

Samsung expected to invest over \$1 billion in first half

THE PHILIPPINES is hoping to approve over \$1 billion worth of investment by South Korea's Samsung group within the first half, the Office of the Special Assistant to the President for Investment and Economic Affairs said.

"Right now, what is under process is the one from Samsung, which is over a billion dollars," Secretary Frederick D. Go, who heads the agency, told reporters on Friday.

"I believe they are rushing the inter-agency discussions," he added, noting that he hopes the process will be completed within the first half.

He said incentives are governed by the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Re-invigorating the Economy Act for investments under P50 billion.

"Once you are over P50 billion, it is open. So that has to be processed because there's no exact definition of incentives," he said.



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"They have asks, so we have to process those asks," he added.

Meanwhile, he said the Philippine side is still waiting for more concrete updates from the US regarding the Luzon Economic Corridor (LEC).

"It is still on. But we are still waiting for more concrete updates from their side," he said.

He said the Philippines is waiting for a US plan to fund the feasibility study of a flagship project of the LEC, the Subic-Clark-Manila-Batangas cargo railway.

"It is being funded by Sweden and the US. That is what we are waiting for," he added.

The LEC is being undertaken via a trilateral agreement among the Philippines, the US, and Japan.

Part of a broader collaboration supported by the G7 Partnership for Global Infrastructure and Investment, it aims to strengthen connectivity among strategic sites in Metro Manila, Batangas, Subic, and Clark.

"But the LEC is our project. And there is so much interest from so many countries apart from the US and Japan. We have interest from the UK, South Korea, Australia, Sweden, and Canada," Mr. Go said.

He said that the leaders of the Philippines and the US are expected to meet in May. — **Justine Irish D. Tabile**

NTT Marine sees growing demand for PHL submarine cable projects

NTT WORLD Engineering Marine Corp. said it is bullish on opportunities in the Philippines, noting growing demand for connectivity as the economy digitizes.

The company announced the planned launch of its new submarine telecommunications cable laying vessel, *CS VEGA II*, in April.

This vessel will be Philippine-flagged and will maintain domestic submarine telecommunication cables, including international submarine cables in nearby waters, the company said.

"For the new vessel that we launched, this will enable international submarine cable maintenance as well," the company's President and Chief Executive Officer Mamoru Watanabe told reporters on the sidelines of an event last week.

The company is a partner in the Philippine Domestic Submarine Cable Network (PDSCN) which is jointly owned by Eastern



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CABLE-LAYING VESSEL VEGA

Telecommunications Philippines, Inc., Globe Telecom, Inc. and InfiniVAN, Inc.

Eastern Communications parent company Vega Telecom, Inc. is owned by PLDT and Globe.

The PDSCN submarine cable network seeks to enhance connectivity particularly in underserved areas. The project covers a total cable distance of 2,500 kilometers and is considered the longest in the Philippines.

"The opportunity is even more present now because global security is very unstable and a lot of unexpected things (are happening), so demand for submarine cable is increasing. There's demand from the Philippine side for us to do the laying of submarine cable," he said.

The company sees an opportunity for submarine cable maintenance in a growing Philippine market, he said.

PLDT Executive Vice-President and Chief Operating Officer Menardo G. Jimenez, Jr. said PLDT signed a contract last year with the Japanese company to repair and maintain its submarine cables.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary Media-Quest Holdings, Inc., has a majority stake in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose**

Healthcare services outsourcer Omega plans to increase Philippine staffing to 5,000

By Justine Irish D. Tabile
Reporter

OUTSOURCED medical services provider Omega Healthcare Management Services Private Ltd. said it is planning to increase its workforce in the Philippines to 5,000, citing growing demand for healthcare outsourcing services.

Omega Healthcare Country Head Santosh Kesari told *BusinessWorld* that the company currently employs 2,800 professionals in the Philippines.

"Omega Healthcare plans to double its workforce to 5,000 employees by 2026, reflecting confidence in the growth trajectory of the healthcare outsourcing industry," Mr. Kesari said.

"This expansion underscores the company's commitment to leveraging the skilled Filipino workforce to deliver high-quality healthcare support services to clients worldwide," he added.

According to Mr. Santosh, the pandemic has accelerated the adoption of telehealth solutions, which has led to a shift to remote consultations and digital health management.

"Several factors contribute to the rising demand for remote healthcare services, including technological advancements, patient preference for convenience, and the need for cost-effective healthcare delivery," he said.

"This trend underscores the importance of scalable, remote healthcare services to meet evolving patient needs," he added.

Challenges faced by healthcare providers are also pushing them to avail of various outsourced services.

In particular, he said that healthcare providers face

stringent regulatory compliance, escalating operational costs, and the imperative to enhance patient outcomes.

"Outsourcing non-core functions like medical billing, coding, and revenue cycle management allows organizations to focus on patient care while ensuring compliance and operational efficiency," he said.

"Specialized outsourcing firms offer expertise in navigating complex healthcare regulations, mitigating risks, and reducing administrative burdens," he added.

Amid growing demand, he said that the Philippines' strong pool of nursing professionals and medical coders will solidify the Philippines' standing as a key player in global healthcare outsourcing.

He cited competitive operational costs and cultural compatibility in understanding Western healthcare systems, and ability to service international clients.

However, he said that healthcare providers outsourcing healthcare services in the Philippines face challenges in talent retention and data security.

"High global demand for healthcare professionals can lead to attrition, necessitating continuous investment in employee engagement and development," he said.

"Ensuring compliance with international data protection standards requires robust cybersecurity measures and ongoing staff training," he added.

To support the growth of the industry, he said that the government can extend tax benefits and provide grants for technology upgrades, invest in specialized training programs, streamline compliance processes, and ensure alignment with international healthcare standards.

OPINION

Building resilience in the financial sector

Second of two parts

IN BRIEF:

- Firms should leverage innovative technologies to improve their ESG reporting processes and enhance their oversight and understanding of risks within less transparent markets, networks and ecosystems.
- Regulators have recently expressed heightened concerns about the concentration of risk within non-bank financial institutions (NBFIs), fearing that it could spill over into the regulated sector and threaten the stability of systemically important institutions.

The financial industry's growing reliance on technology is heightening the risk of failure points linked to unregulated third-party connections. These weaknesses can be targeted by malicious entities, or as evidenced by a major IT outage in July 2024, can also occur from non-malicious factors.

This article explores comprehensive strategies for enhancing resilience against vulnerabilities and external threats based on insights from the 2025 EY Global Financial Services Regulatory Outlook. It serves as the last article in a series addressing the key issues facing the banking and financial sector in 2025 and beyond.

The first part of this article discussed the increasing regulatory focus on operational resilience in the financial sector due to recent disruptions, including conflicts and IT failures, prompting firms to enhance their risk management practices. This second part discusses the growing emphasis on nature-related risks and the need for firms to understand these implications for their business strategies, while also addressing the rise of non-bank financial institutions (NBFIs) and the associated regulatory challenges.

SUSTAINABLE FINANCE

Environmental, social, and governance

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In light of the evolving regulatory environment, financial institutions must proactively enhance their operational resilience and risk management practices, both within the institution and ecosystems of customers and service providers.

(ESG) reporting related to emissions, climate risks, and sustainability is increasingly becoming standard practice among major corporations. Globally, various markets, including Australia, Switzerland, and Hong Kong, are set to adopt IFRS sustainability standards beginning in 2025, with over 20 countries expressing interest in aligning with the International Sustainability Standards Board (ISSB) standards over time.

There is a growing focus on nature-related risks, biodiversity and human capital, although regulatory frameworks addressing these risks are still in their infancy. Initiatives such as the Network for Greening the Financial System's (NGFS) preparatory work on nature-related financial risks through a conceptual framework for central banks and supervisors, the Taskforce on Nature-related Financial Disclosures' (TNFD) efforts to align with the Global Reporting Initiative (GRI) through an interoperability mapping resource, the European Financial Reporting Advisory Group's (EFRAG) contributions, and the ISSB's plan to incorporate biodiversity risks into their 2024-26 work agenda all signal an expanding emphasis on environmental factors beyond climate change. This shift aims to better understand the implications for financial stability and inform future regulatory measures. However, it may take time before firms are subject to specific requirements regarding biodiversity and nature-re-

lated risks. The ISSB has also included in its research and standard-setting projects the risks and opportunities related to human capital.

The voluntary carbon market is gaining traction as an alternative approach to achieving net-zero transition goals. While regulatory gaps present reputational and operational challenges, initiatives like The Core Carbon Principles and the issuance of the International Organization of Securities Commissions (IOSCO) final report on Voluntary Carbon Markets (VCMs) seek to enhance credit quality and transparency in this space.

The Core Carbon Principles provides a set of 21 Good Practices aimed at ensuring financial integrity in this space, ranging from regulatory treatment, market participants skills and competencies, standardization, transparency and disclosure, to secondary market trading, integrity, reports, derivatives standards, risk management, market surveillance and monitoring, as well as disclosure of use of carbon credits. On the other hand, the IOSCO's final report on VCMs focuses on promoting financial integrity on VCMs, offering "Good Practices" to guide regulators and market participants.

As the emphasis on biodiversity and natural capital increases, firms must prioritize understanding the associated risks and opportunities to evaluate potential implications for their business strategies. Organizations should explore how innovative technologies, such as artificial intelligence, can facilitate accurate and timely reporting to comply with regulatory requirements. By leveraging these advancements, firms can enhance their reporting processes and better align with the evolving landscape of sustainability expectations.

NON-BANK FINANCE

According to the Financial Stability Board (FSB), NBFIs, often referred to as "shadow banks," represented over 47% of the assets in the global finan-

cial system in 2022, a rise from 42% in 2008. NBFIs encompass both regulated and unregulated entities that provide "bank-like" products and services, such as credit and payments, but without the same prudential oversight as traditional banks. In the US, NBFIs are responsible for originating and servicing most residential mortgages. While their role in facilitating capital markets is acknowledged, regulators have recently expressed heightened concerns about the concentration of risk within NBFIs, fearing that it could spill over into the regulated sector and threaten the stability of systemically important institutions.

Supranational organizations and domestic regulators continue to express their concerns, yet achieving international coordination remains a challenge. The FSB has urged countries to advance reforms aimed at mitigating threats to financial stability posed by NBFIs and has released a consultation report addressing "leverage-related vulnerabilities" within these institutions by the end of 2024. Recently, prudential authorities in the UK and EU have pointed out that some banks exhibit a poor understanding of and inadequate risk management regarding their exposures to the private finance segment.

Firms must prepare for increased supervisory scrutiny targeting risk management procedures and exposures to less transparent markets, such as private finance, where regulators are typically concerned about counterparty risk, concentration risk, and liquidity risk. By enhancing data analytics and aggregation capabilities, organizations can better identify and monitor significant exposures and concentrations, including established and emerging nonfinancial risks related to digitalization and technology adoption within institutions, ecosystems and networks.

During the 2024 Regional Systemic Risk Dialogue co-hosted by the BSP and the International Monetary Fund,

BSP Governor Eli Remolona noted that the organizers took the "the road less traveled" by focusing on the non-bank financial sector and technology innovations. He cited the multi-dimensional nature of systemic risks and the case of the non-bank financial sector, in which he recognized that "there is much diversity within (this) sector, just as there are interlinkages between non-banks and banks." He described technology as "an enabler for the non-bank financial market... something that banks have embraced, and... is redefining the demands of the consumer."

BUILDING RESILIENCE

In light of the evolving regulatory environment, financial institutions must proactively enhance their operational resilience and risk management practices, both within the institution and ecosystems of customers and service providers. As the focus on sustainability and biodiversity intensifies, firms should leverage innovative technologies such as AI to improve their ESG reporting processes as well as manage risks and identify opportunities. With the growing prominence of NBFIs, organizations must also enhance their oversight and understanding of risks within less transparent markets and ecosystems to ensure financial stability and compliance in an increasingly complex and interdependent landscape.

By embracing these challenges, the financial sector can emerge stronger and more resilient, paving the way for a sustainable and secure future.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the author and do not necessarily represent the views of SGV & Co.

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