

Almaty becomes hub for discussing future of global financial markets

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Almaty Becomes the Hub for Discussing the Future of Financial Markets in the Asia-Pacific Region and Central Asia.

From Sept 9 to 12, Almaty hosted the 26th Annual General Meeting of the Asia-Pacific Central Securities Depository Association (ACG) for the first time. This historic event brought together leaders and experts from financial institutions in Central Asia and the Asia-Pacific region to discuss the development and strengthening of cooperation in financial markets.

The event was organized by the Central Securities Depository of the Republic of Kazakhstan (KCSD), highlighting Kazakhstan's growing role as a key player in both regional and international financial markets. Over the course of three days, participants discussed key issues such as digitization, the implementation of artificial intelligence, risk management, and improving service quality in the financial sector.

Panel Discussions: Key Topics of the Forum

On Sept 10, panel discussions were held with international experts, including representatives of the National Bank of Kazakhstan, the Agency for Regulation and Development of Financial Markets (ARRFR), the Kazakhstan Stock Exchange (KASE), and specialists in finance and stock markets. The main topics of discussion included the operation of both Kazakhstan's and international securities markets, as well as the use of advanced technologies to improve efficiency and service quality.

Timur Suleimenov, Chairman of the National Bank of Kazakhstan, highlighted that the Asia-Pacific region is one of the most dynamic markets with high investment potential. He emphasized that this region plays an important role in the global financial system due to its sustainable economic growth, large infrastructure investments, and technological advancements.

"The Asia-Pacific region is a dynamic market with high investment potential. Building a strong institutional partnership between Central Asia and the Asia-Pacific region will unlock unprecedented economic opportunities for both sides," noted Timur Suleimenov.

He also added that Kazakhstan continues to be an attractive destination for foreign investors, having attracted over \$450 billion in foreign direct investment since gaining independence.

"This is the highest per capita figure among CIS countries," added the head of the National Bank.

In 2023, Kazakhstan's GDP grew by 5.1 percent, driven by the development of the mining industry, manufacturing, and services sectors. Additionally, inflation in the country fell significantly to 8.4 percent, with forecasts suggesting further decreases to 5 percent within the year.

Economic Outlook from the International Monetary Fund

Bo Li, Deputy Managing Director of the International Monetary Fund (IMF) for Central Asia and the Caucasus, noted during the meeting that the economies of the region continue to show stable growth despite various economic shocks. He said that oil-importing countries are expected to experience stable growth, supported by domestic demand, as well as the expansion of the hydrocarbon industry and oil exports.

Bo Li stated that well-designed reforms could lead to 5-7 percent growth in the region's countries over the next 4-6 years. He also emphasized the significant role of new technologies, including digitization and artificial intelligence, in industries such as manufacturing, healthcare, and financial services.

"Artificial intelligence could impact 40 percent of jobs worldwide and 60 percent of jobs in developed economies, according to IMF research. Investing in digital skills and social insurance will be key to supporting the development of AI, improving productivity, and mitigating socio-economic risks," said Bo Li.

He also confirmed that the IMF is committed to supporting countries in successfully implementing productive policies and strengthening the financial infrastructure between the Asia-Pacific region and Central Asia.

Dynamic Development of Kazakhstan's Stock Market

Madina Abylkasymova, Chairperson of the Agency for Regulation and Development of Financial Markets of Kazakhstan, shared with the meeting participants the rapid development of Kazakhstan's stock market. She stated that the current capitalization of Kazakhstan's stock market has reached \$70 billion, accounting for 28 percent of the country's GDP. The volume of corporate bonds traded on the Kazakhstan Stock Exchange (KASE) has reached \$30 billion, equivalent to 12 percent of GDP.

Abylkasymova highlighted that over the past five years, the volume of capital raised in the market has reached \$19 billion, and the number of retail investors has grown to over 3 million. This demonstrates the significant role of private investments in the country's economy and the rapid development of Kazakhstan's stock market.

She emphasized the importance of integrating Kazakhstan's financial infrastructure into global capital markets. Currently, work is underway to create conditions for international settlement organizations, such as Euroclear and Clearstream, to open direct accounts in the Central Securities Depository of Kazakhstan, significantly expanding opportunities for attracting international investors.

Foreign Investments in Kazakhstan's Government Securities

At the 26th Annual General Meeting of the Asia-Pacific Central Securities Depository Association (ACG), Aliya Moldabekova, Deputy Chairperson of the National Bank of Kazakhstan, noted the growth of foreign investments in Kazakhstan's government securities. Since the beginning of 2024, the volume of these investments has increased by 411 billion tenge, reaching 866 billion tenge to date.

Moldabekova added that measures have been taken to increase the number of security issuances in order to meet investor preferences and improve the liquidity of the secondary market. Currently, 13 issuances have a volume exceeding \$1 billion, contributing to the strengthening of Kazakhstan's government securities market.

Sustainable Development and ESG Principles

One of the key topics of the forum was the need to implement sustainable development principles in financial markets. Madina Abylkasymova noted that Kazakhstan has already established the necessary legislative and regulatory mechanisms to stimulate the development of "green" financing. She also emphasized that the Agency, together with the National Bank and the Ministry of Finance, had submitted an application for observer status at the ASEAN+3 Bond Market Forum, opening new opportunities for knowledge exchange and integration with regional capital markets.

Technological Innovations and Digitalization in the Financial Market

During the panel session on "Digital Transformation and Improving Service Quality in the Securities Market," international experts discussed advanced technologies that contribute to improving services. Samsul Hidayat, President of PT. Kustodian Sentral Efek Indonesia, shared that over 13.3 million investors are registered in Indonesia's central securities depository, reflecting the rapid growth of digital services in the country.

Julie Yang, Senior Vice President of Taiwan Depository & Clearing Corporation (TDCC), shared her experience in customer service

transformation, emphasizing the importance of innovations in improving service quality and accessibility.

Mikhail Novoselov, Executive Advisor at Freedom Finance, noted that Kazakhstan not only keeps up with global technological trends but also exceeds them in some areas. This demonstrates the active development of the financial sector in the country and its readiness to adopt the latest technologies.

Jim Micklethwait, Director of Operations at Thomas Murray, emphasized that remote work is becoming the norm in the financial sector, and secure access to key systems from remote locations requires serious coordination and the implementation of new digital solutions.

Importance of International Cooperation and New Trading Regimes

During the panel session on "A New Era in Strengthening Cooperation in the Securities Market," Alina Aldambergen, Chairperson of the Kazakhstan Stock Exchange (KASE), stressed the importance of creating conditions for Kazakhstani companies to issue bonds in international markets. She noted that KASE actively cooperates with exchanges both in the region and abroad. The high capitalization of Kazakhstan's bond market attracts both local and international investors.

Nellie Dagdag, a representative of the Depository Trust & Clearing Corporation (DTCC), shared insights on how the U.S. transitioned to a T+1 trading regime. She emphasized the need for close collaboration with regulators and market participants to ensure the successful implementation of this regime. Olivier Garris, Head of Operations and Risk Management at the Astana International Financial Centre (AIFC), added that flexibility and adaptation to different models are key to successfully transitioning to a new settlement system.

Global Challenges and Future Opportunities

Marc Djeme, Chairperson of the Risk Committee at Clearstream, highlighted the importance of integrating the financial infrastructures of the Asia-Pacific region and Central Asia on a global level.

"Kazakhstan's Central Securities Depository is fully fulfilling its mission, acting as a bridge between East and West and offering vast opportunities," said Marc Djeme.

He also added that global challenges such as geopolitical instability and climate change require rethinking priorities. The development of digital tools, including artificial intelligence, presents both risks and opportunities for financial institutions.

At the end of the meeting, Adil Mukhametjanov, head of KCSD, emphasized several key areas that will contribute to successful cooperation among infrastructure organizations in the future. He noted that the growth of digitization and the implementation of ESG principles will open new opportunities for improving the efficiency and security of markets. Kazakhstan has once again confirmed its status as a reliable partner and leader in attracting investments, actively working toward integration into global economic systems and implementing the latest technologies.

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