

## New Year's Message from the ABA Chairman



*I am greatly pleased to convey my sincerest greetings and best wishes for the New Year to all ABA members and readers of the ABA Newsletter.*

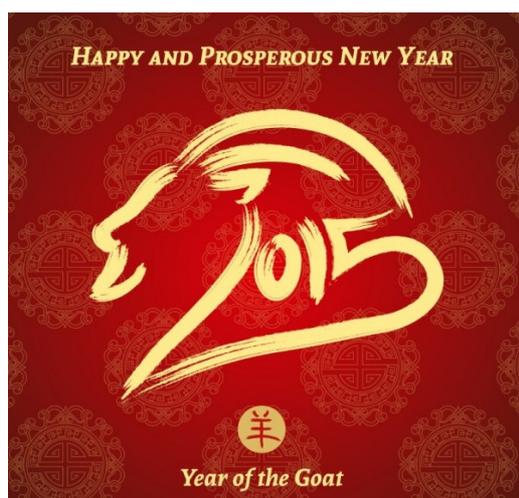
*The year 2015 – which is the Year of the Sheep in the Chinese calendar - promises to be another exciting period not only for me as I take on my new role as ABA Chairman for the next two years, but also for the Association as we gear up for an even more active role in the Asia Pacific region and globally as well. Our recent 31st ABA General Meeting and Conference in Muscat underscored the many formidable challenges, as well as opportunities, for the banking community in the year ahead. It is my ardent hope that, as we usher in the New Year, we will imbibe ourselves with the most important attribute associated with those born in the year of the Sheep, namely, the ability to manage business with care and caution, and to plan well in our work and finances.*

*I am confident that the ABA, with the varied expertise and resources of its members, will remain in an ideal position to serve as a dominant voice of the banking sector in regional affairs. I believe that our Association's strength comes from its diversity. By sharing our diverse ideas, our diverse experiences, and our diverse background, we should be able to develop new and effective strategies to achieve regional growth and cooperation, thereby making ABA a truly regional organization.*

*I therefore look forward to seeing all of you again during the 32nd ABA General Meeting and Conference in Taipei in October this year, for another opportunity to dialogue with one another on how best we can help our region achieve an even more rapid and sustainable growth.*

*I wish you the best of health, prosperity and happiness in the New Year!*

**Daniel Wu**  
**ABA Chairman**



**General Meeting and Conference**

**ABA Planning Committee Meeting scheduled on March 12 in Taipei**

The ABA is cordially inviting members to attend the meeting of the ABA Planning Committee scheduled on March 12, 2015 in Taipei. The meeting will be hosted by CTBC Bank.

To be led by the newly-elected ABA Chairman Mr. Daniel Wu, President and CEO of CTBC Financial Holding, the meeting aims to discuss preparations for the 32nd ABA General Meeting and Conference to be held on October 22-23, 2015 in Taipei. Discussions will focus on dates and venue of the Conference, theme and topics for the Conference, suggested format and program, possible line-up of speakers, and other related matters.

The meeting will also review the progress of activities under the ABA Work Program for 2015-2016, including the area of policy advocacy.

Further information on the meeting – annotated agenda, discussion papers, hotel accommodation, etc. – will be sent to all members as soon as these are available.

Members are requested to pencil in the dates of the event. The ABA is once again counting on your participation for the successful outcome of this important meeting. Your valuable inputs on how to make this year’s annual gathering productive and meaningful for all members would be most appreciated.

To confirm your attendance, kindly send us an email at [aba@aba.org.tw](mailto:aba@aba.org.tw)



**CTBC CEO Mr. Daniel Wu elected as new ABA chairman;  
Vietcombank Chairman Mr. Nghiem Xuan Thanh  
as new vice chairman**

The 31st ABA General Meeting and Conference saw the election of Mr. Daniel Wu, President and CEO of CTBC Financial Holding of Taiwan, as ABA Chairman for 2015-2016. Mr. Wu, who earlier served as ABA Vice Chairman during the 2012-2014 term, took over from Mr. Lorenzo Tan, President and CEO of Rizal Commercial Banking Corporation from the Philippines. Mr. Tan now joins the Advisory Council composed of former ABA chairmen.

Mr. Wu was named to the position during the 50th ABA Board of Directors’ Meeting held on November 20, 2014 in Muscat, Oman in conjunction with the annual ABA General Meeting and Conference. A holder of a



*Newly-elected ABA Chairman Mr. Daniel Wu speaks at the installation ceremony held during the 31<sup>st</sup> ABA General Meeting and Conference on November 20, 2014 in Muscat, Oman.*

Master's Degree in Business Administration from the University of Rochester in New York, USA, the new ABA Chairman has over 30 years experience of developing and expanding business in Asia for international financial institutions in the US, Hong Kong and Taiwan.



*ABA Chairman Mr. Daniel Wu (left) leads the 50<sup>th</sup> ABA Board of Directors Meeting with Vice Chairman Mr. Nghiem Xuanh Thanh on the sidelines of the 31<sup>st</sup> ABA General Meeting and Conference.*

Mr. Nghiem Xuan Thanh, Chairman of the Bank for Foreign Trade of Vietnam (Vietcombank), was named the new ABA Vice Chairman, replacing Mr. Wu. Before joining Vietcombank in 2013, Mr. Thanh was Chief of the Executive Office of State Bank of Vietnam (the central bank), providing senior advisory assistance to the Governor and Deputy Governors. Prior to these jobs, he held various positions at the Vietnam Bank for Industry and Trade. Mr. Thanh earned his Master of Economics Degree in 2001, majoring in banking and finance, at the Banking Academy under the State Bank of Vietnam.

## ABA adopts 2015-2016 Work Program

The ABA during its 31st General Meeting Proper adopted its 2015-2016 Work Program outlining activities over the next two years in the area of policy advocacy, information exchange, training and professional development, strengthening relationship with other regional and international organizations, and membership expansion.

### **Policy Advocacy**

With its understanding of the unique situation of Asian banks and with the growing regional financial integration and cooperation, the ABA shall take a more proactive role in the shaping of the regulatory environment of the region and globally as well, thereby further boosting its role as a regional voice of the Asian banking industry.

To strengthen its efforts in policy advocacy, the ABA shall continue to formulate its position on policy issues that relate to banking and finance in the regional and international arena, as well as, if deemed appropriate, issues pertaining to Corporate Social Responsibility.

Towards this end, the ABA Policy Advocacy Committee shall continue to discuss, develop and advocate positions to be taken by the Association on policy issues affecting its members and the banking industry in general. The Committee shall be requested to meet frequently - at least three times every year - to keep up with fast-moving issues in the banking industry and enable ABA to make timely submissions to appropriate regional or international bodies on issues of current concern to members.

### **Information Exchange Program**

The ABA shall continue the publication of the ABA Newsletter and the ABA Journal of Banking and Finance to serve as information link among members.

The ABA Newsletter, a monthly publication, shall be effectively utilized as a channel for communications between the officers, the Secretariat and the members and as a medium for exchange of the latest news and information on banking and finance, member-bank activities, member-bank personalities, as well as on services available to members.

Efforts shall be made to continually upgrade the quality of the ABA Journal of Banking and Finance, a semi-annual publication, and make it attractive and useful to its readers with the inclusion of more enlightening and informative articles, monographs and occasional papers, and speeches on banking and finance, economic development and regional economic cooperation.

### ***Professional Development Program***

The ABA shall continue to intensify efforts to make training and professional development programs a regular activity. Through these training programs, the ABA shall endeavor to heighten the level of awareness among its members about the importance of training and continuing education in making them ready and equipped to cope with the many changes in the market.

The ABA shall continue to explore with other training institutes and key training providers (e.g., the Institut Bank-Bank Malaysia, FRM, Professional Risk Managers' International Association, Omega, Bankers Institute, etc.) the feasibility of jointly conducting short-term courses for ABA members on specific banking and financial topics in areas such as Risk Management, Treasury, Lending, and General Banking, among others.

ABA shall continue to organize short-term visiting programs under which member bank executives from developing or emerging economies will visit member banks in more advanced countries for the purpose of studying and undergoing training on specific aspects of the operations and facilities of the more advanced host banks.

### ***Membership Drive***

The ABA shall continue its drive for increased membership and allow the entry of more commercial banks, securities companies and investment banks, particularly the leading ones in each country in the region.

Membership recruitment shall be expanded to achieve wider geographical coverage. Towards this end, the ABA shall: Recruit new members from Asian countries where there are currently no ABA members, including Brunei, Bangladesh, China, Pakistan, most of the Middle East countries, and the Central Asian Republics (e.g., Kazakhstan, Tajikistan, Turkmenistan, and Kyrgyz Republic); Recruit more new members from Asian countries where there are currently less than two ABA members, including India, Indonesia, Nepal, New Zealand, Oman, Qatar, Sri Lanka, Thailand and Turkey; Explore the possibility of getting more non-Asian-based financial institutions but with presence in Asia (e.g., those based in Europe, the United States, and Central America).

### ***Relationship with Other Bankers Association***

ABA shall endeavor to strengthen relationship with bankers' or capital market associations in other regions and countries in and outside the Asia-Pacific as a way of promoting ABA's name and expanding membership. Among the regional associations are the ASEAN Bankers Association, the Asian Pacific Bankers Council, the Association of Development Financing Institutions in Asia and the Pacific, and the Bankers Association for Finance and Trade.

The bankers associations in ABA member countries include the Bankers Association of the R.O.C., Mongolian Bankers Association, New Zealand Bankers Association, Australian Bankers Association, The Chartered Institute of Bankers (Hong Kong) Uzbekistan Banking Association, the Sri Lanka Banks' Association, and Bangladesh Association of Banks, among

others.

Cooperation could initially be established through the exchange of guests and participants at conferences and seminars, exchange of publications, co-sponsorship of and/or participation in each other's training programs, and collaboration in research activities.

### ***Relationship with Other Regional Organizations***

The ABA shall continue to establish linkage and undertake collaborative efforts with other regional organizations. In particular, the ABA shall strengthen ties with the Asia-Pacific Economic Cooperation (APEC) forum through the APEC Business Advisory Council (ABAC) and continue to provide inputs and recommendations to ABAC on regional cooperation as well as on issues of concern to the private sector in general and the banking industry in particular. Closer working relationship with the Pacific Economic Cooperation Council (PECC), the Asian Development Bank, the World Bank, and the Bank for International Settlements shall also be developed.

### ***Annual Meetings and Conferences***

The ABA annual meetings and conferences have been very effective tools for bringing together top Asian bankers and for exchanging information and ideas among the members. The themes of these meetings and seminars have focused on the identification or promotion of the role of banking and finance in regional cooperation or on the improvement of the banking industry in the region.

To ensure a substantive discussion of issues, Ministers of Finance or Central Bank Governors, as well as international experts and eminent authorities on financial issues, shall be invited to attend the annual meetings and seminars. The ABA shall also consider inviting leading bankers from developed economies to share their experience and shed light on banking developments in Asia (e.g., the growing popularity of such concepts as consumer credit and one-stop financial services).

## **ABA formally welcomes Bank of Bhutan, Refah Bank, Commercial Bank of Qatar as new members**

**T**he ABA expanded the total number and geographical scope of its membership with the admission of three new member banks namely: Bank of Bhutan, Refah Bank, and Commercial Bank of Qatar. The three banks were all endorsed by at least one ABA member bank and underwent an evaluation process by the ABA Executive Committee.

### ***Bank Bhutan***



Bank of Bhutan was established in 1968 as the public sector commercial bank which rendered the function of the central bank, up until the establishment of the Royal Monetary Authority of Bhutan. The Royal Monetary Authority of Bhutan, Bhutan's central bank was then established in 1982 and has since been regulating the financial sector and formulating the monetary policies in the country.

At present, Bank of Bhutan has a network of 28 branches and 12 extension counters with a paid up capital of Nu. 400 million. From 2004 until 2007, the market share of Bank of

Bhutan was about 35 percent and it is expected to increase further.

## Commercial Bank of Qatar



The Commercial Bank of Qatar was established in 1975 and was Qatar's first private bank. Since then the bank has grown with Qatar reflecting the nation's values and drive to continually improve and innovate.

Commercial Bank operates in Retail and Wholesale banking and makes strategic investments through its associates and subsidiaries. It has a robust financial position, with a total asset of QAR 80 billion in December 2012.

The bank has been enjoying strong credit ratings. It is listed on the Qatar Exchange and was the first Qatari bank to list its Global Depositary Receipts, as well as bonds on the London Stock Exchange.

## Refah Bank



Refah Bank was established and registered in August 1960 and officially started its operations in March 1961 with the opening of its two branches in Tehran & Isfahan. The bank's initial capital of I.R.R. 400 Million had been provided out of the resources of the Social Security Organization. Refah Bank, a well-known commercial bank with 52 years of experience in extending banking services, has over 10,000 employees and 1075 active branches across Iran.

Refah Bank offers invaluable services to the countries' exporters in line with implementing the macro-economic policies of the Government of the Islamic Republic of Iran, particularly in the field of exporting non-oil goods and industrial and agricultural products.

## Four country presentations featured at the Discover ABA session

“Discover ABA” session featured four country presentations by selected ABA member banks on the economic conditions and current developments and growth prospects in the banking and financial markets of their respective countries. The session was held on November 19, 2014- opening day of the 31<sup>st</sup> ABA General Meeting and Conference held in Muscat, Oman.

The country presenters included **Mr. Yasuyuki Kawasaki**, Senior Managing Director, Sumitomo Mitsui Banking Corporation (SMBC) Japan; **Dr. Hassan Motamedi**, CEO, EN Bank, Iran; **Mr. Sarma**, Assistant General Manager, ICICI Bank Ltd., India; and **Mr. Abdullah Al Hinai**, Deputy General Manager, Investment Banking and FIG, Bank Muscat.

### SMBC, Japan



Mr. Kawasaki

Mr. Kawasaki discussed the current status of the Japanese economy, including the policy of the Bank of Japan to keep the quantitative easing in late October 2014, which he said has resulted in a weak yen and high stock accelerate. He also pointed out that the implementation of “Abenomics” has successfully led to a recovery in consumer demands in Japan. He expects that with Japan hosting the Tokyo Olympic Games in 2020, the construction investment by the government and the private

sector will support Japanese economy, and redevelopment will be increased accordingly. As for financial control in Japan, there are few general government gross debt compared with the net assets of a household economy, and the consumption tax rate of Japan is still low. According to Mr. Kawasaki, the advantages of investing in Japan include the relatively cheap real estate price and Japan as a role model of an advanced economy in the world.

### **EN Bank, Iran**



**Dr. Motamedi**

In his presentation entitled “Iran’s Cultural and Economic Conditions,” Dr. Motamedi made an in-depth report on Iran’s culture, geography, demographics and industry sector. He noted that Iran ranks second in natural reserves and third in oil reserves around the world. It enjoys a growing internal market, with its excellent geographical position for transit of goods. He also elaborated the grounds necessary for the growth in industry and high value-added industrial activities in Iran, including foodstuffs, chemicals, basic metals and manufacturing vehicles.

In addition, Dr. Motamedi spoke of Iran’s banking system, from its history, the usury-free bank transactions law, the law permitting establishment of non-government-owned banks in 2000, the relative importance and Iran’s capital market - Tehran Stock Exchange. As for foreign trade, China, Iraq, the United Arab Emirates, India and Afghanistan are currently the most important destinations of Iran’s exports. Dr. Motamedi held a positive view on the outlook of Iran’s future economic development, and indicated several Iranian government’s policies to further improve its foreign trade. He said that Iran’s development plans aim to improve non-oil exports.

### **ICICI Bank, India**



**Mr. Sarma**

The presentation of Mr. Sarma included two parts – India’s economic environment and India’s banking system. Mr. Sarma pointed out that the key drivers of India’s growth are favorable demographics, healthy savings & investment rates, rising per capita income and high potential for infrastructure development. Following the political transition, a majority single-party government will be able to push for policy reforms, which is expected to support the industrial sector. Mr. Sarma also analyzed India’s retail inflation, fiscal prudence, current account deficit and

capital flows. He said that the key trends in 2014 would be: continued moderation in GDP growth, persistent inflationary pressures resulting in elevated policy rates, high current account and fiscal deficit and volatility in the exchange rate. He expects a 5.7% GDP growth in 2015 and a healthy improvement in the current accounts. As for the banking sector in India, he sees growth potentials, a high proportion of deposit funding and domestic oriented balance sheets in the asset profile. The outlook for India’s economic development is that sustained improvement is expected across parameters driven by strong fundamentals and government actions, Mr. Sarma concluded.

## *Bank Muscat, Oman*



*Mr. Al Hinai*

The country presentation of Bank Muscat was jointly made by Mr. Abdullah Al Hinai and the chief economist of the Bank. In the presentation, it was noted that as the second largest country in the GCC region, Oman owns an area covering approximately 309.5 thousand square kilometers. Strategically located, the country shares borders with Saudi Arabia and the UAE. Its political system is stable – a monarchy led by His Majesty Sultan Qaboos who commands wide popular support and respect from Omani citizens. Oman explicitly aims to create a neo-liberal free market economy, where the private sector is the driver of the economy as opposed to the state. Since the 1970s, the Omani government has made plans for the country's development, with the first development plan lasting for 25 years. The second series of development plans, known as "Vision 2020", focuses on diversification, industrialization and privatization. The government's industrial strategy focuses on developing Oman as a logistics hub, and encouraging engineering and manufacturing industries. Oman aims to create an environment where the private sector is the driver of the economy. Despite of large infrastructure projects, Oman still faces several challenges, such as drop in oil revenues, increasing current expenditure, young population and economy not yet diversified.

The "Discover ABA" session was chaired by Mr. Daniel Wu, President and CEO of CTBC Financial Holding Co., and ABA Vice Chairman.

In the spirit of friendly competition, a committee composed of senior officers from Bank Muscat was formed to select the Best Country Presentation, which was later won by Sumitomo Mitsui Banking Corporation. The Best Country Presentation Award was formally presented to Mr. Kawasaki during the Farewell Dinner on November 20.

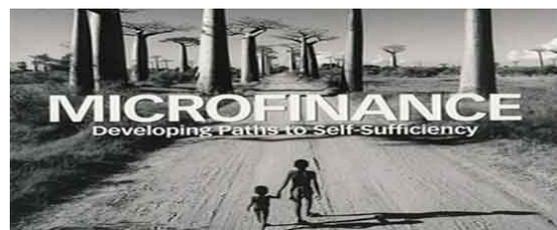
**Policy Advocacy****ABA Position Paper: The Role of the Microfinance Investment Funds and Credit Guarantee Mechanism in Creating Greater Financial Inclusion**

**T**he Policy Advocacy Committee during its meeting on November 19, 2014 issued a position paper on “The Role of Microfinance Investment Funds and Credit Guarantee Mechanism in Creating Greater Financial Inclusion.”

Mr. Dilshan Rodrigo, COO of Hatton National Bank, presented a summary of the position paper prepared by Mr. Chandula Abyewickrema, team leader of the Policy Advocacy Committee for Financial Inclusion.

Noting that the microfinance industry in Asia still remains in the infancy stage, the paper stated that there is a very clear challenge to move the microfinance industry in Asia from infancy level to maturity level to make the industry ready for more commercially viable operations.

One of the other major points raised in the paper is the existing significant widening gap in demand and supply for microfinance in Asia Pacific. It also notes that Asian banks' ventures into microfinance in wholesale or retail capacity have been stifled due to regulatory compliance, operational costs involved and diversity of products and services demanded. Consequently, the sector has been dominated by specialized multilateral financial institutions, NGOs, and regional banks with inadequate scale and capacity.



The challenge, the position paper added, is to create an environment where financial inclusion becomes a clear business case resulting in key players, namely banks and financial institutions entering this space. From the supply side, the solution is the creation of specialized investment funds (nationally or regionally) with the collaboration of public sector, private sector, and banking sector with technical and funding assistance from the multilateral agencies such as the World Bank, the ADB, the International Finance Corp., etc.

The solution from the demand side is the creation of a Credit Guarantee Fund to improve capacity building and enable large number of talented micro finance entrepreneurs to graduate from infancy to maturity stage.

The ABA, through this position paper, called on its member banks to take a collaborative lead role in setting up the much-needed institutions nationally and regionally to empower national funds.

## News Updates

### Global central banking in 2015, a first quarter update for 25 economies

*By Jon Hilsenrath, The Wall Street Journal*

**T**he world's central banks will navigate three defining cross-currents in 2015: A Federal Reserve that has grown more confident about the prospects for the U.S. economy; troubling doubts about growth in the world's other large economies; and an oil price drop that will make it difficult to read which way inflation trends are moving.

Janet Yellen's goodbye message to markets at the end of 2014 was that U.S. short-term interest rate increases were coming in 2015. The Fed chairwoman is in no hurry to move. Officials have signaled they expect the first increase by midyear. And when they do move rates up, they'll likely proceed cautiously, given their deep reluctance to do anything that would derail the U.S. expansion. Still, a move of any kind would be historic. U.S. rates have been near zero for 72 straight months.



*Federal Reserve Chairwoman Janet Yellen's goodbye message to markets at the end of 2014 was that U.S. short-term interest rate increases were coming in 2015. Associated Press*

While Ms. Yellen plots her exit, the People's Bank of China, the Bank of Japan and the European Central Bank are all exploring new ways to cheapen the cost of credit to stimulate investment and spending in their disappointing economies.

The world's central banks will navigate three defining cross-currents in 2015: A Federal Reserve that has grown more confident about the prospects for the U.S. economy; troubling doubts about growth in the world's other large economies; and an oil price drop that will make it difficult to read which way inflation trends are moving.

In 2014, this was a cocktail for a stronger dollar. A broad index of the U.S. currency's value increased 12.5% last year, a trend that could well continue if central banks behave as expected. A stronger dollar, better growth prospects and higher credit costs could also be a recipe for capital flows into U.S. dollar assets. The Fed has been arguing since the 2008 financial crisis that it would use new regulatory tools—in collaboration with other U.S. regulators—to restrain the next U.S. asset boom.

The coming months could be a test of whether U.S. regulators are really prepared to confront such a threat. They could also be a test of the ability of other central banks to manage the tidal shifts in capital flows working toward their shores.

Crude oil prices—down 46% in 2014—are an additional wild card for central banks to manage. Central bankers often say they look through big swings in food and oil prices, because they are volatile and driven by temporary factors. This was the message the Fed adopted at year-end. However such a large price drop is surely sending a deeper signal about the global economy. The signal could be soft global demand; it could also be an America economy bolstered by an energy supply boom. Central bankers misread it at their peril.

**Special Feature****Despite slowing China, positive outlook for Asia's economic growth in 2015**

*By Shuan Sim, International Business Times*

China's economic growth is expected to slow in 2015, and while other Asian economies are sure to feel the effects, experts believe the regional outlook is still generally a good one. As 2014 ends and 2015 begins, the Organization for Economic Cooperation and Development, International Monetary Fund, various governments and the media have put up their forecasts for how Asian economies will fare in the coming year.

"Emerging Asia is clearly the strongest economic region of the global economy with a very positive outlook for 2015 and later," said Barry Bosworth, senior fellow of economic studies at the Brookings Institute, referring to the emerging economies of China, India and some Southeast Asian countries. "This is surprising given the weakness of the major advanced economies, which are its most important markets. It illustrates the extent that emerging Asia is now a self-sustaining region of growth with a very diversified economic structure."

"I would say Asia generally has a positive outlook," said Douglas Paal, director of the Asia program at the Carnegie Endowment for International Peace. "Countries will just have to accommodate for less growth caused by a slowing China." He added that the United States will be a positive force for the region in the coming year.

**China**

The world's second-largest economy still leads the pack in absolute growth numbers for 2015. The OECD and the IMF forecast growth at 7.1 percent, slightly down from 7.3 percent this year. The IMF says the lower figure is due to slower credit growth, in both the banking and non-banking sectors, and the moderation in real estate activity.

A Chinese government think tank, the State Information Center, said in a report on January 4 that China's lowered growth rates is due to weakness in global economies, according to Reuters. "The growth of the world economy may recover slightly in 2015, but it will be difficult to see it fully recovering from weakness seen since the global financial crisis," the center said. China's 7 percent growth would be its least since 1991, when it grew only 3.8 percent. The nation's economy even managed double-digit growth rates in 2003-2007.

"It [China] is trying to shift its focus from exports and investment toward a more balanced promotion of domestic consumption," said Bosworth. "The rebalancing has been more difficult than expected. Still, its financial problems seem very solvable and it will be a major beneficiary of lower energy prices."



*Investors look at computer screens showing stock information at a brokerage house in Shanghai. China's economy is expected to slow down in 2015, and many Asian countries are expected to be affected by it. Reuters*

**Japan**

Japan, world's third-largest economy, is expected to grow a modest 0.8 percent, according to OECD and IMF estimates. This number is a blip down from 2014's 0.9 percent growth forecast, and a more substantial drop from 1.54 percent in 2013. Japan lost its growth momentum and experienced a sharp contraction in April after Prime Minister Shinzo Abe introduced a consumption tax increase. A second tax increase is scheduled for October 2015, but Abe may postpone it, according to Businessweek. In fact, said Paal, Abe's recent re-election message was based on reassessing the timing of the tax increase.

**India**

Like China, India is classified as an "emerging economy" by the OECD, and its economy is expected to grow a robust 6.4 and 6.6 percent by the IMF and OECD respectively in 2015, up from 5.6 percent in 2014. The IMF report states that India's exports and investments both are expected to increase the coming year. Prime Minister Narendra Modi will probably keep interest rates high to stave off inflation in 2015, according to Businessweek.

**South Korea**

South Korea is expected to grow between 3.8 and 4.0 percent by the OECD and IMF in 2015, up from 2014's 3.5 to 3.7 percent, led by exports and investment. The Ministry of Strategy and Finance expects the nation's economy to grow by 3.8 percent and exports to grow by 3.7 percent in 2015, which critics have said is too optimistic, according to the Korea Herald. Private think tanks and global financial institutes are calling for the government to address persistent risks to Korea's economy, including the euro zone deflation, China's cooling economy, U.S. interest rate hikes, and the weakening Japanese yen, reports the Korea Herald, and most of them put their growth estimates around 3.5 percent.

**Taiwan**

The Taipei government expects its economy to grow 3.5 percent in 2015, up from its projected 3.43 percent in 2014. Taiwan adjusted its 2015 projections down from 3.51 percent on concerns about slowing growth in China and Europe, according to Reuters. The IMF takes a more sanguine view of Taiwan's growth prospects next year, setting it at 3.8 percent in 2015. Taiwan, known for its exports of technology goods and producing the bulk of Apple iPhone components, also revised downward its export forecast in anticipation for the frenzy for Apple's latest iPhones dying down. Paal feels that objectively, Taiwan is doing fairly well by international standards, but public perception remains that the island state isn't doing as well as it should.

**Hong Kong**

According to median estimates by economists Bloomberg surveyed, Hong Kong's 2015 economic growth rate will be about 2.95 percent in 2015, compared with 2.30 percent in 2014. "Slowing mainland Chinese growth will have a negative impact," Young Sun Kwon, a Nomura economist in Hong Kong, told Bloomberg. "Higher interest rates in the U.S. will result in higher interest rates in Hong Kong. That could be negative for Hong Kong property." However, the IMF takes a much more optimistic view of Hong Kong and thinks its economy can achieve growth of 3.3 next year.

**Singapore**

“Singapore has stable management, and their economy is relatively strong,” said Paal. The Ministry of Trade and Industry put its growth forecast for 2015 at 3 percent, according to Bloomberg, which is also the same figure IMF put out. However, said Paal, “Singapore has tremendous economic relationships with Indonesia – banking, telecommunications – and with Indonesia’s new president and his problems with the new legislature, Singapore’s performance hinges heavily on Jokowi [Indonesia’s president] pulling through.”

**Thailand**

The IMF projects Thailand to grow at 4.6 percent in 2015, a steep increase from 1.0 percent in 2014. But Paal doubts that number is accurate. “The IMF does not take into account the current political scene of Thailand,” he said, and added that investors are nervous about putting their money in the country. “The ruling junta is not a stable political environment, and foreign investors are scared off,” Paal said. The aged king’s poor health is also a factor in Thailand’s uncertain investing scene. “The monarchy factors tremendously in stability in the country,” Paal said, “if anything were to happen to the king, it will not be a smooth transition.” Paal said he could not reliably put an estimate on what Thailand’s growth for 2015 would be.

**Malaysia**

“Malaysia, like all oil-producing countries, is affected by the steep decrease in the price of oil,” said Paal, and he believes that will affect Malaysia’s growth going forward. He added that Malaysia’s close trade relationship of rubber and palm oil exports to China will take a hit, given China’s cooling economy. The IMF put Malaysia’s growth at 5.2 percent in 2015, down from 5.9 in 2014. The World Bank put Malaysia’s 2015 growth rate at a much lower 4.7 percent, according to Malaysia news media The Star.

**Indonesia**

The Indonesian government boosted its 2015 growth forecast to 5.8 percent from its initial 5.5 percent in September, according to Xinhua. The IMF report put the forecast at 5.5 percent for Indonesia. “When Indonesia’s new president Jokowi [Joko Widodo] took office in October, he has to deal with the legislature that’s been causing him problems,” said Paal, according to the Wall Street Journal. However, Paal said that the Indonesian government has been taking advantage of lower oil prices, lessening the burden of fuel subsidies on the budget. The government uses these costly subsidies for taxi drivers and small machine operators.

## Member Personalities

### MBA elects new set of officers; Orkhon Onon named as new MBA president

The Mongolian Bankers Association (MBA) elected new set of officers during its 9th Annual Meeting held at the MBA office on December 16, 2014.

**Mr. Orkhon Onon**, First Deputy CEO of the Trade and Development Bank (TDB) of Mongolia, was elected as the new President of the MBA. Mr. Orkhon taking over from Mr. Bold Magvan, CEO of Xac Bank, who served as Vice President during 2007-2012 and as President during 2012-2014.



*Mr. Orkhon Onon*

Mr. Orkhon has held the tenure of First Deputy CEO of TDB since 2007. With 17 years of banking experience, Mr. Orkhon has held several positions in different institutions. He was CEO of the Ulaanbaatar City Bank, financial advisor for the Millennium Challenge Fund, and later became deputy CEO of TDB. He also served as advisor for Ministry of Food and Agriculture and Ministry of Economic Development, and board member of Mongolian stock exchange. Mr. Orkhon is also the CEO of TDB Capital LLC and TDB Leasing LLC. He holds a BA in Banking and Finance from the National University of Mongolia, and an MBA in Banking and Finance from the University of Wales, UK.



*Mr. Tumorkhuu Davaakhuu*



*Mr. Lkhagvasuren Byadran*

For MBA's Vice President positions, **Mr. Tumorkhuu Davaakhuu**, CEO of Arig Bank and **Mr. Lkhagvasuren Byadran**, CEO of the Deposit Insurance Corporation were elected by majority votes replacing Mr. Medree Balbar, CEO of the Trade and Development Bank of Mongolia

and Mr. Chingun Munkhsaruul, CRO of Golomt bank.

Prior to joining Arig Bank, Mr. Tumorkhuu was a Relationship Manager at Wainwright Bank, Boston, Advisor at Smith Barney, Boston, Managing Partner at DJ Properties, New York City. Mr. Tumorkhuu earned his MBA in Financial Management at Pace University, New York City, and his BA in Applied Linguistics at Otgontenger University, Ulaanbaatar, Mongolia.

Mr. Lkhagvasuren has been Ex-Officio member of the Financial Regulatory Commission Mongolia since 2002. Before joining DCoM, Mr. Lkhagvasuren has been with the Bank of Mongolia (Central Bank) for 20 years. He has been closely associated with banking sector reform in Mongolia when he was heading two times as the General Director of the Banking Supervision Department. At the Central Bank, he was a member of Monetary Policy Board and member of Financial Stability Board. Mr. Lkhagvasuren holds a BE from the National University of Mongolia and M.I.A from Columbia University, NY.

In addition to the two newly elected Vice Presidents, Mr. Norihiko Kato, CEO of Khan Bank will continue his term as Vice President of the MBA.



*New MBA President Mr. Orkhon O presents a token of appreciation to Mr. Bold Magvan, MBA President during the term 2012-2014.*



(From left to right) New MBA President Mr. Orkhon O, Vice Presidents Mr. Lkhagvasuren B, Mr. Tumurkhuu D and Mr. Norihiko Kato.

## Among Member Banks

- BEA to acquire PrimeCredit's mortgage loan portfolio** - The Bank of East Asia, Limited (BEA) on December 16 announced that it has entered into a Sale and Purchase Deed to acquire the mortgage loan book of PrimeCredit Limited. The consideration for the mortgage acquisition is expected to be approximately HK\$6,000 million, which will be financed by internal cash resources of BEA. Based on information provided by PrimeCredit, the book value of the mortgage loans to be purchased is approximately HK\$5,900 million as at June 30, 2014. "We believe that this acquisition will help the Bank effectively increase its assets in Hong Kong," said Dr. David K.P. Li, Chairman & Chief Executive of BEA. "It will also provide us with an opportunity to build relationships with these newly acquired customers. We firmly believe that the acquisition is in the interests of the Bank's shareholders as a whole." The consideration of the Mortgage Acquisition was determined after arm's length negotiations between BEA and PrimeCredit Holdings Limited. PrimeCredit Holdings Limited is a newly formed company incorporated in Hong Kong, which has been established for the acquisition of 100% of the shares in PrimeCredit in a related transaction that does not involve BEA. *BEA News Release*



BEA 東亞銀行
- BTMU signs MOU with Board of Investment Bangladesh** - The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) is pleased to announce that BTMU has entered into a Memorandum of Understanding (MOU) with the Board of Investment of Bangladesh (BOI), with the purpose of developing collaborative efforts in promoting investments from Japan to Bangladesh. The MOU was signed on December 24, 2014 in Dhaka, Bangladesh. BOI was established in 1989 as a division of the Prime Minister's Office to promote private sector investment in Bangladesh. It has the authority to grant approvals and licenses, including visas and work permits, and also supports foreign enterprises by providing information on investment in Bangladesh and acting as a facilitation agency. Bangladesh has a population of over 150 million and is the eighth most populous country in the world. In the past decade, Bangladesh has achieved an average annual GDP growth rate of 6% led by its garment industry and other sectors. Correspondingly, investments by Japanese companies have also increased. Besides investing into the traditionally strong garment industry, there are increased interests in investing into other manufacturing and logistics industries that cater to local market demands. *MUFG News Release*



Bank of Tokyo-Mitsubishi UFJ  
MUFG
- Sumitomo Mitsui to buy Citigroup's Japan retail operation** - SMBC Trust Bank Ltd., a subsidiary of Sumitomo Mitsui Banking Corp., will purchase scandal-tainted Citibank Japan Ltd.'s retail banking operations, including ¥2.4 trillion (\$20 billion) in deposits from about 740,000 customers, around 1,600 employees and 32 branches, the lenders said in a joint statement on December 25. The transaction is subject to regulatory approvals and expected to close in October next year, they said, without giving the financial terms of the deal. The purchase comes as



SMBC

Sumitomo Mitsui seeks to get more business from high-net-worth individuals in a country with about \$14 trillion in household financial assets and generate more fee income. Last year, it agreed to acquire Societe Generale SA's private-banking unit in the country and started SMBC Trust. The Japanese lender formed a private-banking venture with Barclays Plc for affluent clients in 2010. *Japan Times*

 **BML introduces first ATM with USD withdrawal and deposit services**

Bank of Maldives on December 4 introduced its first US Dollar ATM at its Headquarters in Male. Using this machine the bank's customers can now withdraw and deposit US dollars at any time of day or night. Customers can withdraw up to USD 640 daily using BML Visa Debit and Amex Debit Cards from their USD accounts. The facility will not extend to credit cards. In a single transaction, customers can deposit up to 180 notes irrespective of the total amount and make any number of cash deposits in a day. The USD ATM accepts and dispenses USD10, 20, 50 and 100 notes only. At a Press Briefing BML CEO & Managing Director Andrew Healy said "This is an important milestone and a further step in our efforts to make life easier for our customers. When we launched self-service banking recently, we flagged our intention to introduce our first US Dollar ATM and this news was extremely well received by our customers who find it frustrating to have to queue in branches for this basic service. Now US Dollar withdrawals – and deposits can be made 24 hours a day, 7 days a week. If customer reaction is as positive as we expect it to be, we will install further USD ATMs next year". *Bank of Maldives News Release*



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 **Golomt Securities LLC introduces Mongolia's first and only online trading system**

Golomt Securities LLC, one of the leading brokerages in



**GOLOMT BANK**

Mongolia, is introducing an international standard 'Online Trading System' for the first time in Mongolia. Clients will now have access to the Mongolian Stock Exchange (MSE) from anywhere, at any time. Using the new system, not only the Mongolian residents, but also Mongolians who are working and studying abroad, as well as foreign investors will have equal access to the MSE trading. Traditionally, clients had to go to brokerage firms in-person to place their orders, which apart from the inconvenience, could take a lot of time. However, with Golomt Securities online trading system, clients will have the same privileges and receive the same services, plus a real-time management of their portfolios. *Golomt Bank News Release*

 **UOB launches new property loan calculator online to help homebuyers**

United Overseas Bank (UOB) on December 18 launched a new property loan calculator online to make it easier for potential home owners to determine their total debt servicing ratio (TDSR) for mortgage loan applications. Under the Monetary Authority of Singapore's (MAS) TDSR framework, financial institutions can only offer loans to customers with a total debt servicing ration of 60 percent or lower. When surveyed by UOB, one in three homebuyers said that they were unaware or did not understand the TDSR criteria for property loans. UOB's TDSR calculator covers loans to purchase and to re-finance properties across all property types, including private residences, Housing Development



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Board (HDB) flats, international properties and commercial properties. The service is free and can be found on UOB's website under the Bank's Mortgage Resource Centre.  
*UOB News Release*

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**CTBC Charity Foundation signs MOU with United States DEA** - CTBC Charity Foundation on December 10 held a public press conference with the Educational Foundation



**CTBC HOLDING**  
中國信託金控

of the United States of America's Drug Enforcement Administration (DEA) to sign a Memorandum of Understanding (MOU) to expand anti-drugs awareness to more schools in Taiwan. The CTBC foundation seeks to utilize and incorporate all exhibit materials provided by the DEA foundation into the science education, life education, as well as physical and health education curriculums of all local governments and schools. CTBC stated that they hope the detailed and professional materials provided by the DEA would be informative enough to Taiwanese youths to refrain from drug use, as well as developing awareness and a proper understanding of narcotics. CTBC Charity Foundation Chairman Jeffrey J.L. Koo, Jr. said that the CTBC will incorporate all the resources it can to the cause. The CTBC foundation will also seek to improve the situation of teenage drug use in the nation, as children are the future of the nation. *The China Post*

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**RCBC expects to end 2014 with P4.2-billion net income** - Rizal Commercial Banking Corp. (RCBC) looks to making P4.2 billion in net income for 2014 and projects a more profitable year ahead on higher



consumer-loan growth. RCBC effectively anticipates a drop in net income in 2014 by more than 20 percent from the P5.312 billion it reported in 2013. "We forecast 2014 net income of P4.2 billion. This year will be better because the plan is to grow the small and medium enterprise and consumer-loan book by 25 percent," RCBC Executive Vice President John Thomas G. Deveras told the BusinessMirror. The lower net-income projection was traced to projected lower trading gains. RCBC President and CEO Lorenzo V. Tan in an earlier interview said, most banks, except for a few, have lower earnings because of the low trading gains in 2014 than previous. "But if you look at the core operations of banking like lending, most banks should have good growth rates," Tan said. *Business Mirror*

**Banking and Finance Newsbriefs****Reforms agenda on track; Indian economy to witness 6.5% growth**

The government's reforms agenda is on track and the economy is on its way to transition to 6.5 percent growth and 6 percent inflation levels, says a Morgan Stanley report.

According to the global financial services firm, the recent steps taken by the government provide further confidence that not only is the reforms agenda on track but the pace is accelerating too.

"The government policy action is helping to gradually reverse the productivity weakening policies, and this makes us more confident that the economy is on track to transition to 6.5 percent growth and 6 percent inflation," Morgan Stanley's Asia-Pacific Chief Economist Chetan Ahya said in a research note.

India's GDP growth has averaged 6.5 percent over the last 25 years, while in the last two years it has averaged 4.9 percent along side very high inflation until recently. *Indian Express*

**Japanese business heads bullish on economy**

Seventy percent of the leaders of 30 major companies think the country's economy is moderately recovering, according to a Yomiuri Shimbun survey.

Regarding the economic prospects for the next six months, 27 respondents, or 90 percent, said the market will remain bullish.

Conducted in December, the survey also found that many respondents are wary of possible problems in the economies of emerging countries as well as the excessive depreciation of the yen. Many hoped the government will implement its growth strategy as quickly as possible.

Regarding prospects for the nation's real economic growth rate in 2015, 13 leaders each said "1 percent to less than 1.5 percent" or "1.5 percent to less than 2 percent." Although the economic growth rate was sluggish in the July-September period in 2014, which declined 1.9 percent compared to the same period last year, the business leaders expect the economy will recover. *Yomiuri Shimbun*

**South Korea central bank chief says low oil prices positive for economy**

South Korea's central bank governor said low global oil prices are expected to have a positive effect on the economy, although the end results have yet to be seen.

Bank of Korea Governor Lee Ju-yeol also told reporters on the sidelines of a New Year's event in Seoul that economic situations have changed "considerably" over the past three months when asked about the bank's next economic forecast revision.

Lee did not specify whether the changes have been positive or negative. The Bank of Korea will revise its forecasts on Jan. 15. *Reuters*

**New base rate to stir up competition among Malaysian banks**

The new base rate (BR) mechanism will stir up competition among banks and Affin Hwang Investment Research expects banks which have set a lower BR and effective lending rates (ELR) such as Maybank and Public Bank, which also have strong niche in consumer financing, will have an initial edge.

"Nonetheless, loan pricing will still depend on management's risk appetite. Maintain

Neutral on the sector,” it said on January 5, adding its top stock picks are Public Bank and Hong Leong Bank.

Affin Hwang Research expects the various banking institutions to offer borrowers the ELR based on the new BR. The new ELR is based on the BR, which is the banks’ benchmark funding cost as well as a spread, of which is comprised of a liquidity premium, credit risk, overheads, statutory reserve requirements (SRR) and a profit margin. *The Star*

### **Nepal, China sign currency swap deal**

Nepal Rastra Bank (NRB) and the People’s Bank of China (PBoC) have signed a currency swap deal enabling the settlement of both cross-border and ordinary trade, China’s state news agency Xinhua said, citing a notice published on the website of the Chinese central bank.

The agreement was signed on December 23 in Beijing during a meeting between visiting NRB Governor Yubaraj Khatiwada and PBoC Governor Zhou Xiaochuan. The deal is expected to further facilitate trade between the two countries.

NRB Deputy Governor Gopal Kafle said that the currency swap deal was on the agenda of the governor’s visit but he was not fully informed about what kind of agreement took place in Beijing.

According to him, Nepal had proposed to the Chinese central bank to sign such an accord considering the increased trade and investment besides higher flow of Chinese tourists to Nepal. *The Kathmandu Post*

### **Philippines’ growth seen at 6.5 percent in 2015**

The Philippine economy will likely grow 6.5 percent this year and will surprisingly end the difficult year of 2014 with a 6.2-percent gross domestic product (GDP) growth.

BDO First Vice President and Chief Market Strategist Jonathan L.Ravelas sees the GDP growing by 6.2 percent by year-end, slower than the actual 7.3 percent posted in 2013.

In the “2015 The Year Ahead Philippines Still Shining Through” research note, Ravelas said the GDP growth in the first three quarters of 2014 stood at 5.8 percent, a sharp decline from last year’s growth of 7.5 percent, and falls below the government’s 6.5-percent to 7.5- percent target this year.

“While the data may be quite disappointing, the Philippines is still among the fastest-growing economies in emerging Asia,” he said. *Business Mirror*

### **Singapore Exchange to upgrade its derivatives trading and clearing platforms**

Singapore Exchange announced on December 29 it will upgrade its derivatives trading and clearing platforms to improve risk controls, increase efficiency and lower costs for market participants.

The upgraded system, based on technology from Nasdaq OMX Group Inc, will also support the growth of its derivatives business, SGX said in a statement.

The upgrade is scheduled for completion at the end of 2016.

Hit by lower securities trading volumes, the exchange is relying increasingly on its derivatives business, where revenue was up 4 percent in its fiscal first quarter from a year earlier, Reuters reported.

The announcement of the system upgrade comes weeks after SGX was hit by a second technical glitch in two months. SGX delayed the start of securities market trading on December 3 citing a software issue, and in November, a power supply problem halted

trading in the securities and derivatives markets for several hours. *The Straits Times*

### **Largest mobile payment platform opens for business in Taiwan**

Taiwan Mobile Payment Co. launched Taiwan's largest mobile commerce platform on December 30 with 32 participating financial institutions plus EasyCard. Through the new platform, users can make payments by tapping their smartphone on a near-field communication (NFC) reader at participating retailers.

Payments will be processed through Taiwan Mobile Payment Co.'s trusted service manager (TSM), a system that allows providers to secure data handling, said Taiwan Mobile Payment Co. General Manager Pan Wei-jong.

Subscribers can make payments at over 30,000 local stores and overseas shops via Visa and MasterCard.

Participating retailers include RT Mart, BLT Burger, Mr. Brown Coffee and G2000.

EasyCard Corp. said that the EasyCard option will be available in the first half of 2015. In its soft opening, mobile phone payment is available immediately through 18 financial institutions to subscribers of 3G or 4G provided by Chunghwa Telecom only. *The China Post*

### **Bank of Thailand cuts growth forecasts for 2014 and 2015**

The Bank of Thailand has slashed economic growth forecast for 2014 to 0.8 percent from 1.5 percent and for 2015 to 4 percent from 4.8 percent, because of lower-than-expected government spending and slow recovery of private investment, tourism income and export expansion.

Exports account for 70 percent of Thai gross domestic product, so the poor performance of that sector contributed to the central bank lowering its economic-growth projection.

Exports now are expected to contract by 0.5 percent year on year in 2014, lower than its previous forecast of flat growth.

The forecast for export growth in 2015 was also cut to only 1 percent from the 4 percent estimated previously. *The Nation*

### **Vietnam sees trade surplus for third year**

Vietnam recorded a trade surplus of roughly US\$2 billion in 2014, the General Statistics Office (GSO) reported on December 27.

This is the third consecutive year that the country saw a surplus, after recording surpluses of \$280 million in 2012 and more than \$860 million in 2013.

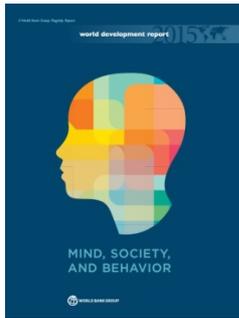
This year, overall export revenues hit \$150.42 billion, up 13.6 percent over last year, while total import values reached \$148.58 billion, a year-on-year increase of 12.1 percent.

According to the GSO, foreign direct investment (FDI) enterprises contributed to the majority of revenues of Vietnam's key export products. They accounted for 99.6 percent of \$24.83 billion in telephone and component exports, 59.4 percent of \$20.77 billion in garment and textile exports, and 77 percent of \$10.22 billion in footwear exports. *Viet Nam News*

## Publications

### World Development Report 2015 explores “Mind, Society, and Behavior”

Real people are rarely as coherent, forward-looking, strategic or selfish as typically assumed in standard economic models—they sometimes do not pursue their own interests, and can be unexpectedly generous. Such dynamics should be factored more carefully into development policies, a point made in the World Development Report 2015: Mind, Society, and Behavior.



The newly launched report argues that development policies based on new insights into how people actually think and make decisions will help governments and civil society more readily tackle such challenges as increasing productivity, breaking the cycle of poverty from one generation to the next, and acting on climate change.

Drawing from a wealth of research that suggests ways of diagnosing and solving the psychological and social constraints to development, the WDR identifies new policy tools that complement standard economic instruments.

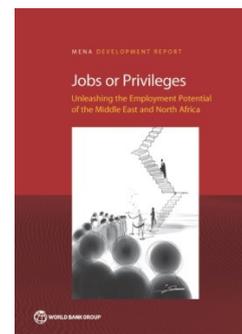
Contact for details: World Bank Publications

Website: <https://publications.worldbank.org>

### Jobs or Privileges: Unleashing the Employment Potential of the Middle East and North Africa

This report shows that in MENA, policies that lower competition and create an unlevelled playing field abound and constrain private sector job creation. These policies take different forms across countries and sectors but share several common features: they limit free-entry in the domestic market, exclude certain firms from government programs, increase regulatory burden and uncertainty on non-privileged firms, insulate certain firms and sectors from foreign competition, and create incentives that discourage domestic firms from competing in international markets.

The report shows that such policies are often captured by a few privileged firms with deep political connections, and that these policies persist despite their apparent cost to society. The millions of workers, consumers, and the majority of entrepreneurs who bear the brunt of that cost are often unaware of the adverse impact of these policies on the jobs and economic opportunities to which they aspire. This limits the scope for internal country debate and curtails the policy dialogue necessary for reform. Thus, Middle East and North Africa (MENA) countries face a critical choice in their quest for higher private sector growth and more jobs: promote competition, equal opportunities for all entrepreneurs and dismantle existing privileges to specific firms or risk perpetuating the current equilibrium of low job creation.



Contact for details: World Bank Publications

Website: <https://publications.worldbank.org>

**ADB Trade Finance Gap, Growth, and Jobs Survey**

Trade finance gaps are a persistent feature of the global trade landscape. Yet the reasons gaps exist and the populations which are most impacted vary both temporally and geographically.

In 2013, ADB, in cooperation with partner organizations, surveyed financial service providers and companies involved in international trade about their use of trade finance. This brief introduces the key points of ADB’s second effort to quantify the adequacy of global trade finance and its impact on economic growth and job creation.

**Key Points:**

Market gaps for trade finance persist in 2013

Gaps inhibit economic growth and job creation

AML/KYC regulations are a significant contributor to the trade finance shortfalls

Companies lack awareness of trade finance options and innovations



Contact for details: ADB Publishing  
 Website: [www.adb.org/publications](http://www.adb.org/publications)



*The Asian Bankers Association (ABA) serves as a forum for advancing the cause of the banking industry and promoting regional economic cooperation. Established in 1981, it provides a venue for an exchange of views and information on banking opportunities in the region; facilitating networking among bankers; and encouraging joint activities that would enhance its members’ role in servicing the financial needs of their respective economies and in promoting regional development. With 100 members from 25 Asian countries, the ABA holds annual meetings and conferences on issues of concern to the banking sector, with the view to broadening its members’ perspective on the situation and opportunities in the region. For more details, visit <http://www.aba.org.tw>*

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