choices for financial service providers and corporates across regions.
- (4) To develop **sustainability**, Thai capital market aims to create an ecosystem that stands ready for ESG investments, and projects to improve pension system.

These targets would certainly be in line with the government's guiding policy on the post-COVID-19 that emphasizing the BCG economic model (Bio-Circular-Green economy). The priority areas of investment would be to continue to build our special economic zone at the Eastern seaboard (Eastern Economic Corridor: EEC Project). The Project will cover both new mega-infrastructures focusing on green transportation, for example, high-speed train, airport and seaport, as well as new high-technology industry particularly the digital, green, and wellness businesses.

Ladies and Gentlemen,

To conclude, all of the aforementioned issues and objectives of promoting growth, resiliency and sustainability cannot be addressed

and achieved without strong cross border cooperation from all parties. Cooperation is the key success factor and should be strengthened at all levels from regulators, industries to international organizations across regions.

ASIFMA conference provides all of us with another opportunity to strengthen such cooperation, every year the conference help bridges regulators and the financial industries together for productive dialogues on the issues that are significant in today's environment.

I wish the event every success and I am sure that the discussions and the exchange views today will contribute towards the development and sustainability of our Asian financial markets and the global economy.

Thank you very much.