ABMI Assessment Report and Next Road Map

44th ASEAN+3 Bond Market Forum (ABMF) Meeting | Tokyo, October 2025

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Objectives and Scope



Review Achievements

Comprehensive assessment of progress under the ABMI Mid-Term Road Map 2023–2026, evaluating effectiveness of regional initiatives and policy coordination.



Assess Market Development

Analyze the evolution of local currency bond market development across ASEAN+3 economies, including market depth, liquidity, and institutional framework improvements.



Identify Challenges

Pinpoint remaining structural barriers and emerging risks that constrain further regional bond market integration and sustainable finance development.



Propose Recommendations

Develop actionable policy recommendations for the 2027–2029 roadmap to enhance regional integration, market resilience, and cross-border investment flows.

Overview of ABMI and Its Role

The Asian Bond Markets Initiative (ABMI) was launched in 2003 as a flagship regional cooperation program to foster local currency (LCY) bond market development across ASEAN+3 economies. This strategic initiative addresses a critical vulnerability exposed during the 1997 Asian Financial Crisis: the double mismatch problem of currency and maturity mismatches that destabilized regional economies.

ABMI aims to reduce reliance on foreign currency borrowing and strengthen regional financial stability by developing deep, liquid, and resilient local currency bond markets. The initiative serves as a comprehensive peer-learning and coordination platform that facilitates policy harmonization, promotes best practices, and supports infrastructure development across diverse financial systems.

Key Building Blocks of LCY Bond Markets

1

Legal and Regulatory Frameworks

Comprehensive legal infrastructure supporting bond issuance, trading, and settlement. Enhanced investor protection mechanisms, disclosure standards, and securities regulations aligned with international best practices ensure market integrity and confidence.

2

Payment and Settlement Infrastructure

Integrated payment and settlement systems via CSD-RTGS linkages enable efficient, secure transaction processing. Real-time gross settlement systems reduce counterparty risk and enhance operational efficiency across regional markets.

3

Transparency and Information

AsianBondsOnline (ABO) serves as the central hub for comprehensive market data, bond pricing information, and sustainable finance metrics. Enhanced transparency supports informed decision-making and market efficiency.

4

Capacity Building and Peer Support

ABMF facilitates knowledge exchange, technical assistance, and collaborative problem-solving among market participants and regulators. Continuous capacity development strengthens institutional capabilities across diverse markets.

Institutional Developments under ABMI

The ABMI framework has catalyzed the creation and evolution of several specialized institutions that collectively strengthen regional bond market infrastructure and promote cross-border integration.



Credit Guarantee and Investment Facility (CGIF)

CGIF has significantly strengthened regional credit enhancement mechanisms, broadening the issuer base beyond investment-grade entities. The facility provides guarantees that enable access to bond markets for mid-tier corporates and infrastructure projects across ASEAN+3.



ABMF/AMBIF Harmonization

The ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) advances professional market harmonization through standardized documentation, disclosure procedures, and cross-border issuance protocols, reducing complexity and transaction costs.



Digital Bond Market Framework (DBMF)

DBMF provides a forward-looking platform for exploring digital assets, distributed ledger technology, and tokenized bond issuance. This initiative positions ASEAN+3 markets at the forefront of financial innovation.



AsianBondsOnline (ABO)

ABO functions as the authoritative central hub for bond market data, analytics, and sustainable finance information. The platform delivers real-time market intelligence, supporting transparency and informed investment decisions across the region.



Cross-Border Settlement Infrastructure (CSIF)

CSIF has enhanced cross-border settlement linkages through integrated CSD-RTGS connections, enabling more efficient and secure cross-jurisdictional bond transactions and reducing settlement risk.



Technical Assistance (TACT)

TACT delivers targeted technical assistance for Cambodia, Lao PDR, Myanmar, and Vietnam (CLMV), supporting market infrastructure development and regulatory capacity building in emerging markets.

Role of LCY Bond Markets in Economic Stability

Critical Financing Channel During Crises

Local currency bond markets have proven instrumental in financing robust policy responses to both the Global Financial Crisis and COVID-19 pandemic. These markets enabled governments to implement aggressive counter-cyclical fiscal measures without excessive reliance on external borrowing, supporting V-shaped economic recoveries across the region.

By providing stable domestic financing alternatives, LCY markets substantially reduced dependency on foreign exchange borrowing and mitigated the currency risks that amplified previous crisis impacts. This structural transformation has fundamentally improved macroeconomic stability and policy flexibility.

Evidence-Based Benefits

- ***Lower Funding Costs:*** *Empirical research demonstrates that developed LCY bond markets reduce sovereign and corporate borrowing costs through increased investor base diversification and competition*
- ***Stabilized Capital Flows:*** *Domestic bond markets reduce volatility in capital flows by providing alternative funding sources less vulnerable to global financial conditions*
- ***Enhanced Monetary Policy:*** *Deeper bond markets improve monetary policy transmission mechanisms and central bank effectiveness*
- ***Crisis Resilience:*** *Countries with mature LCY markets experienced faster recoveries and lower economic scarring from external shocks*

Progress under the ABMI Mid-Term Road Map 2023–2026

The current roadmap has achieved substantial progress across five strategic pillars, advancing regional bond market development through coordinated initiatives and targeted interventions.

Pillar 1: Sustainable Finance

Remarkable growth in green, social, and sustainability bond issuance across ASEAN+3 markets. Development of regional sustainable finance frameworks and taxonomy alignment initiatives to support climate transition financing.

Pillar 2: Regulatory Frameworks

Significant improvements in cross-border interoperability through AMBIF expansion, ISO 20022 messaging standards adoption, and Legal Entity Identifier (LEI) implementation across jurisdictions.

Pillar 3: Digital Transformation

Advancement of the Digital Bond Market Framework (DBMF) with pilot programs for tokenized bonds and comprehensive studies on distributed ledger technology applications in bond markets.

Pillar 4: LCY Liquidity Enhancement

Development of cross-border collateral frameworks and central bank intraday liquidity facilities to deepen secondary market trading and reduce transaction costs.

Pillar 5: Technical Assistance

Tailored technical assistance programs for Cambodia, Lao PDR, and Vietnam focusing on market infrastructure development, regulatory capacity building, and institutional strengthening.

Remaining Challenges

Despite significant progress, several structural and emerging challenges require strategic attention in the next roadmap period to ensure continued development and deeper regional integration.

Sustainable Finance Data Gaps

Persistent data quality and disclosure gaps undermine investor confidence in sustainable bonds. Inconsistent sustainability ratings and taxonomies across jurisdictions create confusion and limit cross-border green investment flows. Standardization of ESG metrics and reporting frameworks remains a priority.

Market Integration Barriers

Limited availability and high costs of foreign exchange hedging instruments constrain cross-border investment. Regulatory fragmentation across ASEAN+3 economies creates operational complexity and inefficiencies. Harmonization of capital flow management measures and investment regulations would facilitate deeper integration.

Technology and Data Infrastructure

Absence of interoperable digital identity systems and cross-border data governance frameworks hinders seamless digital bond market development. Legacy systems in some markets create barriers to adopting advanced fintech solutions and distributed ledger technologies.

Disaster Risk Protection Gap

ASEAN+3 economies face significant natural disaster exposure with inadequate financial protection mechanisms. There is urgent need for developing disaster risk finance instruments, including catastrophe bonds and insurance-linked securities, to enhance regional resilience.

Recommendations for the Next Road Map (2027–2029)

Promote Transition Finance

Develop sector-specific transition pathways for hard-to-abate industries. Create standardized transition bond frameworks to mobilize capital for climate adaptation.

Enhance Cross-Border Investment

Establish regional fund schemes with streamlined regulatory approval processes. Develop mutual recognition frameworks for qualified investors and fund products.

Strengthen Data Governance

Build digital trust infrastructure through interoperable digital ID systems. Implement cross-border data sharing frameworks with robust privacy protections.

Advance Disaster Risk Finance

Conduct comprehensive research on catastrophe bonds and insurance-linked securities. Develop regional disaster risk pooling mechanisms.

Expand ABMI Cooperation

Extend collaboration beyond ASEAN+3 through observer participation programs. Strengthen partnerships with international financial institutions.

Next Steps

The finalization of the ABMI Assessment Report and development of the 2027–2029 roadmap will follow a structured, consultative process ensuring comprehensive stakeholder engagement and policy alignment.

1

Q4 2025: Stakeholder Consultation

Consolidate survey results and stakeholder feedback from ABMF, CSIF, and DBMF working groups. Conduct targeted consultations with market participants, regulators, and policy makers.

2

Q1 2026: Report Drafting

Draft the comprehensive ABMI Assessment Report (2023–2026) incorporating stakeholder inputs and empirical analysis.

3

Q2 2026: Roadmap Development

Draft the ABMI Mid-Term Road Map 2027–2029 with detailed implementation plans, resource requirements, and performance metrics for each strategic pillar.

4

Q3 2026: Policy Discussion

Road Map proposal will be discussed and agreed by the Task Force and the Deputies.

5

Q4 2026: Report Finalization

Finalize the roadmap at the time of the Deputies meeting.

6

May 2027: Publication

Final publication at the time of AFMGM+3 (ASEAN+3 Finance Ministers and Central Bank Governors Meeting), including the finalized ABMI Assessment Report.