General Meeting and Conference

Members and officers to gather in Taipei for the ABA Planning Committee Meeting

Over 30 delegates from 18 member banks will gather in Taipei on March 12-13, 2015 to attend the ABA Planning Committee Meeting. The meeting, chaired by CTBC Financial Holding Co., Ltd. President CEO and incumbent ABA chairman Mr. Daniel Wu, aims to discuss preparations for the 32nd ABA General Meeting and Conference scheduled on November 12-13, 2015 in Taipei.

The planning committee will exchange views on the proposed theme and topics for the conference, suggested format and program, speakers, venue 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.

The participants will make a courtesy call to the Deputy Governor of the Central Bank of the Republic of China Mr. Chin-Long Yang in the afternoon of March 12. The visit will be followed by an ocular inspection of the Grand Hyatt Taipei, the proposed venue for the 32nd ABA General Meeting and Conference. An optional half-day city tour is scheduled for the participants on March 13.

The ABA Planning Committee Meeting will be held at the new CTBC Financial Park located in Nangang, Taipei. Inaugurated in December 2014, the CTBC financial park consists of three buildings in the shape of the Chinese character for the word "mountain." It is considered to be one of the many legacies of the late Dr. Jeffrey L.S. Koo Sr., ABA founder and Chairman Emeritus.

Education and Training

ABA invited to join the roundtable on standardized approach for credit risk

The Basel Committee's Task Force on Standardized Approaches (TFSA) invited the Asian Bankers Association (ABA) to participate in the roundtable meeting held in Frankfurt on February 24, 2015.

The aim of the roundtable was to provide an opportunity for market participants to further elaborate and highlight key aspects of their comments on the proposed revisions to the standardized approach for credit risk.

The ABA was one of the seven industry organizations that were invited to participate in the Frankfurt meeting. The other six included the following:

Institute of International Finance; International Banking Federation; World Savings Banks Institute / European Savings Banks Group; European Banking Federation; European Association of Cooperative Banks; and Federación Latinoamericana de Bancos.

The ABA agreed to participate in the Frankfurt roundtable meeting as the Association believes it is critical for all banks to get involved in this process and provide feedback to the TSFA.

Each invited organization was requested to bring 8 members to the meeting. The ABA Secretariat forwarded the invitation to the members of the ABA Board of Directors to inquire if any one of them would be interested to join the ABA delegation. Subsequently, a total of 7 members formed the ABA delegation.

The ABA Board was also requested to provide the ABA Secretariat with their comments on the proposed revisions to the standardized approach for credit risk. The ABA delegation decided to present its comments and recommendations on two subjects, namely, (a) Removal of Ratings, and (b) Retail Exposure.

The seven-man ABA delegation to the Frankfurt roundtable was led by **Mr. Jack Cheng**, Senior Executive Vice President and Chief Risk Officer of CTBC Financial Holding Co. Ltd and included the following (a) **Ms. Chang Tsai-Feng**, Vice President, Retail Credit Measurement Dept., CTBC Bank Co. Ltd.; (b) **Ms. Hu Shih-Jen**, Vice President, Institutional Credit Risk Measurement Dept., CTBC Bank Co. Ltd.; (c) **Mr. Fang Ying-Chi**, Vice President and Division Chief, Risk Management Division, First Commercial Bank; (d) **Mr. Manh Hung Nguyen**, Member of the Board of Directors, JSC Bank for Foreign Trade of Vietnam; (e) **Ms. Linh Nguyen Thi Hoai**, Deputy Director, Credit Risk Management Dept., JSC Bank for Foreign Trade of Vietnam; and (f) **Ms. Linh Dieu Truong**, Deputy Director, Financial Institutions Dept., JSC Bank for Foreign Trade of Vietnam.

The roundtable meeting was held at the premises of the Federal Financial Supervisory Authority (BaFin) in Frankfurt.

News Updates

ABA accredited as Guest Association in the 48th ADB Annual Meeting in Baku, Azerbaijan

The Asian Development Bank (ADB) has accredited the ABA as Guest Association in the 48th Annual Meeting of the ADB Board of Directors to be held on May 2-5, 2015 in Baku, Azerbaijan. ABA members are encouraged to attend this important event.

Participation in this meeting will provide members an excellent opportunity to take part in the dialogue between leading government and private sector representatives on key development and financial issues shaping the Asia Pacific region.

This image highlights some of the major accomplishments of the 15-year effort to help Azerbaijan achieve its development targets and ensure inclusive growth.

During the past nine years, the ADB has accredited the ABA as a Guest Association in the Annual Meetings of its Board of Directors: in Astana (2014); New Delhi (2013); Manila (2012); Hanoi (2011); Tashkent (2010); Bali (2009); Madrid (2008); Kyoto (2007); Hyderabad (2006); and Istanbul (2005).

The host country Azerbaijan became a member of ADB in 1999. Since then, nearly $2 billion has been invested to develop the country's transport, energy, and water sectors, as well as its small and medium sized enterprises.

More detailed information on this year's ADB Annual gathering in Baku may be viewed from the Annual Meeting website on the URL address http://www.adb.org/annual-meeting/2015/main

Eurozone showing signs of economic momentum

The 19-country eurozone's economy is kicking into a higher gear thanks to falling oil prices and the lower euro, but the recovery is still far short of that experienced by the U.S.

A brace of economic reports released on March 4 point to economic activity picking up momentum after a year of stagnation, particularly in the crucial area of consumer spending.

In one of the clearest signals of economic buoyancy, retail sales in the eurozone rose in January by a monthly rate of 1.1 percent. The figure, published by the Eurostat statistics agency, was the biggest increase since May 2013.

January's rise was way more than the 0.2 percent uptick predicted by many in the markets and took the annual rate up to 3.7 percent, the highest since August 2005.

Like most Western economies, consumer spending is a bedrock for economic growth in the eurozone and the fact that it's growing strongly and consistently — up for four straight months for the first time since records began in 2000 — is a positive signal.

"This reinforces our belief that eurozone growth will pick up markedly to 1.6 percent in 2015 as it benefits appreciably from very low oil prices, a much more competitive euro and substantial ECB stimulus," said Howard Archer, chief European economist at IHS Global Insight.

For years, consumer spending in the eurozone has been held back by a number of factors, including high unemployment in many countries, muted wage growth, budgetary restraint by many governments trying to get their public finances into shape, and a general feeling of economic uncertainty.

Now, despite recent concerns over Greece's future in the eurozone, consumers appear to be gaining confidence. Falling unemployment — though still relatively high at 11.2 percent — is helping to boost spending, as is the sharp decline in fuel prices, which has been the main reason why inflation rates have turned negative.

Many economists have warned of the impact of falling prices on consumer spending. A sustained period of so-called deflation can be a huge brake on an economy — as evidenced in Japan over the past couple of decades — if consumers delay spending in anticipation of cheaper products down the line and investors reduce investment in the wake of falling profits.

So far that doesn't appear to be happening in the eurozone and that's probably due to the fact that the main reason why inflation is negative is because of lower energy and fuel costs — money saved at the pump feels like a tax cut for the average consumer to be spent elsewhere.

A separate report found the eurozone economy grew in February at its fastest rate in seven months with the lower euro helping confidence. The euro has fallen sharply in recent months and is trading at around 11-year lows against the dollar.

Markit, a financial information company, said its monthly composite purchasing managers' index — a broad gauge of economic activity — rose for the third month running to 53.3 points in February from 52.6 the previous month, with new factory orders doing particularly well.

Though down from an initial estimate of 53.5, the index is at its highest level since July, 2014. Anything above 50 indicates expansion. Markit says the February survey suggests the economy grew by a quarterly 0.3 percent in the first three months of the year, the same as in the fourth quarter of 2014.

Notably, Markit found that economic activity increased across each of the 'big four' eurozone economies — Germany, France, Italy and Spain — for the first time since April, 2014.

Chris Williamson, Markit's chief economist, said the most encouraging aspect of the survey was the signs of renewed growth in France, Europe's second-largest economy. France has been a laggard, with many economists blaming the government for not pursuing enough reforms.

"The outlook has brightened for all countries," he said.

Williamson said activity over the coming months should be helped by a combination of factors including diminishing concerns over a Greek exit from the euro, the weaker euro and "perhaps most importantly" the start of the European Central Bank's 1 trillion-euro ($1.12 trillion) or so bond-buying program. *Associated Press*

APEC firms up Manila's proposed roadmap

Finance and central bank deputies of the Asia Pacific region began their deliberation on the Manila-led roadmap that aims to make the 21-member economies more inclusive and resilient.

During the Asia-Pacific Cooperation (APEC) deputies' meeting on March 4, National Treasurer Roberto B. Tan, said member economies have firmed up the Cebu Action Plan to make the Asia-Pacific region more inclusive and resilient in the years to come.

Inclusivity has been placed on the APEC agenda this year amid the desire to make economic growth redound to a faster pace of poverty reduction. Robust growth of economies becomes meaningful only if the benefits are shared by the majority, delegates agreed.

Resiliency has also been a focus of policymakers in the region given various risks to growth, such as natural disasters, and lackluster global demand and financial-market volatility arising from slower recovery of advanced economies.

"With the Cebu Action Plan being a key agenda in the APEC Finance Ministers' Process this year, we can forge inclusive economies with financial integration, transparency, and resiliency, as well as infrastructure development and financing," Tan said.

"Financial interconnectivity of APEC member economies and their close linkages in the global financial markets, makes the region exposed to the risk of a global market liquidity dry-up and other market volatilities," he added.

The Philippine treasurer also said APEC economies must also build buffers to protect the region from financial market disturbances.

Efforts to boost inclusivity and economic resiliency are ongoing across the region, but delegates agree that more needs to be done.

In the case of the Philippines, regulations that improve accessibility of credit to micro, small and medium enterprises, as well as increase in allocations for social services are some of the responses to the call for a more inclusive economy.

Further, efforts of the Philippines to improve macroeconomic fundamentals helped ensure resiliency of the domestic economy, even at the height of the most recent global crisis.

The finance and central bank deputies are expected to fine-tune the Cebu Action Plan during the two-day meeting before its official launch during the APEC Finance Ministers' Meeting, which will be held in September in Cebu City.

The Philippines first put the roadmap on the table for APEC discussion during a special meeting of senior finance officials held in Clark, Pampanga, in January.

While the original version had three pillars, the latest version following the meeting in Clark now consists of four pillars: financial integration, fiscal transparency and policy reform, financial resiliency, and (4) infrastructure development & financing. *Manila Bulletin*

Special Feature

Redefine relationships – transaction banking trends

A feature article taken from Future Banking Magazine (Banking-Gateway.com)

As the calendar turns towards 2015, the industry is seeing significant shifts in transaction banking, especially a movement away from traditional corresponding banking arrangements and a renewed focus on emerging markets such as Africa. Matt Tuck, head of the global corporate banking and financial institutions group at Barclays, runs through some key market trends dominating this sector today and highlights the need for a new collaborative model.

Correspondent banking, as it is traditionally understood, is changing. As financial crime hits the headlines, it has become evident that international correspondent banking networks may be vulnerable to misuse. The upshot has been an increase in regulation, with banks forced to deal with ever more anti-money-laundering and anti-terrorist-funding requirements.

In some instances, banks have responded simply by retreating from the higher-risk sectors. Between 2005 and 2013, the major players significantly pruned their correspondent banking networks, reducing them by 15% in Europe and 21% in the Americas.

These figures, from payment messaging services provider Swift, do not signal the end of correspondent banking. As of June 2013, approximately two thirds of international payments between banks still took place through such networks. But with concerns about cybercrime continuing to loom large - not to mention the compliance costs imposed by additional regulation - it seems that conventional arrangements are on the wane.

This picture is complicated by the fact that over the same time period, one has seen many banks minimizing their own global reach. As financial institutions withdraw from less-profitable markets, they can no longer service clients in these regions directly and it is clear that collaboration is now more important than ever. The question is what that might entail.

According to Matt Tuck, head of the global corporate banking and financial institutions group at Barclays, the very term 'correspondent banking' is overdue a shake-up.

"I've thought for quite a long time that the concept of correspondent banking is something of a misnomer," he says. "The concept of providing cash management services in every currency to every client just isn't feasible in today's world. In traditional correspondent banking, we're providing cash management services to our bank clients and often they're providing services to us, but I think the market has evolved over the past five to ten years, meaning we actually work on the premise of partnership with other banks around the world - so it's highly likely that banks will be competitors, customers and partners of each other."

In the hot seat

Tuck sat down with Future Banking to discuss macro trends - the forces he sees as shaping global transaction banking as we move into 2015. At stake is the question of how banks are managing their relationships in difficult times. As the market assumes a greater mood of caution, how can financial institutions retain strong partnerships throughout their network?

"The fines that have been levied on financial institutions are well publicized and are quite substantial, and that's driving an industry trend towards derisking," he says. "That in itself presents challenges for the banks and also for the underlying clients that are impacted. More broadly, the old correspondent-banking model presents challenges to banks today, particularly from a financial-crime perspective, so making sure you have close partnerships with your bank clients is really important."

As Tuck sees it, this applies whether we're talking about cash-management services - such as Barclays would traditionally provide on behalf of its bank clients - or trade finance.

"As with cash management, trying to provide services to every country around the world simply isn't practical, and, therefore, we all need partners to help our clients," he says. "Trade is the lifeblood of all economies, and in order to help customers either from a funding-finance perspective or to mitigate risk, having the end-to-end value chain is fundamentally important."

In the first instance, Barclays will look to provide services directly. The company is still very much a multinational bank, and aside from its correspondent banking relationships, it operates in more than 50 countries around the world. In recent years, Africa has been a key area of focus.

In fact, the Barclays Africa Group, which combines the ABSA Group with the rest of Barclays' African operations, is one of its core home markets. Almost a third of its total workforce is based on the continent, which has been dubbed a 'growth engine' for its clients.

"We see Africa as a real emerging economy now, and obviously Barclays is very well placed given that we've been in many of these markets for a long time," says Tuck. "We're seeing a genuine interest from global clients to explore opportunities in Africa. We certainly feel that Africa is the next Asia - we're already starting to see real impact and pick-up in the local economies driven by import and export needs."

Global client base

The clients in question are typically looking for conventional banking services. Generally speaking, they are large multinationals that require the same services they have experienced elsewhere in the world.

As Tuck explains: "They're looking for on-the-ground capability to pay their staff, and to collect monies and move monies around; they're looking for trade finance to support their imports and exports; and they're looking for local lending to help get their local businesses up and running. That's why you need a local bank to help you, because you need to be on the ground and present and you need to understand how the local market works. We are basically talking about traditional corporate banking needs here and Barclays is very well placed to provide that."

The firm is also looking to add value to clients working in mainland Europe. Despite the challenges of recent years, it sees Europe as fundamentally important to the global economy.

"Clearly, Europe has been going through significant changes and continues to struggle economically," says Tuck. "At Barclays, we're taking a very long-term view on Europe from a corporate-banking perspective, and we still feel very strongly that it represents a good opportunity. We're continuing to stay focused on our clients, in that market physically as well as those clients coming into that market from around the globe."

Outside of Barclays' home markets, however, the need for collaboration is being acutely felt. Having exited various sub-scale retail banking operations in recent years (notably in Russia, India and Pakistan) the bank cannot provide branch services to all its global clients.

Instead, it makes an effort to partner with key institutions in the relevant jurisdictions. Importantly, these banks will be local to the market in question, ensuring cultural fit, and guaranteeing the same level of experience and services that clients have come to expect.

The risk factor

There is, of course, a degree of risk involved. Trade finance, as is well documented, can be used as an instrument for illegal activities and it is important to exercise caution when entering into any such transaction.

"You have to make sure you understand who you're working with and you have to understand the details of the transaction from end to end," says Tuck. "It comes down to knowing your customer, understanding what the opportunity and the risks are, and making sure you go in with your eyes open."

As to whom they can and can't trust, this doesn't come down to metrics, but rather to an existing affinity between the two institutions. Barclays only does business with clients it knows well, and works with each partner to understand their needs and the needs of the customers they serve.

"It comes back to knowing your customer strategy and making sure you're only doing business with the right type of customers," Tuck continues. "Where you're working with other clients who have underlying customers, you have to make sure that you're working in harmony to understand the expectations from a financial crime perspective - that you're working together to come up with the right solutions."

These working relationships must be navigated against a backdrop of changing liquidity regulations. As Basel III is implemented, banks are facing higher minimum capital requirements, with further measures due to be phased in over the years up to 2019. The associated challenges, from Tuck's perspective, have underscored the need for collaboration.

"For me, Basel III has been a long time coming," he says. "There's been a lot of debate back and forth around its impacts, and those impacts are now much clearer. We're really in the year where it starts to crystallize. Alongside our partner banks, we're now in the execution phase of dealing and implementing Basel III changes."

In practical terms, this means that banks need to maximize the liquidity they have, particularly trapped liquidity in offshore entities. It also means that correspondent banks need to become more 'real time' in their reporting capabilities. Under Basel III, this is not just about meeting their own internal needs, but also those of their clients - each partner must be able to see their real-time position, and monitor and maximize the liquidity they have in the system.

Over the years ahead, a further major driver of change will undoubtedly be technology. As banks seek to cut costs in this heavily regulated climate, they are seeking solutions that will help them increase their operational efficiency. Barclays has therefore invested significant sums of money in new tech, with its latest developments geared at streamlining the supply chain, improving customer transparency and tackling fraud.

"It's well documented from the very top of the house that technology will absolutely drive behaviours in the future, from a client and an internal perspective," says Tuck. "We see technology as a real enabler to remove the paper-based environment, especially around trade, to allow funds to move and trade to happen more effectively globally.

"Some of the things we're doing are around real-time reporting - giving our customers access to their balances and their positions on a real-time basis. We're also developing access channels where customers can see all of their transactions with us holistically in one place, through something called iPortal. So giving clients more access to information and simplifying processes through the use of technology is at the forefront of everything we're developing, and spending our significant strategic investment budget on."

Crime watch

Eliminating financial crime will continue to be top of the agenda. In September 2014, Barclays unveiled its new Biometric Reader, which was developed using Hitachi's groundbreaking finger-vein authentication technology. Customers will no longer need a PIN, password or authentication code - they will be able to access their online banking account simply by scanning their finger.

Available to Barclays' corporate banking clients from 2015, the device is geared at combatting identity fraud. Since finger-vein patterns are near impossible to replicate, this particular form of biometrics is recognised as highly secure, and is likely to be introduced more widely across Barclays UK branch networks in future.

"Your finger vein becomes the axis into the system," explains Tuck. "This is an innovative and interesting piece of technology that we're using to reduce fraud by stopping people from gaining access to our clients data and technology."

With the global banking sector fast evolving, Barclays' goal is the same as it ever was: to help our corporate customers to be successful, be that with their financing needs or in facilitating trade, mitigating risk or moving money, no matter where they are in the world. Meeting this goal will certainly require a spirit of innovation, including continued investment people and in leading-edge technology.

Equally, though, it will mean partnering up. As a new era of interdependence takes root, the institutions that succeed will surely be those that work together towards shared aims.

Matt Tuck started his banking career at Barclays in the mid-1980s before moving to J.P. Morgan. He then moved to Citibank in the late 1990s. Prior to rejoining Barclays in 2011, he held positions at Deutsche Bank, running teams in Europe and Asia.

Member Personalities

CTBC Bank Philippines appoints Tsai as new president

The Chair of CTBC Bank (Philippines) Corp., Jack Lee, announced the appointment of veteran banker Steve Tsai as the bank's new president, chief executive officer and concurrent member of the board of directors effective March 1, 2015.

Tsai succeeds Mark Chen who will move to CTBC Bank Singapore as country head.

"Tsai's industry expertise, wealth of international experience and highly decorated academic background would significantly propel CTBC Bank Philippines to even greater heights," says Lee.

Prior to his appointment as president, Tsai held leadership roles with CTBC Bank for international private banking, treasury, corporate planning, product development and corporate trust.

Before joining CTBC Bank, Tsai was with JP Morgan Chase where he rose to the position of vice president for Treasury. He started his career as a management trainee at Bank of America.

Tsai holds a B.S. Economics degree from the National Cheng-Chi University, and has three master's degrees: an MBA in Information Management from the National Taiwan University; MBA in International Trade from the National Cheng-Chi University; and a Master of Philosophy degree in Accounting and Finance from the Lancaster University in the United Kingdom. *Philippine Daily Inquirer*

Bank of Maldives announces new marketing director

Bank of Maldives on March 2 announced the appointment of Ms Aishath Zamra Zahir as its new Marketing Director. Zamra will also join the bank's executive committee and will report directly to CEO and Managing Director, Andrew Healy.

Zamra is currently Head of Marketing Communications at Ooredoo Maldives where she is responsible for the management and coordination of all communications, advertising and public relations of the company. She holds a Master's Degree in Public Relations (Distinction) from Bournemouth University, UK and a Business Management Degree (Honors) from Singapore Institute of Management/University of London.

Commenting on Zamra's appointment, BML's CEO and Managing Director, Andrew Healy said "I am delighted that we have been able to attract someone of Zamra's immense experience and calibre to this key executive position. I have no doubt she has the ability and drive to take the bank's marketing, CSR and public relations activities to the next level."

Zamra will replace Rifath Mohamed who is leaving the bank to join Haveeru Media Group as the Chief Executive Officer. Andrew Healy was keen to thank Rifath for his contribution to BML over the past three years. "Rifath has been marketing director during a period of significant change for the bank and I would like to sincerely thank him for all his good work. I wish him success and happiness in the next chapter of his career," said Healy.

Zamra's appointment has been approved by MMA and she will take up duty on April 19, 2015.

Among Member Banks

- **BEA launches auto-payroll promotion with rewards of up to HK$2,900 -** The Bank of East Asia, Limited (BEA) on Feb. 25 announced the launch of a new auto-payroll promotion for personal customers, which includes rewards of up to HK$2,900. During the promotional period from the announcement date until July 31, 2015, new customers who register for BEA's auto-payroll service and arrange to have their monthly salary deposited into their individual all-in-one account via auto-payroll can earn a total reward of up to HK$2,800. This includes a welcome reward of up to HK$1,000 and a bonus reward of up to HK$1,800 when meeting the designated Average Daily Relationship Balance requirement for their all-in-one account for 12 consecutive months. Customers will receive an additional HK$100 if they register for auto-payroll service online. In addition, auto-payroll customers are entitled to a range of banking privileges, including discounts on investment and general insurance plans, an all-in-one account monthly service fee waiver, a BEA Credit Card perpetual annual fee waiver, and preferential terms on an overdraft facility. *HK BEA News Release*

- **ICICI Bank launches 'Pockets', India's first digital bank on a mobile phone -** ICICI Bank on February 10 announced the launch of 'Pockets', India's first digital bank for the youth. Anyone, including those who are not customers of ICICI Bank, can easily download the e-wallet from Google Playstore, fund it from any bank account in the country and start transacting immediately. This wallet uses a virtual VISA card which enables the users to transact on any website or mobile application in India. Customers can also request for a physical card to use it at any retail outlet. The wallet allows users to instantly send money to any e-mail id, mobile number, friends on Facebook and bank account. The users can pay bills, recharge mobiles, book movie tickets, order food, send physical & e-gifts, split and share expenses with friends by using this e-wallet. Users can choose to add a zero-balance savings account to the wallet, which will allow them to earn interest on their idle money. The universal wallet and the savings account are the first two products to be launched as part of the 'Pockets' digital bank. These products come with a new youth centric look and feel. *ICICI News Release*

- **BTMU signs a memorandum of understanding with Bank of Ceylon -** The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) announced that BTMU has entered into a Memorandum of Understanding (MOU) on February 6 with Bank of Ceylon (BOC), the largest state-owned commercial bank in the Democratic Socialist Republic of Sri Lanka, with the purpose of developing closer cooperation in promoting a wide range of financial services between Sri Lanka and Japan. Founded in 1939, BOC is the largest, 100% state-owned, commercial bank in Sri Lanka. It has the largest branch network of 571 (as of September 2014) and was ranked top by total assets in the country. BOC also provides a broad range of financial services including lease financing and credit card services to corporates and individuals. BTMU

has also earlier inked a MOU with Board of Investment of Sri Lanka in August 2014 which aims to provide Japanese corporates with information on the business environment in Sri Lanka. This MOU with BOC will further strengthen BTMU's ability to serve these Japanese corporates investing into Sri Lanka. *BTMU News Release*

- **Mizuho to buy RBS loans in North America for $3 billion** - Mizuho Financial Group Inc. will buy North American loans from Royal Bank of Scotland Group Plc for about $3 billion, gaining access to corporate clients in the region as Japan's biggest banks deepen their global expansion. The sale of the $36.5 billion of loan commitments, including $3.2 billion of drawn assets, is expected to be completed by the end of June, RBS said in a statement released on February 26. The Edinburgh-based bank will lose $200 million on the disposal, it said. Japan's third-biggest bank by market value is taking advantage of a global retreat by RBS, which is shrinking businesses outside of the U.K. and western Europe. Mizuho said the loans are to about 200 high-grade companies, allowing it to build relationships and expand investment-banking services in the Americas. *Bloomberg*

- **SMBC receives approval for the opening of Manila branch -** Sumitomo Mitsui Banking Corporation (SMBC) received the approval for the opening of Manila branch in Makati City from the Bangko Sentral ng Pilipinas (Central Bank of the Philippines) on February 13, 2015. SMBC will start necessary steps to open the branch, subject to the approval of Japanese regulatory authorities. The Philippines, with its abundant English proficient workforce and ample investment benefits, has been highly appealing to investors and has attracted many foreign companies for various purposes such as English call centers, BPO (Business Process Outsourcing) and manufacturing. SMBC has been supporting clients in the Philippines through a representative office in Manila that was established in 1975, as well as through a partnership with a leading local bank. The opening of Manila branch will enhance SMBC's ability to provide a wide range of banking services and support clients expanding their business in the Philippines. *SMBC News Releas*

- **Golomt Bank celebrates its 20th anniversary -** Golomt Bank on March 6 celebrated its 20th year of establishment in Mongolia. Apart from being the first bank to introduce international card payment system to Mongolia, Golomt Bank is also attributed to many firsts, introducing myriad of leading-edge, innovative banking products for the first time in Mongolia and it is these achievements that helped the bank to earn the title of "Innovator-Inventor" from both the customers and competitors alike. Over the course of its history Golomt Bank, determined to invest in excellence, had not only been a consistent supporter of Government policies, but also a reliable partner of entrepreneurs and investment communities, bridging investments to sectors with prime importance to the development of the country such as agriculture, infrastructure, sports and culture etc., and through these investments created new jobs and helped Mongolia to develop as a country. *Golomt Bank News Release*

- **RCBC raising more funds from debt market -** In a disclosure to the Philippine Stock Exchange, Rizal Commercial Banking Corporation (RCBC) said it is reopening its $200 million worth of 4.25 percent senior unsecured fixed-rate notes due 2020. The bank plans to offer a second tranche worth $43 million as part of its $1-billion Medium-Term Note Programme, bringing the total outstanding amount for this series to $243 million. The second tranche, which would be sold at a one-percent premium to its face value, would be issued on February 10, 2015 and would mature on January 22, 2020. The additional debt would be listed on the Singapore Exchange. Proceeds of the new issuance would be used to finance operations and refinance $250-million notes, which carry an interest rate of 6.25 percent and are due on February 9, 2015. *Interaksyon*

- **NBAD wins Human Resources Development Award -** The National Bank of Abu Dhabi (NBAD) on February 11 received the Human Resources Development Award in the UAE's banking sector in recognition for its outstanding human resources policies and development initiatives. H.H. Dr. Sheikh Sultan bin Mohammed Al Qasimi, Member of the Supreme Council and Ruler of Sharjah, presented the award to Ehab Hassan, Senior Managing Director & Group Chief Human Resources Officer at NBAD at the National Career Exhibition for the Banking and Financial Sector. Human Resources Development Award, the most prestigious UAE Emiratisation Award for organizations in banking and financial sector, has been developed by the National Human Resources Development Committee in the banking sector, which is run by the Emirates Institute for Banking and Financial Studies (EIBFS).It shows that NBAD has successfully met the criteria set by the award organizers in key areas including Emiritisation, development and training, career planning, communication processes, recruiting effectiveness and internship programs. *National Bank of Abu Dhabi News Release*

- **OCBC and Bank of Singapore launch first Air Miles Card -** OCBC Bank together with its private bank subsidiary, Bank of Singapore, on March 2 announced the launch of the Voyage credit cards for high net worth and affluent customers. Comprising three types of Voyage cards- the OCBC Bank Voyage card for affluent customers, the OCBC Bank Premier Banking Voyage card for OCBC Bank Premier Banking customers, and the Bank of Singapore Voyage card for private banking customers- these first-to-market cards offer redemption of miles for flights on all full-service and budget airlines to fly on any day of the year, with no blackout dates and fees. The Voyage credit cards are made of duralumin, a first for credit cards in Southeast Asia. Duralumin is a strong, hard and lightweight aluminum alloy that contains cooper, manganese, magnesium, iron, and silicon, and is resistant to corrosion by acid and seawater. *OCBC News Release*

- **Bangkok Bank becomes first bank in Laos to receive license for full custody services from the Lao Securities Commission Office -** Bangkok Bank has become the first and only bank to be granted a license to provide full custody services in Lao PDR. Its complete range of international-standard services include safekeeping, settlements and processing, as well as managing assets for investment in the Lao Securities Exchange. Mr. Chaiyarit Anuchitworawong, Executive Vice President Bangkok Bank Public Company Limited, said Bangkok Bank is honored that its Vientiane branch has become the first bank in Laos to receive a license from the Lao Securities Commission Office (LSCO) to provide custody services. The bank has also become a member of the Lao Securities Exchange (LSX) in the Lao People's Democratic Republic (Lao PDR). The bank's services include safekeeping, settlement and clearing of securities transactions, managing investment assets, providing financial statements, acting as proxy for investors at shareholders' meetings, and providing tax advice and foreign exchange services. *Bangkok Bank News Release*

- **Vietcombank takes part in managing VNCB -** Vietnam's State Bank on March 4 announced the decision to convert the operating form of the Vietnam Construction Bank (VNCB) from a commercial bank into a one-member limited liability bank owned by the state. The Bank for Foreign Trade of Vietnam (Vietcombank) will participate in managing the bank and has appointed several Vietcombank officers to take lead positions. Vietcombank's Deputy General Director Nguyen Van Tuan will be the chair of the VNCB, while two other officials of Vietcombank Ho Chi Minh City will be the deputy general directors. In addition, the State Bank has also appointed many other officials to the bank's supervisory board. Tuan is Vietcombank's deputy director in charge of retail banking. He was sent to Vietnam Construction Bank to help stabilize the situation after VNCB's officials were arrested. Speaking at the ceremony, State Bank Deputy Governor Nguyen Phuoc Thanh said the State Bank bought VNCB for VND0 in order to demonstrate responsibility for the depositors. Thanh also confirmed this is not a form of nationalization. *VietnamNet*

Banking and Finance Newsbriefs

Hong Kong to cut taxes, boost welfare after protests drag growth

Hong Kong's government plans to reduce taxes, increase welfare spending and support tourism-related businesses after economic growth slowed last year.

Measures announced in its budget include reducing personal tax by as much as HK$20,000 this financial year, providing extra allowances for the poor and elderly, and waiving some fees for the tourism industry, the government said.

Gross domestic product growth slowed to 2.3 percent in 2014, and moderated to 0.4 percent in the fourth quarter from the preceding three months.

The government faces the additional challenge of trying to restore confidence after pro-democracy protests froze parts of the city late last year. *Bloomberg*

India to merge commodity and capital markets regulator: Business Standard

India will have a unified regulator for commodities and capital markets, with Finance Minister Arun Jaitley announcing on March 1 that Forward Markets Commission will be merged with Sebi.

The proposed merger would help streamline monitoring of commodity futures trading and curb wild speculations.

In the wake of a major payment crisis at the National Spot Exchange Ltd, FMC was brought under Finance Ministry in 2013.

Presenting his maiden full-fledged Budget, Jaitley said that FMC would be merged with Securities and Exchange Board of India (Sebi).

"I also propose to merge the Forward Markets Commission with Sebi to strengthen regulation of commodity forward markets and reduce wild speculation. Enabling legislation, amending the Government Securities Act and the RBI Act is proposed in the Finance Bill, 2015," Jaitley said. *Business Standard*

Foreign funds keep flowing into Indonesia

Foreign investors seemed undeterred by the steep fall in the rupiah as indicated by the continued increase in the flow of foreign funds into the country's capital markets.

Net buying by foreign investors in the Indonesia Stock Exchange (IDX) has topped 918.2 billion rupiah (US$70.6 million) in the past several days, taking the total foreign net buying this year to 11.4 trillion rupiah. Foreign buyers have been the main drivers of the recent price rallies on the IDX.

Meanwhile, in the bond market, foreign investors have added 1.6 trillion rupiah to their holdings of Indonesian government bonds in the past month, the latest data from the finance ministry shows.

The robust foreign-fund inflows into the stock and bond markets have occurred amid the steep depreciation of the rupiah. *The Jakarta Post*

Japan growth revised down

Japan's economy grew slower than initially estimated in the October-December quarter, a sign that anemic household spending and business investment after a recession last year are weighing more heavily on the nation's recovery than previously thought.

While the quarterly expansion shows that Japan has pulled itself out of a tax-induced recession, the weaker revised figure indicates that the economy is still struggling to pick up momentum.

The economy's inability to quickly bounce back from the tax increase in April could raise fresh questions about the effectiveness of Prime Minister Shinzo Abe 's economic program, known as Abenomics.

Gross domestic product, the broadest measure of goods and services produced in the country, expanded an annualized 1.5% in the quarter over the preceding three-month period, compared with a preliminary estimate of 2.2% growth. *The Wall Street Journal*

Asian direct investment in Seoul surges 65%

Direct investment from Asian countries in Seoul surged by over 65 percent last year, the city's report showed on March 4.

According to Seoul Metropolitan Government, direct investment from Asian countries rose to about $2.6 billion last year, showing a 65.4 percent increase on-year. This accounts for 47.3 percent of the total direct investment in the capital.

While direct investment from China remained about the same at $63 million as in 2013, detour investment via Singapore and Hong Kong played a major role in the surge, officials said. High anticipation over the free trade agreement between the two countries also contributed to the hike, they added.

However, there was a decline in investment from other regions, partly due to overseas economic problems, the report said.

Direct investment from European countries plummeted to 1.3 billion, down 53.7 per cent from 2013. Investment from the U.S. also fell to 1.6 billion won, dropping 8.3 percent on-year.

As a result, the overall foreign direct investment in the capital fell to about $5.5 billion, showing a 10.7 percent decrease, the report said. *The Korea Herald*

Malaysia's current account at comfortable level despite low oil price

The International Monetary Fund (IMF) expects Malaysia's trade balance to remain in comfortable surplus this year despite lower energy prices.

The IMF said in its annual Article IV staff report on the country that the current account (CA) would remain in comfortable surplus at 2.9 percent of gross domestic product (GDP) this year although the oil and gas (O&G) trade surplus would be reduced by about 1.25 percent of GDP.

However, it noted that the country's economy has undergone a large external rebalancing in recent years, and its once very large CA surplus has declined by about eight percentage points since 2011.

The report said O&G volumes were unlikely to be affected as gas exports were set by long-term contracts while Malaysia remains a low-cost gas producer. "Export earnings from crude palm oil (the major non-energy commodity export) will also be somewhat reduced," the report said, but the reduction of the commodities trade balance should be partially offset from expanding manufacturing exports. *The Star*

7 more foreign banks to enter PH

Several more Asian banks are primed to start operating in the Philippines, taking advantage of the recent removal of restrictions on foreign participation in the financial sector.

Two banks from the Asia-Pacific region have submitted formal applications for regulatory approval while five more are in various stages of seeking the go-ahead to enter, according to Bangko Sentral ng Pilipinas (BSP) officials.

"We have a growing list of foreign banks who have expressed interest," BSP Assistant Governor Johnny Noe Ravalo told reporters on March 5. He indicated that many more have asked the BSP about a possible venture in the Philippines, but did not commit.

Japan's second-largest lender Sumitomo Mitsui Banking Corp. last February secured approval from the BSP to put up a branch in Manila. Sumitomo was the first foreign bank to be allowed to enter the Philippines following the liberalization of foreign ownership rules in the industry.

Last year, restrictions on foreign ownership in the banking sector were lifted by Congress to attract more investments and to comply with commitments to open certain sectors of the economy ahead of Southeast Asia's regional integration. *Philippine Daily Inquirer*

Singapore's economy grows 2.9% in 2014

Singapore's economy grew by 2.9 percent in 2014, announced the Ministry of Trade and Industry (MTI) in a media release on February 17. The growth forecast for 2015 has been maintained at 2.0 to 4.0 percent, the ministry added.

The economy grew 2.1 percent on-year in Q4 2014. On a seasonally-adjusted basis, the economy expanded at a faster pace of 4.9 percent, compared to 2.6 percent in the previous quarter.

Growth in the fourth quarter was largely due to the services industry, which as a whole, expanded by 3.1 percent year on year. Within the industry, the finance and insurance segment was the fastest growing - at 10.3 percent.

However, the construction sector saw lacklustre growth at 0.7 percent, down from 1.1 percent in the previous quarter. Manufacturing went into contraction - shrinking by 1.3 percent, compared with the 1.7 percent growth in the previous quarter. *Channel News Asia*

Taiwan economic indicator gains in January

Taiwan's overall economic monitoring indicator flashed a stable green in January, bolstered by increasing manufacturing activity and machinery and electrical equipment imports, according to the National Development Council March 5.

The composite score for the business indicator gained one point to 23, returning to green after a 10-month run was broken in December 2014. Among the monitoring indicator's nine components, producer's shipment for manufacturing, as well as imports of machinery and electrical equipment, rose one point to stable from transitional yellow-blue.

Sales of trade and food services lost one point and switched from a yellow-blue to a sluggish blue. Industrial production, monetary aggregates M1B, TAIEX average closing price and the Manufacturing Sector Composite Index continued green, while nonagricultural employment and customs-cleared exports remained yellow-blue. *Taiwan Today*

Thailand moves to open up new foreign markets

The Thai Government is making a proactive move to open up new foreign markets, with an emphasis on four major groups.

In his televised national address on 27 February 2015 in the program "Return Happiness to the People," the Prime Minister said that the first group comprises ASEAN countries and involves mainly border trade, service businesses, and the construction industry.

He said that Thailand needed to invest more and expand its networks in neighboring countries, as a way of distributing products and benefiting from the Generalized System of Preferences (GSP) in those countries.

The second group consists of the markets with high potential and a medium level of economic development. This group includes China, India, the Republic of Korea, Russia, and countries in the Middle East and Latin America. *Thailand Business News*

Vietnam completes negotiations for 3 of 6 major free trade pacts

Vietnam has completed negotiations for three of the six free trade agreements (FTAs) it sought to sign with other countries and blocs, according to the Government Office.

All rounds of talks were finished last year for the FTAs between Vietnam and the Customs Union of Belarus, Kazakhstan and Russia, between Vietnam and the European Union, and between Vietnam and South Korea.

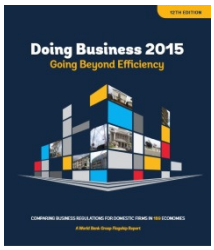
The three remaining FTAs are the Trans-Pacific Partnership (TPP), the Regional Comprehensive Economic Partnership (RCEP), and the pact between Vietnam and the European Free Trade Association.

Vietnamese negotiators are working actively to finish the final rounds of negotiations for the unfinished FTAs as soon as possible, the government said.

Prime Minister Nguyen Tan Dung praised the completion of negotiations for the three FTAs as "the highlight" of Vietnam's global integration effort last year. *Thanh Nien News*

Publications

Doing Business 2015: Going Beyond Efficiency



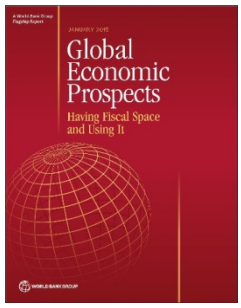
Doing Business 2015: Going Beyond Efficiency, a World Bank Group flagship publication, is the 12th in a series of annual reports measuring the regulations that enhance business activity and those that constrain it. Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 189 economies—from Afghanistan to Zimbabwe—and over time.

Doing Business measures regulations affecting 11 areas of the life of a business. Ten of these areas are included in this year's ranking on the ease of doing business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Doing Business also measures labor market regulation, which is not included in this year's ranking.

Data in Doing Business 2015 are current as of June 1, 2014. The indicators are used to analyze economic outcomes and identify what reforms of business regulation have worked, where and why. This year's report introduces a notable expansion of several indicator sets and a change in the calculation of rankings.

Contact for details: World Bank Publications
Website: https://publications.worldbank.org

Having Fiscal Space and Using It



The global economy is still struggling to gain momentum as many high-income countries continue to grapple with legacies of the global financial crisis and emerging economies are less dynamic than in the past.

Global growth in 2014 was lower than initially expected, continuing a pattern of disappointing outturns over the past several years. Growth picked up only marginally in 2014, to 2.6 percent, from 2.5 percent in 2013. Beneath these headline numbers, increasingly divergent trends are at work in major economies.

While activity in the United States and the United Kingdom has gathered momentum as labor markets heal and monetary policy remains extremely accommodative, the recovery has been sputtering in the Euro Area and Japan as legacies of the financial crisis linger, intertwined with structural bottlenecks. China, meanwhile, is undergoing a carefully managed slowdown. Disappointing growth in other developing countries in 2014 reflected weak external demand, but also domestic policy tightening, political uncertainties and supply-side constraints.

Several major forces are driving the global outlook: soft commodity prices; persistently low interest rates but increasingly divergent monetary policies across major economies; and weak world trade. In particular, the sharp decline in oil prices since mid-2014 will support

global activity and help offset some of the headwinds to growth in oil-importing developing economies. However, it will dampen growth prospects for oil-exporting countries, with significant regional repercussions.

Contact for details: World Bank Publications
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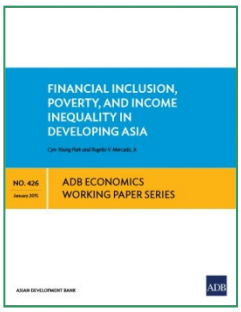
Financial Inclusion, Poverty, and Income Inequality in Developing Asia



Understanding the link between financial inclusion, poverty, and income inequality at the country level will help policymakers design and implement programs that will broaden access to financial services.

This paper presents a broad-based financial inclusion indicator to assess various macroeconomic and country-specific factors affecting the degree of financial inclusion for 37 selected developing Asian economies. Using the newly constructed financial inclusion indicator, this paper finds that per capita income, rule of law, and demographic structure are highly correlated with financial inclusion. Empirical findings also show that financial inclusion is significantly associated with lower poverty and income inequality in the region.

Contact for details: ADB Publishing
Website: www.adb.org/publications

ASIAN BANKERS ASSOCIATION

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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