

Speaker 1:

The future of business is responsible.

Speaker 2:

[foreign language 00:00:06].

Speaker 3:

Conscious commingling of growth and impact.

Speaker 4:

[foreign language 00:00:09].

Speaker 5:

[foreign language 00:00:12].

Speaker 6:

[foreign language 00:00:13].

Speaker 7:

The Future of business is intentional and transparent.

Speaker 8:

[foreign language 00:00:20].

Jordan Zele:

So welcome back to another episode of the Future Business podcast, the podcast run by Saïd MBA students here at the University of Oxford. My name is Jordan Zele, and I'm back as your host for this week for an episode that I'm really excited about. We are going to be discussing a topic that is perhaps too rare in business schools. Specifically we're going to be talking about regulation. To be fair, at Saïd, we are often challenged to think about how markets should indeed be governed. And today I particularly wanted to explore if there was a tension between this idea of red tape and growth. If there's a trade-off between regulation and increased economic activity And if so, how should regulators think about this dynamic?

To discuss this, I could think of no one better than Nattawan Kularbkeo, so we're not completing her MBA, Nattawan is a senior investigations officer at the Securities and Exchange Commission in Thailand. So, the SEC in Thailand. The Thai SEC is responsible for regulating the securities markets and protecting investors in Thailand, its mission to enjoy a conducive environment for a fair, efficient, dynamic and inclusive capital market system. Nattawan specifically focuses on unfair securities trading, and as the Thai economy continues to grow is on the front lines, making sure that this growth is both sustainable and equitable.

Welcome, Nattawan, how are you?

Nattawan Kularbkeo:

Yeah, I'm good. Thank you for having me today.

Jordan Zele:

No, of course, I'm excited to have you. Look, I think we can start off by just asking you what attracted you to the SEC in the first place?

Nattawan Kularbkeo:

Yeah, actually just look back when I was in university, I'm really interested in capital market because I start investing in the capital market but buy some securities and do some financial report analysis by myself because my bachelor background is accounting and a little bit of finance. So that's the first thing that I know about SEC. And then another reason is that all of my family work for the government, that one of the power that drive me to work with SEC.

Jordan Zele:

Oh great, great. And I guess now that you've started business school here at Oxford, is there anything that has changed the way that you've thought about the work you're doing now?

Nattawan Kularbkeo:

Yeah, I would say it changed a lot because I worked for the SEC for five years and my view is the regulator perspective only. So when I explore about the company, it's going to be the regulator's view about the law and regulations. But when I first came here in Oxford, I think it's widened my perspective, so I know more about like "Okay, how the people think about the business, how they want to start the business and what about all of the stakeholder that affects that company." So regulators is one of the stakeholders that we have to deal with. I think it's very great that I gain lots of perspective from other people so I can, when I come back to the SEC, I can enhance my career, also enhance about the law and regulation to maintain the financial system.

Jordan Zele:

Perfect. And in thinking about the types of regulation that you're going to be going back into, is there something that excites you the most about your work at SEC?

Nattawan Kularbkeo:

Yeah, I would say it's quite exciting. Maybe it is quite a unique job. I mean there is no school that going to teach you how you regulate people. So we have to adapt what we learn from bachelor degrees or master degree in order to regulate people who work in the financial system, who has the effects or impact from the financial system.

Jordan Zele:

Perfect. And I guess coming to business school is an interesting path. You mentioned that your family were all bureaucrats as well working in the government and now we're kind of sitting in a business school where less than a hundred meters away from the Margaret Thatcher Business Education Center where regulation is perhaps not championed as much as we would like. Is there a tension, there is tension between business growth and business success and regulation? How do you see the role of regulators like the SEC in kind of having that type of growth?

Nattawan Kularbkeo:

Just looking back, if I'm on an ordinary people in the market, I would say, "Okay, we have to grow the business because that going to impact the economy, not only in our country but also in the worldwide." But if we think a lot more, everyone, all of the stakeholder in the market going to say, "I want to grow the market. I want to expand my business, I want to get some profit from the market." But who is the one who protect that people? So in order to balance between these two things, I would say regulator have to pay more attention about investor protection because we are the one who set the guideline, the standard in order to protect that people. And also it's not only our responsibility, I think. I would say it's our duty to maintain the sustainable financial system. Because when the financial system be more sustainable, it mean that the economy will be grow in the future. For sure.

Jordan Zele:

So you kind of mentioned two things there. There's protecting people and then there's also maintaining a sustainable financial kind of services sector. Let's tart with the people, who are these people that you are looking to protect and what are they exactly needing protection from?

Nattawan Kularbkeo:

Oh, that's an interesting question. I would say people mean individuals, maybe people who want to invest into our capital market, we need to protect them. Okay, I would say like, "We are not going to be in their shoes in order to order them." Because we are not their parents to order, like, "You should invest in this. You should not invest in that." But we going to be the people who help that people in order to know more about the capital market. So our real responsibility is that we need to provide some full disclosure to let them know about that company, what this company do and how they do.

Because just imagine the simple things, if someone get your money and then they just told you that, "Oh, I will use your money in order to invest in manufacturing things and you're going to get a profit," but if we don't have the regulators and that people take your money away and they did not start anything. So you're going to lose. So that's why we have to have the regulator in order to protect the investors because the regulators have a role to let that company to provide the information to the investors.

Jordan Zele:

Okay. So just to repeat what you're saying there, is that the issue is that sometimes investors come in unknown or the power imbalance between the investor and the company that they're investing in might be skewed and the regulators are there to help ensure more transparency so there's more confidence in understanding how that money exactly will be used.

Nattawan Kularbkeo:

Yeah.

Jordan Zele:

But doesn't that kind of necessarily put more burden on these companies? It kind of slows down the process. I was reading how in Thailand there's three or four times more people play the lottery than invest in capital markets. Obviously the barriers to entry for the lottery is lower than the capital markets, but the result is more people are arguably wasting their money in that way. So how do you balance that encouraging people to get into financial markets while also ensuring that they're protected?

Nattawan Kularbkeo:

Okay, that is a great, great questions. I think many people are going to have this question in their mind too. So I think as I mentioned earlier, that lots of stakeholder want to grow the market. So I think it is our duty to balance the law and regulation. So right now we try to revise lots of rules and regulation in order to catch up with the innovation. Because right now lots of technology is coming, lots of innovation is coming to our market. So we don't want to just stop people to grow, but we just want them to grow sustainable, with the sustainable thing.

Jordan Zele:

Okay. And I think we can start talk about some of those innovations in a moment, but just focusing on that sustainable growth which is in that second part that you mentioned earlier, can you kind of explain that a little bit more? And why I'm kind of asking these questions again, sitting here in the business school where red tape is something that's often, I think from a personally, unfairly criticized. What about this red tape and this regulation creates a sustainable market, which means more and better growth in the future?

Nattawan Kularbkeo:

I would say when the red tape is coming, people are going to against it for sure. But you just think of if there is unfair security trading in the market, for example, there is insider trading, market manipulation or fraud, it mean that we need to enforce the law in order to maintain the confidence in the financial systems. So at first I understand that why people think it's a red tape because as we talk, that I have been the investor before when I was in university. And at that time I would say like, "Why this is the regulation? Why we have to do that? Why we have to do this?"

I have that will too. But when I work in the SEC, it's made me understand because sometime when I internal get some witness in the case about unfair security trading and I just ask them, "Why do you invest in this fund or why do you invest in this security?" What they say to me is like, "My friend just told me." That's all. So I would say the root cause of this problem is about a financial literacy. So I think we have to collaborate with all the stakeholder in order to solve this problem. It's not only our responsibility, but it's also the individuals who invest in the capital market, the government and other agency that related to the capital market.

Jordan Zele:

Assume some of that red tape has even affected you, right? Because if you had invested at university, once you started working at SEC, I'm assuming you were no longer able to hold some of those investments, right?

Nattawan Kularbkeo:

Yeah.

Jordan Zele:

Okay. Look, I think that's starting to be become clear. But I think it's an interesting example that you gave, that the people that you're interrogating as to why they invested in this security, their friend told them. What's wrong with that? Right? My concern is that there's not enough respect for these individual investors, that they can't make these decisions themselves, so the regulator's coming in and stopping

them from making certain types of investments. Is it a lack of trust or what is it that is not enabling us to make it easier to invest in these types of securities and enable people to learn that way?

Nattawan Kularbkeo:

I would say we always support investors to learn about the capital market and also give them the access to the capital market. But what we need is that we want them to have sufficient knowledge before start investing, but we don't want to create the burden for them. Right now is like, "Okay, the world can connect seamlessly, so it's easier for people to get access." What we can do is that we provide investor alert, we provide a website called Smart to Invest so people can learn more about that. But right now, in my perspective I would say, especially in Thailand, we need more education about financial literacy. Maybe it should be start in high school, I would say.

It would be better for them because when they just finish the high school and come to the college, some people can earn some money from when they do part-time job, something. So if they have the financial literacy at that time already, they have sufficient knowledge so they can start invest smart.

Jordan Zele:

Which obviously helps the economy as a whole, right?

Nattawan Kularbkeo:

Yeah.

Jordan Zele:

More engagement with the financial sector makes it deeper and more liquid, and that is helping. So maybe talk a little bit more about Thailand. Where are the capital markets at the moment? Where are the areas that there could be some improvement and where's the recent developments?

Nattawan Kularbkeo:

I would say in the past few years the capital market develop a lot because maybe it's an effect of a bit of Covid-19, I would say. Because many people stayed home and then it's easier for them to open the accounts and start trading. Not just only the security, but also the digital assets. So right now it's a bit of growing every year from, time to time. But as we mentioned that, when we look at the statistics, more people still invest in the lottery more than the size of the market capitalization in the capital market. So I would say it's about the emerging market right now. But in the future, in a few year, I think you're going to be a significant growth.

Jordan Zele:

What's driving that growth? You sound optimistic, but what are some of the key fundamentals that are allowing for that to happen? And how is the SEC supporting that growth?

Nattawan Kularbkeo:

Yeah, I would say that growth is come from the listed company and also SME and startups business. Because we also developed a ecosystem like conducive for fundraising, to help the startup and SME to grow in our market because they're also the important stakeholder who going to drive the market in the future. That's why, one key drive that the market grow a lot.

Jordan Zele:

How would you engage with those listed companies?

Nattawan Kularbkeo:

For you mean SME and startups, right?

Jordan Zele:

Yeah. How does the SEC kind of work with some of these listed companies that are listing and are trying to attract investment?

Nattawan Kularbkeo:

Yeah, okay. I would say the role of the SEC divided into two parts. The first part is the prevention part and another part is going to be detection. For the prevention part, we have the filing and we attract them by fundraising. We help them to fundraising. We supported liquidity. For example, we issued a regulation to help business who facing the problem, the financial instrument for writs or the buyback condition. So that's the key that we can attract them into our business. But in other aspect about the detection, we also detect the company and their security trading in the market in order to cut off the people who do something wrong in our market. Because if a wrong doer can commit a financial crime, we going to prohibit them to be the director or executive in the market too.

Jordan Zele:

Interesting. And maybe expanding this conversation a little bit more globally, what are some other models that you're seeing around the world or order rather kind of regulators that you are learning from, in a good way and a bad way? I think that we're all kind of following the Adani case in India at the moment. What kind of lessons are you learning from global actors here?

Nattawan Kularbkeo:

Yeah, I would say in the global perspective, when we looking something broader, the case is not going to be just only in our country because right now you can transfer your money to anywhere around the world. So one of the good thing is that we can connect to other governments in order to transfer and exchange the information through the MOU, which is stand for the memorandum of understanding. Because we are not going to change our law in order to be in the same way in every country around the world. So in order to cut off that burdens, we have the MOU with several country. So we can get the information in order to track about the good things and bad things around the world. But the downside is that the people who want to do something wrong can transfer everything seamlessly and it's 24/7. And right now we have the GDPR things. So that could be a bit of a burden. I would not say it is a bad things because it's protect the right of the people.

Jordan Zele:

For those listeners at home, what is GDPR and-

Nattawan Kularbkeo:

It's general data protection.

Jordan Zele:

And it's from the UK? It was like an initial-

Nattawan Kularbkeo:

Yeah, but in Thailand we are going to call it the PDPA, but it's the same thing.

Jordan Zele:

Okay. Okay.

Nattawan Kularbkeo:

Yeah. But that one is going to take a time for us to get the information in some way. Because in some country they have their own law that when I sent a official letter to that country in order to get the information, because we suspected that some people might transfer the money from insider trading to that country, they have to review to that investor that we need the information in order to do something. But that one is take time because if that people don't want to review, it's going to go into the court and it's take a long time. So it create a time lag between when we investigate and when we get the information.

If that case is become the real insider trading, when we did the in-depth investigation, it mean that time also affects the economy. Because if they use that information a lot and just imagine that it's take a year and you use the inside information every month, but when we investigate something in depth, we cannot reveal to our investor that we still investigating that. Because you can be the innocent people, you know?

Jordan Zele:

Mm-hmm.

Nattawan Kularbkeo:

So in the process that we investigate, we do not tell anyone. It's the confidential thing.

Jordan Zele:

And I guess by after a year the damage is almost already done as well.

Nattawan Kularbkeo:

Yeah.

Jordan Zele:

And you know mentioned as people are looking to money laundering into other countries, I presume the types of countries that people are looking to exploit loopholes in our countries that are easily ... or encourage exploitation. How do you engage in from even a geopolitical perspective? How are some of those relationships? I presume if someone's hiding their money in Switzerland, it's different if they were hiding it in the United States, for example. How did those types of relationships develop between regulators?

Nattawan Kularbkeo:

I would say, okay, if it is the money laundering, it's not in the scope that SEC going to take the legal action. But we have the collaboration with others, company ... I mean other authority, for example, like SEC Thailand, we also work with the Department of Special Investigation. We also work with the Economy Crime Division Suppression.

Jordan Zele:

Within Thailand?

Nattawan Kularbkeo:

Yeah. In Thailand. But that organization also have the MOU with other country. It's going to be a huge collaboration between the country in order to take legal actions against that people.

Jordan Zele:

Yeah. I know this kind of global nature of internal regulation is, I imagine, a challenge that's continuing to emerge. You mentioned earlier about the fact that individuals or companies can be transferring money 24/7 now as the world becomes more digital.

Nattawan Kularbkeo:

Exactly.

Jordan Zele:

What are some of the other challenges that the SEC is seeing on the horizon and preparing for?

Nattawan Kularbkeo:

I would say one of the challenge is about data. Because right now, okay, in the past it's maybe you going to do the insider trading or market manipulation just one day, two days. But right now you can do a month maybe.

Jordan Zele:

How do you mean?

Nattawan Kularbkeo:

I mean, for example, in the past, the behavior, the trading behavior of the people who did the market manipulation is going to be just what you think. It's going to be, okay, you're going to buy the shares when is the price low and then you're going to drive it up and then you're going to sell. But now, today, it's more complicated. Sometimes you don't have to get profit from that market manipulation, but you just avoid a loss. Sometime you use the insider information to avoid a loss from the company.

Jordan Zele:

Instead of a detection challenge on your side or a prevention challenge?

Nattawan Kularbkeo:

I would say it's a detection challenge. But for the prevention challenge, is that we get some backlash from the people. Actually in Thailand we have done the cryptocurrency public hearing about a



requirement before you can invest in the cryptocurrency. For example, we have the financial requirement, you have to have the annual income like 100 million bahts. But we get lots of backlash on that, I admit that. And yeah, we just done the public hearing, what people think and what people want.

Jordan Zele:

Well, I think it's just cryptocurrencies and the blockchain in general, it is the manifestation of this 24/7 able to transaction. And as our life becomes more online ... Historically, geography was a really useful barrier to just capitalism going crazy. Whereas now that everything is on this digital platform, it enables more transactions, which I appreciate makes it harder. But again, interesting that it's a financial cap that the Thailand's put in. Is that just the assumption that people who have enough money have got enough education or is it just that they've got enough capital to lose? Why the 100 million baht as the cap or as the minimum?

Nattawan Kularbkeo:

Yeah, actually we did that because if we didn't have the minimum requirement, it's going to be the kids kind of start investing in the cryptocurrency. But actually we didn't set that right now because we did the public hearing and then we get a lot of backlash. So we have to reconsider about that again.

Jordan Zele:

Yeah, so interesting. Something like crypto, I guess, social media has been a big role there. I think we'd spoken in the past about people just feeling like they're missing out because you're seeing your friend online making loads of money from crypto, for example, so you want to get involved without maybe the necessary education. And this does come back to our earlier conversation about how you do ensure that people can participate and have the freedom to engage and create wealth for themselves and for the country, but also the protection. How do you think about that breakdown? I think it probably gets back to that kind of punishment versus ... or detection versus prevention, right? Because you mentioned prevention is really useful. By the time it gets to detection and punishment, the damage is almost already done. Yeah. Just talk a little bit more about how you think about that challenge.

Nattawan Kularbkeo:

Yeah. I would say in terms of prevention, as I mentioned earlier, that we want people to know more about the capital market, to have sufficient knowledge before they start investing in anything. So I might be pessimistic person, I would say. I don't want to let them to-

Jordan Zele:

[inaudible 00:25:08] regulator.

Nattawan Kularbkeo:

Yeah. I don't want to let them to be strict, like, "You should invest in this. You should not invest in that." We don't want to be fussy person who order everything, but we want to be the person who have the responsibility to force that company to make a full disclosure. Because when they made a full disclosure it mean that everyone in the market have the same information. And when everyone have the same information it mean that they can make a full decision on that one.

Jordan Zele:

That idea of everyone having the same information is ... to me feels almost unrealistic, right?

Nattawan Kularbkeo:

Yeah.

Jordan Zele:

And even in the most sophisticated markets, with full transparency, it's still going to be power imbalance between what a company knows its growth is going to look like and what it might reveal. How do you square that circle when there will always be information imbalances?

Nattawan Kularbkeo:

Yeah, I would say information imbalance is general thing, is happen all the time. But what we can do with that is that we are the person who ensure the full and fair information disclosure. And also the responsibility of the regulator is that we need to enhance the corporate governance of the listed company because we have the power to do that. And no other authority can do, is the main responsibility. And also another thing is that we have to enforce the case of fraud and unfair security trading. Yeah.

Jordan Zele:

And speaking about this full disclosure, an element that is starting to emerge say where I'm from in Australia is this idea of ESG reporting as one, that type of disclosure. How is Thailand and more emerging economies engaging with these ESG requirements and what's the role of regulators in terms of that?

Nattawan Kularbkeo:

Yeah, actually in our strategy plan we emphasize on the ESG things. And also we launched a investments governance course, which is we call I Code. It's a guideline for the responsible and sustainable investment management for the institutional investors. And we have the regulation to issue about the green bonds. So we support that. And the key thing is that we want to emphasize the benefits of the ESG to that business and also about the risks that going to happen in the future.

Jordan Zele:

What type of risks?

Nattawan Kularbkeo:

Is the risk, like the ESG thing is the risk of the company. If they do not do something about the ESG, that it's going to hurt them for sure.

Jordan Zele:

As in like hurt-

Nattawan Kularbkeo:

Yeah.

Jordan Zele:

... them as in the entire planet and existing will be harder.

Nattawan Kularbkeo:

Yeah, sure.

Jordan Zele:

Okay. Okay. Interesting. Yeah, because I think as we ... like greenwashing is obviously something that's spoken about quite a lot. Is that something that the SEC will get involved in, in trying to make sure that when companies are reporting on environmental milestones or environmental focus, environmental focus on these companies, how can you make sure that they are actually impacting in a meaningful way? Is that even the responsibility of the SEC?

Nattawan Kularbkeo:

It's not like the rule that they have to report, but we encourage them to report because we not only just let that company to report, but we've also created the investor awareness. And right now in Thailand, many people concerned about the ESG things. So it's going to be the positive impact for the company too if they report about the ESG. And the people who see that, "Oh, okay, this company create the positive impact for our country and also for the world." So it's about the reputation of that company too. It's not only just the report because we require.

Jordan Zele:

That's really interesting. I guess, yeah, what is the role of a regulator? I appreciate why you might not want to force companies to report those types of standards, but highlighting the fact that that could attract maybe more investment and encourage, more liquidity into these companies is a really interesting dynamic.

Nattawan Kularbkeo:

Exactly.

Jordan Zele:

And are you seeing that kind of play out in some of these emerging economies? I appreciate that where growth is probably more of a focus and just raising general standards of living is a more kind of key criteria at moment, but it's exciting. Is it fair to say that those ESG things are still important?

Nattawan Kularbkeo:

I would say in Thailand right now, ESG thing is been more important than the past, like in the few years ago. Many people right now concerned more about the environment. For example in Thailand right now, during January and February, there going to be a lot of dust in the air. So people like concerned right now. So where does the dust come from? It come from the car pollutions, come from the manufacturing companies. And the manufacturing company, in some manufacturing company, listed in the capital market. So if they report about the ESG thing, so people going to read that and know, "Oh, this carbon dioxide come from that company, come from this company." Or, "This company try to reduce the carbon dioxide to help the world."

Jordan Zele:

And I guess in Thailand, where tourism is 20% of the GDP and ensuring those beautiful beaches remain beautiful, it does have that economic element of the economy will suffer if some of those challenges aren't maintained.

Nattawan Kularbkeo:

Yeah. Exactly.

Jordan Zele:

Look, we're getting towards the end of time here and we always finish with the same kind of question of what do you think the future business will look like in a hundred years, I guess from your perspective as a regulator? It's a slightly turned around question, but what do you think regulators are going to be doing in a hundred years time? What are some the concerns or exciting opportunities that you think might emerge in the coming decades?

Nattawan Kularbkeo:

I would say this is really very interesting question. I haven't thought about it before in a hundred years, what's it going to be? I would say it could be metaverse, maybe. Because right now everything become more technological and metaverse is like another world, I would say. So right now it's the people who going to trade in metaverse, but in the future it might be the para world that we can trade and borderless, without regulation. I would say it would be a challenge and also an opportunity for the regulators to grow because the regulation have to catch up with the innovation every year, from time to time.

But another thing I would say is that I'm a person who say yes to the digital asset innovation, but not the cryptocurrency speculation. So the innovation thing is the thing that regulator always support. We need the innovation. It's good for the business. It's good for the world. It's good for everyone, but not the speculation things.

Jordan Zele:

Yeah. Then the innovation becomes those risks, and that's the fundamental importance of the regulators. The idea of the metaverse obviously is, again, for me, a terrifying thought. It's like the privatization of these types of spaces, which makes it very hard for regulators. But, yeah, interesting to think about I guess how regulators might get involved in those types of digital spaces and that type of digital parallel life, or even how they can discourage the desire to go to those types of spaces, right?

Nattawan Kularbkeo:

Yeah.

Jordan Zele:

I feel like one of the reasons why cryptocurrency and the metaverse becomes so attractive is because people feel it's they're less shackled by regulation on those spaces. So it's maybe about how to show that regulation is providing a space. I think they're seeing that with crypto, with the recent crash. A lot of people get hurt because of this lack of regulation. And maybe that's just where-

Nattawan Kularbkeo:

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And I think another challenge is that when the innovation is coming, it's take time for us to revise the law and regulation. And that lag time might be hurt some investors. So I think that the one, is the big challenge, that we need to be more productive to get the results and revise the law and regulation to catch up with that innovation.

Jordan Zele:

Yeah, that's a challenge that'll be continuous. So, look, that's it. I really do appreciate you taking the time and thank you again.

Nattawan Kularbkeo:

Yeah. Thank you very much.

Jordan Zele:

And that was Nattawan Kularbkeo. And thank you all for joining us. If you did enjoy this conversation, please do feel free to subscribe and we look forward to you joining us for the next episode. Thanks again.