

Message from Singapore

Taking place less than a week after the Middle East Meeting wrapped up in Doha, The Network Forum (TNF) returned to Singapore for the Asia leg, and final TNF Meeting of 2024.

But what were the main talking points at TNF Asia?

Digesting the New Normal

Asia – much like the rest of the world – is trying to figure out what President Trump's return to the White House will mean for them.

During the campaign, President Trump said he would introduce 60% tariffs on Chinese imports, although a policy expert at TNF said this is unlikely to happen. Although some tariffs may be introduced, they will probably not be that high. Even so, the expert reckoned China may be more willing to strike a deal with President Trump, given its weaker economic position, at least relative to 2016.

The expert continued that the first Trump administration was actually quite good for South-East Asia, as the tariffs he levied against China prompted a number of supply chains to exit the country, and relocate elsewhere across the region - with Vietnam being one of the biggest beneficiaries. Now that supply chains have exited China, the expert said a Trump 2.0 administration would be more neutral for South-East Asia.

Given his popular vote mandate and the Republican control of all of the main branches of government, the expert said Trump 2.0 will be much less constrained than Trump 1.0.

T+1

Six months have passed since North America went live with T+1, and more markets are likely to follow. In fact, Swift reckons that 70% of the flows on its network will be settling on T+1 by 2030.

Appetite for T+1 in Asia is mixed with most markets seemingly happy with T+2.

While some markets, i.e. Australia are consulting on whether to adopt T+1, India has raced ahead, with the country's regulator – SEBI - confirming in October that it would widen its beta version T+0 settlement cycle from 25 stocks to 500.

However, the challenge facing Asia is that these markets, unlike the US and to a lesser extent the EU – are not standardised. Any rollout of T+1 in this part of the world will require local FMIs to collaborate, otherwise it risks creating all sorts of logistical challenges for investors with regional holdings.

Digital progress

Digitalisation is an ongoing talking point in the Securities industry, although there is debate about how much progress has really been made.

Sceptics of technologies – such as DLT or digital assets – point out that not much is happening. In the case of DLT, high-profile Blockchain projects such as the ASX CHESS transition wasn't the success as hoped, while secondary market liquidity in digital assets , i.e. tokenised securities, has not emerged.

Others are a bit more generous .

While it is true DLT has not lived up to its initial hype, some providers are using it to expedite asset servicing, especially in areas such as Transfer Agency and fund distribution. Those people who are using DLT in their day to day activities say that it offers plenty of potential. On tokenisation, speakers note the technology could drive efficiencies in money market fund distribution, settlements and collateral management.

Ironically, the most popular digital asset is the one which large institutions are most loathe to touch. Crypto-currency trading volumes are surging among retail investors – thanks in part of the election of President Trump – yet most institutions are still sitting on the fence.

After a packed end to the year, which saw TNF visit New York, Doha and Singapore, the Team will pause for a few months before returning for its Australasia Meeting in Sydney on March 4 -5.