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Interview: Fangfang Chen, BNY's head of Asia Pacific

Chen shared her views on megatrends, AI, corporate governance, FX trading, wealth creation, payments and regional expansion, amid a volatile backdrop.

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The Asia Pacific (Apac) region is a key growth region for US global banking giant BNY. The New York-headquartered banking giant already has a strong regional presence across 11 markets, including the long-standing dual operating hubs in Hong Kong and Singapore, as well as Australia, mainland China, Japan, Korea, India, Malaysia, and more.

Speaking to *FinanceAsia* from her Admiralty office in Hong Kong, Fangfang Chen, head of Apac, BNY, said: “We are operating in an increasingly volatile and uncertain environment, driven by economical, geopolitical and other external factors. However, we’re optimistic about the region because there are these megatrends that are not changing. When you look at many of Asia’s markets, governments continue to invest with a focus on growth, investments and innovation.”

Chen (pictured) continued: “Many of the financial regulators continue to open up, by broadening and deepening their capital markets. For example, in Korea, the government has expanded its FX trading hours to the end of London hours; we are one of the first banks participating in the pilot.”

She explained that the government believes Korean companies have been undervalued, and it is driving corporate governance by encouraging companies to build more transparency and effectiveness, in order to attract foreign investors. In Japan, the Nippon Individual Savings Account (NISA) is continuing to push from savings to investments. NISA’s program is being refreshed to provide tax incentives to encourage people to move money into investments, in order to prepare for retirement.

“We see a lot of opportunity. Asia is going through a major wealth creation phase, and according to a McKinsey report, 50% of personal financial assets will be sitting in the region by 2028,” Chen explained, adding: “We use that number in our leadership discussions to inform how we position ourselves for this expansion in the region and, over the last few years, many of the banks in Asia have been investing in people and technology, and service offering, in the wealth space.”

Innovation and digital transformation are a global phenomenon, and she believes that Asia is leading the pack in payment innovation, and creating different payment rails. For example, startups are participating in cross-border payments to drive 24/7, cheaper, faster payment infrastructure in the region.

Complexity driving outsourcing

As investments become increasingly complex, the bank's clients are looking to generate higher returns in an uncertain, fast-changing market, and are seeing how they can transform their models to be more agile and scalable, explained Chen.

This includes how they manage data, build their front to back infrastructure, and identify any functions they don't need to run in-house. Outsourcing can range from the front end of investment management, trading executions, to the back office, middle office data, and data management.

"There's a lot of investment going into China, and across Asia, at the moment, but in the last few years, there's been a lot of money going to the US on the back of its strong growth."

She said: "As world's number one global custodian, number one global provider of clearance and collateral management, top global asset manager, and the leading US dollar payments clearers, we work with central banks, funds, insurers, corporates, sovereign wealth funds, and many of the banks in the region. We want to integrate our capabilities and present them to clients in a solution-orientated way."

Through its network and platforms, the bank is looking to help clients manage liquidity, financing and collateral, to navigate volatile markets.

She added: "It's still very competitive for custody mandates, which are usually renewed every three to five years. For some of the government entities, they have a very structured governance program."

The impact of tariffs

US president Donald Trump's tariff negotiations and stance are clearly causing nervousness across global markets with several deals being announced in the last week ahead of the next deadline of August 1.

Chen commented: "Clients are a little nervous. There was a large sell off after the April 2 tariff announcement, but then the markets recovered. Our clients are monitoring policy developments to understand how trade policy is influencing capital flows. We provide insights for clients to have a better understanding and to make informed decisions."

Globally, BNY oversees $55.8 trillion in assets under custody / and or administration, and $2.1 trillion in assets under management. This means nearly 20% of global investment assets go through its system, allowing the bank to bring the data together, aggregate and anonymise it, and then look at the flow close to real time.

Chen said: "Today, investments may be going to China, and tomorrow to India and Japan, the next day, maybe to emerging markets, or the US. There's a lot of investment going into China, and across Asia, at the moment, but in the last few years, there's been a lot of money going to the US on the back of its strong growth."

Payments and platforms

Over the last few years, the bank has decided to move to a more platform model to try and break down siloes.

"We're moving into a platform operating model, consolidating what has traditionally been known as 'lines of business' into platforms, to break down siloes and work more cohesively across our offerings. Payments is one example -- whether you are in custody, a trustee, or a corporate, everything involves payment," she said.

BNY is also consolidating its payments' capabilities in one platform with singular leadership.

In August 2024, the bank collaborated with Commonwealth Bank of Australia (CBA), to tap into Australia's local instant payment network for the last mile of cross-border payments. For customer commercial payments in Australia, the ultimate beneficiary can receive it in as little as 60 seconds.

Chen explained: "We want to create that convenience by leveraging technology designed to enable a faster, better, more cost-effective payments model. For example, it could be a business based in Asia which is making payments into Australia."

Last October, at Sibos in Beijing, BNY announced a trade services collaboration with Mizuho Bank to offer expanded network connectivity for international trade. Both banks are looking to leverage their networks to enhance trade services and improve customer experience, including through digitisation; they are looking to tap the 50% of global trade sitting in Asia.

Leveraging AI

Another way the bank is innovating is through leveraging artificial intelligence (AI).

Chen said: "BNY's chief information officer has talked about simplifying our tech stack and transforming existing technology infrastructure to leveraging AI to help drive efficiency, create automation and provide insights and innovative solutions. We believe we're at the forefront in the financial industry in utilising AI."

"We have a holistic AI approach and want to make sure we focus on AI that is helping clients and helping businesses. There is a gating process to prioritise and deploy use cases, making sure it's serving the business purpose. We have more than 50 AI solutions in production," she added.

According to Chen, BNY has the processing power to facilitate experiments on AI and wants to "democratise" AI for its employees. It has built an enterprise AI platform called Eliza, and already over 90% of staff have had the enterprise level AI training and can access Eliza to help them in their day-to-day processes, and over 10,000 employees are building AI agents and honing their skills to use AI effectively.

For example, Chen uses Eliza before a client meeting for a summary of the most recent developments and interactions all in one place, instead of going through a spreadsheet or having to pull out files from a drawer.

Investments and digital transformation

Investments in Apac are becoming increasingly complex, with the macro and geopolitical environment ever changing.

Many institutions are moving into alternatives to generate higher returns to meet their customer needs or fulfil strategic mandates. They're investing in more markets and more countries, and going through digital transformation.

Chen said: "We come in, not only from the back office, but see things moving up the value chain -- e.g., in trading execution and investment management. Some Asian clients are impacted by the T+1 settlement transition in the US because of the time zone difference. The FX and time difference creates challenges to their working hours and execution."

Last year, BNY announced a collaboration with Hong Kong-headquartered Asian life insurer AIA to implement BlackRock's Aladdin with BNY's specialised investment operations and data management services and technology. Hong Kong-headquartered AIA operates in 18 markets.

Chen said: "They are going through a transformation under the leadership of their CEO, and they recognise the importance of transforming their operating model to be more agile and to consolidate and streamline data management."

The National Pension Service of Korea (NPS), the third largest pension fund in the world, is another client. NPS signed up to use BlackRock's Aladdin with BNY's specialised investment operations services, helping NPS's technology transformation strategy.

As wealth creation continues to grow in the region, many more opportunities abound in Asia for BNY, its clients, and the bank's competitors.