

3 May 2018

ASEAN Smart Cities Network makes South-East Asia ‘World-leading’: Says HSBC

HSBC supports the 10-member ASEAN governments’ endorsement to enter 26 cities from across the region into the Smart Cities Network (ASCN). The ASCN will enable South-East Asia to sustainably develop its cities, further optimise the region’s burgeoning internet economies, and elevate ASEAN’s international relevance.

The three largest cities of Vietnam: Hanoi, Ho Chi Minh City and Da Nang will be part of the ASEAN network of smart cities proposed by Singapore. The Prime Minister of Singapore Lee Hsien Loong made the announcement during the three-day official visit to Singapore of Prime Minister Nguyen Xuan Phuc ahead of the 32nd ASEAN summitⁱ.

As part of the concept noteⁱⁱ, released by the ASEAN secretariat, governments will develop a platform to share best-practice, link member cities with private investment, and secure funding from multilateral funding institutions.

ASCN “world-leading” in Smart City Development, says HSBC

HSBC’s Global Head of Client Digital Coverage, Danielle Walsh, said that South-East Asia’s approach to Smart Cities is world-leading: “The formation of the ASCN means that ASEAN’s smart city initiatives will become greater than the sum of its parts and catapults the region into the upper echelons of Smart City advancements, globally.”

The construction of “Smart Cities” means building urban areas that integrate information and communications technology to improve city operations in everything from traffic flows, infrastructure development to energy and water conservation.

HSBC supportive of the initiative

The development of ASCN and smart cities in general across South-East Asia comes in response to the increased urbanisation underway in the region which is placing significant strain on cities’ infrastructure, climate control measures, and basic sanitation of its people.

About 49% of the region’s population currently live in urban areas.ⁱⁱⁱ Rapid urbanisation means that between 2015 and 2030, about 100 million people in ASEAN are expected to migrate from the countryside to cities.^{iv}

Jennifer Doherty, Head of Innovation for HSBC Global Liquidity and Cash Management, said: “Urbanisation brings growth and prosperity to economies, companies and individuals but it also presents its own set of challenges too including congestion, crime, pollution, inequality and high house prices.”

“ASEAN countries are individually recognising these issues and are working towards a sustainable future through bespoke Smart City initiatives, but if the ASEAN integration ideal is to be realised, then these country programmes need to be linked.”

“Success will also depend on the collaboration of governments, regulators and companies. With its ASEAN footprint, innovation and sustainable financing focus, HSBC is well placed to support and help realise this vision.”

Various themes fall into the “smart cities” umbrella including improvements in

- ‘Hard’ infrastructure: like energy, circular economy, transport and water
- Smart building: matching energy use to occupancy, dynamic power consumption, the use of renewable energy
- Healthcare: electronic health records, robotics in cure and care
- Mobility: smart parking, public transport systems, traffic management, electric vehicles
- Security: street lighting, data-based crime prevention

Tapping ASEAN \$200 billion potential

The ASCN is a step forward in the modernisation of South-East Asian cities enabling them to increase their efficiency, and promoting greater standardization of technologies across the region.

This is vital to the digitization of the regional internet economy which is forecast to hit US\$200 billion (S\$265 billion) by 2025^v.

An area of acute focus will be in smart mobility particularly in autonomous, connected, electric, shared modes of transportation such as electric vehicles, ride and car sharing.

Ms Walsh continued: “ASEAN is on the cusp of an all-encompassing digital transformation with technology promising to offer a new way of life and better experiences for residents of smart cities. Accordingly, the business opportunities arising from the smart cities network are enormous.”

“The transition in smart mobility – along with smart energy, infrastructure and healthcare – will be transformational for these cities over the next decade, and companies need to be on the right side of the innovation equation.”

Building of financial linkages off the back of ASEAN’s rising consumption

The rise of Asia’s middle class and digital economies – propelled by the rise of mobiles - is changing the way people and companies buy things and their expectations for payments.

Across South-East Asia, nearly 4 million people in ASEAN are gaining access to the Internet every month and the E-commerce market is expected to reach \$88 billion by 2025 with potential to reach \$120 billion^{vi}.

There are some challenges in smoothing the path for payments and trade but companies and regulators are responding.

In December 2016, Vietnam’s Government approved for a master plan on development of non-cash payment in Vietnam during 2016 – 2020, striving to cut down the proportion of cash in the total payment instruments to lower than 10% by the end of 2020. Ministry of Finance of Vietnam was calling for cooperation between banks and tax and customs

department to enhance administrative formalities, faster the customs clearance process, and streamline the collection of government budget. The target is to collect 80 percent of tax payments in cities through banks and enabling treasuries in all provinces and cities to have cashless payment systems by 2020.

Ms Doherty concluded; Asia concluded: “Individuals, corporates and institutions expect to make payments to anyone else in a convenient, affordable, fast, seamless and secure way.

“ASEAN’s rising digital consumption is the star of the region’s rising wealth story; however, having cross border, instant payment is what keeps the show together. Through the smart cities initiatives, ASEAN is leading the world in this space.”

Across the South-East Asia, Smart City projects are underway

- Thailand - Plans transform its economy into a digitally powered ecosystem with the target of creating no less than 100 smart cities over the next two decades.
- Vietnam – Plans to introduce non-cash payments and put in place cashless payment devices or systems by 2020.
- Malaysia – In January 2018, Kuala Lumpur signed an agreement with Alibaba’s cloud service, “City Brain”, to use big data and AI on its cloud computing infrastructure. The system will work on traffic, town planning and incident response
- Philippines - Singapore-based urban planning firm, Surbana Jurong, signed an MOU with the Philippine government to develop New Clark City, envisioned as an alternative to the congested capital Manila. First phase to be completed in 2022.
- Indonesia: has 10 pilot cities adopting smart cards to distribute social assistance and provide integrated services.^{vii} In June 2017, the World Bank and the Swiss government established the \$13.4-million Indonesia Sustainable Urbanization Multi-Donor Trust Fund ensure that its urbanisation process is economically, socially and environmentally sustainable^{viii}
- Australia - Australia recently pledged US\$23.2 million for [developing smart cities](#) in ASEAN. The initiative will set up a knowledge bank of sustainable urban planning ideas to be shared between ASEAN and Australia

Ends/more

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Note to editors:

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ⁱ <https://www.straitstimes.com/singapore/hanoi-ho-chi-minh-city-and-da-nang-to-be-part-of-asean-smart-cities-network-pm-lee>

ⁱⁱ <http://asean.org/concept-note-of-the-asean-smart-cities-network/>

ⁱⁱⁱ http://www.aseanstats.org/wp-content/uploads/2017/11/ASEAN-Statistical-Leaflet-2017_Final.pdf

^{iv} United Nations, Department of Economic and Social Affairs: World Urbanization Prospects: The 2014 Revision

<http://esa.un.org/unpd/wup/CD-ROM/ File 3>

^v Google and Temasek research:

According to research by Google Inc. and Temasek Holdings Pte, published May 2016. Report slide deck:

[https://docs.google.com/presentation/d/1Bp4KT-W8RF4ZorPUthts8X-](https://docs.google.com/presentation/d/1Bp4KT-W8RF4ZorPUthts8X-B7QHBhsEnY1T5G7XifU0/pub?start=true&loop=false&delayms=3000&slide=id.g1421568192_0_54)

[B7QHBhsEnY1T5G7XifU0/pub?start=true&loop=false&delayms=3000&slide=id.g1421568192_0_54](https://docs.google.com/presentation/d/1Bp4KT-W8RF4ZorPUthts8X-B7QHBhsEnY1T5G7XifU0/pub?start=true&loop=false&delayms=3000&slide=id.g1421568192_0_54), see also

<http://www.bloomberg.com/news/articles/2016-05-24/google-temasek-see-s-e-asia-web-economy-reaching-200-billion>

and <https://www2.deloitte.com/content/dam/Deloitte/sg/Documents/about-deloitte/sea-about-aec-digital-economy-free-flow-of-data-2016.pdf>

^{vi} According to research by Google Inc. and Temasek Holdings Pte, published May 2016. Report slide deck:

[https://docs.google.com/presentation/d/1Bp4KT-W8RF4ZorPUthts8X-](https://docs.google.com/presentation/d/1Bp4KT-W8RF4ZorPUthts8X-B7QHBhsEnY1T5G7XifU0/pub?start=true&loop=false&delayms=3000&slide=id.g1421568192_0_54)

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and <https://www2.deloitte.com/content/dam/Deloitte/sg/Documents/about-deloitte/sea-about-aec-digital-economy-free-flow-of-data-2016.pdf>

^{vii} <https://en.tempo.co/read/news/2017/08/24/056902737/Home-Affair-Ministry-Aims-to-Turn-100-Districts-into-Smart-Cities>

^{viii} <http://insight.jakartaglobe.id/smart-cities-in-indonesias-future-challenges-and-opportunities/>