



FOREWORD

The global economy has been significantly affected by the COVID-19 pandemic since early 2020. The economic growth rate in 2020 turned negative in many Asian countries which had achieved high growth until 2019, accompanied by the worsened labor market and higher unemployment rates. The governments and central banks in the region have been implementing large-scale fiscal spending despite fiscal constraints and effective monetary policies as economic stimulus measures.

Banks in Asian countries have become cautious about lending to firms amid the worsened business environment due to the COVID-19 spread. In particular, small and medium-sized enterprises (SMEs), which generally account for a high proportion of gross domestic product (GDP) and employment in each country, face more difficulties in borrowing sufficient funds from banks due to higher risk profiles. Also, many startups find it important to raise equity capital from investors such as venture capital firms but raising such funds has become more difficult amid the COVID-19 outbreak. Meanwhile, equity crowdfunding platforms are becoming an alternative source of funding for private companies in some countries.

In each Asian country, the government implemented a lockdown and required people to maintain social distance during the COVID-19 pandemic. As a result, the use of digital channels for various economic activities has been spreading. In the financial sector, an increasing number of investors, particularly young people, have started to invest online amid rising volatility in the stock market, coupled with the prospect of a low interest rate environment over the medium to long term. While this development has positive effects in expanding the investor base and increasing liquidity in capital markets, it also highlights the importance of improving cyber security and data privacy.

Moreover, there is also a view that the COVID-19 pandemic will heighten people's awareness of corporate sustainability from a medium- to long-term perspective in Asian countries. Demands for environmental, social, and governance (ESG) products are expected to grow among issuers and investors in the region, with particular attention to healthcare and climate change responses.

This issue of Nomura Journal of Asian Capital Markets features articles on various topics related to the COVID-19 pandemic in the region, including government policies and initiatives, alternative financing instruments for SMEs, and the increase in online investment in major ASEAN countries.