

## President Chen's Address at ABA's 25th Founding Anniversary Celebration

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It is my great honor to have been invited by the Asian Bankers Association (ABA), the biggest grouping of banks and financial institutions in the Asia-Pacific region, to attend its 25th founding anniversary celebration and the opening ceremony of its 23rd General Meeting and Seminar. On behalf of the 23 million people and the government of Taiwan, I would like to extend my warmest welcome to all of the distinguished guests participating in this meeting, and also wish the ABA a very happy birthday.

The ABA was established in Taipei on October 29, 1981, by 22 Asian chambers of commerce and industry. The group has since then held its annual General Meeting and Seminar in a different member country each year. As this year marks the 25th founding anniversary of the ABA, its members approved a proposal during last year's General Meeting to convene the organization's 23rd General Meeting and Seminar in Taipei on October 2 and 3 this year. This decision was made to let all members celebrate the ABA's 25th founding anniversary together in the place of its birth. Today's meeting, therefore, is of great significance for us all.

A stable and efficient financial system is indispensable to the economic growth of any country. Within such a system, the financial services sector, which facilitates the flow of capital between enterprises and other sectors of society, is the lifeblood of economic and industrial growth in all nations. Taiwan's financial industry has experienced tremendous changes over the past 25 years. Once monopolized by state-owned banks, the industry has been completely liberalized. Utilizing the market mechanism, we aim to continue enhancing the international competitiveness of our nation's financial services sector and build Taiwan into an assets management center of the Asia-Pacific region.

Our host today, the Bank of Taiwan, is a leader in Taiwan's financial industry. Over the years, it has assisted the government in carrying out many economic and financial policies and stabilizing the nation's financial development. The Bank of Taiwan has made great contributions to the economic development of Taiwan over the past half-century, and I would like to take this opportunity to express my heartfelt appreciation to the bank's staff for their dedication and hard work.

The financial services sector is a knowledge-intensive, high value-added industry. The government of Taiwan, therefore, places great emphasis on the comprehensive development of the country's financial services sector and has been encouraging local banks to expand their operations to foreign nations, especially those Asian nations that have close economic and trade ties with Taiwan.

Today, more than 30 percent of all foreign banks' branches in Taiwan are those branches or offices set up by banks based in other Asian countries, which now number 26. Taiwanese banks, meanwhile, have established 117 branches in other Asian nations. These represent more than 50 percent of all overseas branches of Taiwanese banks worldwide. In addition, more members of the ABA are from Taiwan than from any other countries. This demonstrates the great importance Taiwan places on its exchanges with the financial sectors of other nations in the Asia-Pacific region and its commitment to encouraging the growth of such exchanges.

In order to enhance Taiwan's overall national competitiveness and lay a better foundation for its sustainable economic development, Taiwan's Executive Yuan invited representatives from various sectors in society to participate in the Conference on Sustaining Taiwan's Economic Development in July. "Fiscal and Financial Reform" was one of the five major topics of the conference, and participants on the relevant panel discussing this subject reached many conclusions on how to carry out such reform.

Having reviewed all conclusions reached in the July conference, the Cabinet approved a financial package for the first-phase three-year stimulation plan, which concerns the years 2007 to 2009, on

September 27 as one of the vital steps in realizing the government's "Taiwan Economic Development Vision for 2015." The aim of this plan is to build a diversified, internationalized, stable, and reliable financial market and develop the financial services sector through bolstering competitiveness mechanisms.

Moreover, the Cabinet will launch eight projects in order to achieve the above aims and realize the government's vision for the economy. These will be: first, the readjustment of the structure of the banking market; second, the development of the market for fixed income products; third, the promotion of protection-oriented and annuity insurance products; fourth, the development of the international bond market; fifth, the acceleration of the internationalization of the financial market; sixth, the raising of the ratio of institutional investors in the stock market; seventh, the increasing of the number of companies listed on the stock market and the over-the-counter market; and eighth, the establishment of an internationally competitive tax environment for the financial industry.

We welcome bankers from all over Asia to play a part in carrying out these plans and hope that exchanges concerning bank management and R&D know-how will help to boost the international competitiveness of the financial industry all over the Asia-Pacific region.

Since its establishment in 1981, the ABA has not only increased opportunities for exchanges between Asia-Pacific countries' financial sectors, it has also been a boon for the economic and financial development and cooperation in the region. I would like to take this opportunity to express appreciation for Honorary Chairman Koo's outstanding leadership and for all our distinguished guests' contributions to the stable growth of Asian financial markets. I also want to thank Chairman Choi especially for his leadership of the ABA during the past two years, because during that time the ABA performed brilliantly in expanding the banking industry in many nations.

In closing, I would like to once again express a warm welcome to all our distinguished guests, and wish this year's General Meeting great success, the ABA continued prosperity, and all our guests health and happiness. Thank you!