

Securing Financial Connections: Reimagining Correspondent Banking in the Pacific

10 April 2025, The Fullerton Hotel, Singapore

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10 April 2025 | Fullerton Hotel, Singapore

Jost Wagner

Lead Facilitator

Managing Director, The Change Initiative & Chief Navigator Asia-Pacific Futures Network



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Welcome Remarks

Leah Gutierrez

Director General
Sectors Department 3
Asian Development Bank



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Opening Remarks

Christine Engstrom

Senior Director
Finance Sector Office
Asian Development Bank



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The Current Landscape: Insights and Updates

Tatafu Moeaki

Governor
National Bank of Tonga



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The Current Landscape: Insights and Updates

Lindsay Chan

Former Director
Asia Pacific Group on Money Laundering



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Postcard from Japan

Key findings of the Roundtable discussion at the GFTN Forum

Lotte Schou Zibell

Chief Executive Officer
Impact Financial Advisory



AI Technology to Mitigate Correspondent Bank Derisking

SUMMARY

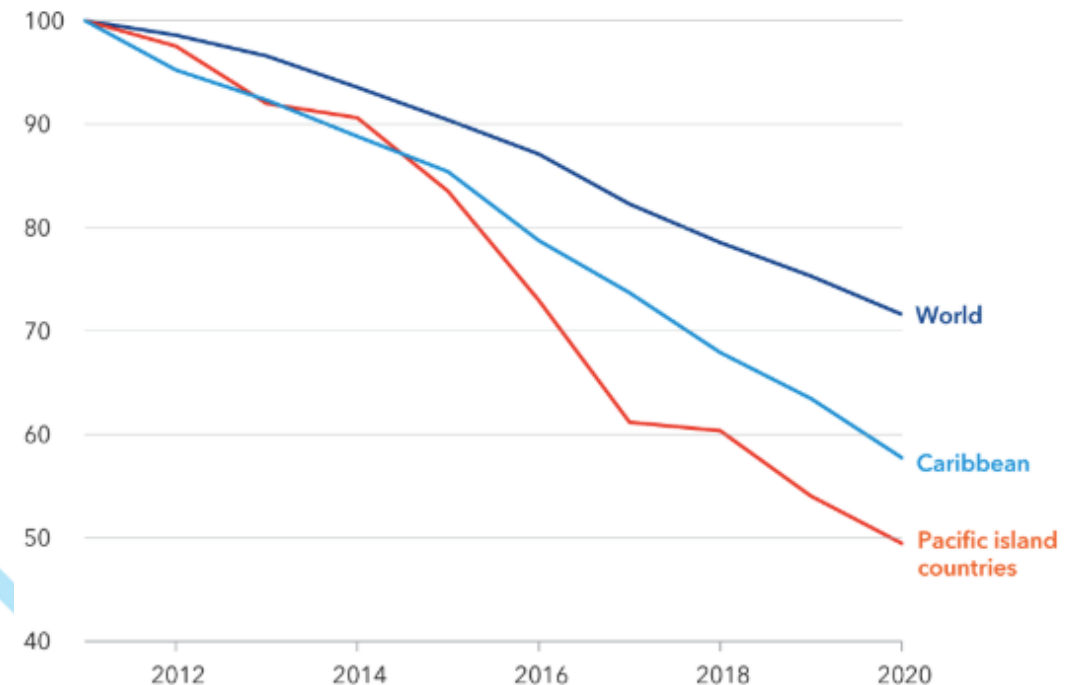
Joint ADB Cambridge Centre for Alternative Finance, Cambridge University
Roundtable Discussion

2025 Japan Future Tech Forum: Accelerating Technology Adoption

Navigating the Paradox: Rising Cross-Border Payments Amid Accelerating Derisking

- Over the last decade, the global volume and value of cross-border payments increased by 61% and 37%, respectively.
- These payments depend highly on correspondent banking
- ... at the same time, Pacific Island Countries have seen a 60% decline in correspondent banking relationships, which is double the global average reduction of 30%.,
- As such, this has resulted in higher cost of remittances with the price averaging 9.1% in the Pacific vs. the global average of 6.6%, which is 3 times higher than the sustainable development goal target of 3%.
- This consolidation significantly heightens the risk of a complete loss of CBRs in some Pacific Island countries (PICs).

Number of active correspondents
(index 2011=100)



Sources: Bank for International Settlements and IMF staff calculations.

Roundtable:

AI Technology to Mitigate Correspondent Bank Derisking,
3 March 2025

The roundtable discussion examined how AI-powered solutions can assist *key stakeholders—including banks, regulators, policymakers, and standard setters*—in navigating complex and evolving regulatory requirements.

By addressing the underlying drivers of derisking, these solutions enhance transparency, rebuild trust, and strengthen confidence in Correspondent Banking Relationships.

But correspondent banking isn't just about regulatory efficiency—it's also about *financial inclusion*, lowering the cost of remittances, and ensuring that *vulnerable populations* maintain access to essential financial services.

At its core, correspondent banking safeguards livelihoods by enabling *families and small businesses* to receive remittances, finance trade, and cover basic needs, bringing a human dimension to global finance.

Key Findings:

The Role of AI in Regulatory Alignment and AML/CFT Compliance

1. As digitization accelerates, global connections deepen, and regulatory standards evolve, there is a need to reimagine the correspondent banking framework.
2. AI-powered analytics present a transformative opportunity. By harnessing large language models (LLMs) and advanced data analytics, financial institutions can synthesize fragmented regulations, identify emerging risks, and conduct comparative assessments across jurisdictions. These technologies enhance regulatory compliance, mitigate risks, and provide much-needed transparency—offering a pathway to restore and strengthen CBRs.
 - a. To drive regulatory alignment, the session discussed how AI-powered policy analysis and compliance solutions can help financial institutions and regulators:
 - i. Analyze vast and evolving regulatory frameworks
 - ii. Improve transparency in compliance and AML/CFT standards
 - iii. Restore and secure confidence in CBRs
 - b. By leveraging AI-driven solutions, stakeholders can strengthen trust, improve regulatory efficiency, and ensure that CBRs continue supporting essential cross-border banking services, such as remittances, trade finance, and payment systems, particularly for vulnerable economies.

Key Findings:

Emergence of Ecosystem AI Partnership Models

Regulators (Monetary Authority of Singapore (MAS)), government agencies (Financial Crimes Enforcement Network, US Treasury), and FI groups (Transaction Monitoring Nederland (TMNL) Netherlands) have enabled consortium-based approaches for FIs to share anonymized risk intelligence and real-time threat updates, without sensitive data leaving borders.

Global communities of AML compliance experts are starting to share risk insights on trusted, secure ecosystems that AI-based federated learning models drive.

These ecosystem networks help the smallest FIs access advanced intelligence, thereby helping improve detection, reduce costs, close gaps vs. Financial Action Task Force (FATF) standards, mitigate derisking, and consequently help the industry unite in the war on financial crime.



Key Findings:

Moving Beyond Traditional Payment Infrastructure

Emerging digital frameworks offer innovative solutions for creating universal, unified ledgers that cover various asset classes, including deposits, carbon credits, equity, and real estate, through tokenization. These frameworks enable individuals and businesses to securely control their identities, credentials, and financial assets.

By addressing traditional payment system inefficiencies, advanced digital solutions facilitate seamless, secure, and cost-effective financial transactions across diverse assets and platforms. This approach enhances financial connectivity and interoperability, leading to a more inclusive, efficient, and resilient global financial ecosystem.

Such digital frameworks also enable secure, permissioned processes tailored specifically for low-value, high-volume, high-trust scenarios, notably in cross-border payments.



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Pacific Islands Form Secretariat

An update on implementation of the CBR Roadmap

Emosi Balenaivalu

Research Officer



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Coffee Break

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Lightning Panel

Next-Generation Financial Technology for a Connected Pacific Compliance



Facilitator

Shiu Raj Singh

Senior Finance Sector Specialist
Finance Sector Office
Asian Development Bank



Abhishek Chatterjee

Founder and CEO
Tookitaki (risk intelligence for
AML/CFT transaction
monitoring)



David Kleiman

CEO
Klearium



Roberto Leva

Senior Investment Specialist
Trade and Supply Chain
Finance Program
Asian Development Bank



Catherine Daza- Estrada

Senior Investment Officer
Trade and Supply Chain
Finance Program
Asian Development Bank

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Lightning Panel

Next-Generation Financial Technology for a Connected Pacific Solutions



Facilitator

Arvind Sankaran

Senior Fintech Consultant
Asian Development Bank



Humphrey Valenbreder
CEO, Partior



Eric Tan

Head, AP Government
VISA



Milind Sanghavi

Founder and CEO
Xweave



Julian Casal

Senior Financial Economist
World Bank

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Lightning Panel

Next-Generation Financial Technology for a Connected Pacific Technology



Facilitator

Lotte Schou Zibell

CEO
Impact Financial Advisory



Robert Wardrop

Founder and CEO, RegGenome



Siddhart Shetty

Co-Creator
Finternet



Umang Mundra

CEO
APIX

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Lunch Break

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Solution Lab Workshop and Group Formation

Station 1: Respondent Banks-Closing the Gap on AML CFT Standards

Jost, Lotte and Lindsay
Facilitator and Resource Persons

Station 2: Correspondent Bank-Operationalizing A Risk-based Approach (RBA)

Tamara, Kaushik and Adam
Facilitator and Resource Persons

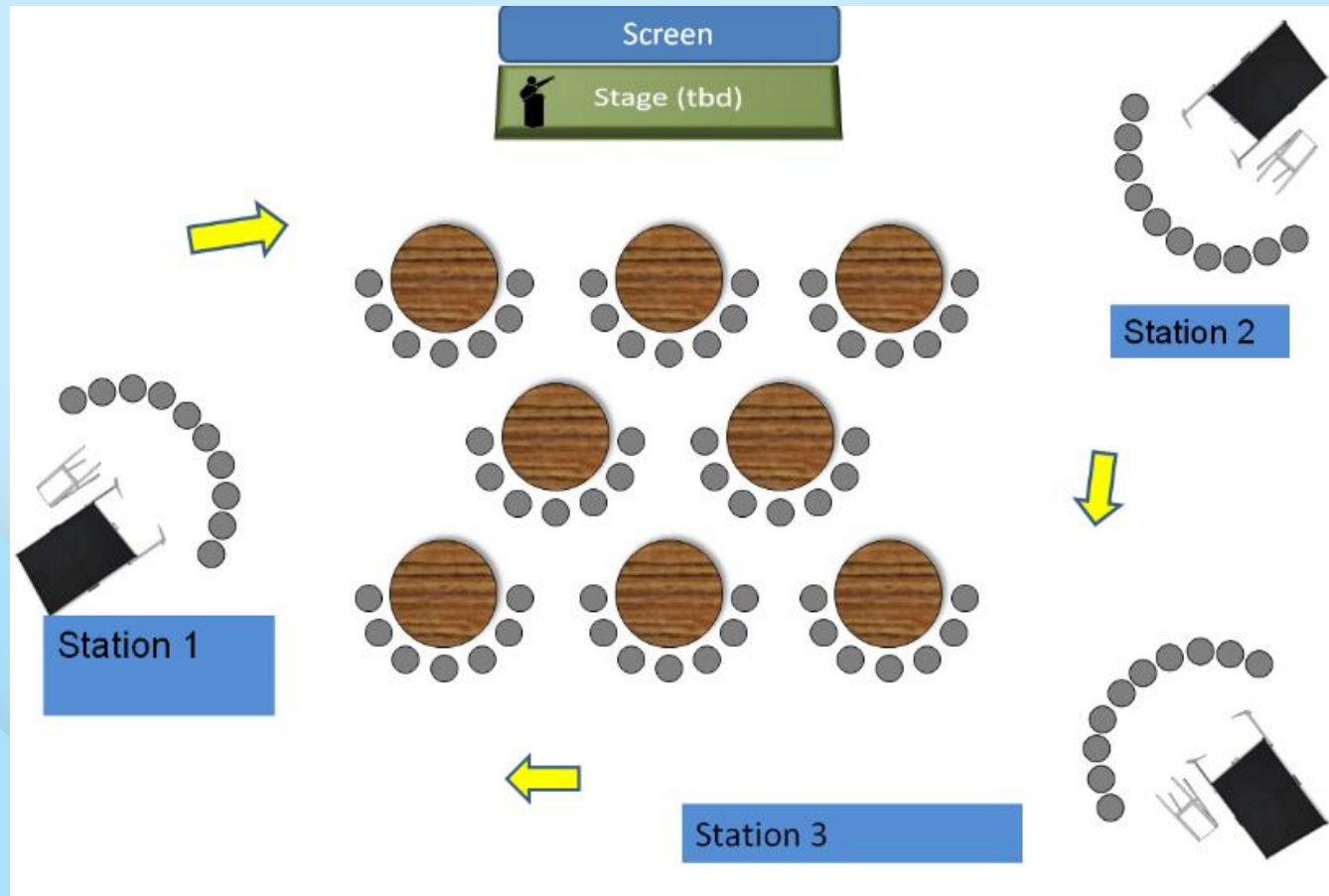
Station 3: National Digital Infrastructure-Leapfrogging Through Innovative Models

Ranel, Shiu, Arvind and Amit
Facilitator and Resource Persons

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Solution Lab Workshop and Group Formation



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Wrap-Up and Vote of Thanks

Christine Engstrom

Senior Director
Finance Sector Office
Asian Development Bank



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SAVE THE DATE
23-25 September 2025

5th Asia Finance Forum
Positioning for the Future

ADB Headquarters, Manila, Philippines