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# Asset Liability Management in Asia: A Survey

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# What are we trying to achieve

- Increase our understanding of the region
- Increase profile of the IAAust in the region
- Identify areas of useful research
- Interact more with Asian based actuaries
- Engage FIAA's active in the region

# What do we want to find out

- What are the real ALM issues in these markets?
- What is currently done in terms of ALM?
  - Modelling of ALM risks
  - Internal processes
  - Who is involved
  - How are the money managers engaged in the process
- What are the **MOST VALUABLE** areas of potential future research?

# The survey will not cover every country

- Asia ex Australia and NZ
- Ex Japan
- Which means:
  - Korea, Hong Kong, Taiwan, Thailand, Singapore, Malaysia, Indonesia
  - China?
  - India?

# This is a two step process

## **Step 1 (done)**

- Establish contacts in region
- Conduct initial “straw poll”

## **Step 2**

- Finalise major survey
- Conduct formal interviews

# Some initial feedback

**We asked three questions in respect of each market:**

- What are the main products giving rise to ALM issues?
- Which asset classes are they most exposed to?
- What specific areas of research could we most profitably pursue?

# Question 1: Products

- Invariably traditional products
- Long term care
- Only small exposures to annuities
- Some emergence of unit linked products



# Question 2: Asset exposures

- Some variation by market and company
- Large exposures to bond investments
- Typically domestic bonds
  - Highlighted issues with relatively immature local bond markets
  - Duration matching difficulties

# Question 3: Research

**In this regard, we received considerable feedback**

- Asia specific investment models
- Global bond models (yield curves and currencies)
- Analysing / modelling structured finance transactions
- Assistance with developing local asset markets / suitable long term investments
  - sharing the Australian experience with the private sector funding of infrastructure?

# Question 3: Research

**Any research / modelling work needs to take into account the dynamics of the region**

- Currency pegs
- Relative immaturity / illiquidity of financial markets
- Government / regulatory restrictions
- In some cases, relatively low sovereign ratings

# Next steps

- Confirm participants, including internal sign offs
- Conduct interviews
- Present results
  - Full briefing for participants
  - Actuary Australia article
- Identify areas of genuine interest
  - Prepare research
  - Present at conferences around Asia

# Contact people

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