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# THE PULSE

Monthly Insights 



## OF FINTECH, PHISHING, AND PHILIPPINES

The global cryptocurrency market is cautiously emerging out of a long winter, and the green shoots of the next wave of growth are now visible. Even as entrepreneurs and innovators are poised to redefine Southeast Asia's fintech sector with blockchain innovations such as crypto-assets and non-fungible tokens, the region's governments are striking a balance between growth-friendly policies and a protective regulatory framework. This edition of Insights features 'Blockchain is back', a special report that takes stock of the emerging crypto landscape in the region and how governments are working in tandem with the private sector to shape the future of cities and economies.

Our report on Cyber Security Trends traces the disruption caused by Dubbed Dark Pink, the new threat actor that has launched sophisticated cyber-attacks against government and military targets in the region, and how these attackers continue to be a major concern for the financial sector.

This issue's country snapshot on The Philippines highlights the new President's sustained efforts to woo foreign investments and the tremendous impact it has had on the nation's economy. Barely a year in office, Marcos Jr. has already secured PHP3.4 trillion (approx. USD61-bn) in investment pledges, of which PHP239 billion worth of projects are already in the implementation stage, while around PHP1.5 trillion are currently in the planning stage.

The report on 'Employment of Persons with Disabilities' spells out how bringing the employable specially-abled people into the workforce has a positive socio-cultural impact as well as delivers economic dividends. ASEAN region renews its efforts to lift the lives of PWDs and create a more inclusive society.

I hope you enjoy this edition as much as we did putting it together; I welcome your thoughts and feedback to make this newsletter a compelling read.

Warm regards,

Sumit Dutta  
Founder & CEO

# BLOCKCHAIN IS BACK

After a brief lull during the crypto winter, the resurgent digital technology is regaining solid momentum across Southeast Asia



Vietnam's financial capital Ho Chi Minh City is developing a blockchain infrastructure to aid its smart city transformation, which will be used to mitigate risks and streamline processes. While the Thai Revenue Department is adopting blockchain to track VAT payments and prevent fraud by companies using fake invoices for deductions, Malaysia is developing the Zetrix blockchain platform to onboard the nation's private and public sectors to Web 3.0. Play-to-earn games and remittance payments are driving the surge of blockchain in Vietnam and Philippines. Singapore continues to lead from the front, with more than 400 players implementing blockchain usage across sectors. Singapore's Global eTrade Services (GeTS) has launched the world's first cross-border blockchain for trade, linking ASEAN and China's Digital Silk Road. After a lull of almost one year due to the meltdown of crypto-currencies, blockchain is back in the reckoning across the ASEAN region – at the forefront of the digital transformation initiatives of governments and private sector.

## THE RESURGENCE

The rise in usage of blockchain may have been muted over the past one year, but the long-term prospects of the technology are intact. Even as the Singaporean state holding company Temasek Holdings recently wrote off a \$275 million investment in a crypto exchange, it has stated that it continues to recognise the potential of blockchain applications and decentralised technologies to transform sectors and create a more connected world. Southeast Asia is home to more than 600 crypto or blockchain companies and a notable component of recent growth in venture capital funding across the region is coming from crypto, blockchain and Web 3 startups.

## **A CASE FOR BLOCKCHAIN**

While the booming economies are ripe for technological transformation, the young populations and favourable demographics offer tremendous potential in consumer-facing services. The ASEAN region already accounts for a notable percentage of all crypto-currency and non-fungible token (NFT) transactions globally. While governments and private sector are increasingly adopting blockchain for improved efficiency and transparency, high-networth individuals are also adding virtual assets like cryptocurrency funds, NFTs and stablecoins to their investment portfolios.

## **THE SUPPLY CHAIN SOLUTION**

Waking to its potential, organisations are adopting blockchain to effectively mitigate business and supply chain challenges. Managing today's supply chains that can span over hundreds of stages, across multiple geographies, with a multitude of invoices, payments and processes, involving multiple individuals and entities, over a period of months, is extraordinarily complex. The modern supply chain ecosystem is about management of data, services and products, and their bundling into solutions. From frictionless supply chains to delivering products that can be trusted, the industry is transforming business with blockchain – the shared, immutable ledger that facilitates the process of recording transactions and tracking assets in a business network. Blockchain is also hugely effective in building trust between trading partners with a shared, permissioned record of ownership, location and movement of parts and goods. The emergent technology is not only enhancing transparency and compliance, but also enabling much faster real-time resolution of unforeseen issues.

## **THE WAY FORWARD**

Enabled by growth-friendly legislations and a conducive policy framework, blockchain is tipped to grow exponentially across domains – from trade and commerce, to retail and services – in the years to come. Even as governments will fortify the regulatory mechanism to govern digital assets and mitigate illicit transactions, Web 3 startups will drive innovations to increase the use cases and improve the existing processes, expanding the reach and influence of blockchain in the region. With blockchain being a natural fit for AI, the cumulative impact of the twin technologies will span across sectors, emerging as key drivers of economies in the years to come.

# ASEAN REGION HIGHLY VULNERABLE TO CYBERCRIME

Banks and financial institutions need to take strong measures to counter the growing incidence of cybercrime in the ASEAN region



Last year, Dark Pink, a new advanced persistent threat (APT) group, successfully hacked the computer systems of military bodies, government ministries and agencies, and religious and non-profit organisations in seven countries including Cambodia, Indonesia, Malaysia, Philippines and Vietnam.

The group used spear-phishing emails -- or emails that are ostensibly sent from a known sender to induce targeted individuals to reveal confidential information -- and a sophisticated, custom-designed toolset to exfiltrate sensitive corporate, government, audio and messenger data from infected devices and networks.

Cybersecurity threats in the ASEAN region are growing and spreading to the financial services and banking sectors given the increase in online, mobile and open banking, and the rising popularity of fintech applications.

## **SOUTH-EAST ASIA: ARENA OF CYBER ATTACKS**

Take the case of Indonesia, which witnessed nearly 1 billion cyberattacks in 2022, according to the country's National Cyber and Encryption Agency (BSSN). Some 2.3 million of the 3 million mails that Bank Indonesia, its central bank, receives monthly are malicious, and last December, it reported a ransomware attack that it triangulated before it could disrupt operations.

Meanwhile, Singapore witnessed a 25% increase in scams and cybercrimes in 2022 over the previous year, according to the Singapore Police Force. The country's central bank asked its second-largest lender, Oversea-Chinese Banking Corp (OCBC), to maintain additional capital of S\$330 million for operational risks in 2022 after it reported S\$13.7 million in losses following a phishing scam that affected 790 customers. The bank made goodwill payouts to affected customers.

Malaysia, too, reported several data breaches in 2022 including the theft of personal details of 22 million Malaysians allegedly from the National Registration Department and a sophisticated data intrusion at an online payment provider.

According to IBM Security's threat intelligence index, Asia was the most targeted region for cyberattacks in 2022, and Singapore-based cybersecurity firm Group-IB too has identified the Asia Pacific region as a "key arena" of APT activity.

### **HACKING WAYS AND MEANS**

Emails, spear-phishing campaigns and smishing attacks via mobile text messaging are the most common methods used by hackers to gain access to networks.

Phishing has become more sophisticated with hackers using machine learning to create convincing phishing emails that will appeal to specific targets. Hackers are also using new methods to deliver the malware in phishing emails such as through OneNote attachments.

Then, there's the rise of ransomware-as-a-service and growth in artificial intelligence-driven malware and spam. Business email compromise attacks are also on the rise.

### **SECURING THE FORTRESS**

The best way to deal with a risk is understand it. So also with cybercrime. Banks and financial institutions need to stay abreast of advancements in cybercrime to take appropriate steps to secure their IT infrastructure, networks and applications, including using AI to detect cybercrime.

A multi-layered approach helps maintain cyber-hygiene. This includes multi-factor authentication, anti-malware mechanisms, robust patching, network and system segmentation, incident response procedures, regularly tested business continuity back-up plans, and importantly, education and awareness programmes for employees and customers.

Cybersecurity firm Akamai estimates that around 80% of cyber-attackers target customers of financial firms for monetary gain. A strong awareness campaign can enable them to identify phishing emails.

The points of entry for hackers have also risen as banks are increasingly on the cloud, share data with fintech firms, or rely on third-party service providers. ASEAN banks and financial institutions need to collaborate with their partners and service providers and also across borders to build cyber resilience. They can draw lessons from the upcoming implementation of the Digital Operational Resilience Act [KPI] [U2] (Dora) in the Euro region, which will lay down regulatory requirements for enhancing security in the financial sector, including on cyber-threats and information sharing.

With DORA, the European Union (EU) is looking to standardise risk management requirements and processes for reporting cybersecurity incidents. Under it, all EU-regulated financial institutions are required to monitor and report security events, and tech service providers are subject to oversight by European regulators. It may not be possible to eliminate cybercrime, but financial firms can certainly reduce the risks.

**SOME HIGHLIGHTS:**

- Asia was the most targeted region for cyberattacks in 2022
- Indonesia witnessed nearly 1 billion cyberattacks in 2022
- 80% of cyber-attackers target customers of financial firms for monetary gain
- Some 2.3 million of the 3 million mails that Bank Indonesia receives monthly are malicious
- Phishing has become more sophisticated with hackers using machine learning to create convincing phishing emails

# A FILLIP FOR THE PHILIPPINES

Country Snapshot



If political will and geo-political strategy can transform the fate of a nation, then Philippines is a shining example. Building on the legacy of his predecessors, through sheer political determination and progressive reforms, President Ferdinand R Marcos Jr has led the Philippines from being a nation struggling in the aftermath of a pandemic to being a resurgent regional powerhouse within months of being elected to office. Marcos Jr.'s whirlwind foreign visits to woo investors – the latest being the pitch at the World Economic Forum in Davos – secured PHP3.4 trillion (approx. USD61-bn) in investment pledges, of which PHP239 billion worth of projects are already in the implementation stage, while around PHP1.5 trillion are currently in the planning stage.

With the current GDP growth rate galloping at a rate of 7+ percent, the USD425 billion Philippine economy is tipped to reach the USD500 billion mark by 2025, and emerge as a USD1 trillion economy by 2030. While the manufacturing and agri-business sectors have been steadily expanding year-on-year, the services sector – led by the BPO industry and the recent surge in start-ups – continues to grow at a blistering pace. On the geo-political front, the country's integration with ASEAN has paved the way for a fresh wave of foreign investments, industrial growth and sustained economic development in the years to come. Leading from the front, the government has earmarked significant investments in infrastructure, which – coupled with a conducive policy framework – will continue to attract foreign investments and drive the country's economy along a high growth trajectory.

## **SOLID FUNDAMENTALS**

Bouncing back from the brink after a disruptive pandemic triggered a food and energy crisis, Philippines is resisting the global recessionary headwinds, cushioned by strong fundamentals, prudent fiscal management and reforms in key sectors. The pent-up domestic demand following the removal of pandemic restrictions propped up economic growth last year and continues supporting consumer spending this year. The Philippine economy's growth relies on the micro, small and medium enterprises in the country – much like other ASEAN members. Cognizant of its limiting factors like poor infrastructure, high power costs, slow broadband connections and regulatory inconsistencies, the government has undertaken focused policy decisions to catch up with the ASEAN-5 peers Indonesia, Malaysia, Singapore and Thailand.

Its large, relatively low-cost English-speaking workforce, coupled with the benefits of free trade zones, special economic zones and targeted business incentives, make Philippines an attractive destination for investors. While majority of FDI inflows are in manufacturing, energy, financial services and real estate sectors, the country's start-up ecosystem is at an inflection point and emerging as a Southeast Asian hot spot for investors seeking solid returns from young tech companies. Another area with much potential is green infrastructure, with the Philippine government committed to achieving its carbon targets by ensuring access to climate finance, supporting technology development and transfer, providing capacity building, and implementing circular economy and sustainable consumption and production practices.

## **PROGRESSIVE POLICIES**

Responding to the need for reforms to attract more foreign investments, the Philippines has addressed the issue of foreign ownership limitations to a large extent, through amendments to the Public Services Act, the Retail Trade Liberalization Act and Foreign Investment Act in 2022, opening all but six previously closed sectors of the economy to 100% FDI. While the newly approved Retail Trade Liberalization Act reduces the minimum per-store investment requirement for foreign-owned retail trade businesses from USD 830,000 to USD 200,000, the Foreign Investment Act eases restrictions on foreigners practicing their professions in the Philippines and grants them access to investment areas that were previously reserved for Philippine nationals, particularly in the education, technology and retail sectors. Moreover, the corporate income tax has been cut from ASEAN's highest rate of 30 per cent to 25 per cent for large firms, and 20 per cent for small firms.

## **OPEN FOR BUSINESS**

Keen to attract foreign investment as a key driver of economic growth, Philippines has installed an incentive regime across its 14 investment promotion agencies (IPAs). The Board of Investments (BOI) and Philippine Economic Zone Authority (PEZA) continue to be the country's lead IPAs, granting fiscal and non-fiscal incentives to foreign investors.

The incentives are currently being prioritised in areas of COVID-19 mitigation, manufacturing, agriculture, fishery and forestry, knowledge-based services, charging infrastructure for EVs, industrial waste treatment, telecommunications, engineering, procurement and construction, healthcare, mass housing, infrastructure and logistics, energy and environment. PEZA operates 415 ecozones, primarily in manufacturing, IT, tourism, medical tourism, logistics/warehousing and agro-industrial sectors, maintaining a clear and reliable investment environment within the zones of their authority.

With the objective of improving the Ease of Doing Business, the government has standardized deadlines for government transactions with a single business application form, a one-stop-shop to issue or renew permits and licenses, automation of business permits processing, a zero-contact policy and a central business databank. Even as the Philippines has jumped 29 notches in the World Bank's Doing Business Report, the government has recently created green lanes for strategic investments that will facilitate ease of doing business and further increase the country's attractiveness as an investment destination.

**SOURCES:**

- [https://www.state.gov/reports/2022-investment-climate-statements/the-philippines/#:~:text=Foreign%20direct%20investment%20\(FDI\)%20inflows,\(the%20Philippine%20Central%20Bank\)](https://www.state.gov/reports/2022-investment-climate-statements/the-philippines/#:~:text=Foreign%20direct%20investment%20(FDI)%20inflows,(the%20Philippine%20Central%20Bank))
- <https://www.pna.gov.ph/articles/119610>

# PERSONS WITH EN-ABILITIES: A PARADIGM SHIFT

Technological changes over the last decade have led to a wave of transformation bringing equal rights, empowerment and inclusion to those with disabilities



The world is witnessing a wave of transformation in all facets of socio-cultural-economic endeavours, leading to a significant shift towards equal rights, empowerment and rightful inclusion for persons with disabilities (PWDs). The change has not been in mindset alone (the earlier demoralising view based on charity and sympathy-induced support) but also in terms of laws, policies and compliance framework.

## ADAPTING TO TECHNOLOGICAL CHANGE

It is no surprise that technological changes over the last decade have led to foundational metamorphosis in the manner of every singular function of work from manufacturing and production, to developmental processes and beyond. According to the McKinsey Global Institute, while low-skilled jobs have been replaced by adaptive automation leading to unemployment for many, the introduction of AI, robotics and algorithmic solutions has brought about a welcome shift in this trend. Addressed as the Fourth Industrial Revolution, this technological rising has led to expansion of opportunities for PWDs in the fields of manufacturing and various service-led industries. Governments in ASEAN region are alert to his opportunity for its citizens with disabilities. For instance, Singapore's Ministry of Social & Family Development has a dedicated program to train PWDs for emerging jobs and place them through partner organisations.

## GIG ECONOMY'S BIG WINS FOR PWD COMMUNITY

With the emergence of short-term contracts and relaxed work arrangements for freelancers and self-employed individuals, doors have opened for aspirant PWDs. While prospective employment opportunities may require technological support like assistive devices and Internet access to enter the gig economy, this model is bound to provide PWDs the crucial flexibility in terms of place and time of work, also resulting in low incidental costs pertaining to daily commute, work station, etc.

## **BREAK THE SILENCE” PROJECT IN MALAYSIA GRABS ATTENTION**

Setting an example for companies globally, Grab Technologies (offering ride-hailing, food delivery services and payment solutions) initiated this project to broaden the horizon for PWDs and give them a fair chance at rightful employment. Hired as drivers and delivery partners, so far over 500 individuals with deafness, cerebral palsy or motor impairments have benefited from this initiative. Alongside, they are also eligible for the benefits programme (covering insurance) thus not just supporting livelihood but also strengthening financial resilience.

## **COVID-19 AND ITS IMPACT ON PWDs**

Employment and social protection support centres have been set up by various governments to safeguard the income security and livelihoods of PWDs post the pandemic. The objective is to encourage flexible working arrangements, encouraging employment by providing subsidies to companies, setting up online training and recruitment service platforms, providing cash transfers and in-kind aid such as food packages and hygiene kits, and undertaking administrative measures, such as ensuring the timely payment of disability allowances and extending the validity period of disability certificates, to ensure the continued receipt of disability-related allowances.

Various steps have led to noteworthy progress in opening channels towards an equality-based approach. Governments, public and private entities and various service providers have made considerable efforts in this direction too. For instance, Thailand’s Ministry of Labour grants significant tax relief to organisations that employ PWDs, encouraging companies to hire at least one PWD for every 100 employees. With more being done in the ASEAN region with a human-rights-based approach to fill in gaps in the employment status of PWDs, engaging and encouraging active participation of PWDs in the implementation of policy recommendations is sure to have a positive socio-economic impact in the years to come.

## **HIGHLIGHTS:**

- An estimated 472 million persons with disabilities in working age in Asia-Pacific region
- Women with disabilities only half as likely as men with disabilities to find a job
- Labour force participation rates of PWDs are two to five times lower than that of persons without disabilities
- PWDs are often not registered as either employed or unemployed

## **REFERENCES:**

- [https://www.unescap.org/sites/default/d8files/knowledge-products/employment\\_of\\_Persons\\_with\\_Disabilities\\_final\\_0.pdf](https://www.unescap.org/sites/default/d8files/knowledge-products/employment_of_Persons_with_Disabilities_final_0.pdf)
- <https://www.nationalgeographic.com/culture/article/paid-content-technology-is-opening-doors-for-southeast-asias-disabled>
- <https://theaseanpost.com/article/better-integration-aseans-disabled>

# ABOUT US



ASEAN Business Partners is an independent, market entry and market growth specialists that helps internationally oriented companies manage and grow their operations in ASEAN sustainably and profitably. We are well-networked, independent of governments, and dedicated purely to serving our clients. Our management and country experts are unrivaled in their ASEAN network, experience, and expertise, with proven credentials.

We are a team of top-class professionals with expertise in different industries. Our executives have worked as CEOs, CFOs and in other senior positions in top multi-national companies and represent the best talent available globally. Our founder, Sumit Dutta, is an ex-HSBC CEO who has worked in Indonesia, Vietnam, Hong Kong, India, and the US. A majority of our team and country experts are former senior-level executives from multinational corporations.

We are passionate about the ASEAN region, one of the highest growth markets in the world, and believe it will be the market of choice for all forward-looking international companies. We seek to create value for our clients and their customers in ASEAN, and so contribute to the prosperity of ASEAN nations and their people.

Please take a moment to review our website. If there is any way we can assist you, please reach out to us.

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