

**Advisory Group  
Meeting III  
PAPER 5-A**

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**APEC/IVSC VALUATION INITIATIVE AND UPDATE.**

As reported at the last APFF meeting in PNG, the current focus of the APEC/IVSC Valuation Working Group is engaging with the valuation communities and stakeholders in the various APEC economies to ascertain how the Working Group might be of assistance through examples of best practice in reinforcing the valuation infrastructure in that particular economy and assisting with the application of common standards and the development of a robust valuation profession.

In particular there have been requests from a number of economies for assistance and input in relation to the valuation of intangible assets and intellectual property as economies embark on programmes to extend credit and secured lending to their SME communities as part of the wider agenda of inclusive growth. A most recent example is the introduction of legislation in Thailand—a new Secured Lending Act which became law on the 4th July which permits the commercial banks whose lending previously had been restricted to hard assets to collateralize intangibles such as accounts receivable, intellectual property, goodwill, brands, etc. and neither the banks nor the valuation profession have any experience in assessing the value of such intangibles. As a result the Working Group was approached by the Thai Bankers Association to arrange a Roundtable/Workshop in Bangkok to brief their members on the challenges and complexities of intangible asset valuation and through experience sharing to explain the standards, benchmarks and guidelines that are adopted and accepted by way of best practice.

The Roundtable/Workshop which I chaired and moderated took place last Tuesday 26th July and lasted some five hours and was attended by some 80 representatives from over 30 Banks as well as members of the two VPOs and the SFC. Besides outlining the backdrop and context to the valuation of this class of asset, 3 specialists in the field from Hong Kong and Australia explained through case studies and examples the methodology to be adopted in the valuation of each asset type and the assumptions and inputs that need to be addressed in arriving at fair value. The Roundtable/Workshop included an interactive Q&A session when not only how to arrive a fair value but also issues relating to both risk and enforceability were of clear concern to the participants.

This Roundtable/Workshop is to be complemented by a Bank of Thailand/ APFF-FIDIN Conference on Credit Infrastructure which is to be held again in Bangkok from the 24/25th August where one of the main areas of focus will be Secured Lending Reform. There is to be a Session focusing on Valuation Best Practice and the importance when developing new secured lending initiatives for lenders to have the ability to assess the value of the collateral that they are being offered and the considerations for different types of collateral. The speakers will also illustrate that a consistent and rigorous approach to value as well as the application of common standards and guidelines are essential to ensure the success of the Government's new lending legislation.

In addition to its current involvement in Thailand the APEC/IVSC Working Group has received requests for input and involvement from Indonesia, Philippines, Vietnam and Japan and subject to Specialist availability and funding of travel costs it is hoped to arrange Roundtables/Workshops in at least two of these economies before the year end.

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