

## General Meeting and Conference

### 32nd ABA Conference scheduled on November 12-13 in Taipei

Following its meeting held on March 12 at the new CTBC Headquarters in Taipei, the ABA Planning Committee formally approved the date, venue, theme and topics of the upcoming 32nd ABA General Meeting and Conference.

Presided by ABA Chairman Mr. Daniel Wu, President and CEO of CTBC Financial Holding Ltd., the planning meeting was attended by 32 officers and members of the ABA from 6 countries, including Iran, Japan, the Philippines, Hong Kong, Republic of China (Taiwan), and Vietnam.

ABA Chairman Mr. Wu expressed his appreciation to the delegates from overseas for traveling long distances to participate in the meeting, and thanked the attendees from Taiwan for taking time off their busy schedules to join the discussions.



*ABA Chairman and CTBC Bank President CEO Mr. Daniel Wu welcomes all participants to the meeting.*

Mr. Wu explained that the primary task of the Planning Committee was to review and plan ABA activities for the coming year – particularly those pertaining to the 32nd ABA General Meeting and Conference and the policy advocacy work of ABA - and to discuss how to implement them in a way that would best serve the interest of members.

#### **Conference Dates**

Amb. Victor C. Y. Tseng, ABA Secretary-Treasurer, reported that the CTBC Bank, after consultation with the ABA Secretariat and some of the key ABA officers, has tentatively proposed to hold the 32nd ABA General Meeting on November 12-13, 2015.

Amb. Tseng pointed out that in finalizing the meeting dates, the Planning Committee may consider the schedule of events and country holidays for the year that some key members usually attend or observe, such as the Ramadan period, the Annual Meeting of the IMF, and the Summit Meetings of APEC and of the ASEAN. He said that as much as possible, the ABA meeting should not be made to coincide with these major events or holidays.

With no objections from the members, the proposed dates of November 12-13, 2015, on motion duly seconded, were formally endorsed by the Planning Committee.

#### **Conference Venue**

Mr. Kenneth Yu, Senior Vice President at CTBC Bank, informed the Committee that as host organization, CTBC Bank would like to propose holding the Conference at the Grand Hyatt Taipei. Mr Yu informed the Committee of the key features of the hotel such as its



*ABA officers and member banks' representatives pose for a group photo after the 2015 ABA Planning Committee Meeting held in Taipei on March 12.*

strategic location, scenic views, and state-of-the-art meeting and event facilities.

With no further comments from the members, the Planning Committee, on motion duly seconded, endorsed CTBC Bank's proposal to hold the 32nd ABA General Meeting and Conference at Grand Hyatt Taipei. Guest rooms will also be booked at the same hotel for the foreign delegates.



*ABA Secretary Treasurer Amb. Victor CY Tseng reports on the suggested dates, themes, and topics of the 32<sup>nd</sup> ABA General Meeting and Conference.*

### **Conference Theme/Topics**

The Planning Committee considered a list of possible themes and topics for the 32nd ABA General Meeting and Conference as compiled by the Secretariat. Amb. Tseng noted that the list was generated from a survey conducted earlier among members seeking suggestions on issues they believed are of current concern to the banking sector.

Amb. Tseng presented the short-list of theme and session topics (and sub-topics) prepared by the ABA Secretariat, in consultation with other members of the Organizing Committee, for consideration by the Planning Committee.

ABA Chairman Mr. Wu sought comments from the Committee and drew a number of suggestions. After exchanging views, the Planning Committee decided that the 32nd ABA General Meeting and Conference should address the following theme and topics (and sub-topics):

### **Conference Theme: ASIAN BANKS: GROWING BEYOND BORDERS**

#### **Plenary Session One: Regional Integration: Implications for Asian Banks**

- ▲ *Financial Integration in ASEAN/Asian Countries*
- ▲ *Improving Liquidity and Transparency in Asian Capital Markets*
- ▲ *Areas for Cross-Border Cooperation*



*The committee exchanges views and suggestions on the proposed conference theme and topics.*

#### **Plenary Session Two: Managing a Multi-Cultural and Multi-Generational Customer Base**

- ▲ *Creating synergy between Islamic and conventional banking*
- ▲ *Ready for Generation Y and Generation M customers?*
- ▲ *Developments in consumer banking, retail and distribution systems*
- ▲ *Business Strategies of Large Regional Banks*
- ▲ *Effective strategies for retail banking*

#### **Plenary Session Three: Going Digital: Pursuing Global Opportunities Through Technology**

- ▲ *Challenges and Opportunities of E-banking for Asian banks*
- ▲ *Cyber banking: Latest developments, risks and opportunities*

- ✧ *Fighting cyber crime*
- ✧ *Reaching the un-banked through digital solutions*
- ✧ *Best Practices in Digital Banking*
- ✧ *Big Data analysis*
- ✧ *Cloud computing*

## **CEO Forum:**

### ***Business strategies to meet the current market challenges***

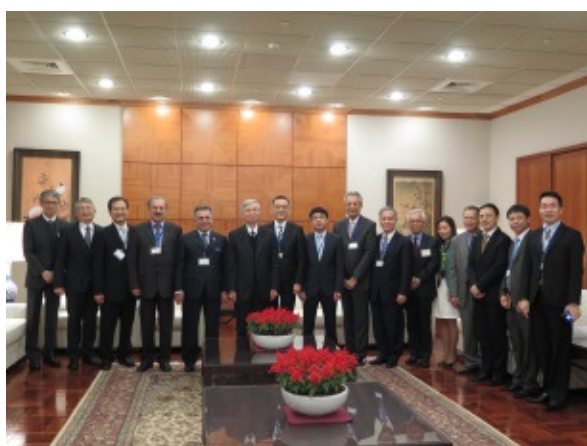
- ✧ *Mitigating the impact of currency fluctuations*
- ✧ *The rise of the RMB as a Major Currency in Asia*
- ✧ *Challenges of More Stringent Regulations*
- ✧ *Corporate Social Responsibility*
- ✧ *Green Banking*
- ✧ *Handling of bad debts*
- ✧ *Harmonizing banking and financial regulations in Asian countries*

In closing the ABA Planning Committee Meeting, Chairman Wu reiterated his gratitude to the meeting participants for their active participation and contribution. He expressed his hopes of seeing them again in Taipei during the 32nd ABA General Meeting and Conference in November.

## ***Courtesy Call on the Deputy Governor of the Central Bank of the ROC***

After the ABA Planning Committee Meeting, the ABA delegation led by Chairman Daniel Wu paid a courtesy visit to the Deputy Governor of the Central Bank of the Republic of China (Taiwan), Mr. Chin-Long Yang.

The delegation was warmly received by Mr. Yang and Central Bank officers. In his remarks, Mr. Yang expressed his gratitude to the ABA and its members for their visit, and wished the organization and host bank CTBC success in preparation for the upcoming 32<sup>nd</sup> ABA General Meeting and Conference to be held in November.



*(Left) The ABA delegation led by Chairman Wu pays a courtesy visit to the Central Bank of the Republic of China (Taiwan) on March 12. (Right) Deputy Governor of the Central Bank of the Republic of China (Taiwan) Mr. Chin-Long Yang makes a short speech during the visit.*

**Policy Advocacy****Prudence Lin of CTBC Financial Holding chairs  
ABA Policy Advocacy Committee**

**M**s. Prudence Lin, Senior Vice President, Risk Management Department, CTBC Financial Holding, has been named the new Chairman of the ABA Policy Advocacy Committee.

Ms. Lin was appointed to the position by ABA Chairman Mr. Daniel Wu, President and CEO of CTBC Financial Holding. She takes over from Mr. Elbert M. Zosa, Senior Consultant at Rizal Commercial Banking Corporation (RCBC) of the Philippines, who relinquished the Committee's chairmanship when the two-year term of Mr. Lorenzo V. Tan, RCBC President and CEO, as ABA Chairman ended in November last year.

Ms. Lin is expected to serve as Policy Advocacy Committee Chairman for the next two years until late 2016, when a new ABA Chairman is elected.

Prior to her current assignment at CTBC Financial Holding, Ms. Lin held several positions with CTBC Bank's global risk planning division, corporate planning, corporate credit risk, corporate marketing planning and sales management departments and corporate banking group.

Ms. Lin completed her MS in Finance at the Wichita State University. She received her Bachelor's Degree in Accounting from the same university. With over 20 years of experience in the banking industry, Ms. Lin is very eager to take the lead and share her knowledge to contribute to the policy advocacy work of ABA.

***About ABA Policy Advocacy Committee***

The Policy Advocacy Committee was created by the ABA Board of Directors in 1999 to discuss, develop and advocate positions to be taken by the association on policy issues affecting its members and the banking industry in general.

Since its creation, the Committee has done considerable work in several areas— (a) local currency bond market development; (b) the development of domestic credit rating agencies; (c) the Basel II Framework; (d) promoting regional convergence toward IFRS; (e) insolvency law and informal workouts; and (f) corporate governance; (g) financial inclusion and microfinance; (h) credit reporting systems; (i) global financial crisis, (j) lessons from the sovereign debt issue in Greece; (k) the Basel III Framework; (l) disaster-preparedness and recovery; and (m) FATCA implications. Through these, the ABA was able to make significant contributions to the work of regional and international policy-making and regulatory bodies.



## ABA Policy Advocacy Committee sets 2015 Work Program

The ABA Policy Advocacy Committee under the chairmanship of CTBC Bank's Ms. Prudence Lin discussed the proposed 2015 Work Program at the recently-concluded ABA Planning Meeting held in Taipei.

Ms. Lin briefly went through the objectives of the Work Program and the activities the committee has lined up for year 2015. The Policy Advocacy Committee will be working on the following policy areas— digital banking and payment through non-banks, cyber security, implications of changing regulations, microfinance, and the ABA informal workout guidelines.



ABA Policy Advocacy Committee Chairperson Ms. Prudence Lin talks about the work program and activities lined up for 2015.

### **On Digital Banking & Payment through Non-Banks**

The committee will explore future developments, opportunities and threats. It will also encourage members to participate in relevant digital banking forums that may take place this year, and invite industry practitioners to share latest market developments and its implications on traditional banking.

### **On Cyber Security**

Ms. Lin said that the committee will try to invite experts to share their views on critical issues of cyber security and learn how financial institutions can minimize or eliminate risks. Member banks will also be requested to share experiences in efforts to enhance IT/cyber security. Consequently, the committee may propose a position paper on how ABA member banks and governments can cooperate to fight cybercrime.

### **On Implications of Changing Regulations**

The ABA will be requesting partner organizations like the Japan Bankers Association (JBA) to share its concerns on Volcker Rules and to discuss future collaborations with them. The committee will also provide a platform for member banks to exchange views on Basel II/Basel III implementation. It will also prepare a position paper on implications and concerns, and explore partnership with other banking associations for sharing views with regulatory bodies.

### **On Microfinance**

The committee will solicit members' feedback on Asian banks' contribution to the development of microfinance; encourage sharing of information on efforts to capture microfinance and SME lending opportunities; and invite experts from relevant organizations and members to share information on efforts to improve financial literacy.

### **On ABA Informal Workout Guidelines**

The committee will support continued efforts of ABA Senior Advisor on Informal Workout Guidelines and Advisor to Nomura Securities, Co Ltd. Dr. Shinjiro Takagi, in promoting the adoption of ABA Informal Workout Guidelines in Asian countries. The committee will also invite Dr. Takagi to share his findings at the 32<sup>nd</sup> ABA General Meeting and Conference in November 2015.

**Education and Training****RCBC Philippines offers Microfinance Appreciation Course for ABA Short-Term Visiting Program**

**R**izal Commercial Banking Corporation (RCBC) Philippines led by President CEO and former ABA Chairman Mr. Lorenzo Tan is hosting a Microfinance Course on June 22-23, 2015 in Manila, jointly with its microfinance arm RCBC Microbank. All ABA members are invited to participate.

The Microfinance Appreciation Course is being conducted as part of the ABA's Short-Term Visiting Program. The primary aim of the Short-Term Visiting Program is to provide member banks the opportunity to study and undergo training on specific aspects of the operations and facilities of the more advanced host banks.

The idea is to enable the visitors to: (i) enhance and upgrade their technical skills and knowledge in specific areas of banking operations in the distinct social, economic and business environment of the host country, and (ii) gain first-hand knowledge of the operations, systems and work procedures of the host bank's various line departments covered by the program.

The Microfinance Appreciation Courses hopes to provide ABA member banks, particularly those who are interested to engage in microfinance as a business initiative, an excellent opportunity to learn from the experience, best practices, and expertise of RCBC and its microfinance arm Rizal Microbank. The participants and the RCBC experts can exchange views and share knowledge on microfinance as one business activity that ABA members can engage in, in order to sustain and grow their banking operations.

***No participation fee***

There is no participation fee for attending the RCBC program. However, participants shall cover their airfare and hotel accommodation.

***Proposed venue and accommodation***

The ABA Secretariat will soon be sending out information on the workshop venue and a list of RCBC-recommended hotels where participants may stay.

ABA members are encouraged to take advantage of this opportunity to learn from the experience of RCBC and RCBC Microbank. Interested participants may inquire with the ABA Secretariat through email at [aba@aba.org.tw](mailto:aba@aba.org.tw)



## World Bank Group invites ABA members to forum on Agricultural Finance

The Agricultural Finance Support Facility (AgriFin) under the World Bank Group is inviting ABA members to participate in an international agricultural finance forum focusing on “Lending to Agribusiness: Financing Agricultural Value Chains.” The forum will be held in the Wyndham Grand İstanbul Levent in İstanbul, Turkey from May 11-15, 2015.

The four-day event will be a great occasion for bankers to examine the opportunities in the agricultural value chains to facilitate and expand lending to agriculture businesses in a profitable and secure manner.

Leading banks from across the world will share their expertise, know-how, processes and tools through a series of in-depth presentations, panels and discussions. There will be a multitude of opportunities to meet with bankers and agricultural finance professionals from across the globe, and network.

The final day of the Forum includes an optional field visit to see up-close, innovative lending techniques along major agricultural broiler (poultry) value chains in Turkey. This study tour will be hosted by Yapi Kredi, the 4th largest private bank in Turkey.

As agriculture sector contributes about 40% of worldwide employment and a 100% food production increase will be required in developing countries to feed the 2050 population, investment in agriculture sector is critical for driving global economic growth.

G20 policies are requesting international banking institutions such as World Bank, International Finance Corporation and others to promote private financing to agricultural SMEs. Forums such as this one in İstanbul are geared towards sharing know-how, best practices, due diligence and better valuations of agricultural projects.

In 2013, more than 130 international banking participants conferred in Sri Lanka on how to expand lending to agricultural businesses.

For additional information, interested parties are requested to visit the conference website at: <https://www.agrifinfacility.org/AgriFin-Forum-2015-lending-to-agribusiness-financing-agricultural-value-chains>



## News Updates

## IMF, ADB add to supporters for China-led development bank

China received critical support from the International Monetary Fund (IMF) and Asian Development Bank (ADB) on March 22 for its goal of establishing a new Chinese-led multilateral lender, adding to a growing wave of endorsements that has worried the United States.

Leaders of the IMF and ADB, speaking at a conference in Beijing, said they were in talks with or happy to cooperate with the Asian Infrastructure Investment Bank (AIIB), a \$50 billion lender to be majority funded by China that is seen by some as a rival to these established international financial institutions.

The United States, concerned about China's growing diplomatic clout, has urged countries to think twice about signing up and questioned whether the AIIB will have sufficient standards of governance and environmental and social safeguards.



*A flat-panel display shows International Monetary Fund Managing Director Christine Lagarde delivering a speech about "Monetary Policy in the New Normal" at a China Development Forum 2015 session in Beijing March 22, 2015. (Photo by Reuters)*

Some 27 countries have already signed up to participate in the AIIB, China's Finance Minister Lou Jiwei told China National Radio on March 21. It will provide project loans to developing countries and is slated to begin operations at the end of 2015.

The United States' key strategic allies in the region, Australia and South Korea, are also joining the proposed Beijing-based bank.

Early opposition to the AIIB from Western countries partially dissolved after Britain said this month it would join, with France, Germany and Italy swiftly following suit.

At least eight more countries may join the lender by the March 31 deadline, Jin Liqun, secretary-general of the interim secretariat that is establishing the AIIB, told a panel at the conference.

The fund will have approval from its shareholders at the start to double its capitalization to \$100 billion, he said.

"China will follow the rules of the international community and will not bully other members but work together with them and try to reach consensus in all the decisions we make without brandishing the majority shareholder status," he said.

#### *Bandwagon*

In an editorial published on the same day, China's official Xinhua news agency suggested that the United States might be embarrassed that many of its allies had not heeded its warnings.

"For decision-makers in the United States, they really have to be reminded that if they do not jump on the bandwagon of change in time, they will soon be overrun by the bandwagon itself," it said.

IMF Managing Director Christine Lagarde said on March 22 that the fund would be "delighted" to cooperate with the AIIB.



China's Lou and ADB President Takehiko Nakao said at the conference they had held discussions on possible cooperation, with the Chinese finance minister adding that topics discussed included safeguard standards.

Lou has previously said AIIB would complement rather than compete with other institutions such as the ADB, the Manila-based multilateral lender dominated by Japan and the United States.

The AIIB's Jin said developing countries in Asia would receive the bulk of loans for infrastructure projects, which could be co-provided with commercial banks and pension funds.

Non-Asian countries would also only hold 25 percent of the AIIB's shareholding, lower than their stakes at the founding of the ADB, he said. *Reuters*

### **Euro zone and U.S. manufacturing expand, China struggles**

**E**uro zone businesses ramped up activity this month as the European Central Bank started printing money to spur economic growth, while a slowdown among Chinese factories fueled expectations of more monetary stimulus.

U.S. manufacturing activity growth also edged up despite a stronger U.S. dollar and the threat of an interest rate rise from the Federal Reserve later this year.

The Eurozone Composite Flash Purchasing Managers' Index (PMI) from data vendor Markit, based on surveys of thousands of companies and seen as a good growth indicator, jumped to a near- four-year high of 54.1 from February's 53.3.

The surveys pointed to first-quarter euro zone economic growth of 0.3 percent, Markit said, matching the previous three months' but shy of the 0.4 percent median forecast in a Reuters poll taken earlier this month.

The ECB began its quantitative easing program to buy bonds worth more than a trillion euros in March.

"I wouldn't want to give QE too much credence at this stage. The ECB has only been buying for a couple of weeks and QE takes a long time to have any impact - if at all," said Peter Dixon at Commerzbank. "The outright QE itself has had zero impact; growth was already happening."

A sub-index measuring euro zone prices jumped to an eight-month high of 49.0. But it has spent three years below the break-even level of 50, suggesting inflation will not return any time soon.

Oil prices have tumbled over the past nine months and inflation rates across the world have followed suit.

European shares and the euro edged up after the surveys were published but the slowdown in China kept oil and commodities-linked assets under pressure.



*European Central Bank (ECB) President Mario Draghi arrives at a meeting of the European Parliament's Economic and Monetary Affairs Committee in Brussels March 23, 2015. (Photo by Reuters)*

## **China Brakes**

China's flash HSBC/Markit PMI dipped to an 11-month low of 49.2 in March, below the 50 level that separates growth from contraction.

"The deteriorating PMI confirmed that downside risks to China's 2015 growth have started to materialize. We expect an accelerated monetary easing cycle and somewhat loosening of the fiscal stance," said Jian Chang at Barclays.

Some analysts expected China's first-quarter economic growth to slip below the government's new full-year target of 7.0 percent, widely seen as the level needed to keep employment steady.

China's economic slowdown is stabilizing, with employment and services among the bright spots, Vice Premier Zhang Gaoli said on March 22.

The country's leaders have said they would be willing to tolerate somewhat slower growth as long as the labor market remained resilient. But the latest PMI employment sub-index contracted for a 17th straight month, hitting its lowest since the depths of the global financial crisis.

## **U.S. Manufacturing Growth at Five-Month High**

Growth in the U.S. manufacturing sector edged up to a five-month high in March, according to Markit.

The preliminary U.S. Manufacturing Purchasing Managers' Index rose to 55.3, its highest since October, when the final PMI was 55.9.

"Manufacturing regained further momentum from the slowdown seen at the turn of the year, with output, new orders and employment growth all accelerating in March," said Chris Williamson, Markit's chief economist.

The flash reading of the index measuring new orders also rose in March to the highest since October, coming in at 56.4, compared with February's final reading of 55.8.

Employment growth also rose in March from February, Markit said. *Reuters*

Special Feature

Digital banking on the rise in Asia, report says

By Amy R. Remo, Philippine Daily Inquirer

Digital banking continues to gain significant ground in Asia, where nearly 700 million consumers were found to be using this platform regularly, given the rapid increase in Internet and smartphone adoption.

In a report entitled “Digital Banking in Asia: What do consumers really want?” multinational management consulting firm McKinsey and Co. pointed out that in developed Asian markets, Internet banking was nearly universal and smartphone banking had grown more than threefold since 2011.

In emerging Asian markets such as the Philippines, the trend was similarly dynamic, with about a quarter of consumers using computers and smartphones for their banking needs.

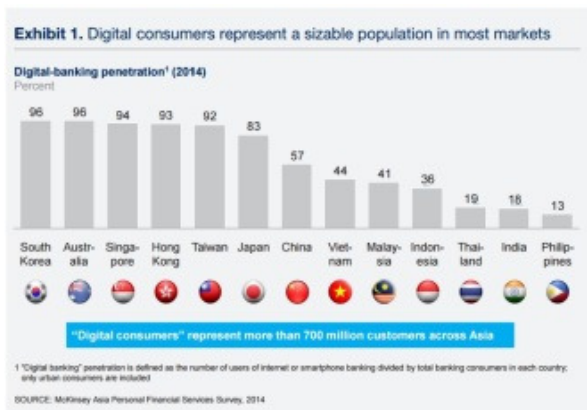
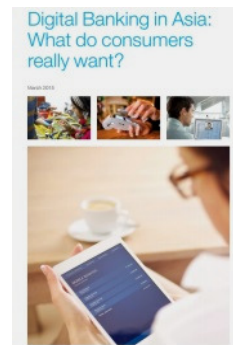
“The rise of digital banking in Asia has been anticipated for many years, but several factors have combined recently to accelerate this trend. Among the most important changes is the presence of a much stronger ecosystem to enable digital banking, which includes the rapid increase in Internet and smartphone adoption and growth in e-commerce, resulting in the demand for digital banking moving from early adopters to a broad range of customers,” said the report’s co-authors Sonia Barquin and Vinayak HV.

For this report, McKinsey conducted a survey from July to September 2014, during which the group polled about 16,000 financial consumers across 13 markets in Asia—including the Philippines—regarding their banking habits.


Developed Asia comprised six economies namely Australia (where 700 respondents were polled); Hong Kong (750 respondents); Japan (750 respondents); Singapore (750 respondents); South Korea (750 respondents); and Taiwan (800 respondents).




Emerging Asia, meanwhile, was composed of China (3,500 respondents); India (4,000 respondents); Indonesia (1,100 respondents); Malaysia (700 respondents); the Philippines (700 respondents); Thailand (750 respondents); and Vietnam (700 respondents).




Of the markets reviewed by McKinsey, the Philippines had the lowest digital banking penetration at only 13 percent in 2014. In contrast, South Korea and Australia posted the highest penetration at 96 percent, followed by Singapore at 94 percent, Hong Kong at 93 percent and Taiwan at 83 percent.







## Among Member Banks

-  **BEA issues new shares to SMBC to further strengthen its core capital** - The Bank of East Asia, Limited (BEA) has entered into a subscription agreement with Sumitomo Mitsui Banking Corporation (SMBC) to raise approximately HK\$6,579.50 million through the issue of 222.6 million new shares at a subscription price of HK\$29.5576 per share. BEA intends to apply the net proceeds from the share subscription as general working capital and for future expansion of the bank's business. Following the subscription, SMBC's holding in BEA will increase to 17.50% of BEA's enlarged share capital. In addition to the subscription agreement, BEA and SMBC have entered into an investment agreement, which is conditional upon the completion of the subscription. *BEA News Release*



  
-  **BTMU signs agreement with Investment Agency of Minas Gerais State and Pernambuco State in Brazil** - The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) announced on March 18 that the bank and Banco de Tokyo-Mitsubishi UFJ Brasil S/A, BTMU's wholly owned subsidiary in Brazil, have signed a Memorandum of Understanding (MOU) with both Instituto de Desenvolvimento Integrado de Minas Gerais (INDI) and Agencia de Desenvolvimento Economico de Pernambuco (AD Diper) recently. With the signing of these agreements, BTMU will closely collaborate with both INDI and AD Diper by organizing joint events in order to provide information and assistance to Japanese corporate clients interested in investing in Brazil or forging business collaborations with local companies. INDI was established in 1968, by the government of the state of Minas Gerais with the objective of attracting investments to the state and driving the competitiveness of the state's economy. The state of Minas Gerais is located in the South-West region of the country. *BTMU News Release*



  
-  **KDB grants nation's first structured loan for non-residents** - The Korea Development Bank (KDB) arranged the South Korea's first cross-border structured finances for non-residents for China's Ping An Lease. KDB announced that it granted structured foreign currency loans of US\$100 million (107.75 billion won) to China's Ping An Lease as of January 16, utilizing the domestic capital market. By using its special purpose company, KDB issued asset-backed commercial paper (ABCP) in the domestic capital market and raised US\$100 million from the won-dollar swap. Then, the bank lent it to Ping An Lease. Ping An Lease belongs to Ping An Group, which has a total of 24 subsidiaries including China's second largest life insurer Ping An Insurance. Also, Ping An Lease is China's tenth largest lease company. *Business Korea*


  
-  **Shinhan Bank opening in the Philippines** - South Korea's oldest and largest bank has been given the green light to open its doors in the Philippines, following policymakers' move to open up the local financial industry to more foreign competition. The Bangko Sentral ng Pilipinas (BSP) confirmed that Shinhan Bank's desire to

open up a branch in the Philippines was approved in early March. Shinhan follows Japan's Sumitomo Mitsui Bank to be allowed into the Philippines under a legislation approved last year that removed restrictions on the entry of foreign lenders into the country. "The bank will apply localized business strategy based on its broad experience in Asian region, providing various financial services to both Korean and local corporations and the Korean community in the Philippines," Shinhan said in a statement. *Philippine Daily Inquirer*

**Golomt Bank signs cooperation agreement with Canadian Export Credit Agency and Hungarian National Trade House** - In order to



expand its services and products offered to its customers, Golomt Bank of Mongolia signed a mid-term financing agreement with Export Development Canada, Canadian export credit agency, on March 19. With the agreement, Golomt Bank's customers will be able to receive mid-term debt financing with low interest rate to import equipment and services from Canada, especially in the fields of agriculture, mining and processing. Also on March 17, Golomt Bank signed a cooperation agreement with Magyar Trade House, the Representative Office of Hungarian National Trade House in Mongolia to enhance cooperation, improve trade relationship, support ongoing projects and initiatives between Mongolian and Hungarian businesses. The agreement was signed by Ms. Bolormaa Luvsandorj, Chief Investment Officer of Golomt Bank, and Mr. Rizak Shandor, General Director of Magyar Trade House. *Golomt Bank News Release*

**RCBC seeks more investors from Japan** - Yuchengco-led Rizal Commercial Banking Corp. (RCBC) is looking to bring into the country more investors from Japan, particularly small and medium




enterprises expanding industrial operations in Southeast Asia, with the help of leading Japanese bank Resona Bank Ltd. RCBC brought in Resona in 2012 as a partner for its Japanese desk, which was instrumental in bringing to the country around P20 billion worth of new Japanese investments each year, said Yasuhiro Matsumoto, a Japanese expatriate who heads RCBC's Japanese business relations office. The desk so far has about 700 Japanese clients and deals with 70 percent of Japanese investors present in the country's major industrial zones. About half of its client base came in during the Ramos administration and an additional 200 are new investors enlisted during the Aquino administration, Matsumoto said. *Philippine Daily Inquirer*

**DBS pioneers virtual account opening service for SMEs**

- DBS Bank on March 17 announced a groundbreaking initiative which enables SME owners to open business accounts virtually. This first-of-its-kind service in Singapore brings greater convenience to time-strapped SMEs by shifting what was previously done at a branch to the virtual world. Today, across the banking industry, SMEs have to meet with a relationship manager (RM) or a branch teller to complete the process of opening a business bank account. With DBS' virtual account opening initiative, this is now unnecessary. Instead, SMEs can complete the application by speaking to their RM through mobile or tablet video applications such as FaceTime and Skype. RMs will verify the customers' particulars and complete their applications virtually, just as they



would at the bank branch. This complements an earlier online account opening service (OAOS) launched by DBS in December 2013. With OAOS, DBS has linked its backend systems to information from the Accounting and Corporate Regulatory Authority's database. This allows the bank to pre-populate account opening forms on behalf of the customer online, saving the SME owner time and also eliminating the need for unnecessary form-filling and data entry work. *DBS Bank News Release*

 **OCBC mobile banking app** - Mobile banking customers of OCBC Bank can now view the full list of their balances- bank accounts, cards and investment- on their smartphones at the touch




of a finger. Launched on April 10, OCBC OneTouch leverages on Apple's Touch ID technology to allow customers easy and quick access to their bank balances using fingerprint recognition, without the need for a log-in to mobile banking. This is the latest in a series of digital innovations by OCBC Bank, which continues to lead in the financial digital space. OCBC OneTouch enhances the customer experience for mobile banking users by making it easier and quicker for them to check bank balances- both assets and liabilities, such checks make up about 60% of all mobile banking transactions. This service is available for iOS devices that incorporate Apple's Touch ID fingerprint sensors. Therefore, customers using mobile devices such as iPhone 5S, iPhone 6 or iPhone 6 Plus, with iOS 8 operating system can use OCBC One Touch to access their banking information. *OCBC News Release*

 **E.Sun Bank's expansion to China and Vietnam given the green light** - E.Sun Commercial Bank recently obtained the green light to set up new operations in China and Vietnam.



E.Sun Financial Holding Co., parent company of the bank, announced in a statement released on March 20 that the China Banking Regulatory Commission has approved its plan to set up a subsidiary and a new branch in Shenzhen, Guangdong Province. According to the bank, its Chinese subsidiary will be set up in Shenzhen's Qianhai area with 2 billion Chinese yuan (US\$321.92 million) in capital, while the new branch will be opened in Futian district, in the next six months. E.Sun said the planned new operations in Shenzhen will allow it to better tap into opportunities created by China's Silk Road economic belt and maritime Silk Road initiatives, in which the southern city is a strategic part. *The China Post*

 **Fubon Financial, Cathay Financial 2 month earnings top NT\$10 billion** - Fubon Financial Holding Co. and Cathay Financial Holding Co.



posted net profits of more than NT\$10 billion (US\$317 million) for the first two months of the year, likely confirming their status as the most profitable of Taiwan's 15 listed financial holding firms. A total of 13 listed financial holding companies have released their earnings for the two-month period. Following behind Fubon Financial and Cathay Financial in profitability was Mega Financial Holding Co., which reported a net profit of NT\$5.33 billion for the two-month period. In the January February period, Fubon Financial posted a net profit of NT\$15.45 billion, up 48 percent from a year earlier. Earnings per share were NT\$1.51, compared with NT\$1.02 during the same period last year. *The China Post*

**Banking and Finance Newsbriefs****World is opening up to yuan, bankers say**

The yuan's internationalization is accelerating and China's "One Belt, One Road" initiatives will stimulate overseas demand for the currency, top Chinese bankers said on March 19.

Chen Siqing, president of Bank of China Ltd, said at a media briefing in Beijing that the level of internationalization of the renminbi increased rapidly last year and the currency assumed a more prominent role in the capital markets.

The Offshore Renminbi Index, a tracker designed by BOC to reflect the currency's presence in global trade and investment, climbed 29 basis points from a year earlier to 1.2 percent during the fourth quarter of 2014.

As of December 31, outstanding offshore yuan deposits amounted to 2.78 trillion yuan (\$449 billion), up about 35 percent from the beginning of 2014. Outstanding offshore yuan-denominated bonds rose 44 percent to 481.6 billion yuan. *China Daily*

**IMF suggests 'flexible' intervention to stabilize rupiah**

Continued exchange-rate flexibility and limited market intervention on the rupiah could create a safety buffer for Indonesia ahead of the global financial shocks likely to occur this year, the International Monetary Fund (IMF) has advised.

In its recently released staff report on Indonesia released on March 22, the IMF warned that external risks in the global economy could exacerbate strains in the banking and corporate sector, as unexpected surges in financial market volatility could increase balance of payments and bank-funding pressures.

"Indonesia's external position is found to be moderately weaker than implied by medium-term fundamentals and desirable policies," the IMF wrote in its report.

"Staff noted the need for continued exchange rate and bond-yield flexibility as the primary response against external shocks, with BI [Bank Indonesia] limiting intervention in the foreign exchange market to smoothing volatility," the fund said. *The Jakarta Post*

**Japanese government raises economic view in March**

The government on March 23 raised its basic assessment of the economy for the first time in eight months in a revision that cites an improving business climate linked to the receding impact of the April consumption tax hike.

"The Japanese economy is on a moderate recovery, as improvement can be seen in the corporate sector," the Cabinet Office said in its March report, upgrading its views in three of the 14 categories: industrial output, corporate profits and business sentiment.

As for private spending, it "holds firm as a whole," it said, after previously reporting weak consumer confidence as a downside risk to the economy.

Private spending sank when the first stage of the consumption tax hike raised the rate to 8 percent from 5 percent in April last year.

Looking ahead, Japan's economy is expected to continue recovering thanks in part to lower crude oil prices. But there is a chance that a slowdown in the global economy could threaten any Japanese growth, the office said. *Japan Times*

**Korea likely to join China-led Asia bank**

South Korea is forecast to join a China-led investment bank as a founding member this month, despite steadfast US skepticism and following in the steps of European powers, government sources said on March 18.

The Asia Infrastructure Investment Bank was set up last October with 21 member states, aimed at spurring the region's development by financing projects in energy, transportation, telecommunication, agriculture and other key sectors.

The \$50 billion institution may provide Seoul with a chance to share its know-how for rapid economic ascent, businesses with fresh markets and other economic incentives. Yet the government had been reluctant to announce its participation due largely to the bank's relatively opaque governance structure and the opposition of Washington, which regards it as a potential rival to the World Bank and other mechanisms where it has a significant say. *The Korea Herald*

**Ringgit rebounds from 9-year low**

The ringgit rebounded from a nine-year low against the US dollar, as a rating agency warned that the currency's recent sharp depreciation will increase the cost of servicing the country's borrowings.

A weaker ringgit, which had fallen 12 percent against the US dollar over the past six months, is "credit negative" for Malaysia, given its "large pending external debts payments," according to Moody's Investors Service.

This is despite the fact that only 2.7 percent of the government's borrowings are denominated in foreign currency.

"A depreciating currency would likely still raise the cost of refinancing local currency debt," it said in a research report.

Moody's has a positive outlook on Malaysia, which is rated at A3. The firm said on March 24 that the credit outlook report was an update for the market and did not constitute a rating action. *The Straits Times*

**Pakistan's interest rate cut to 8%**

The State Bank of Pakistan slashed on March 21 the interest rate by 50 basis points to eight percent.

It cited a number of positive economic indicators to justify the third consecutive policy rate cut since November last year.

In its bi-monthly monetary policy statement, the central bank said: "Increasing numbers of economic indicators in the current fiscal year have moved in a favourable direction. Headline CPI inflation continues to follow a downward trajectory and is expected to be well below the annual target of 8 percent."

The latest SBP projection range is 4-5 percent for average CPI inflation in 2014-15.

As per the recent trend, the fall in inflation was broad-based with food and non-food inflations receding, both the measures of core inflation, non-food non-energy and trim-mean, were also recording decline, the bank said. *Dawn*

**Philippines to attain 7 to 8 percent economic growth in 2015: central bank**

Governor of central bank Amando M. Tetangco, Jr. said on March 24 that the government's 7 to 8 percent economic growth target in 2015 is attainable.

This is because "domestic demand remains firm and supported by brewing production



efficiency and robust labor market dynamics," Tetangco said during the Euromoney Philippines Investment Forum.

He said the central bank is confident that the country will be able to attain the goal of an upward economic growth trajectory in an environment of price and financial stability because the bank will remain proactive in policy dialogue with stakeholders, preemptive in putting in place forward-looking policies, and prudent in adopting reforms.

The Philippine economy expanded by 6.1 percent last year, short of the government's 6.5 to 7.5 percent target and also slower than the 7.2 percent growth in 2013. However, this is the second fastest growth rate seen in Asia during the period. *Philippine Daily Inquirer*

### **Singapore currency intervention seen in interbank rate above 1%**

The Monetary Authority of Singapore may be buying the local dollar to strengthen it, just two months after the city state joined a global wave of policy easings.

Singapore's interbank offered rate rose above one percent on March 24 for the first time since the global financial crisis in 2008. That signaled to the Commonwealth Bank of Australia that the MAS is being forced to intervene after its unexpected easing in January pushed the Singapore dollar to the bottom of its policy band, according to Andy Ji, a Singapore-based strategist for the lender.

The central bank, which targets the currency instead of interest rates to manage the economy, unexpectedly eased policy two months ago as growth slowed. The MAS guided the Singapore dollar lower against an undisclosed trade-weighted basket of peers. Goldman Sachs Group Inc and JPMorgan Chase & Co are among strategists that have predicted the central bank will further undermine the currency by lowering its target again at its scheduled meeting in April. *Business Times*

### **Taiwan tops Asian tigers in 2014 economic growth**

Taiwan's economic growth rate of 3.7 percent was the highest among the Asian tigers last year, according to the National Development Council March 23.

The strong showing put the country back at the head of the group of four successful economies for the first time since 2000. South Korea, Singapore and Hong Kong recorded rates of 3.3 percent, 2.9 percent and 2.3 percent, respectively.

"Taiwan's economy has been on a steady growth track for the past three years, a trend reflected by highly competitive results in a variety of key indicators," an NDC official said.

Of the tigers, Taiwan boasts the most equitable household and individual income distribution, as well as the lowest average inflation rates for 2000 to 2014. Real wages also saw substantial advances last year, notching up a 2.4 percent increase on the strength of a resurgent local job market.

In addition, the latest International Monetary Fund survey estimated Taiwan's gross domestic product per capita at US\$43,600 in terms of purchasing power parity, trumping South Korea and those of other Organization for Economic Cooperation and Development members like France, Japan and the U.K. *Taiwan Today*

### **Thailand hopeful interest rate cut will boost economy**

Thailand's central bank on March 11 joined other countries in the region in lowering its main interest rate.

The interest rate cut of 25 basis points was a surprise to analysts as the bank joined others in the region, such as that of South Korea, saying the lower rates came with a Thai economy weaker than earlier forecasts.

Thailand, once a leader of Asia's 'economic tigers', has seen growth hit by political conflicts and uncertainties, and presently by weakening global demand marked by slower growth in China and Southeast Asia.

Economists at the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) forecast Thailand's growth rate in 2015 at 3.5 percent, better than the .8 percent last year but well below higher rates a decade ago.

Some analysts expected last year's coup and military takeover would lead to a rebound in the economy as it would end street demonstrations and lead to political stability. But the economic rebound failed to occur. Investors are uncertain about the political outlook ahead of elections expected in early 2016. *Voice of America*

### **Vietnam may raise 2015 lending target to 17 percent: state media**

Vietnam could raise its annual credit growth this year to 17 percent to ensure an economic growth of more than 6 percent, a state-run newspaper reported on March 18, quoting the central bank governor.

"A strong rise or fall of oil prices will have adverse impact on the stability of the macro economy," State Bank of Vietnam governor Nguyen Van Binh was quoted as saying by the Tin Tuc (News) daily, which is run by the official Vietnam News Agency.

"If in case it is necessary to support growth when oil prices have adverse changes, we could adjust (the target) to around 17 percent to ensure the economy to grow above 6 percent while the macro-economic stability is maintained," Binh was quoted as saying.

Vietnam has targeted lending to accelerate to 13-15 percent this year to ensure an annual economic expansion of 6.2 percent while keeping inflation at 5 percent. Last year the credit growth quickened to 13 percent, from 12.52 percent in 2013. *Reuters*

**Publications****Global Monitoring Report 2014/2015: Ending Poverty and Sharing Prosperity**

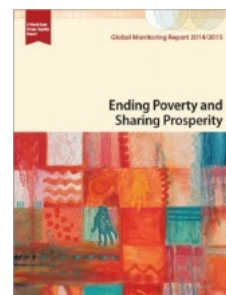
The Global Monitoring Report 2014/2015 will, for the first time, monitor and report on the World Bank Group's twin goals of ending extreme poverty by 2030 and boosting shared prosperity, while continuing to track progress toward the Millennium Development Goals (MDGs).

This Global Monitoring Report examines how a select set of policies in the areas of human capital and the environment can create jobs and make development more inclusive and sustainable, while highlighting how social assistance policies can help end poverty and improve growth prospects. It discusses most of these issues across a full spectrum of countries. This means the Report not only addresses low- and middle-income countries but also, for the first time, includes a discussion of high-income countries as well.

The Report will contain quantitative information about the World Bank Group's twin goals: It will provide an assessment on how far the world has to go to end extreme poverty by 2030 and how much of prosperity has been shared with the bottom 40 percent of a country's population.

The report is prepared in collaboration with the International Monetary Fund (IMF) and the Organization for Economic Co-operation and Development (OECD).

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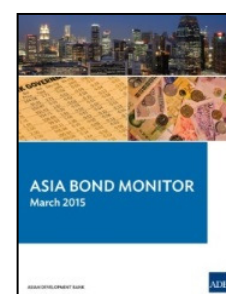
**Asia Bond Monitor - March 2015**

The Asia Bond Monitor reviews recent developments in East Asian local currency bond markets along with the outlook, risks, and policy options. This issue includes a special section on Oil and Gas Companies' Bonds in Asia.

Local currency (LCY) bond markets in emerging East Asia started the year well despite uncertainties over the Greek debt crisis and the end of quantitative easing in the United States (US). Bond yields in most emerging East Asian economies were pushed down by a reduction in inflationary expectations amid a fall in oil prices.

Most of the region's currencies weakened against the US dollar between end-December 2014 and mid- February 2015. The decline was led by the Indonesian rupiah and Malaysian ringgit as the oil and gas sectors in these economies are adversely affected by lower global oil prices. Credit default swaps (CDSs) in the region have remained relatively stable, reflecting continued investor confidence, while CDSs in the Eurozone are rising amid concerns over the possibility of Greece leaving the monetary union.

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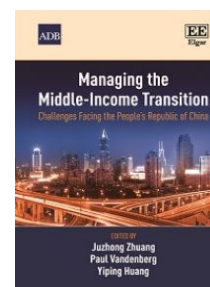
**Managing the Middle-Income Transition**

Greater reliance on efficiency and productivity improvement, innovation, and market competition are needed for the People’s Republic of China to make the transition to high income and avoid the middle income trap.

The growth model of the People’s Republic of China (PRC) has been based on high investments, exports, low-cost advantage, and government interventions. This model has successfully transformed the country from a low-income to an upper middle-income economy. However, the model has generated contradictions that could undermine future growth. Making the transition to high income requires greater reliance on efficiency and productivity improvement, innovation, and market competition.

Chapters focus on all aspects of the PRC’s economy including: the growth model, the role of government, industrial upgrading, the financial sector, fiscal management, human capital, the services sector, urbanization, labor market transitions, aging and the pension system, income inequality, managing external economic relations, and water scarcity.

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**Victor C. Y. Tseng, Secretary-Treasurer**  
**Amador R. Honrado, Jr., Editor; Jacqueline Uy, Associate Editor**  
**Wendy Yang, Contributing Editor; Julia Hsu, Assistant Editor**  
**14/F, No. 11, Songgao Road, Taipei 11073, Taiwan; Tel: (886 2) 2725-5663/4; Fax: (886 2) 2725-5665**  
**Email: [aba@aba.org.tw](mailto:aba@aba.org.tw); Website: [www.aba.org.tw](http://www.aba.org.tw)**