



FOREWORD

In Asia, digitization and the use of technology had been progressing in financial sectors and capital markets, and this trend has accelerated amid the COVID-19 pandemic. One of the most prominent areas of digitization in the financial sector is payment. Both the public and private sectors in each country in the region are working to improve payment efficiency. A major initiative in the public sector is the development of central bank digital currency (CBDC). For example, China began trial runs of the digital yuan in 2020 to meet mainly domestic retail payment demand, and it is gradually expanding the locations for trial runs. Thailand has been preparing for the introduction of Retail CBDC since 2021 with the aim of providing trusted and safe means of payment.

While the number of startups developing innovative products and services is increasing rapidly in Asia, many startups face difficulties in raising sufficient funds from traditional financial institutions such as banks. Under these circumstances, the use of alternative funding methods such as equity crowdfunding (ECF) and peer-to-peer (P2P) lending is steadily increasing. However, ECF and P2P lending are still not fully recognized by startups and investors. In some countries, laws and regulations for ECF and P2P lending have not yet been introduced, and the institutional framework, including investor protection, needs to be developed in these countries.

There is growing recognition of the benefits of blockchain technology for the financial sector and capital markets in Asia. Laws and regulations of digital assets such as security tokens and crypto currencies have been developed in many countries. In recent years, with the growing interest in new blockchain-related products and services such as decentralized finance (DeFi) and non-fungible tokens (NFTs), how to regulate them has been discussed. Blockchain associations were established in many Asian countries, and the industry, policy makers and financial regulators are expected to work together to increase the use of blockchain technology to improve the efficiency and transparency of financial transactions.

This issue of *Nomura Journal of Asian Capital Markets* features articles related to the current status, major challenges, and prospects of digitization and the use of technology in the financial sector and capital markets of China and major ASEAN countries.
