

Yanis Varoufakis, Economist and Activist, Ex-Finance Minister for Greece
'We Are Witnessing A Catastrophic Plunge Into Kleptocracy'

BANKINGINSIGHT

IDEAS FOR LEADERS | DECEMBER 2025

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Southeast Asia's Scam States: Fire in the Belly to Wrest This Beast

Cambodia, Myanmar, Laos, the Philippines, and now
Timor-Leste. Source confirms regional players are
financing cybercriminal activity.

A PUBLICATION OF



Is Private Credit
Bubbling Over?

SUPPORTING THE
LOW-CARBON TRANSITION OF
SMEs: EXPLORING A LOOKBACK
TRANSITION LOAN SCHEME

DO IT FAST
OR DO IT
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Southeast Asia's Scam States:

Fire in the Belly to Wrest This Beast

By Angela SP Yap

Cambodia, Myanmar, Laos, the Philippines, and now Timor-Leste. Source confirms regional players are financing cybercriminal activity.

The world is training its guns on organised cybercriminals operating industrial-scale scam centres in Southeast Asia.

Over the past 12 months, the Global Anti-Scam Alliance (GASA) reports that the world

lost USD442 billion to scams. Closer to home, Malaysians lost an estimated MYR40.1 billion.

"Southeast Asia is the ground zero for the global scamming industry," said Benedikt Hofmann, Deputy Regional Representative for Southeast Asia and the Pacific, from the United



ANTI-SCAM PLAYBOOK

Visa's *Anti-scam Playbook: Market Responses and Industry Insights* analyses Singapore and Australia, jurisdictions which carry some of the most proactive regulatory measures, reproduced below:



Singapore

The Monetary Authority of Singapore (MAS) and Infocomm Media Development Authority introduced the Guidelines on Shared Responsibility Framework (SRF) effective December 2024. Key elements include:

+ LIABILITY: Cost-sharing is determined via a 'waterfall' approach. The responsible financial institution (FI) is first in line and expected to compensate the victim for their entire loss if it has breached its obligations. If the responsible FI has fulfilled its obligations but the telco has not, the telco is expected to bear the full loss. If both the FI and telco have fulfilled their obligations, the consumer bears the full loss. MAS' E-payments User Protection Guidelines (EUPG) sets out when a consumer can or cannot be held liable for losses arising out of unauthorised transactions. Liability stipulations set out in the

SRF and EUPG do not apply to transactions on credit cards issued in Singapore.

+ ACCOUNTABILITY: FIs and telcos must implement anti-scam measures set out in the SRF and EUPG. The latter outlines the responsibilities of FIs and consumers in relation to unauthorised and erroneous transactions, and baseline protections FIs should offer to consumers for losses arising from these transactions. The duties in the SRF are drawn from the EUPG. Telcos are required to implement authentication measures and anti-scam SMS filters.



Australia

The Treasury introduced the Scams Prevention Framework (SPF) effective January 2025. Key elements include:

+ LIABILITY: Banks, telcos, and digital platform providers are liable if they fail to meet their obligations to prevent scams. The framework allows consumers to seek compensation if these sectors fail to comply with their obligations. The Australian Financial Complaints Authority will decide on the share

of compensation for which each sector is responsible.

+ ACCOUNTABILITY: Entities must comply with codes of conduct specific to their sector, which are designed to prevent scams. Detailed obligations are outlined in the Treasury's 'Scams - Mandatory Industry Codes'.

Its *Threat Alert* on the *Strategic Infiltration of Vulnerable Jurisdictions Through Criminal Foreign Direct Investments: The Case of Timor-Leste* spotlights trends in the country's criminal foreign direct investment, specifically in the special administrative region of Oecusse and its Oecusse Digital Centre, where organised crime groups have reportedly embedded illicit activities within a legitimate economic framework.

The *Alert* came on the heels of the arrest of 10 people on suspicion of involvement in illegal gambling and computer fraud in Oecussi. The region relies on cryptocurrency and digital assets designed to attract investors and regulatory support whilst concealing illicit intent.

A well-placed source has confirmed with this writer about the accuracy of the Timor-Leste report. This source has also disputed claims by the mainstream Western presses that the syndicates are solely China-based, indicating that there are other high-net-worth perpetrators rolling in illicit activities and money laundering in Timor-Leste, including Malaysians.

This is further corroborated by an opinion piece by Michael Rose, adjunct professor at the University of Adelaide, carried in the *South China Morning Post* and online portal, *The Conversation*:

"On September 21, Agio Pereira, Timor-Leste's Minister of the Presidency of the Council of Ministers in Timor-Leste, published in Facebook post titled, *A Manifesto for the Defence of Timor-Leste*, alleged that USD45 million had been smuggled into the country by "transnational criminal syndicates from Cambodia, Malaysia, Macau and Hong Kong" in order to influence regulatory bodies to grant "fraudulent licences" and set up "protected enclaves" where "illegal gambling, cyber-scam centres and human trafficking would be able to operate under state protection".

"He [Pereira] said the country faces a simple choice: Will we be a sovereign nation governed by democratic laws and institutions, or will we become a criminal state owned by foreign mafia syndicates?"

A portrait of a middle-aged man with a shaved head, wearing a dark grey blazer over a dark t-shirt. A small red bird-shaped pin is visible on his left lapel. The background is dark with abstract, glowing blue and green lines and dots, resembling a network or data visualization.

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By the Banking Insight Reporting Team

**Economist takes aim at deeper
dynamics in an era of increasing
global instability.**

Yanis Varoufakis is synonymous with social resistance, economic revolution, and financial rebellion. As an economist and activist, he has shifted the landscape of politics and economies. His tenure as the ex-finance minister for Greece at the height of the Greek Debt Crisis put him dead centre in debt negotiations with the so-called financial Troika – the International Monetary Fund, European Central Bank, European Commission – to

secure “an agreement that involves debt restructuring, less austerity, redistribution in favour of the needy, and real reforms.”

This did not happen. Despite Greek voters’ historic referendum and decisive rejection of the proposed international bailout conditions, Varoufakis resigned just hours after this victory as other eurozone finance ministers had reportedly pressured the then Prime Minister Alexis Tsipras for his ‘absence’ from future negotiations. The Hellenic

Republic ultimately accepted a three-year bailout on terms that were significantly harsher than the ones initially rejected by voters.

As a bestselling author and forceful speaker – including his panel discussion at the recent MyFintech Week 2025 co-organised by the Bank Negara Malaysia, Securities Commission, AICB, and Malaysian Digital Economy Cooperation – Varoufakis continues to call a spade a spade and hold power to account for the common good.

Q Reflecting on your tenure as arguably Greece’s most controversial yet recognisable finance minister, what personal toll did that period have on you and what gave you the strength to stand firm when the political and financial pressure was at its peak?

Allow me to begin answering your question with a comment regarding my, usual, characterisation as ‘controversial’. It has been said so often that it appears trivially true. But what was so controversial about my stance?

As the finance minister of a bankrupt state, I insisted that we did not have the right to borrow more on conditions that would shrink our disposable incomes further. One might have thought that this ought to be an uncontroversial stance. That it was presented as controversial, radical, insufferable even (to our creditors) is a sign of how deep, even irreversible, the euro crisis had become. And why Europe is, today, deindustrialising and becoming geopolitically irrelevant.

As for the source of my determination not to succumb to the demonisation that was unleashed against me, the answer is



simple: common people out there, on the street, patting me on the back (to this day), thanking me for not putting my political career above the promise not to betray them.

Q You’ve been a consistent advocate for more inclusive financial structures and policies, prioritising social justice in tandem with

economic efficiency. As we’re seeing private credit funds increasingly become major lenders, does this shift in credit source strike you as an evolution or reversal of more inclusive finance?

I would put it far more strongly than that; it is not just a ‘reversal’ that we are witnessing but a catastrophic plunge into a kleptocratic regime.

Is Private Credit Bubbling Over?

By Julia Chong

Boom and bust point to a potential ‘canary in the coal mine’.

Since the early 2000s, private credit funds have made the leap from a mere USD200 million in assets under management (AUM) to nearly USD3 trillion currently. A leap that perhaps pales in comparison to the high-profile scandals that have plagued the sector in recent months.

ROI: ZERO (AT BEST)

In September, US auto lender Tricolor Holdings collapsed into bankruptcy amidst declaring USD2 billion in debt and a slew of fraud allegations. Classified as a nonbank financial institution, the subprime car loan lender was heavily backed by banking heavyweights such as JP Morgan and Barclays.

On 14 October 2025, JP Morgan’s Jamie Dimon detailed that the bank would charge-off USD170 million due to Tricolor during a detailed press conference, stating: “It is not our finest moment”. Word on the Street was that its total exposure was roughly USD200 million.

The following week, Barclays Group’s CEO CS Venkatakrishnan made a similar announcement that the UK bank would clock a loss of GBP110 million due to Tricolor, but softened the blow with some unexpected news: a further provision of GBP235 million for potential related



ACCOUNTABILITY

By Bob Souster

A culture of ethical reflection and technological adaptation.

The Code of Professional Conduct of the Asian Institute of Chartered Bankers states:

“Members shall accept responsibility and be accountable for their actions and decisions, and for the impact these may have on others, including customers, colleagues, employers, business partners and the community.”

This article explores the nature of accountability in banking, distinguishing it from responsibility. It examines various dimensions of accountability, from both a legal and moral perspective, and considers its practical implications. It also identifies some of the contemporary issues and challenges presented by advanced technologies, such as artificial intelligence (AI) and algorithmic systems.

DEFINING ACCOUNTABILITY

Accountability can be defined as the obligation to explain, justify, and accept the consequences of one's actions.

In that an individual is accountable to someone for something, it is essentially a relational concept. By contrast, responsibility is about the duty to act or perform a task. An investment banker may be responsible for managing a portfolio on behalf of a client, but they are accountable to the client, as well as regulators and their institution, for how that portfolio is managed. Accountability reflects obligations to others.

When considered in the context of hierarchical structures, such as

organisation charts, accountability is an ‘upward’ concept and responsibility is a ‘downward’ concept. Just as a chief executive officer is accountable to the board, and the board is accountable to the shareholders of the company, they have responsibility for what goes on within the terms of reference of their jobs.

In business ethics, accountability is central because it underpins transparency, trust, and ethical decision-making. Without understanding the nature of accountability, it will be unclear how praise or blame can be apportioned. It demands that individuals and institutions not only act competently but also own the outcomes of their actions, especially when those outcomes affect stakeholders. This is especially important in banking, where decisions can have profound implications for financial stability, customer welfare, and society as a whole.

LEGAL ACCOUNTABILITY

It arises from formal mechanisms, such as laws, regulations, contracts, and codes of conduct. In banking, these include:

- **Statutory obligations** arising from laws and financial regulations (e.g., Basel III, MiFID II, Dodd-Frank) that set mandatory, non-negotiable rules and standards.
- **Contractual duties** laid down in contracts of employment, fiduciary roles, and service-level commitments.

- **Regulatory oversight** by bodies such as the Central Bank of Malaysia and the Securities Commission Malaysia, which enforce compliance and impose sanctions for breaches.

Legal accountability is typically enforced through external adjudication by bodies such as courts, tribunals, or regulators; they assess whether obligations were met and can impose penalties if they were not. However, legal compliance alone does not guarantee ethical conduct. A banker may follow the letter of the law while violating its spirit, underpinning the need for moral accountability.

MORAL ACCOUNTABILITY

Unlike legal accountability, moral accountability is internal and relational. It reflects an individual's ethical obligations and often the expectations of various

In business ethics,
ACCOUNTABILITY IS CENTRAL BECAUSE IT UNDERPINS TRANSPARENCY, TRUST, AND ETHICAL DECISION-MAKING.

Without understanding the nature of accountability, it will be unclear how praise or blame can be apportioned. It demands that individuals and institutions not only act competently but also own the outcomes of their actions, especially when those outcomes affect stakeholders.

stakeholders. For bankers, this can be multi-layered:

- + **To one's manager:** Meeting performance targets and complying with internal policies.
- + **To clients:** Acting objectively and in their best interests, avoiding conflicts of interest, and ensuring fair treatment.
- + **To shareholders:** Delivering sustainable returns and safeguarding reputation (this may be complicated further if some shareholders are concerned with financial sustainability while others are focused on environmental sustainability).
- + **To society:** Supporting financial inclusion, environmental sustainability, and economic resilience.

These layers can, and often do, conflict. A banker may face pressure to maximise short-term profits (shareholder accountability) while recognising the long-term harm of aggressive lending practices (societal accountability). Managing these tensions requires ethical judgment, supported by an appropriate institutional culture and professional standards. When conflicts arise, the individual is faced with a dilemma, especially when they have 'skin in the game' (that is to say, may suffer adverse consequences as a result of the course of action that they choose).

Moral accountability is undoubtedly shaped by personal conscience, professional codes (such as the Code of Professional Conduct), and social norms. It is not always enforceable, but it is essential for ethical banking.

CAN ORGANISATIONS BE ACCOUNTABLE?

Proponents of organisational agency theory believe that institutions can act intentionally and bear moral responsibility. This challenges traditional views of ethics, which focus on the individual.

Writers such as Peter A French (*The Corporation as a Moral Person*) and Christian List and Philip Pettit (*Group Agency: The Possibility, Design, and Status of Corporate Agents*) argue that organisations can be moral agents if they have:

- **Decision-making structures:** Formal processes for choosing actions;
- **Collective intentions:** Goals that guide behaviour; and
- **Capacity for action:** Resources and authority to implement decisions.

French introduced the notion of corporate internal decision structures (or CIDS), which are internal sets of rules and procedures. These permit an organisation to form intentions and act independently of the will of those who direct and control operations.

French concludes that decisions can be ascribed as corporate intentional acts if they arise in accordance with the CIDS. He further claims that there are only two conditions necessary to lay responsibility (and hence blame) on a corporation: it must have caused some untoward event or state of affairs to arise; it must have intended the event or state of affairs to occur.

As banks have highly structured procedures and processes, they meet these criteria. They make strategic choices, pursue objectives, and influence society. They can be held ethically accountable.

A contradictory view is held by Joel Feinberg, (*Corporate Moral Agency*), who contends that only individuals can be moral agents. Organisations are legal constructs and cannot have intentions, which only humans possess. Further, blaming 'the organisation' can obscure individual culpability and dilute justice.

ACCOUNTABILITY IN THE DIGITAL AGE:

As banking becomes increasingly digitalised, accountability faces new challenges. AI, algorithmic decision-making and automated systems complicate traditional notions of agency and control.

Key concerns include:

- > **Transparency**
AI systems often operate as 'black boxes', making it difficult or impossible to trace decisions or understand their rationale.
- > **Displacement and dispersal of agency**
When decisions are made by

algorithms, who is accountable: the developer; the user; the institution? All or some of these?

> Bias and fairness

AI can facilitate biases in lending, recruitment, selection and performance appraisal, and fraud detection, raising ethical and legal concerns.

> Data governance

Accountability for data privacy, consent, and misuse are critical as banks handle vast amounts of personal information.

Effective AI accountability requires governance frameworks that ensure transparency, human oversight, and ethical design. Many contemporary writers now advocate the need for ethical leadership in AI adoption, warning against the rush to implement without considering long-term impacts.

In response, regulators across the world are developing AI-specific accountability standards. Banks must integrate these into their risk management and compliance systems.

BUILDING A CULTURE OF ACCOUNTABILITY

For bankers, accountability cannot be a static obligation; it is dynamic and continuously evolving, requiring a need for ethical reflection and technological adaptation. To foster a culture of accountability, institutions should clarify roles and expectations, strengthen ethical training, embed accountability in governance and embrace robust oversight of AI and data systems. ✱

■ *Robert (Bob) Souster is a Partner in Spruce Lodge Training, a consultancy firm based in Northampton, England. He lectures on economics, corporate and business law, management, corporate governance and ethics. He has worked extensively on the Chartered Banker MBA programme at Bangor University, Wales, since its inception, serving as both a Module Director and, currently, as a Moderator for 'Ethics, Regulation and Compliance' and 'Financial Institutions' Risk Management.*

DEREGULATION: RESIST THE RACE TO THE BOTTOM

By Angela SP Yap

APAC flex to a Trump-style decoupling.

Over the past three quarters of 2025, the Trump administration has been pushing for a rollback of post-crisis banking stability measures; deregulation that Washington has said is crucial to unlock valuable unallocated credit and propel the US economy forward.

Prior to the collapse of US firms First Brands Group, Tricolor Holdings and Renovo Home Partners over the past months, which spotlight the increasing influence of private credit in global finance, the proposed rollback of prudential rules by the US was predicted to do two things: (i) unleash additional lending capacity of up to USD2.6 trillion into the US financial system; and (ii) create successive waves of deregulation, starting with the UK and followed by other countries in the EU.

Today, as the bankruptcies of these three private-credit-funded US firms totalling billions in debts continue to send jitters throughout the financial system, a third prophecy looms heavy: contagion – originating from the lightly

regulated nonbank financial intermediary segment to the financial system proper.

Drawing parallels to the Global Financial Crisis (GFC) in 2008, the Bank of England Governor Andrew Bailey told a House of Lords committee the collapses should be taken “very seriously” and confirmed that the central bank would run a stress test of private equity and credit firms.

“I think the big question,” Governor Bailey said, “is are these cases idiosyncratic, or are they what I call the ‘canary in the coalmine’?”

ON THE CARDS

In the first edition of its *Bank Deregulation Primer* starting October 2025, the law firm of Alvarez & Marsal’s Finance Services Industry Group focused on *US-led Bank Deregulation Wave Under Trump Administration* and the implications for other global banks. Examining the projected revamp of capital requirements of the top global systematically important banks (G-SIBs), it anticipates how other

THE JOURNEY TOWARDS FRICTIONLESS CROSS-BORDER PAYMENTS IN APAC

By LexisNexis Risk Solutions

Delve into the aspirations for a frictionless cross-border payment landscape.

Cross-border payments in the Asia-Pacific (APAC) region have traditionally been characterised by inefficiencies, high costs, and varying levels of transparency. According to an article by The Payments Association, 55% of firms lose 4%–5% of revenue per month due to manual tracking and reconciling transactions. These challenges have been exacerbated by disparate regulatory frameworks and the complexity of international transactions. While there are significant advancements in domestic payments across the APAC region, similar advancements in cross-border payments have been slow.

Improving cross-border payment systems is crucial for fostering economic growth, promoting international trade, and enhancing financial inclusion. A more efficient and

seamless payment infrastructure can reduce transaction costs, mitigate risks, and improve overall economic stability throughout the APAC region.

ASPIRATIONS FOR CROSS-BORDER PAYMENTS

The ideal vision for cross-border payments in the APAC region involves instant, cost-effective, and transparent transactions, mirroring the ease of domestic payments. This aspiration

includes:

- real-time settlement and finality of funds;
- minimal transaction fees;
- transparency in exchange rates and fees;
- consistency and confidence that payments are error-free; and
- enhanced security measures to protect against fraud.

SIDEWAYS SUCCESS: WHEN UP IS NOT THE ONLY WAY

By Priscilla Edna Moreira

Toward a healthier corporate culture.

*“Keep going, work hard!”, “Keep climbing up to achieve that promotion!”,
“Set your goals, hit your target, and you will be the boss!”*

While the gruelling effort and hard work behind the ambitious individual to achieve leadership status deserve recognition, recent studies challenge such conventional knowledge and insist that we probe deeper.

One of the more hotly debated perspectives to emerge in recent times come from organisational researchers Shilaan Alzahawi, Emily S Reit, and Francis J Flynn’s study, *A Legend in One’s Own Mind: The Link Between Ambition and Leadership Evaluations*, which sets out to question whether there is a disconnect between how ambitious people view themselves and how they are viewed by their colleagues.

In other words, is ambition an accurate barometer for effective leadership?

AMBITION ≠ EFFECTIVE LEADERS

“Leadership roles often come with substantial personal, financial, and professional rewards, so it’s common for ambitious people to strive for these positions,” according to Eric Dolan, founder of *PsyPost*, an independent science news website.

Ambition certainly has a role in propelling one to actively seek and occupy leadership roles, no matter the industry. Alzahawi and team investigate the link between ambition and leadership by surveying a group of 472 executives enrolled at the Stanford Graduate School of Business about their ambitions and to rate themselves on 10 leadership competencies, such as their ability to motivate others; manage collaborative work; coach and develop people; and present and



SPARK OF A WELL-TIMED NUDGE

By Julia Chong

IT WORKS, BUT WILL IT STICK?

In the 17 years since nudge theory went public, it has taken over much of the design thinking that we see in practice today. There are 'nudge units' set up within governments across the world to apply it into policymaking; corporates incorporate it into their enterprise change management design programmes; individuals, wittingly or otherwise, use or are influenced by it every day, from checkout counters at the supermarket to opting in for pension schemes.

All this in the quest to steer people and organisations towards better choices (e.g. placing healthier snacks at the eye-level checkout counters at the supermarket) or decisions that enhance social goals (want to get households to reduce electricity consumption? Ask them to compare their utility bill with their neighbour).

Popularised by Richard Thaler and Cass Sunstein in their book, *Nudge: Improving Decisions About Health, Wealth, and*

Happiness, the Nobel Prize laureate and behavioural economics professor defined what it means: "A nudge, as we will use the term, is any aspect of the choice architecture that alters people's behaviour in a predictable way without forbidding any options or significantly changing their economic incentives."

Although this subtle steering toward a specific choice is now widely accepted and commonly practiced in organisations, recent evidence point to a gaping hole in the science: people who respond positively to a nudge don't stick with it in the long run.

BEST BEHAVIOUR

This non-sticky longer-term effect of nudges is studied by Professors Evan Polman and Sam J Maglio who pose this hypothesis: "Research in marketing, psychology, economics, and decision-making has long examined what people choose, when people choose, and why people choose. But almost

Redefining Compliance Excellence: The 50/50 Model as Malaysia's Path to Proactive Financial Crime Prevention

By Jason Shane

Competitive advantage comes from blending human expertise with AI tools.

Three days. Over 1,400 compliance practitioners. One undeniable truth: Malaysia's banking sector is at an inflection point. At the 15th International Conference on Financial Crime and Counter Terrorism Financing (IFCTF) themed, *The Future is Now: Tech-driven Compliance in the Fight Against Financial Crime*, the conversation wasn't just about compliance challenges. It was about reimagining them as competitive opportunities.

The conference brought together global and regional leaders to explore artificial-intelligence (AI)-enabled fraud detection, machine-learning-driven compliance, virtual assets and digital threats, terrorism and proliferation financing, and anti-bribery and anti-money laundering (AML) frameworks. What emerged from these sessions were clear: Malaysia faces a perfect storm of complexities: rising transaction volumes,

sophisticated money laundering schemes, and digital payment innovations – all demanding compliance vigilance at scale. Yet, the traditional compliance model, heavily manual, resource intensive, and reactive, is cracking under these pressures.

But here's what excited me most at IFCTF: the realisation across our banking community that this isn't a crisis of capacity. It's an opportunity for transformation. The answer isn't hiring more compliance staff or implementing AI as a wholesale replacement for human judgement. It's something far more powerful: the 50/50 model, a blueprint that lets technology and human expertise do what they do best, together.

THE TRAP OF EXTREMES

For decades, Malaysian financial institutions have operated under a largely manual compliance regime. Investigators review alerts, dig through transaction

TALENT-FLUID CULTURE

By Priscilla Edna Moreira

'Go with the flow' takes on new meaning.



As the workforce sprints to equip and/or reinvent themselves with the latest skills in artificial intelligence (AI) and innovations in banking and finance, we should stop and ask whether we are investing our skills in what actually drives performance or merely chasing the next big trend.

In his post titled, *Are We Prioritising the Right Skills? A Call for a Strategic Shift*, Anish K Ravi, Deputy Director of the Centre for Executive Education & Leadership Development at Vinayaka Misson, expressed that universities equip students with cutting-edge skills –blockchain, quantum computing, AI – yet graduates falter at performing basic tasks that their roles demand.

Ravi writes: “While these skills are undeniably important for specific job functions, they are not universally applicable. The mismatch is stark, and the question is glaring – have we become so captivated by the ‘next big thing’ that we’re neglecting the foundational skills essential for real-world success?”

This seems to echo the sentiments of a majority of decision-makers and

seniors in management who point to an emerging paradox: the talent pipeline is bulging with talents who are technically adept at their roles, but stumble at the basics or core skills which directly impact individual and collaborative work.

A Gartner white paper, *Modernizing Talent Management*, presented at the consulting firm’s 2024 Reimagine HR Conference, highlighted this in its research which outlined the critical shifts needed in talent management.

“While these skills are undeniably important for specific job functions, they are not universally applicable. The mismatch is stark, and the question is glaring – have we become so captivated by the ‘next big thing’ that we’re neglecting the foundational skills essential for real-world success?”

Anish K Ravi

Deputy Director of the Centre for Executive Education & Leadership Development at Vinayaka Misson

Based on its survey of 190 human resource (HR) leaders, the No. 1 risk in the organisation is the current skills gap; the No. 2 risk is addressing unclear future skill needs. In fact, its research has determined that investments to bridge the current skills gap in an organisation are five times more impactful for sustained performance than investing in the skills of tomorrow. This pinpoints where organisations should be prioritising their HR spend – into programmes that will address their immediate skills gap over skills which do not have a clear here-and-now application.

Moreover, Dion Love, Vice President who leads its human resource practice, said the research indicates a 26-percentage-point drop in overall employee performance when an organisation’s talent is not consistently ready to meet its changing business needs.

This isn’t to say that corporates should turn away from strategic HR planning in order to fulfil their future talent pipeline, but that they should be looking at both – immediate and future talent readiness – from a more dynamic perspective.

“The skills mandate,” Gartner reports, “spans two time horizons. Employees

Sustainability of Our Own Accord

By Julia Chong

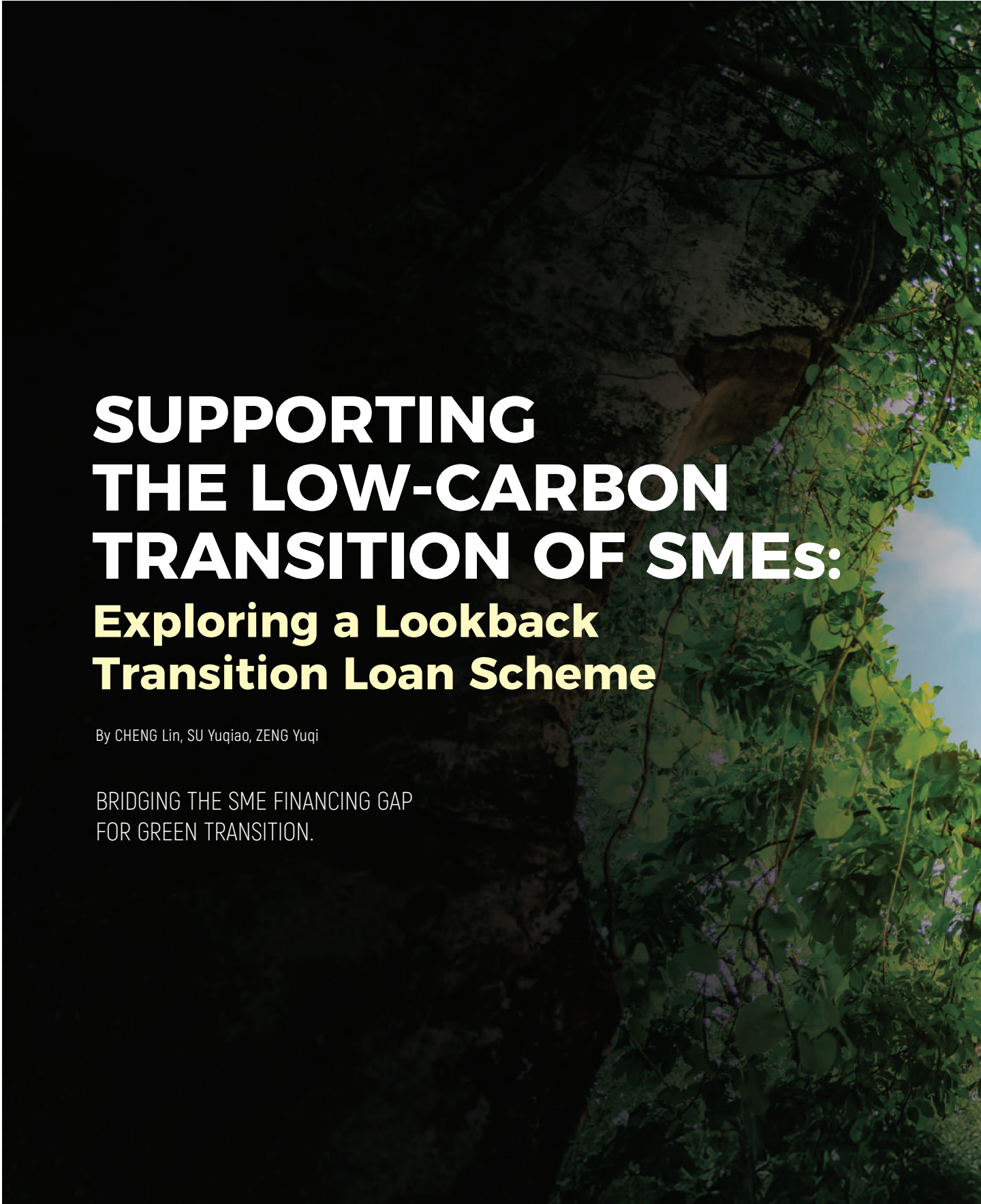
**The BCBS' voluntary framework
adds granularity to IFRS
compliance.**

Navigating the increasingly complex matrix of environmental, social, and governance (ESG) reporting has never been more urgent for financial institutions. The good news is that the banking sector in some jurisdictions in Asia are already well-placed to syncretise these standards at both the national and international levels.

Right off the bat, Malaysia had adopted a hybrid reporting standard for its ESG reporting. This was in line with standard-setters' expectations that local entities cast their eyes simultaneously on national-specific and international benchmarks.

Locally, financial institutions are guided by Bank Negara Malaysia's *National Sustainability Reporting Framework* (NSRF), which was announced in September 2024. The NSRF requires entities to "produce consistent and comparable disclosures to enhance the credibility of the reports and promote improved decision-making and stakeholder engagement".





SUPPORTING THE LOW-CARBON TRANSITION OF SMEs:

Exploring a Lookback Transition Loan Scheme

By CHENG Lin, SU Yuqiao, ZENG Yuqi

BRIDGING THE SME FINANCING GAP
FOR GREEN TRANSITION.



Small- and medium-sized enterprises (SME) are a critical pillar of a national economy, an essential force in driving a green and low-carbon transformation of the economy and society, and a fundamental basis for many countries to achieve its climate targets. Taking China as an example, public data indicate that the number of SMEs exceeded 140 million in 2020, with approximately 2.52 million new firms established and more than 22,000 new registrations each day, reflecting a highly dynamic and rapidly expanding business landscape. At the macro level, SMEs contribute significantly to China's economic and social development, accounting for over 50% of tax revenues, more than 60% of gross domestic product, over 70% of technological innovation, around 80% of urban employment, and more than 90% of all registered enterprises. This could be a similar situation for many other economies. Within industrial structures, SMEs operate like 'capillaries' reaching the far end of industrial networks, injecting flexibility and robustness into the broader economic system.

SMEs also hold substantial potential in driving the green transition and reducing carbon emissions. While individual SMEs are small compared with large enterprises, their vast numbers translate into significant collective mitigation capacity. Indeed, SMEs are estimated to account for nearly half of carbon emissions in China's industrial sector, underscoring that their adoption of green practices is critical to achieving national emission reduction targets.

In summary, SMEs underpin economic growth, employment, and innovation while also representing a major lever for emissions reduction. Their active participation in the green transition is therefore essential for achieving broader sustainability objectives. To support this process, targeted financial instruments can help unlock their transition potential, accelerate the greening of the national economy and society.

DO IT FAST OR DO IT SLOW?

By Kannan Agarwal

WILL CBDC DISINTERMEDIATION REDUCE OR ENHANCE FINANCIAL STABILITY? DEPENDS ON HOW YOU COMMUNICATE IT.

The rapid adoption of digitalisation in financial services brings with it changes in consumer expectations.

We have seen demand leapfrog since Covid-19 for mobile-first, near-instantaneous payment methods; the mainstream adoption of cryptocurrencies and stablecoins as mediums of exchange; the declining circulation of cash; and the creation of payment systems that focus on end-user convenience, bypassing central bank settlement gateways.

It is no wonder that the spotlight is now on central bank digital currencies (CBDCs) in both retail and wholesale segments. As at 2024, 134 countries and currency unions, comprising mostly of the Group of 20 economies, are exploring CBDCs. This accounts for close to 98% of the global gross domestic product.

How will the financial system evolve to meet these changing expectations and, more importantly, what does this entail for financial stability?

DISINTERMEDIATION 'FAST' AND 'SLOW'

The traditional thinking amongst most standard setters is that the availability of a retail CBDC would be detrimental to the global financial system, that CBDCs – which are a near-perfect substitute for cash, held at no cost, and in large volumes – would destabilise the status quo. If held in significantly large volumes, it signals that consumers had switched out of cash and reduced bank deposits; credit supply would dwindle, making it more expensive to borrow; and in the absence of appropriate safeguards, the fear of 'digital runs' would multiply. Or will it?



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