An interview with Koo Chwee Sing (Part 1)

Private credit, the new order in lending

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For most of the modern era, corporate financing followed a simple playbook: raise capital in the public markets or borrow from banks. Credit flowed through a set of highly regulated institutions, and the terms were largely standardised and predictable.

The post-2008 world unsettled that order. What emerged was a different grammar of financing—bespoke, privately negotiated capital that privileges particularity over standardisation and discretion over spectacle.

In a two-part conversation, Chan Weng Fai, Deals Partner at PwC Malaysia and Alan Foo, Deals Director at PwC Malaysia set out to demystify private credit. Who provides capital, on what terms, and with what forms of accountability? They spoke with Koo Chwee Sing, Senior Managing Director of Singapore-based private credit investment manager Orion Capital Asia. He has close to two decades of experience in private financing, having spent the majority of his career at Credit Suisse where he was formerly Head of Trading and Risk for its private financing business in Asia Pacific.

Part one maps the terrain: what private credit is and isn't, how a deal is constructed, and how the asset class is evolving as global megatrends reshape the global economy. This is the first part of the conversation.

Private credit explained, and why borrowers choose it

Weng Fai: Many of our readers in Malaysia may not be familiar with private credit. In simpler terms, what is private credit? What does a private lender like your firm do, and who are the typical borrowers?

Chwee Sing: Put simply, private credit refers to non-bank lending that sits outside the public markets. Instead of raising capital through bonds or relying solely on traditional bank loans, companies borrow through privately negotiated financing structures—typically from private credit funds.

Increasingly, some of these transactions are also originated or arranged by banks and then distributed to private credit funds, or in certain cases partially retained on bank balance sheets.

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Over time, the definition of private credit has broadened significantly. Historically, it focused mainly on loans to corporates or their shareholders and sponsors—what we commonly refer to as direct lending. Today, private credit also includes real estate private debt, infrastructure debt, asset-based lending, and specialty finance. What these segments share is the ability to structure capital around specific assets, cash flows, or situations, rather than relying on standardised products.

In direct lending specifically, private credit provides tailored financing for companies or their shareholders seeking capital for growth, acquisitions, refinancing, working capital, or more complex or time-sensitive situations. Borrowers are often drawn to private credit because it offers speed, certainty of execution, and flexibility that traditional channels may not always be able to provide.

Typical borrowers range from financial sponsor-backed companies to family-owned or founder-led businesses with strong and visible cash flows, as well as asset-heavy businesses that can support asset-backed structures. Globally, financial sponsor-backed companies account for roughly 70–80% of direct lending activity, and around 75–85% of the market remains focused on performing credit, with the balance in special situations and distressed strategies.

A private lender like us is involved throughout the full lifecycle of an investment. We underwrite the business and, importantly, the downside; structure the loan across tenor, pricing, covenants, and security; fund the investment from capital we manage; and actively monitor performance over the life of the loan. The objective is to deliver predictable, risk-adjusted returns for investors, while providing borrowers with financing that is genuinely fit for purpose.

Weng Fai: You've noted that private credit is typically more tailored and offers greater speed. Tell us more about that. From the borrower and investor perspective, what drives them to turn to private credit over other sources of capital?

Chwee Sing: Private credit can be structured around a borrower's repayment capacity rather than rigid templates—particularly in growth, transition, or non-standard situations. That may include limited or no amortisation, the ability to capitalise interest or use payment-in-kind (PIK) structures, and longer tenors. It can also be more flexible on credit requirements. For example, relying on future cash flows or profitability rather than historical performance, accepting higher leverage, or operating without hard asset security. Importantly, private credit can accommodate complex situations and structures that would not typically fit within vanilla bank lending frameworks.

Borrowers turn to private credit for speed, certainty, tailored flexibility, and confidentiality. Investors are paid the illiquidity and risk premium, get robust contractual cash flows, and the ability to negotiate downside protection through structure, covenants, and governance.

Weng Fai: How do you position yourself vis-à-vis banks in the ecosystem?

Chwee Sing: I very much see private credit as complementary to banks rather than competitive. Banks remain essential providers of capital, particularly for working capital facilities, trade finance, and lower-risk exposures.

Private credit tends to step in where banks may be constrained—whether by tenor, collateral profile, leverage, complexity, or timing. In many cases, private credit provides a bridge, allowing a company to stabilise, execute a business plan or navigate a transition, and ultimately refinance back into the banking system when it is ready.

Weng Fai: Building on that, walk us through the lifecycle of a typical private credit deal, from first conversation to exit—the key steps, speed, and value-add.

Chwee Sing: A typical private credit deal starts with an initial conversation focused on understanding the business and the situation. We align early on the use of proceeds, timeline, and the borrower's key requirements such as size, currency, repayments profile, covenant flexibility, and security package.

We then move into a preliminary credit assessment. This involves reviewing financials and business fundamentals, understanding operating and earnings drivers, assessing management quality and asset values, and stress-testing cash flows. A key focus at this stage is identifying what could go wrong and how the downside is protected.

If the opportunity makes sense, we issue a term sheet setting out the proposed structure—facility size, pricing, tenor, covenants, and security. Once terms are agreed, we move into confirmatory due diligence and documentation, often running those workstreams in parallel to maintain speed and certainty of execution. When those processes are completed, the transaction is funded.

Post-funding is where a lot of the value-add sits. We actively monitor performance, stay close to management, and engage early if conditions change. If funding needs evolve or performance comes under pressure, we work constructively with the borrower to adjust structures or agree on solutions.

Exit is typically achieved through scheduled amortisation from cash flow, refinancing—often back into the banking system or capital markets as the company matures—or repayment following a corporate transaction such as a sale.

Alan Foo: Having mapped the deal lifecycle, how does that discipline translate as AI, climate imperatives, and geopolitics reshape industries and open new areas of growth, as **our recent research** has shown? Globally, private credit investors are already deploying into areas such as data centres and energy transition. When you look at these emerging industries, how do you underwrite them, and what are the key signals that give you conviction?

Chwee Sing: When I look at emerging areas like data centres and energy transition, I am a credit investor first. I'm not trying to underwrite technological breakthroughs or policy outcomes. I’m underwriting cash flows, downside protection, and resilience through cycles.

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The first thing I focus on is where the risk really sits in the value chain. When it comes to data centres, for example, I’m far more comfortable lending against assets or platforms that are already embedded in customer ecosystems, with long-term contracts, strong counterparties, and high switching costs, rather than early-stage technology or unproven demand.

Second, I place a lot of emphasis on contracted or quasi-contracted revenue. In emerging sectors, visibility matters even more. Long-dated offtake agreements, take-or-pay contracts, regulated returns, or inflation-linked pricing help turn what might look like a growth story into something that behaves more like infrastructure-style credit.

Third, I stress-test for non-financial risks, particularly regulation, energy pricing, geopolitics, and policy stability. In the energy transition, for instance, I ask whether the economics still work if subsidies are reduced, power prices move materially, or permitting timelines slip. I want to be comfortable that the business survives even if the world doesn’t play out exactly as forecast.

In terms of conviction signals, a key one for me is who else is committing capital alongside me. Most of all, I look for strong sponsors, strategic partners, or investment-grade customers with real skin in the game. I also look closely at whether the asset is mission-critical to customers, as that tends to support pricing power and credit quality through downturns.

Finally, I structure for uncertainty. In newer sectors, I typically lean on conservative leverage, robust covenants, strong security packages, and structural protections, so that even if the growth thesis takes longer to materialise, I remain well protected as a lender.

At the same time, these structural shifts can disrupt existing businesses. Entire industries may be reshaped or become obsolete, and companies that fail to adapt to new technologies or competitive dynamics can fall behind quickly. As part of my underwriting, I constantly ask how exposed a business is to disruption—and whether it has the ability and willingness to adapt.

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How private credit has leapt into mainstream

Alan Foo: Globally, the private credit market has grown rapidly since the 2008 Global Financial Crisis (GFC), with record fundraising and strong returns. Beyond the deal-level advantages you've described for borrowers and investors alike, what structural shifts since the GFC have really driven its popularity?

Chwee Sing: Since the GFC, on the supply side, banks have faced tighter capital and regulatory constraints, which has reduced their appetite for holding leveraged or illiquid loans. Private credit has stepped in to fill that gap. This dynamic has been particularly pronounced in the US and Europe, where a significant portion of leveraged lending has migrated from bank balance sheets to private credit. In much of Asia, however, this has been less of a driver, as banks have generally maintained, and in some cases, increased, their lending appetite.

On the demand side, institutional investors have been searching for stable income, diversification, and lower volatility, especially in a prolonged low-yield environment. Private credit has offered an attractive combination of floating rate returns, contractual cash flows, and structural downside protection, particularly relative to public credit markets.

From the borrower's perspective, companies are increasingly looking for non-dilutive capital that offers more flexibility and certainty than traditional bank loans. Private credit has effectively filled the space between equity and conventional bank financing.

Alan Foo: Some observers worry about private credit being a 'bubble'. What red flags or metrics would you use to judge market health, and is it any different in Asia versus other parts of the world?

Chwee Sing: The 'bubble' question is a fair one, given how quickly the market has grown. When I think about market health, I focus on a few practical indicators, rather than market size alone.

The first is underwriting discipline—leverage levels, covenant quality, and how much real downside protection lenders are building into their structures. If leverage continues to creep up, or documentation becomes meaningfully looser, that's an early warning sign.

Second is pricing relative to risk. I look at whether spreads, fees, and structures still adequately compensate lenders for illiquidity, complexity, and loss risk.

Third is portfolio behaviour, not just headline default rates. Early indicators such as amend-and-extend, covenant resets, and increased use of PIK interest tend to reveal stress well before defaults do. Ultimately, exits are the most reliable barometer. Performing credit is meant to be repaid, not held indefinitely, although that is a lagging indicator.

In Asia Pacific, I do not see a bubble. There may be pockets where risk-adjusted returns have compressed, often driven by localised supply-demand imbalances or heightened competition in specific segments. However, these dynamics are not broad-based nor systemic. Across much of Asia, private credit remains at a relatively early stage of development and is still meaningfully under penetrated, leaving substantial room for growth. That said, the market will continue to evolve, and managers will need to adjust their positioning to be able to scale sustainably.

Alan Foo: How much has it evolved over time?

Chwee Sing: In Asia Pacific, quite significantly. In its earlier stages, much of the capital was directed towards higher-yielding opportunities, often in emerging markets, where investors were capitalising on market inefficiencies and unmet financing needs. Over time, however, those opportunities have become more competitive and less attractive on a risk-adjusted basis, particularly as domestic banks in many of these countries have expanded their lending capabilities and competition from private credit funds has increased. A substantial portion of historical activity was also concentrated in China real estate—where many managers have since become more selective as market conditions evolved.

As a result, many funds that were active in these higher-yielding strategies ten to fifteen years ago have either exited the market or scaled back meaningfully. Today, capital is increasingly shifting toward more moderate-yielding but performing credit, with growing interest in near-investment-grade opportunities, as well as areas such as infrastructure and asset-based lending. There is also rising interest in hybrid strategies, where investors seek equity participation alongside downside protection, often by structuring higher leverage or higher loan-to-value exposure against high-quality businesses.

At the same time, we are seeing a growing number of domestically focused private credit managers, particularly in markets such as Australia and India. This reflects not only the deepening of these markets, but also the importance of being close to the opportunity set—both to source transactions effectively and to manage risk, while building strategies tailored to local market dynamics.

I view this evolution as a healthy one. It reflects investors adjusting to market realities, broadening the risk spectrum, and building a more scalable and durable private credit market over time.

End note: In **Part 2**, we move to the ground reality in Southeast Asia and Malaysia, examining where private credit is being deployed and what it means in practical terms for business leaders weighing this source of capital.

An interview with Koo Chwee Sing (Part 2)

Private credit in practice

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In the first part of the conversation, we set out the basics of private credit—how it works, what sets it apart from bank lending, the post-Global Financial Crisis (GFC) structural tailwinds powering its rise, and how lenders are adapting to a shifting economy.

Now, Chan Weng Fai, Deals Partner at PwC Malaysia and Alan Foo, Deals Director at PwC Malaysia turn to Southeast Asia and Malaysia, where the market is nascent. Sharing industry insights and pragmatic lessons is Koo Chwee Sing, Senior Managing Director of Singapore-based private credit investment manager Orion Capital Asia. He has close to two decades of experience in private financing, having spent the majority of his career at Credit Suisse where he was formerly Head of Trading and Risk for its private financing business in Asia Pacific.

This is the final part of the conversation.

Alan Foo: How does Southeast Asia's private credit landscape compare with the US and Europe, in terms of maturity and lending dynamics?

Chwee Sing: In the US and Europe, private credit is a mature and highly institutionalised asset class. There is deep financial sponsor penetration, relatively standardised deal frameworks, larger deal sizes, and well-developed legal, restructuring, and secondary market infrastructure. In many segments, private credit has become a default financing solution.

Southeast Asia, by contrast, is at an earlier stage and far more fragmented. It is not a single homogeneous market, but a collection of countries at varying stages of development. Unlike the US and Europe, where banks have structurally retreated from higher-risk lending, banks in Southeast Asia remain active across much of the credit spectrum.

As a result, the private credit market in Southeast Asia is less standardised and more relationship-driven. Deal sizes are generally smaller, sponsor-backed activity is more limited, and a significant portion of lending is to founder-owned or family-owned businesses. That introduces additional complexity around governance, transparency, and control.

Within the region, Singapore is the most developed market, with legal and enforcement frameworks comparable to the US and Europe. Domestic banks are however well capitalised and highly competitive, which means there is ample credit availability and, consequently, less private credit activity and tighter returns.

In the rest of Southeast Asia, private credit returns are generally higher, reflecting smaller and less mature underlying businesses, more bespoke structures, greater jurisdictional and governance risks, and the extra effort to originate and monitor transactions. At the same time, enforcement tends to be more nuanced, placing a premium on local legal expertise and active borrower engagement.

Indonesia has historically been the most active private credit market in Southeast Asia, with activity dating back several decades. Earlier investors benefited from a relatively tight domestic bank funding environment. Over the past ten years, however, domestic banks have stepped up meaningfully, which has weakened the risk-return balance for private credit. Activity there also tends to be concentrated in resources and real estate, sectors with higher capital needs but are also more volatile.

Private credit has surged in Vietnam over the past decade, powered by rapid growth, infrastructure build-out, and capital-constraint within the banking system. But the market is still narrow with deal flow concentrated in real estate and a small cohort of large, founder-led groups.

Malaysia, Thailand, and the Philippines generally have strong domestic credit availability, so private credit tends to be more opportunistic in nature—focused on opportunistic credit, special situations, distressed opportunities, or bespoke founder-level transactions, rather than broad-based direct lending.

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Alan Foo: What needs to develop for the market to deepen?

Chwee Sing: First, greater institutionalisation. More consistent governance standards, reporting, and transparency are critical to making the market scalable and accessible for global capital.

Second, stronger creditor rights and more predictable legal and restructuring frameworks. Faster and clearer enforcement outcomes would materially reduce risk premiums and give lenders greater confidence in downside protection.

Third, the investor base needs to broaden across the risk-return spectrum. Today, much of the capital in Southeast Asia is still focused on higher-yielding risks. For private credit to become more mainstream, there needs to be more capital operating at the lower end of the risk and return curve, in segments closer to traditional bank lending.

Finally, local talent and platforms help. Private credit in Southeast Asia works best when underwriting, monitoring, and workouts are done on the ground. Local presence and experience are critical to navigating legal, cultural, and governance nuances.

Alan Foo: Which industries in Malaysia, would you say, are best suited for private credit solutions today, and what types of transaction would you expect to see more in Malaysia?

Chwee Sing: Private credit works best in industries with stable cash flows, tangible assets, and clear competitive positioning, particularly where borrowers value flexibility and certainty over the lowest possible cost of capital.

From an industry perspective, a few areas stand out.

The sweet spot is consumer staples and essential services, including healthcare, education, and selected consumer sectors, where demand stays resilient through economic cycles.

Infrastructure and infrastructure-adjacent assets are another area of interest, particularly where cash flows are contracted or quasi-contracted. These businesses often require bespoke financing solutions that banks may be less willing to provide at scale or with flexibility.

Given Malaysia's relatively strong domestic funding liquidity, private credit opportunities tend to concentrate around more leveraged situations, holding-company or founder-level financing, and opportunistic or special-situations credit involving businesses in transition, rather than plain-vanilla lending.

Overall, Malaysia offers a compelling opportunity set for private credit, particularly in the mid-market, where private capital can complement banks by providing flexible, fit-for-purpose solutions.

Field notes from private credit

Weng Fai: Moving on from theory to practice, what are some deals that you have worked on that best illustrate where private credit adds the most value and solve financing problems—and why?

Chwee Sing: One transaction was a holdco-level financing for a data centre platform, where most of the underlying assets were greenfield projects. The assets were too early-stage and the structure too subordinated for traditional bank lending. However, there was underlying value in the form of long-term offtake contracts, which provided visibility on future cash flows and asset value. We were also able to structure around development risk, illustrating how private credit can provide flexibility to bridge early-stage assets into longer-term financing solutions.

Another situation involved providing financing against minority private shares in a power plant asset. The asset was highly cash-flow generative, with predictable dividend distributions, and the shareholders wanted to extract liquidity without selling their stake. A key complication was that the shares could not be pledged as security. We were nevertheless able to structure around this constraint, effectively providing an advance against future dividend streams.

A third example involved delivering a unitranche financing that met the borrower's entire funding requirement. What made this deal interesting was the structure—the unitranche was structured over a back-to-back senior bank facility and a junior private credit loan. It was a good example of how private credit can work alongside banks, rather than replace them, to deliver a holistic financing solution that met the borrower's needs.

What ties these deals together is that none of them were about providing plain-vanilla capital. They were about structuring solutions around complexity—whether that meant working alongside banks, underwriting early-stage assets, or navigating structural and legal constraints. That, to me, is where private credit consistently adds the most value.

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Weng Fai: Looking across the restructurings you led, what were your takeaways on what determined success?

Chwee Sing: One of my biggest takeaways from leading restructurings is that successful outcomes are far more about behaviour than mechanics. Restructuring is ultimately a collaborative process; it requires lenders and borrowers to work together toward a viable solution.

In my experience, how easy or difficult a restructuring becomes depends largely on the borrower's mindset and conduct. What matters most is what I often think of as a borrower's 'willingness to pay'—their willingness to engage constructively, share information transparently, and make real sacrifices alongside lenders.

When shareholders or sponsors are prepared to inject capital, give up control, or meaningfully restructure their economics, it creates alignment and momentum. Conversely, when borrowers try to offload the burden onto creditors while preserving optionality for themselves, restructurings tend to drag on and destroy value.

Closely related to this is the concept of 'skin in the game.' How a borrower will behave in a stress situation is often a function of how much it has to lose. Entering a restructuring with an adequate equity buffer or meaningful recourse can materially improve outcomes.

Another key determinant of success is early engagement. Situations where issues are addressed early—before liquidity is exhausted and trust has broken down—tend to have far better outcomes than those where action is delayed.

Ultimately, the most successful restructurings I've been involved in are those where there is realistic recognition of the problem, shared ownership of the solution, and alignment on preserving long-term value, rather than simply negotiating short-term relief.

Weng Fai: What's your approach on enforcement that you'd share with the readers? Is there anything you think is important?

Chwee Sing: My approach to enforcement is grounded in a simple principle: enforcement is a tool, not an objective. Wherever possible, I aim to resolve situations through a consensual restructuring, asset disposal, or sale of the business, because that typically preserves more value for all stakeholders.

This is particularly important in transactions involving emerging markets, where legal frameworks, timelines, and enforcement outcomes can be uncertain. In those situations, alignment with the borrower and other stakeholders is often more effective than immediately resorting to legal action.

That said, decisiveness and preparedness are also critical. When a situation deteriorates fast, you need to move quickly and credibly. Delays destroy value, and reluctance to enforce can signal a lack of resolve.

One example that stays with me involved a share-backed loan secured against a listed company. When news of fraud broke, the share price gapped down sharply, and loan-to-value triggers were materially breached. We immediately started the process to dispose of the shares. We were able to do that because we were well prepared for it. That prompt action led the borrower to inject cash and fully repay the loan. In the months that followed, the shares lost most of their value.

The key takeaway for me is that successful cross-border enforcement starts well before any default—with clear documentation, enforceable security, realistic assumptions about jurisdictional risk, and the operational readiness to act when needed. When those elements are in place, you have both the credibility to pursue consensual outcomes and the ability to enforce decisively if required.

As with all capital, virtue lies in discernment

By the end of the conversation, Chwee Sing returned, almost austerely, to first principles. Private credit, he suggested, should not be romanticised as a clever financial workaround, but understood as one instrument within a larger architecture of capital.

For founders and CFOs, the starting point is not, “Can I get this financing?” but rather, “Is this the right form of money for my business?” Private credit is rarely the cheapest form of capital. If the business cannot earn more on its capital than it pays for credit, private credit will, in time, destroy value rather than create it.

“There must be a credible and executable plan to refinance, deleverage, or monetise assets. One of the most common pitfalls I see is borrowers taking on very expensive private credit with no clear exit plans.” Chwee Sing noted.

Equally important is alignment and transparency. Private credit, he said, works best when lenders are treated as long-term partners rather than a source of last-resort capital—when borrowers are candid about risks, constraints, and trade-offs.

Private credit is neither cure-all nor culprit. It is a powerful tool capable of supporting growth and ambition, but in the absence of a clear strategy, it can magnify strain and erode shareholder value.

“Being disciplined about cost and exit is ultimately what makes the difference for borrowers,” he concluded.