



Redefining Strategic Routes to Financial Resilience in ASEAN+3

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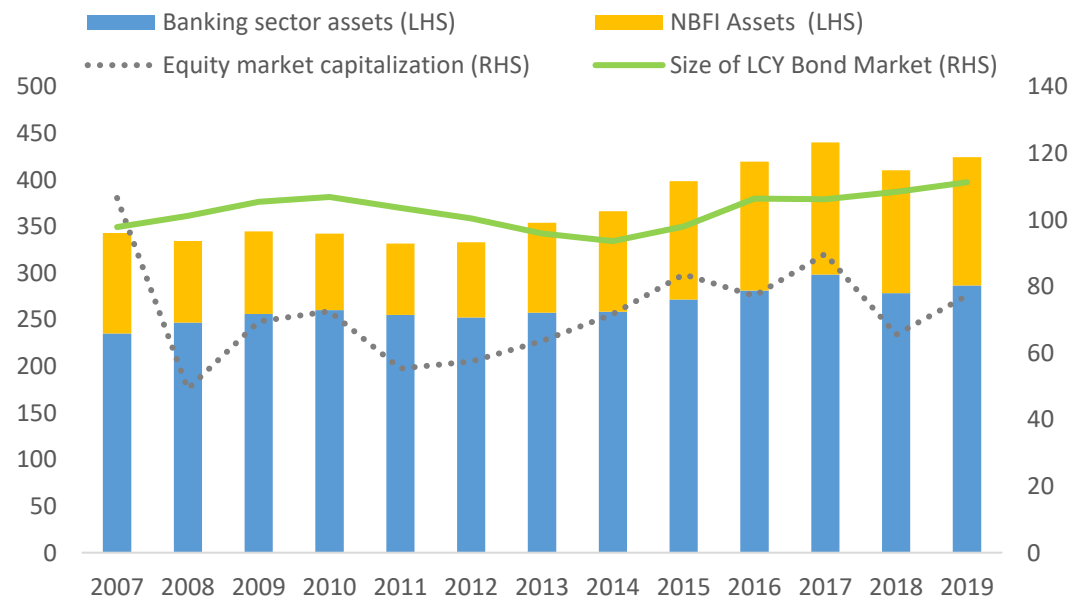
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Asian Impact Webinar: Strategic Routes for Financial Resilience in ASEAN+3
14 December 2021

COVID 19 crisis raises the specter of financial risks

Amid COVID-19 crisis, growing non-performing loans could give rise to financial distress.

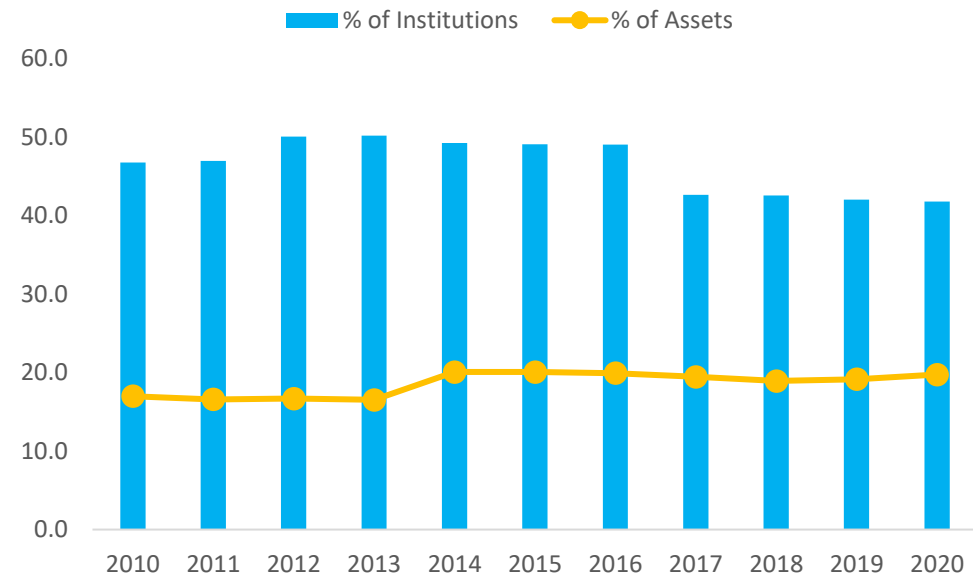
Figure 1: Financial Structure of ASEAN+3 (% GDP)



Source: ADB. 2021. *Redefining Strategic Routes to Financial Resilience in ASEAN+3*.

The region also remains vulnerable to the concentration of cross-border borrowing from regional and global banks.

Figure 2: Foreign Bank Presence in ASEAN+3 (%)



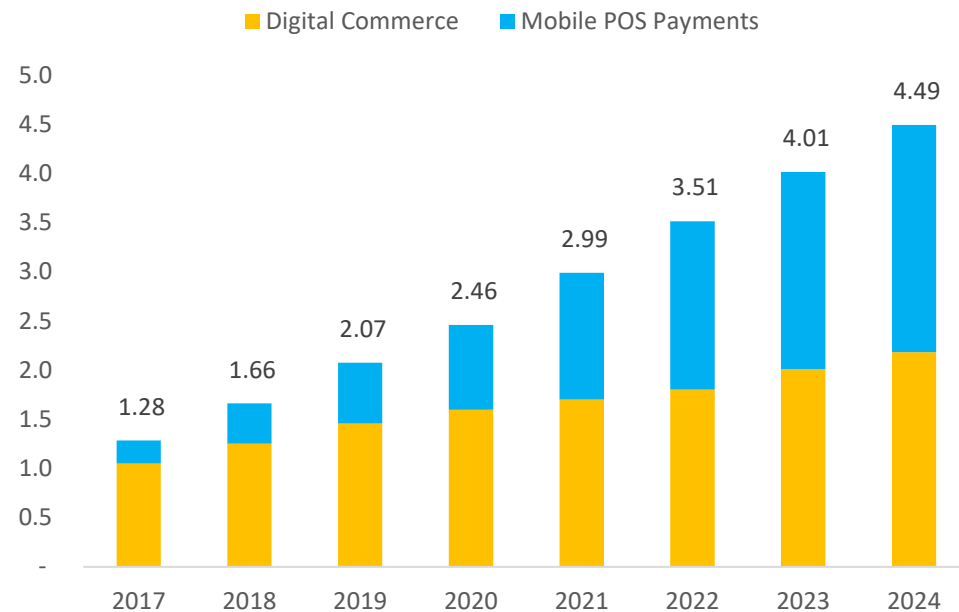
Source: ADB (2021), *Redefining Strategic Routes to Financial Resilience in ASEAN+3*.

New challenges and opportunities emerge from Fintech and climate finance

The pandemic accelerated the shift towards Fintech activities.

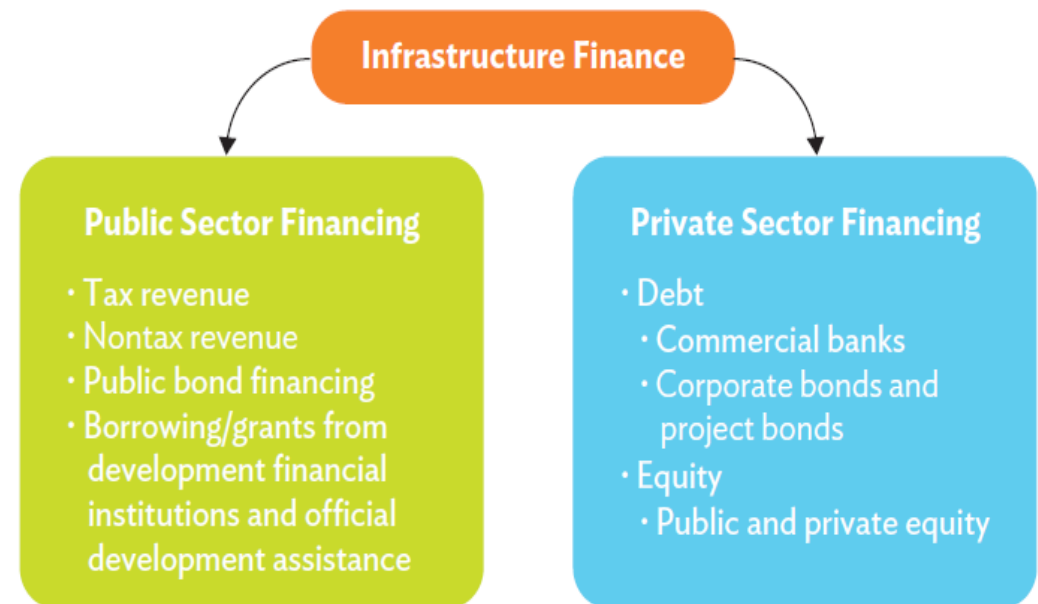
The region faces substantial financing gap for sustainable infrastructure and meeting SDGs.

Figure 3: Growth of Digital Payments Transactions Value in Asia (\$ trillion)



Source: ADB. 2021. *Redefining Strategic Routes to Financial Resilience in ASEAN+3*.

Figure 4: Sources of Public and Private Sector Infrastructure Investment



Structural challenges remain unaddressed

The US dollar dominance presents challenges to regional economies as exchange rate flexibility will have limited capacity to insulate economies from external shocks.

The rapid population ageing in many ASEAN+3 economies has major implications for the management of public and private pension systems.

Figure 5: US dollar share in exports (%)

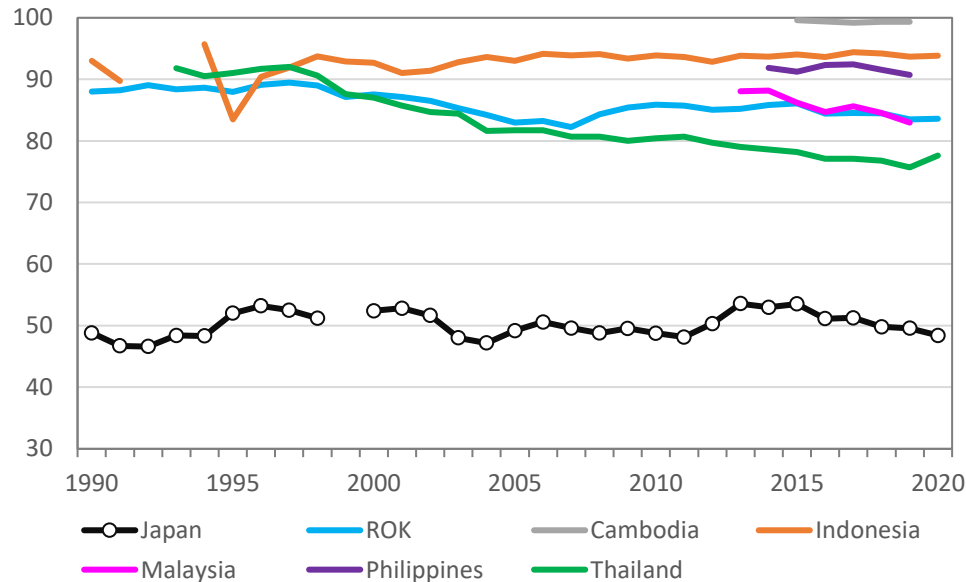
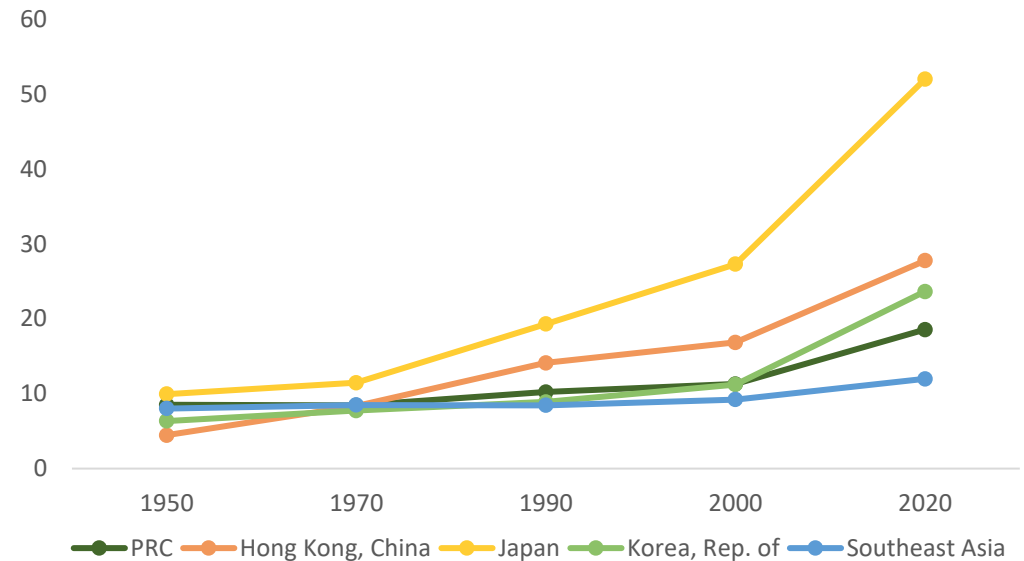


Figure 6: Old-Age Dependency Ratio (%)



Source: ADB (2021), *Redefining Strategic Routes to Financial Resilience in ASEAN+3*.

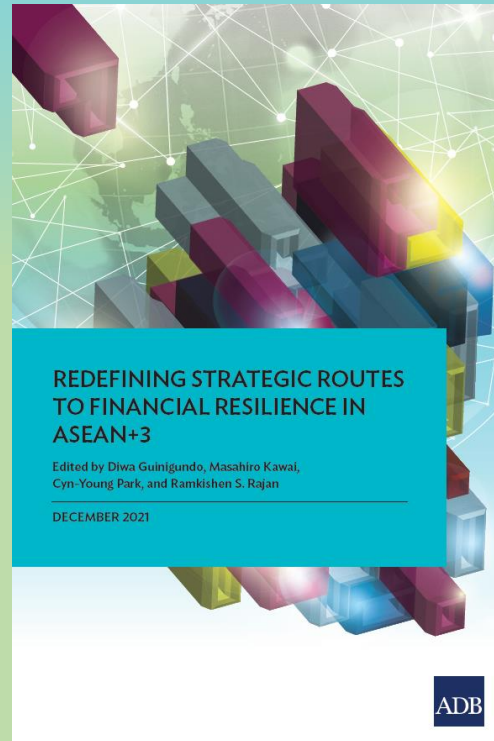
Source: ADB (2021), *Redefining Strategic Routes to Financial Resilience in ASEAN+3*.

Strengthening Regional Financial Cooperation

- ❖ Managing cross-border risks and enhancing crisis surveillance
- ❖ Improving regulatory cooperation
- ❖ Tackling emerging issues such as financing climate change challenges and the rapid rise of fintech and big tech firms in finance
- ❖ Developing regional capital markets for long-term finance
- ❖ Strengthening cross-border market infrastructure

Thank you!

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