



# GLOBEX UPDATE

*Events, developments, and opportunities in the international marketplace*

## **Bangladesh.**

Hackers are set to get away with about \$70 million of Bangladesh's foreign reserves after a brazen cyber-attack. The Philippines - where most of the funds ended up - will probably recover as much as \$10 million of the \$81 million stolen from Bangladesh's account at the Federal Reserve Bank of New York. The rest is hard to track as it's very difficult to identify the beneficiaries, having gone largely into casinos and casino accounts. The attempted theft of almost \$1 billion has prompted central banks around the globe to review defenses against hackers looking to loot foreign reserve accounts. While the Fed blocked most of the transfers, about \$81 million ended up in the Philippines. Amid investigation of the heist, some criticism was levelled at the NY Fed's handling of the transfers, saying it allowed four transactions to go through without confirmation. In reply the Fed said that instructions to make payments from the account of Bangladesh's central bank followed standard protocols and were authenticated by the SWIFT system used by financial institutions. Consultants now working on improving Bangladesh's vulnerable security systems are expected to produce a detailed report on the investigation in about six weeks. Recognized as "a very unusual event," it is nevertheless a signal to the world to take proper security measures in respect to money transfers.

## **China.**

The beleaguered container shipping industry is causing many of the world's once-busy ports to suffer. Port logistics parks like Shanghai's are turning goods away amid weaker growth in global trade and a disastrous end to a global commodities boom. A cooling Chinese economy and a high-profile crackdown by Beijing on corruption has damped demand for everything from commodities like iron ore to designer scarves and shoes. Hong Kong reported throughput for its port in the first quarter was off 11% from the first three months of last year. Chinese imports from the European Union fell nearly 14% in 2015 whereas Chinese exports to Europe were down 3%. Car parts imported from Europe and assembled in China fell by at least 13% by volume in 2015. Shipments of luxury goods from Europe were down around 15% last year. According to one source, in 2015 10% of regularly scheduled voyages on the Asia-Europe route were cancelled. 2016 did not start any better. In the first quarter, Chinese imports from the EU fell 7% from a year earlier, a decline matched by exports to Europe. Marine operators are reacting accordingly to prevent overexposure to the Asia-Europe route by laying off employees and pushing back on new ship orders.

## **Malaysia:**

Malaysia's Islamic insurance industry is set to double its growth rate this year as takaful operators focus on selling cheaper policies in rural areas. The number of policies will rise by 10% to 5.05 million in 2016, compared with 4.3% growth in 2015 and a 1% estimated expansion of non-Islamic business. The number of insurers entering the micro-takaful market and the liberalization of commission structures are the biggest drivers. About 25% of Malaysia's 31 million people live outside of cities and government efforts to boost the country's insurance penetration rate to 75% by 2020 are supporting demand. It is acknowledged that for the industry to meet its goal of increasing the number of takaful policies to 8.5 million by 2020, it needs to improve agency distribution channels.

### **RECENT SUCCESSES**

- Placed a financial institution bond in the Lloyd's market for a UK based global equity portfolio firm sub-managing US funds per the requirements of ERISA.
- Bound homeowners policy for residential property under a Corporate lease in Nassau, Bahamas.
- Secured Business Owners Package and Umbrella policies for a UK based investment firm opening a new office in New York City.
- Worked with US partner broker to win a new account from AON with international manufacturing facilities in 7 countries.



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