2018 Refinitiv Pan Asian Regulatory Summit

Post-Event Report

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David Craig, CEO, Refinitiv, opening the 2018 Refinitiv Pan Asian Regulatory Summit

The 2018 Refinitiv Pan Asian Regulatory Summit, held in Hong Kong on 9-10 October, saw hundreds of industry professionals and senior regulators from around the world discuss and debate headline issues confronting the financial services sector.

The conference covered a wide spectrum of topics, ranging from a global and regional economic and regulatory outlook to an overview of conduct issues in the global financial sector and in-depth discussions on the regulation of data and information-sharing, emerging technologies and inherent risks, and the true cost of financial crime.

This report highlights key takeaways from the two-day event, focusing on the insights offered by the various keynote addresses and panel discussions, and the latest industry trends and regulatory developments reshaping the industry across the Asia-Pacific region.

Contents

Strength in numbers: Regulatory cooperation key to addressing global economic uncertainty

As nations look inward in an uncertain global economic environment, cross-border regulatory partnerships are essential to deal with the rise in cybercrime

The world we see today is vastly different than it was even last year. Inward-looking foreign policies such as Brexit and America First are reshaping geopolitical alliances. Interest rates are rising, stock market rallies are faltering, and economies around the world, including developed and emerging ones, are feeling the effects of an increasingly uncertain global economic environment.

In its opening session focusing on the global and regional economic outlook, the 2018 Refinitiv Pan Asian Regulatory Summit addressed all these issues, outlining the opportunities as well as risks for the financial services sector and its regulators in such a fraught environment. Sure enough, the first audience poll of the event had most delegates describing the current economic climate as 'volatile'.

Given this sentiment, the main message from the keynote presentation of Julia Leung, Deputy CEO and Executive Director, Intermediaries at the Hong Kong Securities and Futures Commission (SFC), resonated well.

Julia Leung, Deputy CEO and Executive Director, Intermediaries, SFC

Ten years on from the global financial crisis, and in the more recent shadow of market scandals in China and elsewhere in Asia, it's more important now than ever now to remember the lessons of past crises, she said, addressing the issue of misconduct in capital markets.

"A prudent regulator's objective is not limited to mitigating fraud but also mitigating systemic risks," she said. "The SFC aims to drive and mould good conduct to achieve regulatory outcomes rather than let issues fester and deal with the fallout. This means adopting a front-loaded approach for targeted outcomes."

Emphasizing that no single regulator can address today's range of issues, Leung advocated wider cooperation – an advice repeated throughout the event – to expose and bring to account those guilty of misconduct.

International cooperation, added Megan Butler, Director of Supervision – Investment, Wholesale and Specialist at the UK's Financial Conduct Authority (FCA), is the best defense against protectionism. "It's absolutely imperative that we don't slip into a model… with competing philosophies and fragmentary regulatory agendas."

Paul Chan Mo-po, Hong Kong's Financial Secretary, highlighted the benefits of cross-border cooperation in his keynote address, citing the city's efforts in working closely

with Mainland China to cement its position as a global gateway for projects such as the Greater Bay Area (GBA) and Belt and Road (BRI) initiatives.

Paul Chan Mo-po, GBM, GBS, MH, JP, Financial Secretary, HKSAR

Whilst the Hong Kong government works towards enhancing its status as a global financial hub by expanding the offshore RMB business, encouraging public listings of infrastructure companies and offering tax incentives for green finance and fund distribution businesses, strengthening anti-money laundering (AML) and counterterrorism efforts continue to be a key focus for the regulators, Chan said.

“Government regulations play an important role in safeguarding the interests of the investing public,” he said. “New legislations will go a long way towards enhancing Hong Kong’s AML and counterterrorism regimes, and we will continue to stay on top of the issue to reinforce Hong Kong’s credibility as a transparent and trusted international financial center.”

During the keynote panel discussion on the latest regulatory developments, an audience poll picked out data security and trade wars as the top geopolitical concerns.

Pointing to the audience poll, Nick Collier, Global Head of Government and Regulatory Affairs at Refinitiv, predicted: “The next crisis will probably be triggered by one of these factors.”

Highlighting the uncertainty stemming from the current geopolitical environment, he added: “Brexit is probably the end of the world’s deepest free trade deal…the implication for Asia is a potential split in capital and liquidity and that’s not a good thing as it’s expensive. We don’t know quite what the other implications will be.”

(left to right) Nick Collier, Refinitiv; Mark Austen, ASIFMA

Complicating the equation further is technology's disruptive impact on the financial services sector. More significantly, financial crime, aided by technological advancements, is on the rise, posing a unique set of challenges to regulators around the world.

According to a recent Refinitiv report, financial crime costs about US$1.45 trillion in lost turnover, and firms spend US$1.3 trillion fighting it. Nearly half of the Asian companies surveyed reported being a victim.

Given these realities, FCA's Butler expressed surprise that there weren't more people identifying data security as a pressing issue.

"There is just a welter of new issues that are not easy to deal with. Some of the security issues respect absolutely no borders, hence we need cross-border systems to keep the bad actors out," she said, noting the growing threat of financial crime and calling for better housekeeping to fend off future attacks.

Megan Butler, Director of Supervision – Investment, Wholesale and Specialist, FCA

Speaking to the other concern, namely trade wars, Mark Austen, CEO at the Asia Securities Industry and Financial Markets Association (ASIFMA), noted that one of the positives of the issue is an acceleration of China's commitment to streamline investor access and deepen its domestic markets.

"The real risk is if [the trade war] gets nastier and if markets collapse in China," Austen said.

In the keynote CEO panel, discussions ranged from managing regulatory risks to identifying market opportunities in Asia and beyond. The panelists agreed that the biggest risk in the current environment was the rising trend of protectionism and the tendency to view the world as a zero-sum game.

“Countries and continents are complementary and they can create real economic value to each other,” said Antony Hung, Executive Vice President at Grupo Santander and CEO at Santander Asia Pacific.

(left to right) Antony Hung, Grupo Santander; Philippe Legrand, London and Capital Asia

Philippe Legrand, CEO and Founder of London and Capital Asia, pointed to an increasingly seamless globe, even as some countries were trying to put up walls around them. “We are looking at families becoming more and more international; children going out to study abroad and settling there, family businesses going cross-border – this is a topic less talked about,” he said.

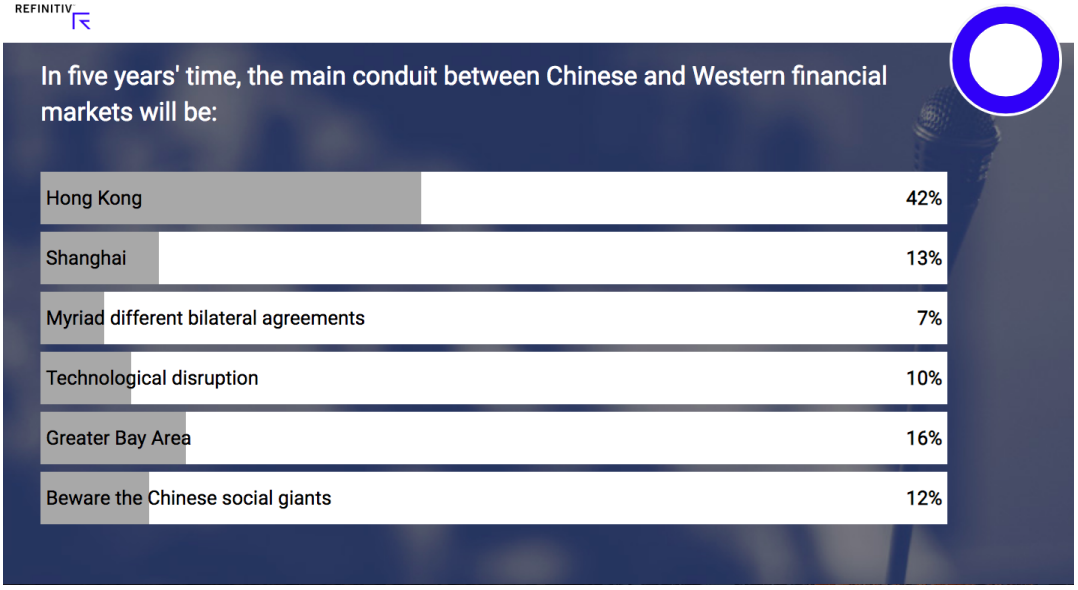
Partners in progress: Hong Kong and Mainland China look to technology and cross-border initiatives

Hong Kong and China are key to each other's growth and success, with a lot to gain from a complex yet mutually beneficial relationship

Few things in politics or business can be more fraught with complexity than the relationship between Hong Kong and Mainland China. While this was made clear in the panel discussion on financial relations between the city and the Mainland, it was also evident how each stood to gain from the other's strengths – yet another argument for the importance of cross-border partnerships.

China is viewed as both a source of immense opportunity as well as the main challenger to Hong Kong's status as a global financial center, thanks to its increasing efforts to open up its markets to foreign investors.

But, as the panel illustrated, Hong Kong is in no danger of losing its place as the entrepot of choice in the region, which was echoed by the audience.



“The key lessons from the Connects (Stock Connect and Bond Connect) is that Hong Kong plays a very important role as a conduit and in bridging expectations on both sides (mainland and foreign investors),” said Sally Wong, CEO at the Hong Kong Investment Funds Association (HKIFA). “One of the things that China treasures about Hong Kong is its ability to reach out to foreign investors and the city should leverage that strength.”

(left to right) Ben Quinlan, Quinlan & Associates; Xiao Geng, Peking University HSBC Business School; Brian Tang, ACMI; Sally Wong, HKIFA; Nathan Lynch, Thomson Reuters

Panelists also referred to initiatives such as the GBA and BRI, the influx of Chinese state funding for universities in Hong Kong, and the mainland's focus on fintech and big data, as being mutually beneficial, especially to enhance regulatory efficacy.

"We can use fintech and big data to regulate the sector effectively as they will give us more choices and tools to manage risks and open up opportunities," said Xiao Geng, Professor of Practice in Finance at the Peking University HSBC Business School. "Physical borders will be irrelevant."

Brian Tang, Managing Director at the Asia Capital Markets Institute (ACMI), agreed, pointing out that RegTech and SupTech can help regulators better identify and manage issues, and become more effective at fighting financial crime.

Christina Choi, Executive Director, Investment Products Division at the Hong Kong Securities and Futures Commission (SFC), also illustrated Hong Kong's growth and its role as a springboard for mainland institutions looking to expand abroad.

Thanks to its robust and transparent regulatory system, Hong Kong has the highest concentration of mainland financial institutions outside China, helping it to attract foreign investors to its shores, Choi explained. Yet, she added, the city has to be prepared for China to increasingly deepen its own connections to markets around the world.

Christina Choi, Executive Director, Investment Products Division, SFC

Choi highlighted the various efforts China is making to open its markets to foreign investors, such as the inclusion of A Shares in MSCI's emerging markets index and the London-Shanghai Connect following in the footsteps of the very successful Shenzhen-Hong Kong Stock Connect.

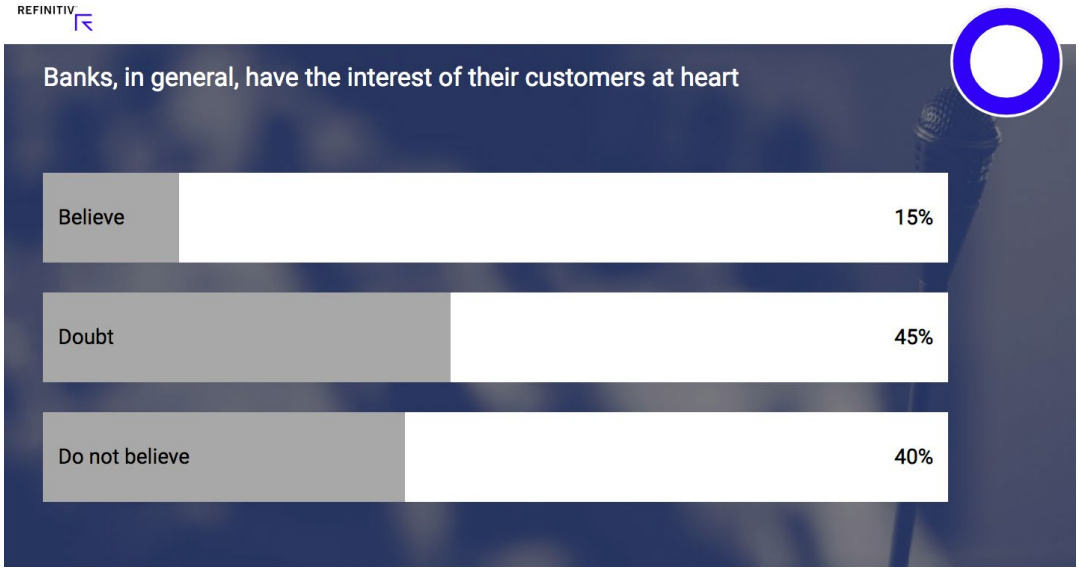
"For Hong Kong, we strive to remain the key connector between the mainland and global markets. Of course, we don't have the monopoly and it's natural for China to forge its own links with global markets but Hong Kong will continue to play a key role," she said.

Choi also noted China's ambitious ESG investing program that mandates the disclosure of ESG risks by all listed companies and bond issuers by 2020, and the growth of green financing initiatives, adding that "Hong Kong will have a key role to play in complementing these efforts."

Keeping the faith: Global financial sector must address crisis of confidence

Crises and a rise in financial crime have shaken confidence in the financial services industry, and it's incumbent upon the sector and its regulators to resurrect its reputation

The excesses of the years leading up the global financial crisis resulted in a loss of investor and customer trust in the financial sector. The extent of the problem was underlined by an audience poll that found that the majority of the delegates either doubted or did not believe that banks have the interest of their customers at heart.

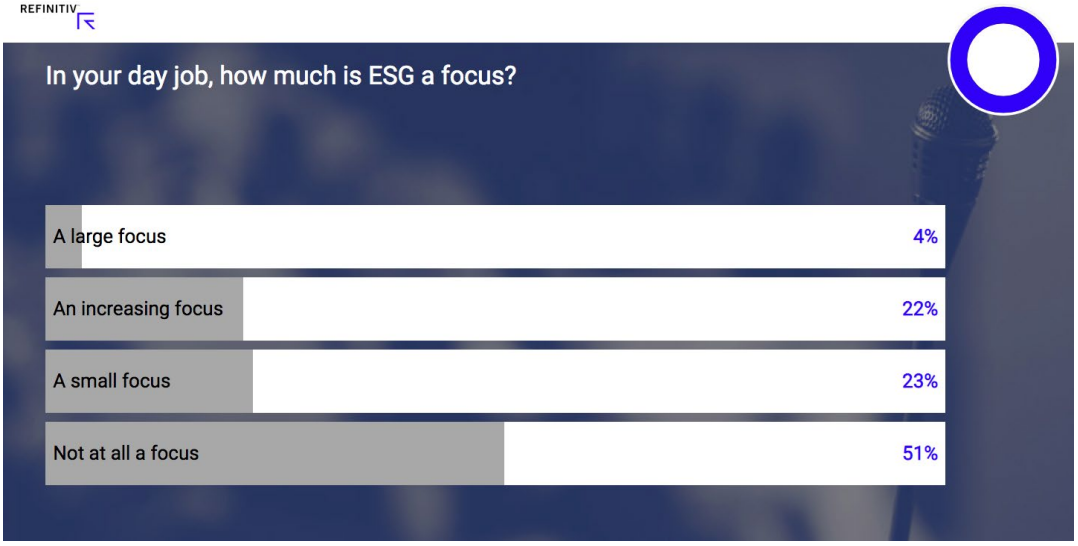


(left to right) Matt Bower, Allen & Overy; Mark Yallop, FICC Markets Standards Board (FMSB) and Prudential Regulation Committee; Justin O'Brien, The Trust Project; Aoife McGillion, Bank of America Merrill Lynch; Natasha Benson, Standard Chartered Bank; Pete Sweeney, Reuters

Mark Yallop, Chair of the FICC Markets Standards Board (FMSB) and Member of the Prudential Regulation Committee, UK, referred to the "conduct void", noting: "Some people have unreasonable expectations of what regulation can do. Good regulation is well set up to tell you what business you can or cannot do; it's not designed to tell you how to do business…and therein lies the problem."

Matt Bower, Partner at Allen & Overy, called for a principle-based approach to regulation, adding that technology can help in this regard. “Technology will change the parameters that need to be patrolled by company management as well as regulators over the course of the next decade,” he said.

Speaking of responsible behavior in the financial sector, the panel on ESG noted the rise of sustainable investing around the world. However, panelists acknowledged that ESG continues to languish in Asia, as underlined by a poll finding that found that the majority of the delegates did not count ESG as a focus area.



Asia is still playing catchup with the developed world in adopting ESG, admitted Mushtaq Kapasi, Chief Representative, Asia Pacific at the International Capital Market Association, but he pointed out how a new generation of investors is rapidly driving change across the region, and added that internal policies as well as market performance were helping adoption rates.

(left to right) Karlyn Adams, Business for Social Responsibility; Mushtaq Kapasi, International Capital Market Association; Ben Ridley, Credit Suisse

ESG investments have racked up a solid track record for returns, noted Debra Walton, Chief Customer Proposition Officer at Refinitiv. Walton pointed out that the Diversity & Inclusion Index, which measures the relative performance of over 7,000 companies and ranks the top 100 companies, has consistently outperformed world-class global benchmarks over the last four years.

Debra Walton, Chief Customer Proposition Officer, Refinitiv

Pointing out that nearly all of the companies listed on HKEx now report on ESG, Ellie Pang, Vice-President, Policy and Secretariat Services Unit, Listing Department at HKEx, emphasized the role stock exchanges play in promoting ESG.

Ellie Pang, Vice-President, Policy and Secretariat Services Unit, Listing Department, HKEx

ESG provides significant opportunities for organizations, but it also exposes them to threats if they are not managed properly, warned Andrew Bissett, Head of Advisory, APAC at SAI Global, arguing for a customized solution overlaying a general framework.

“The reality is there is no cookie-cutter approach. You have to make them relevant to the specific organization [and] its strategy,” he said.

Karlyn Adams, Associate Director at Business for Social Responsibility, pointed out that having an ESG strategy could essentially future-proof a company, especially because there is evidence of corporations achieving better financial performance through ESG mandates.

“When you look at it not just from a cost-saving perspective, but where the strategic opportunities are 10 years down the road…those are the ones that are going to be positioned well financially in the future,” she said.

The privacy conundrum: Regulating data and information-sharing

Regulators are figuring out ways to wield tools such as Artificial Intelligence and Big Data to tackle financial crime while safeguarding investor and customer data - a difficult balancing act

As more people around the world come online, vast swathes of previously unbanked populations are gaining access to financial services – one of the many welcome developments directly attributable to technological advancement in the industry. At the same time, it also raises questions around how fresh troves of personal data will be stored, shared and regulated.

Speaking about the progress made in the financial inclusion space, Douglas W. Arner, Professor, Faculty of Law at the University of Hong Kong, pointed out that over a billion people have been provided access to finance in just the past 10 years. And the three countries to benefit most from this development – China, India and Kenya – have done so thanks to the growth of telecom and financial infrastructure, which led to a mobile finance boom.

Douglas W. Arner, Professor, Faculty of Law, University of Hong Kong

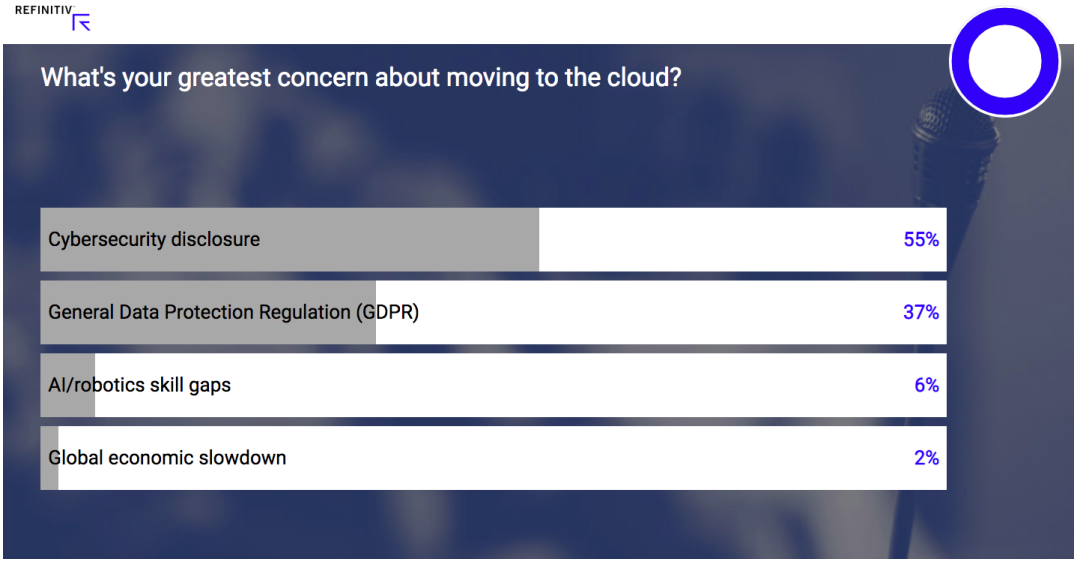
"Internationally, we are beginning to see a real difference between countries which are able to adopt strategies to enable digital financial transformation and those which don't. But digitization brings with it new cyber and technological risks. As regulators have realized, the risk has evolved. Greater thought is needed from the standpoint of financial regulators," he said.

Pointing out that the explosion of new technologies, along with new entrants and strategies, leads to greater fragmentation, he raised an issue: "So, how do policy makers go about building switches to support interoperability and, in particular, to make many of these ideas of tech work better?"

Looking to the future, Arner predicted: "One of the biggest issues going forward is human capital…in particular from the standpoint of the financial sector."

Cloud computing is yet another area that brings with it a fresh set of potential regulatory challenges even as it increases efficiencies and business opportunities. A fireside chat on cloud computing highlighted the data security concerns that accompany a shift to cloud, especially when data resides across several jurisdictions.

Echoing these thoughts was an audience poll that found that cybersecurity disclosures and the extraterritorial applicability of the General Data Protection Regulation, the EU's data privacy law, were the most common concerns weighing on those contemplating a move to the cloud.



Speaking about the global data protection landscape, Stephen Kai-yi Wong, Privacy Commissioner for Personal Data in Hong Kong, highlighted the increase in the number of countries with data protection laws. As of 2017, there have been over 100 countries with data protection laws with 30-odd laws awaiting enactment.

Stephen Kai-yi Wong, Privacy Commissioner for Personal Data, Hong Kong

Accountability and ethics are key to the safe handling of personal data, he said, referencing GDPR's risk-based approach to accountability as a case in point, noting that his office was focused on engaging and incentivizing an ethical culture of compliance underpinned by trust and respect.

Following up on Wong's points, a discussion on the changing landscape of data regulation put the protection of personal data on par with fundamental human rights.

(left to right) Stephen Kay-yi Wong, Privacy Commissioner for Personal Data, Hong Kong; Vivienne Artz, Refinitiv; Catherine Simmons, Citi; Alex Robson, Thomson Reuters

Catherine Simmons, Managing Director, Head, Asia Pacific Government Affairs at Citi, observed that the financial services and heathcare sectors should, in particular, make data security a priority.

Vivienne Artz, Chief Privacy Officer at Refinitiv, also invoked the GDPR example, claiming it's highly likely that firms in Asia had not spent enough time focusing on data privacy issues. Artz added that a significant change in mindset towards compliance was needed in order to find a bridge between GDPR and Asia's track record on data privacy.

In an insightful keynote interview, the SFC's Choi recognized the role of big data and fintech in aiding SupTech.

"We are actively looking at Big Data analytics. This is something we have to make better use of to identify different types of risks... There is also scope for saving costs," she said. "Big data will be very powerful but there are challenges in handling that – data privacy, security and the responsibility of financial institutions in using these technologies will be a key focus of regulators."

In his keynote presentation, Joseph H. L. Chan, Hong Kong's Under Secretary for Financial Services and the Treasury, described the rise of online security risks and outlined the regulator's efforts in tackling this problem in the city's financial services sector.

Joseph H. L. Chan, JP, Under Secretary for Financial Services and the Treasury, HKSAR

"This event is a great occasion to think about the exciting times ahead of us, a collective recognition of the opportunities and risks associated with fintech," he began. "Cyberthreats have emerged as a growing risk to the financial services sector... The government and regulators need to strike a balance between supporting innovations and protecting investors."

To that end, Chan noted, the Hong Kong government will continue to monitor cryptos and embrace distributed ledger technology to support growth in the local economy.

The city is also studying the potential of machine readable data to support the RegTech ecosystem and has launched a HK$2 billion technology innovation fund, while the HKMA is creating sandboxes to support fintech projects.

"The Hong Kong government will continue to introduce measures to foster the development of fintech," he announced.

Picking up where Chan left off, the panel on digital transformation in Hong Kong's financial sector focused on regulatory and compliance issues surrounding the launch of virtual banks in the city.

"It's an area that has captured the imagination of Hong Kong," observed Rebecca Thorpe, Partner and Head of Asia at Bovill, referring to the dozens of applications submitted to the HKMA at the end of August for the first batch of virtual banking licenses.

(left to right) Andre Da Roza, Allen & Overy; Daniel Warelis, Refinitiv; Rebecca Thorpe, Bovill; Anne Marie Roantree, Reuters

Among the applicants are tech firms aspiring to function as banks, which pose a real threat to the incumbents, Thorpe said, although newcomers need to demonstrate they are viable, including the existence of a credible business plan and exit strategy.

“Customer acquisition would be the biggest challenge. If they don’t get this right, it could be fatal,” predicted Thorpe.

Andre Da Roza, Of Counsel at Allen & Overy, pointed out that customer experience, specifically anticipating the needs of customers, would help virtual banks score over their traditional counterparts, and data analytics can help them in this endeavor.

According to Daniel Warelis, Government and Regulatory Affairs, APAC at Refinitiv, those aspiring to obtain a virtual banking license must have the internal capacity to offer the kind of customer experience consumers expect from traditional banks while building an ecosystem to interact effectively with regulators.

However, panelists agreed that the incumbents would not have to worry about an immediate takeover.

“It will not be an overnight transformation, it will be more of a gradual process,” before virtual banks can pose a real existential challenge to traditional banks, Da Roza noted.

Embracing innovation: From cryptos to blockchain, regulators leverage technology to reshape the sector

Regulators around the world are welcoming new, tech-driven products by building sandboxes to foster responsible innovation

In an entertaining and informative discussion on the latest developments in the world of cryptos, a panel of experts gave an overview of the myriad of crypto instruments available along with their respective merits and risks, as well as the changing approach of regulators to the sector.

There are over 1,900 types of crypto assets serving different functions just like traditional markets have a range of asset classes, explained Henri Arslanian, Fintech and Crypto Leader at PwC.

(left to right) Luis Buenaventura, Bloom.Solutions; Nathan Simmons, OSL; Henri Arslanian, PwC; Bénédicte Nolens, Circle; Phil Cotter, Refinitiv

The panel also noted how regulators around the world, after banning certain cryptocurrency instruments and exchanges, are making increasing efforts to understand and remain abreast of the latest developments in the fast-evolving industry.

“I don’t think regulators get the credit they deserve, as they are typically more knowledgeable about cryptos than regular bankers,” Arslanian said.

Finally, responding to criticisms that it was hard for the general public to get a good grasp of the technology, panelists drew on a Google analogy to explain why this was a moot concern.

“Crypto will possibly be a concept that people may never wrap their head around, but it’s not necessary, just like people who use Gmail don’t need to understand how SMTP works, as long as the service offered is reliable, demonstrably cheaper and more efficient than the system they were using before,” said Luis Buenaventura, Founder and Chief Strategy Officer at Bloom.Solutions.

From cryptos to the wonders of distributed ledger technology, a case study on the use of blockchain for social good showed how the technology can be leveraged to promote inclusive finance, and enable developing countries to improve access to basic services for their citizens.

Joseph Thompson, CEO and Co-founder of AID:Tech, used the example of his company’s work enhancing access to healthcare in Tanzania and improving remittance services in Serbia, as proof of the infinite possibilities opening up thanks to blockchain.

Joseph Thompson, CEO and Co-founder, AID:Tech

Fraud and malpractice result in losses to the global economy to the tune of $4.4 trillion, and blockchain can help governments with better reporting, data and analytics to solve their problems with transparency, Thompson said.

As the world works to meet the 17 targets mandated by the UN Sustainable Development Goals by 2030, including a more inclusive and egalitarian society with strong and just institutions, “there is a massive opportunity over the next 12 years to harness blockchain in this endeavor,” he shared.

However, before blockchain can be harnessed in this manner it is necessary to address the biggest challenge – a lack of understanding around what the technology is and is not, Thompson advised.

On the positive side, regulators around the world are moving to embrace disruption with a better understanding of the relevant technologies, found the panel discussing the future of RegTech and SupTech.

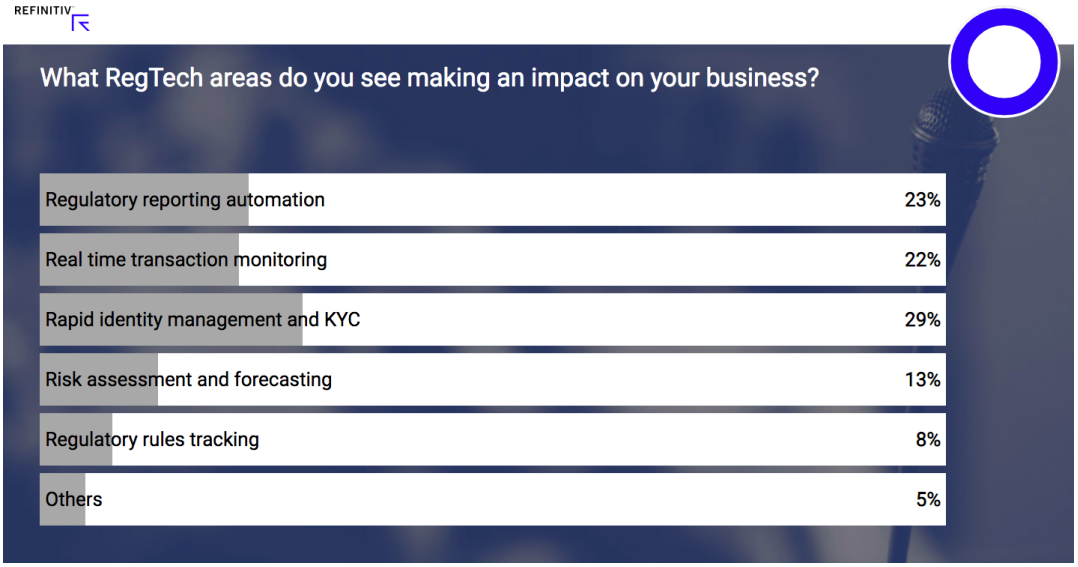
(left to right) Soeren Seitz, Manulife; Angelina Kwan, BitMEX; Jenny Fung, SMBC

In Hong Kong, regulators have already started engaging fintech players, according to Angelina Kwan, Chief Operating Officer at BitMEX. “If there is good regulation to help encourage innovation, you will see changes happen. This is how regulators can lead innovation in this space,” she said.

And it’s not just Hong Kong regulators that are taking on the challenge of balancing innovation and regulation. A dozen regulators around the world are moving to a global sandbox model, bringing a responsible innovation component to the nascent fintech arena.

"This is the forefront of a revolution and what's great about Regtech and Fintech is that it's looking at innovation from the customer's perspective," said Soeren Seitz, Chief Compliance Officer, Asia at Manulife.

An audience poll, meanwhile, found that automated regulatory reporting, real-time transaction monitoring and expedited KYC processes were among the key areas driving change for companies.



Panelists also expect many compliance processes to be automated as the rate of RegTech adoption increases.

"The pace of change will accelerate for compliance officers now. It's nothing like it was 10 years ago. Changes will be very profound and we need to get ready for it or you will be left behind," Seitz predicted.

Another cutting-edge area that organizations are focusing on is data science, highlighted Tim Baker, Global Head of Applied Innovation at Refinitiv.

Tim Baker, Global Head of Applied Innovation, Refinitiv

Revisiting a recurring theme throughout the event, Baker reminded that bad actors are becoming more sophisticated as technology lowers barriers to entry, and noted how data scientists previously had to wade through an endless series of small tasks that take an inordinate amount of time to spot patterns of financial crime.

However, Baker added, initiatives like the Data Science Accelerator by Refinitiv can put an end to this problem. “This shows the importance of the role of data scientists and how they are pushing the boundaries to address financial crime,” he concluded.

Fintech future: A strong, safe and trusted financial sector

From tackling financial crime to complying with global sanctions, technology is helping to address risks and build a more robust financial sector

As part of a series of discussions on the true cost of financial crime, Carmen Chu, Executive Director, Enforcement and AML at the Hong Kong Monetary Authority (HKMA), acknowledged the power of technology to strengthen AML/CFT controls.

Highlighting the HKMA's work on automated sanctions screening systems for banks, Chu emphasized the time saved by technology on investigating false hits so that resources could be focused on uncovering legitimate issues.

But, instead of nursing a blind faith in technology, Chu noted that the HKMA, like its counterparts around the world, adopts a technology neutral stance. "In other words, whatever technology is used, we expect services are delivered safely and efficiently," she said.

Carmen Chu, Executive Director, Enforcement and AML, HKMA

Chu also highlighted the findings of the Hong Kong Money Laundering and Terrorist Financing Risk Assessment Report, which was released in April and found that the city's banks excel in complying with their AML obligations. She reiterated the government's commitment to strengthening its enforcement efforts and intelligence capability, but warned that it would be unrealistic to expect "zero failure" outcomes.

Bringing up the evaluation of the first round of virtual bank applications, she stated: "We should recognize that a virtual bank is, first and foremost, just a bank. So requirements around capital adequacy and managing key risks including, of course, AML/CFT controls, all apply, just as they do for bricks-and-mortar banks."

The regulator recognizes, Chu said, that in the case of virtual banks, the risks may vary with the scale, scope and modality of the business operations of the individual banks, and that it is willing to tweak its "supervisory tools and intensity accordingly."

While the Hong Kong Money Laundering and Terrorist Financing Risk Assessment Report may have praised the compliance records of the city's banks, and there is no doubting of Hong Kong's role as one of the world's leading financial centers, a sobering note was struck by the SFC's enforcement update.

"At the SFC we still believe corporate fraud poses the greatest threat to Hong Kong's reputation," said Thomas Atkinson, Executive Director of Enforcement at the SFC, outlining the most common types of fraud, including suspicious fundraising, round robin transactions and the falsification of customer and sales data. "They are all designed to deceive investors," he warned.

Thomas Atkinson, Executive Director of Enforcement, SFC

Providing an update on the regulator's enforcement moves, Atkinson said the SFC has created specialized teams and prioritized its investigations to focus on the most serious problems, each with a clear mission to mitigate a specific set of risks.

The SFC uses two distinct approaches in enforcement, Atkinson explained. The traditional trajectory involves close collaboration with the China Securities Regulatory Commission (CSRC). The other approach entails the SFC's Corporate Finance and Intermediaries Divisions undertaking enforcement operations to halt the share trading of companies in breach of its rules, and large-scale stints with law enforcement and the Independent Commission Against Corruption.

For those in the business of risk, including the insurance sector, Asia presents a huge opportunity for growth and expansion, according to Eckart Roth, Chief Risk Officer at Peak Reinsurance.

Eckart Roth, Chief Risk Officer, Peak Reinsurance

From the major economies of China and India to the emerging markets spread across Asia, fast growth, along with the rise in cyber threats, and the increasing frequency of natural calamities as a result of climate change, are reshaping the risk landscape for insurers. At the same time, technologies such as blockchain can help insurers reach underserved markets including in Asia's most vulnerable parts, he said, echoing arguments made in the earlier sessions.

In response to an audience question about how cyber risk is changing with the increased adoption of AI and automation, Roth pointed out that AI, specifically machine learning and automation in the context of the Internet of Things, is transforming the consideration of risk.

Just as technology is changing how the insurance industry views risk, it is also influencing how corporations and countries are complying with sanctions.

According to Jessica Bartlett, Director, Financial Crime Legal - APAC at Barclays, sanctions have become more effective because compliance is easier thanks to a more sophisticated set of tools that were not available 10 years ago.

(left to right) Stephanie Kleine-Ahlbrandt, United Nations Security Council; Jessica Bartlett, Barclays

On the other hand, Stephanie Kleine-Ahlbrandt, Finance and Economics Expert at the United Nations Security Council, pointed out that challenges persist because of a lack of information-sharing between private and public entities.

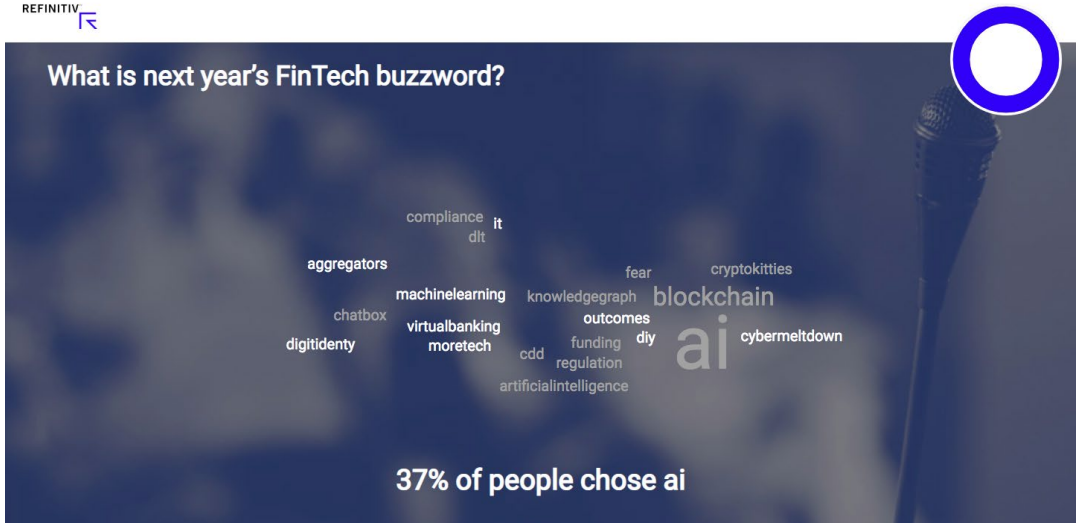
“You have an additional challenge in Hong Kong,” she added, bringing up instances of local companies being complicit in ship-to-ship transfers of petroleum to sanctions-hit North Korea. To prevent such issues, “information-sharing between banks, and between banks, financial institutions and the government, becomes paramount.”

To deal with such problems, Ernst Pienaar, Global Head of Content Specialists, World-Check at Refinitiv, observed that his team is continuously looking into ways to leverage AI and Big Data to identify high-risk entities on behalf of its clients.

David Craig, CEO, Refinitiv

Echoing the event's overarching theme, Refinitiv CEO David Craig called on corporate leaders to separate business from politics in his opening remarks: "We don't get to write the rules, we have to abide by them. But we are going through a data revolution, which is the new oil of society, and figuring out how to leverage it is opening up so many sectors. The complexity is causing confusion. The opportunity is to get people to see through it all."

Following two days of discussions, it was made clear that the industry is in the midst of adapting to rapidly changing geopolitical and technological forces, and that it is headed in the right direction. The future will inevitably bring more transformation and fresh opportunities, and driving that change will be fintech and AI.



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