Attracting Cross -Border Investors Through Better Information, Risk Mitigation and Regulatory Clarity

Mr. Kian Foh Then

THE CORE THESIS

Cross-Border Capital Follows Confidence

From experience across ASEAN NPL markets, investors rarely withdraw because the portfolio has no recovery potential. They withdraw or reduce their price when the information, execution process or regulatory outcome cannot be confidently assessed.

> "Investors accept measurable risk. They discount uncertainty."

Information

Complete, accurate, reconciled

Confidence

Risk is measurable, not uncertain

Capital

Cross-border deployment at scale

Market Liquidity

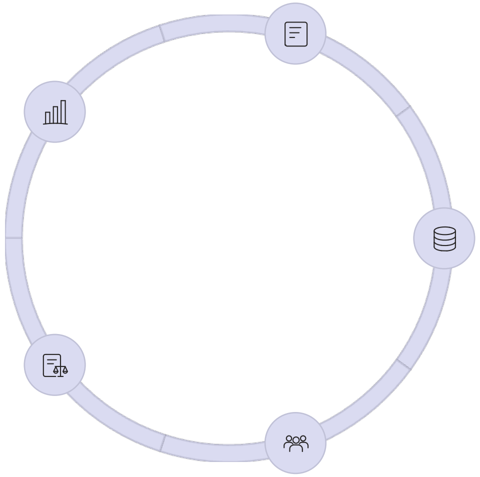
Transparent, repeatable markets

Practical lesson: Better information and execution certainty directly influence valuation and investor appetite.

MARKET INFRASTRUCTURE

Investors Underwrite the Market — Not Only the Portfolio

A strong portfolio can remain **uninvestable** if the supporting market infrastructure is weak.



Portfolio Quality

Product, vintage, payment behaviour, contactability and legal status

Regulatory Certainty

Data use, servicing rules, taxation, capital entry and profit repatriation

Information Reliability

Complete, accurate, reconciled and independently testable

Credit-Bureau Access

Indebtedness, active facilities and repayment behaviour where legally permitted

Servicing Capability

Compliant, capable and scalable local execution platform

> "A strong portfolio can remain uninvestable if any single dimension of the surrounding market infrastructure is weak."

In ASEAN, the challenge is often not whether an asset can be transferred, but whether the transaction can be executed repeatedly and predictably.

LESSON FROM THE FIELD 1

Portfolio Segmentation: Finding the Real Recovery Pools

Investors do not price one portfolio. They price different recovery pools within it.

Accounts with similar balances can have very different payment potential, recovery cost and legal options.

Higher Recovery Visibility

- Recent Payers — recent full, partial or irregular payments
- Settlement-Responsive — previously accepted discount or full-settlement offer
- Contactable Accounts — valid phone, address or digital contact details

Priority: Early engagement and tailored settlement offers

Strategy - Dependent Recovery

- Digitally Serviceable — lower-balance accounts for automated engagement
- Legal-Recovery Accounts — complete documents and sufficient balance for legal action

Priority: Match the account to the right collection channel

Lower Recovery Visibility

- Low-Visibility Accounts — uncontactable, incomplete documentation or no payment history

Priority: Validate data before committing significant cost

More payment evidence	More predictable recovery	Greater pricing confidence
Less information	Higher uncertainty	More conservative buyer pricing

⚠ In some ASEAN datasets, previous discounted or full-settlement cases are omitted. This removes evidence of willingness to pay and may lead the buyer to value the portfolio more conservatively.

Missing settlement behaviour can reduce portfolio valuation.

LESSON FROM THE FIELD 2

Collections Data Must Explain the Cash

Historical cash collection alone is insufficient. Investors must understand how the cash was generated and whether results are repeatable after transfer.

Accounts Loaded
Portfolio segmented for action

Contact Attempts
Calls and digital outreach

Right-Party Contact
Borrower reached and verified

Promise / Settlement
Arrangement agreed

Customer Payment
Cash received and reconciled

Net Cash
Collections less recovery cost

What Investors Need to Validate

Engagement

- RPC
- Promise-to-pay
- Kept PTP

Recovery

- Settlement rate
- Cure / restructure
- Re-default

Economics & Conduct

- Net cash recovery
- Cost-to-collect
- Complaints / compliance

Three Investor Questions

1. How was the cash generated?
2. What did it cost to collect?
3. Can it be repeated after transfer?

> "If the recovery history cannot be independently reconstructed, the investor will normally reduce the valuation or increase the required return."

Operational note: High gross recovery may still produce weak returns if it depends on expensive legal action, deep settlement discounts or unusually high staffing.

LESSON FROM THE FIELD 3

Create a Two-Way Credit Bureau Framework

Credit bureau information should support both portfolio pricing and customer rehabilitation .

Before Sale

Bureau data improves pricing

- Better borrower segmentation
- Better recovery assessment
- Better valuation confidence

Where legally permitted, bureau data helps investors assess indebtedness, active facilities and repayment behaviour.

After Sale

Buyer reports verified payments

- Payment received
- Settlement completed
- Balance reduced / status updated

Authorised buyers should be able to report verified repayment behaviour after acquisition.

Outcome

Better valuation, incentive and rehabilitation

- More accurate portfolio pricing
- Stronger customer incentive to pay
- Better borrower rehabilitation and financial inclusion

> "In many ASEAN markets, the original lender may stop updating after sale, while the buyer may not have a clear right or mecha nism to report subsequent payments."

A customer who resumes payment should not remain recorded as though no improvement has occurred.

Subject to authorised access, data accuracy, privacy, customer notification and dispute resolution.

LESSON FROM THE FIELD 4

Operational Scalability Determines Actual Returns

Buying a portfolio is a transaction. Recovering it is an operating capability.

Cross-Border Capital

Foreign investor commits capital

Portfolio Transfer

Legal assignment at closing

Local Servicing Engine

Collectors, systems and compliance

Collections Activity

Engagement, payment and recovery

Net Cash Recovery

Returns to investor after costs

What Must Scale After Acquisition

People

- Collector capacity
- Recruitment and retention
- Training

Technology & Payments

- System capacity
- Digital channels
- Payment reconciliation

Legal & Operations

- Legal and field capacity
- Reporting
- Operational control

Governance & Conduct

- Quality assurance
- Complaints
- Customer treatment

⚠ Every major acquisition creates operational stress. If the platform is not prepared before closing, recovery performance may initially decline.

Capital can travel across borders. Collections execution remains local.

STRUCTURAL BOTTLENECKS

Why Cross-Border Transactions Stall

Transactions frequently slow down because execution certainty is insufficient — not because NPL assets cannot generally be transferred.

Preparation
Incomplete data and missing settlement history

Due Diligence
Data cannot be fully reconciled or validated

Approval
Inconsistent guidance and regulatory interpretation

Closing
Documentation, tax and foreign-exchange uncertainty

Servicing
Credit-bureau access and capable servicer availability

Reinvestment
No visibility of future transactions or repatriation certainty

Thailand
More Established Recurring Sale Market

- More regular NPL sale activity
- Greater investor familiarity
- More permanent servicing infrastructure
- Stronger competition for portfolios

Many Other ASEAN Markets
Irregular or One-Off Sales

- Uncertain transaction pipeline
- Limited permanent investor presence
- Less infrastructure investment
- Higher required returns and more conservative pricing

> "Investors may enter a market for one transaction, but they build infrastructure only when they can see the next transaction."

Recurring transactions create investor competition, stronger servicing capability and better portfolio pricing.

What helps: standard data, predictable transfer guidance, authorised bureau access, accredited servicers, clear tax and repatriation rules.

CLOSING PRIORITIES

Regulators Can Convert Market Uncertainty into Investable Risk

Segment Portfolios Properly

Identify payment, settlement, contactability, digital and legal-recovery pools

Make Collections Performance Verifiable

Provide complete payment, settlement, cost and customer-treatment data

Enable a Two-Way Credit Bureau Framework

Allow lawful pre-acquisition assessment and post-acquisition payment updating

Build Scalable Servicing and Recurring Sale Pipelines

Develop trusted operators and predictable transaction calendars

Clarify the Full Investment Lifecycle

Cover acquisition, servicing, taxation, foreign exchange, capital entry, profit repatriation and exit

AMCs and Sellers

- Improve segmentation
- Reconcile data
- Provide settlement history
- Publish recurring sale calendars

Regulators

- Clarify operating guidelines
- Enable authorised bureau reporting
- Simplify capital entry and profit repatriation
- Provide predictable timelines

ADB and Development Institutions

- Support common data templates
- Develop model transaction guidelines
- Build AMC and servicing capability
- Facilitate investor-regulator dialogue

> ASEAN does not need more isolated NPL sales. It needs an investable market architecture — complete data, measurable servicing performance, scalable local operators, recurring transactions and clear rules from capital entry to profit repatriation.

Investors accept risk. They cannot accept uncertainty that cannot be measured, managed or exited.

Appendix – Regulatory Landscape of ASEAN

Jurisdiction	Debt Purchase	Debt Collection	Credit Bureau	Regulatory Dynamics
Malaysia	AMC license (for bank portfolio)	Debt collection license	CTOS *CCRIS (banks)	Progressive, debt sale and collection legal framework introduced in 2025
Singapore	- No specific licence	OSPAR license Police license	*CBS (Banks)	Progressive, debt collection industry is being regulated.
Thailand	AMC license	Debt collection license	NCB	Highly regulated with supervision by Bank of Thailand and Law Society.
Philippines	- FIST - Foreign entity allowed to purchase NPL	-No specific licence	TransUnion, BAP *CIC (bansks)	Progressive, FISTC was introduced as part of Covid-19 relief measures.
India	NBFC company or ARC	- No specific licence	TransUnion CIBIL, Equifax, CRIF, Experian	Highly regulated by Reserve Bank of India.
Indonesia	-Foreign entity allowed to purchase NPL	- No specific licence but must be AFPI certified for fintech collections	CRIF, Pefindo *SLIK OJK (BanK)	Progressive, recently state-owned enterprises applied to OJK for final approval to dispose their debt at a discount.
Vietnam	Debt trading license	Law firm	* CCRIS (Bank)	Outsourced debt collection activities are prohibited with the exception of law firms

* ONLY BANK can access the data