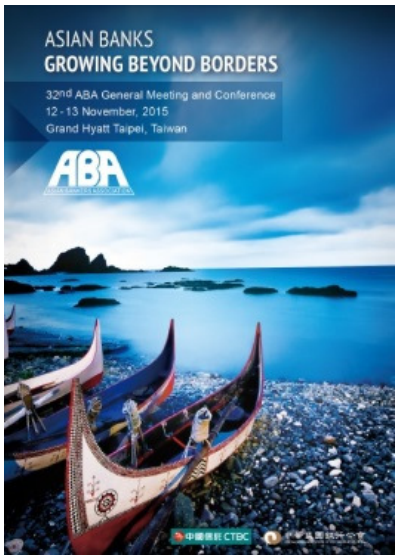
General Meeting and Conference

Taipei to welcome senior representatives of Asia Pacific's strongest banks in November



Banking experts from across the region and senior representatives of Asia Pacific's strongest banks will gather in Taipei on November 12-13, 2015 for the 32nd ABA General Meeting and Conference. The event, which will be jointly-hosted by CTBC Bank and the Bankers Association of the Republic of China (BAROC), follows the theme "Asian Banks: Growing Beyond Borders."

This year's Conference will examine what Asian banks need to do in order to succeed in new, oftentimes unfamiliar markets. Invited speakers will share their views on the importance for banks to gain a deeper understanding of market trends and customer demands; to be more outward-looking and focused on the market; to respond smartly but, more importantly, speedily to change; and to understand what drives cost and what drives value. Discussions will also focus on the need to empower customers with technology, and for banks to reduce costs, improve service quality and put power into the hands of their customers through innovative deployment of technology.

The 32nd ABA General Meeting and Conference will feature four plenary sessions: (1) Regional Integration: Implications for Asian Banks (2) Managing a Multi-Cultural and Multi-Generational Customer Base (3) Going Digital: Pursuing Global Opportunities Through Technology (4) CEO Forum: Business Strategies to Meet Current Market Challenges.

Regional Integration: Implications for Asian Banks

This session will examine the extent to which regional integration is expected to reduce uncertainty and obstacles for banks when entering a new market. Speakers for this session include **Mr. Nestor Espenilla Jr.**, Deputy Governor, Bangko Sentral ng Pilipinas; **Mr. Lachlan Colquhoun**, Chief Executive Officer, East & Partners Asia; **Dr. Amir Mehran**, Advisor to President and Manager, Foreign Assets & Investment Management Dept., Bank Pasargad. It will be moderated by **Mr. Andrew Healy**, Managing Director and CEO, Bank of Maldives Plc.

Managing a Multi-Cultural and Multi-Generational Customer Base

This session will feature speakers who will explore the characteristics of these various groups of customer and share their views on how banks can build successful relationships with each of them by applying the appropriate cultural or generational approach and strategies to the marketing process. **Mr. Ken Lee**, Managing Director and Head for Asia, 13D Research; **Mr. Richard Hartung**, Head of Content-Asia, European Financial Management Association (EFMA); and **Mr. Muhammad Zubair**, Chief Executive Officer, Alhuda Centre of Islamic Banking and Economics have been invited to share their perspectives for this session. **Mr. Mostafa Beheshtirouy**, Member of the Board, Bank Pasargad, will be leading the session.

Going Digital: Pursuing Global Opportunities Through Technology

This session will examine various issues – as well as challenges and opportunities - resulting from the development of digital banking and how they are currently being addressed by the banking sector and by regulatory and supervisory authorities. The invited speakers are **Mr. Antonio Massanell**, Deputy Chairman, CaixaBank; **Mr. Vinayak HV**, Principal, McKinsey Singapore; **Mr. Jay Collins**, Vice Chairman, Corporate and Investment Banking, Citi; and **Mr. Vali Zarrabieh**, Chairman Saman Bank. The moderator for this session is **Mr. I-Cheng Liu**, CEO of Cards and Payments, CTBC Bank.

CEO Forum: Business Strategies to Meet Current Market Challenges

This year's CEO Forum will feature eminent panelists who will be requested to exchange views with Conference delegates on timely and relevant topics, such as mitigating the impact of currency fluctuations; the rise of the RMB as a major currency in Asia; challenges of more stringent regulations; and corporate social responsibility. The panelists are **Dr. Majid Ghassemi**, President and Vice Chairman, Bank Pasargad; **Mr. Jermy Prenio**, Deputy Director, Regulatory Affairs, Institute of International Finance; **Mr. Ma Weihua**, Former President, China Merchants Bank; and **Mr. Wolfram Hedrich**, Partner in the Asia Pacific Finance and Risk Practice, Oliver Wyman Financial Services. The CEO Forum will be chaired by **Mr. Tze Ching Chan**, Senior Advisor, The Bank of East Asia.

To register for this year's conference, please visit **www.2015aba.org**

Taipei is set to welcome banking experts and senior representatives of Asia Pacific's strongest banks on November 12-13, 2015 at the 32nd ABA General Meeting & Conference.

Four bankers to be honored with ABA Lifetime Achievement Award

One of the highlights of this year's 32nd ABA General Meeting and Conference is a presentation of the ABA Lifetime Achievement Award to four ABA members who have served as strong pillars of the Association over the past years.

The Award is being presented to our four eminent members in recognition of their continued long involvement in the ABA, their unwavering commitment to bringing bankers in Asia together to promote regional cooperation, and their important contribution to the banking industry in their respective countries.

Dr. Amnuay Viravan

Dr. Mochtar Riady

Dr. David K.P. Li

Amb. Alfonso Yuchengco

The recipients of the prestigious Award are the following:

- **Dr. Amnuay Viravan**, who served as ABA Chairman from 1986 to 1988 during his term as Chairman of Bangkok Bank PCL Ltd.
- **Dr. Mochtar Riady**, who served as ABA Chairman from 1992 to 1994 during his term as Chairman of the Lippo Banking Group of Indonesia.
- **Dr. David K. P. Li**, Chairman and Chief Executive of The Bank of East Asia Ltd. of Hong Kong, who served as ABA Chairman from 1994 to 1996.
- **Amb. Alfonso Yuchengco**, Honorary Chairman of the Rizal Commercial Banking Corp. from the Philippines, who served as ABA Chairman from 2002 to 2004.

A special Award Presentation ceremony will be held during the Farewell Dinner on November 13, 2015. The ABA invites members to join this special occasion as members celebrate and give honor to the achievements of the four distinguished ABA members who have remained committed to the ideals and aspirations of the Association.

Education and Training

Short-Term Visiting Program Hosted by Maybank on November 2-3, 2015 in Kuala Lumpur

The ABA wishes to reiterate its invitation for member banks to participate in the short-term visiting program that the Malayan Banking Berhad (Maybank) is hosting in Kuala Lumpur on November 2-3, 2015.

This year's Maybank program will cover topics such as wealth management in Asia, counterparty opportunities in Malaysia, the role of compliance, risk culture, transaction banking, and investment banking. Participants will also be given a guided tour of Maybank's Banking Hall.

To date, 23 officers from 13 member banks from 10 countries have registered for the program.

To request for a Confirmation Form or to know more about this event, please email the ABA Secretariat at aba@aba.org.tw

Maybank, the host bank for this short-term training program, was recently awarded the Best Retail Bank in 2015 by The Asian Banker.

4th Annual Finance Tech Innovation Forum to be held in Singapore

ABA would like to invite members to join the 4th Annual Finance Tech Innovation Forum, of which ABA is Supporting Organization, to be held on November 12, 2015 in Singapore.

Targeting senior executives for IT and marketing policies from financial institutions, the one-day forum will discuss how technologies and external factors are driving rapid change within the financial sector and how new strategies are required to align with the new demands. Over 100 leaders from the financial sector will gather at this event to explore what steps are needed to stay at the forefront of the industry.

By attending the event, participants will be able to: (1) Get direct and exclusive access to Asia-Pacific Chief Information Officers and key IT decision makers; (2) Get exposed to new products and services; and (3) Increase their profile by creating new partnerships and alliances.

For more information, interested parties are encouraged to visit the Conference website at www.questexevent.com/FinanceTechInnovation/2015sg/

News Updates

ABAC endorses Cebu Action Plan to modernize APEC's financial markets

Issued by the APEC Business Advisory Council

"Finance ministers and private sector leaders should collaborate more closely to expand funding for micro- and small enterprises and infrastructure, increase resilience of enterprises and communities, and accelerate capital market development." This is the main message in this year's report of the APEC Business Advisory Council (ABAC) to Finance Ministers, according to Hiroyuki Suzuki, chair of ABAC's Finance and Economics Working Group.

"These are the critical steps that APEC must take to catalyze the inclusive and broad-based growth that will transform our region into a strong and resilient engine of the global economy."

ABAC's report endorsed the Cebu Action Plan (CAP), a multi-year roadmap for reforms that Finance Ministers was scheduled to announce at their annual meeting on September 10-11 in Cebu, Philippines.

Finance industry experts joined officials from finance ministries and multilateral agencies in several workshops held this year to identify initiatives under the CAP. They included representatives from leading banks, asset management firms, insurers, pension funds, credit bureaus and rating agencies, as well as financial industry associations involved in three ABAC-led initiatives - the Asia-Pacific Financial Forum (APFF), Asia-Pacific Infrastructure Partnership (APIP) and Financial Inclusion Forum.

Following these discussions, officials have identified concrete programs to expand SMEs' access to finance, promote financial inclusion and improve the depth and liquidity of capital markets. They also agreed to launch initiatives to develop the pension and insurance industries, increase private sector investment in infrastructure and facilitate disaster risk financing.

ABAC signaled the private sector's intention of actively collaborating with these initiatives under the CAP.

The private sector is supporting the establishment of a network of experts from the financial industry, multilateral institutions and government to build credit information systems allowing more owners of small businesses to use their transaction records in obtaining loans. They will also help improve legal frameworks to enable SMEs' wider use of movable assets as collateral.

The APFF will convene workshops under the CAP to promote policies and regulations that can facilitate trade and supply chain finance, as well as alternative financing

mechanisms to spur investment in innovative start-ups. Experts from leading global banks, industry associations and multilateral institutions have committed to share their knowledge with policy makers, SMEs, lenders and investors.

Another initiative envisioned under the CAP is the holding of public-private dialogues to help officials design infrastructure projects that can attract private lenders and investors. These dialogues will also help identify regulatory disincentives that hinder pension funds and insurance firms from investing more widely in infrastructure.

The private sector will support governments' efforts to develop capital markets, which are important for funding infrastructure and for increasing the diversity and stability of the financial system. APFF has developed self-assessment templates to assist governments in providing the information that investors need to increase their investments in the region's capital markets.

The private sector will collaborate to identify reforms allowing investors to more effectively use risk management instruments such as repurchase agreements and derivatives that will help create deeper and more liquid securities markets. ABAC also called on governments to utilize APFF as a platform to support the successful launch of the Asia Region Funds Passport (ARFP), an initiative aimed at facilitating the cross-border flow of funds and regional financial integration.

Noting that the Asia-Pacific is the world's most disaster-prone region, ABAC praised the CAP for including initiatives in microinsurance and disaster risk financing to help local communities and enterprises become more resilient. ABAC proposed that the CAP explicitly include concrete mechanisms for public-private collaboration in broadening access to microinsurance and developing effective financial instruments to support disaster risk financing.

"Financial industry CEOs and experts from across the region will be joining Finance Ministers at their meeting in Cebu to discuss their collaboration in promoting these initiatives under the CAP. For this reason, this year's APEC Finance Ministers' Meeting will be an important milestone in the evolution of Asia-Pacific financial markets," Suzuki concluded.

The full text of the 2015 ABAC Report to APEC Finance Ministers and its annexes can be downloaded from: https://www.abaconline.org/v4/download.php?ContentID=22612587.

ABA representatives attend APEC Finance Ministers Meeting

ABA Chairman and President CEO of CTBC Financial Holding Co., Ltd. Mr. Daniel Wu attended the APEC Finance Ministers Meeting in Cebu on September 10-11, 2015. Former ABA Chairman and Mega Financial Holding Co. Chairman of the Board Mr. McKinney Y.T. Tsai was also present during the event.

Secretary of the Philippine Department of Finance Mr. Cesar Purisima sought the support of CEOs from ABA member banks to attend the meeting and to witness the launching of APEC's Cebu Action Plan.

U.S. reaches Trans-Pacific Partnership trade deal with 11 Pacific nations

The U.S., Japan and 10 other countries around the Pacific reached a historic accord on October 5 to lower trade barriers to goods and services and set commercial rules of the road for two-fifths of the global economy.

For the U.S., the Trans-Pacific Partnership agreement opens agricultural markets in Japan and Canada, tightens intellectual property rules to benefit drug and technology companies, and establishes a tightknit economic bloc to challenge China's influence in the region.

President Barack Obama lauded the accord, saying it would open new markets to American products and set high standards for protecting workers and the environment.

"This partnership levels the playing field for our farmers, ranchers, and manufacturers by eliminating more than 18,000 taxes that various countries put on our products," the president said in a statement. "It includes the strongest commitments on labor and the environment of any trade agreement in history, and those commitments are enforceable, unlike in past agreements."

Mr. Obama, who faces a steep challenge in winning support for TPP on Capitol Hill, said he would work with lawmakers as they consider the agreement, adding that Congress would have months to read every word of the deal.

The president said the Trans-Pacific Partnership would strengthen U.S. relationships with partners and allies in a key region.

"It's an agreement that puts American workers first and will help middle-class families get ahead," he said.

The deal is a victory for Mr. Obama, who sees it as boosting economic growth, enhancing competitive industries and binding like-minded Pacific countries at a time when China—not a part of the bloc—is adopting a more assertive economic and military posture in the region.

In Congress, only a handful of Democrats support Mr. Obama's trade policy, and Republican support is unpredictable in the 2016 election year, depending on the stance of presidential candidates and new leadership in the House. As it is, the deal can't go to a vote before Congress until early next year.

After dozens of rounds of negotiations and five days of haggling in Atlanta, trade ministers and other top officials said they resolved bitter fights over intellectual property protection for biologic drugs, automotive-assembly rules and dairy products.

The deal, if approved by Congress, will mark an effective expansion of the North American Free Trade Agreement launched two decades ago to include Japan, Australia, Chile, Peru and several Southeast Asian nations.

The trade deal has been in the works since 2008 but has been stymied by politically sensitive disputes, including a fight between the U.S. and Japan over the automobile industry.

One of the last disputes to be resolved pitted Australia against the U.S., which was seeking up to 12 years of protection for biologic drugs against generic imitators. The two countries reached a complicated compromise that provides at least five and potentially up to eight years of exclusivity for biologics. Chile, Peru and other countries remained concerned about adding to the price of drugs through long exclusivity periods, according to people following the talks.

In another last-minute deal, Canada and Japan agreed to increase access to their tightly controlled dairy markets, allowing some American dairy products in, but New Zealand also persuaded the U.S. to accept more of its milk products. The sour milk fight caught the attention of Congress, where Sen. Ron Wyden (D., Ore.) and Rep. Paul Ryan (R., Wis.), two lawmakers overseeing trade policy, demanded that dairy producers in their states gain more access to Canadian consumers, a sensitive concession for Canada during its own election season.

The Pacific agreement is expected to face a tough battle in Congress that could carry on to the next administration. Mr. Obama will have to allay unease over the deal within both parties in the midst of a heated presidential campaign. *Wall Street Journal*

World Bank trims Asia forecast but says no China hard landing

The World Bank on October 5 cut its growth forecasts for developing economies in East Asia and the Pacific but allayed fears of a hard landing for China's slowing economy.

The bank also said it expects any increase in US interest rates to have an orderly impact but warned of a risk that markets could react sharply, causing regional currencies to fall further.

In a report on 14 economies led by China, the bank called on them to mitigate the impact of the slowing Chinese economy and any increase in US rates by adopting "prudent macro-economic management" and deeper structural reforms.

"The baseline growth projections for China assume a further gradual slowdown in 2016-17," the bank said, playing down concerns that the world's second largest economy could slow down abruptly following stock market turmoil and a softening manufacturing sector.

"China has sufficient policy buffers to address these risks and prevent a sharp slowdown," it said.

In its updated outlook for the region, the bank said China's gross domestic product (GDP) is expected to grow by 6.9 percent this year, moderating to 6.7 percent next year and 6.5 percent in 2017. GDP rose 7.3 percent in 2014.

The forecasts were slightly lower than the bank's projections in April.

For developing economies in the East Asia-Pacific region, average growth is forecast at 6.5 percent this year, 6.4 percent next year and 6.3 percent in 2017. This is down from 6.8 percent actual growth in 2014.

"This reflects mainly a moderate slowdown in China," the bank said.

The 14-country forecast also includes Indonesia, Malaysia, the Philippines, Thailand, Vietnam, Cambodia, Laos, Myanmar, Mongolia, Fiji, Papua New Guinea, the Solomon Islands and East Timor.

Among the bigger Southeast Asian countries, the Philippines and Vietnam are expected to be the stronger performers as weak commodity prices hobble growth in oil exporters Indonesia and Malaysia.

The Philippine economy is forecast to grow by 5.8 percent this year, 6.4 percent next year and 6.2 percent in 2017, compared with 6.1 percent in 2014.

A man walks past stores in a shopping mall in Beijing on the second day of the National Day holidays on Oct 2, 2015.

Vietnam's GDP is forecast to rise from 6.0 percent in 2014 to 6.2 percent this year and 6.3 percent each over the next two years.

For Malaysia, growth is expected at 4.7 percent this year and in 2016 and 5.0 percent in 2017, down sharply from 6.0 percent in 2014.

Indonesian growth should come in at 4.7 percent this year, 5.3 percent next year and 5.5 percent in 2017, compared to 5.0 percent in 2014.

The bank said it expects the US central bank to raise interest rates in the coming months, which could prompt capital to flow back into the US economy from emerging markets in search of better returns.

"While this increase has been anticipated and is likely to prove orderly, there is a risk that markets could overreact in the short term," it warned.

"The risks to global and regional growth, and to the cost and availability of external financing, call for a continued focus across the region on sound macroeconomic management and on mitigating external and fiscal vulnerabilities."

Axel van Trotsenburg, the bank's regional vice president, said in a statement the reforms must include "regulatory improvements in finance, labour, and product markets, as well as measures that enhance transparency and accountability". *Agence France Presse*

Special Feature

Yuan devaluation shaking up capital markets

Hong Kong dim sum bonds falter even as Asia remains afloat.

An article featured in the December 2015 issue of Asian Banking and Finance

When the yuan devaluation began in August, the currency's value plummeted together with confidence in the offshore yuan, or dim sum, bond market in Hong Kong. Not only was the market facing an exodus of Chinese issuers who were beginning to look onshore for financing, but it was also feeling pressure from the rising popularity of the US dollar and Euro as issuing currencies. This is happening as turbulence hits Asian bond markets with Greater China and Singapore showing strength and Southeast Asia taking hits.

"While Asia's bond markets have proved somewhat resilient compared with the equities markets, the devaluation of the yuan in early August did not leave Hong Kong's bonds market unscathed," says **Ashok Lalwani**, head of Asia Pacific capital markets group at Baker & McKenzie. "Although the recent turmoil in the Chinese stock market might have prompted investors to turn to bonds, the offshore yuan bond market in Hong Kong is suffering as Chinese companies that used to be dominant issuers have left."

Lalwani says Chinese companies are starting to flock to the onshore market where funding costs are declining in part due to the Chinese central bank's moves to depreciate the yuan. The onshore market has also become more attractive after the China Securities Regulatory Commission began allowing unlisted companies to issue corporate bonds on exchanges this year.

"The dim sum bond market has significantly slowed down over the past 12 months primarily as a result of the changed expectation of renminbi (RMB) appreciation," says **Hao Zhou**, partner at King & Wood Mallesons. "Most People's Republic of China (PRC) corporate issuers have opted for issuances denominated in US dollar or Euro instead."

PRC issuers used to widely prefer offshore yuan borrowings, says Zhou, but the cost of onshore borrowings is becoming lower as the Chinese central bank is expected to continue to cut lending interest rates. "Now, some PRC issuers are beginning to lose appetite for offshore financings as these are no longer necessarily cheaper," says Zhou.

High yield issuances, in particular, have been subdued, according to Zhou, with some of the deals having failed to launch due to heightened investor caution. Some high yield issuers even had to fund their financing needs through alternative and faster channels such as private club deals or traditional bank loans due to the lack of investor interest.

But despite some of the uncertainties in the market, Zhou reckons there will continue to be a large pipeline of investment grade issuances by debut PRC state-owned enterprise issuers, particularly at the provincial or municipal city levels.

Keepwell deals

As the offshore yuan bond market suffers some weakness, keepwell-supported deals could gain strength as a preferred option among issuers. "Many PRC issuers continue to use alternative credit enhancement structure with keepwell undertakings to tap the international bond markets in order to remit funds back to China subsequently. Since keepwell is not technically a guarantee, the ratings agencies typically will notch down the issue ratings from the issue's corporate ratings due to potential subordination in case of windingup or insolvency," says Zhou.

"We are currently working on some transactions which we hope, by implementing some additional credit protection features in the structure, will satisfy the rating agencies in a way that they could treat keepwell supported deals almost equal to those guaranteed deals credit wise. If successful, we expect many if not all future keepwell structure will follow and more issuers will turn to such structure due to the flexibility of transferring proceeds back onshore," adds Zhou.

Tale of two regions

The Hong Kong dim sum bond market's tarnished appeal comes amid a surge in the wider Asian debt capital markets (DCM). Bond issuance and bank loans offered to corporates are seeing increased activity, especially for merger and acquisition deals, according to **Girish Sahajwalla**, managing director at PwC Corporate Finance.

Sahajwalla estimates on average about 80 bonds have been issued each year since 2011 in Asia, resulting in approximately 350 debt capital markets transactions between 2011 and 2015. Greater China still accounts for half of the deals, and continues to see larger sized transactions relative to other parts of Asia.

But dissecting the growth of Asian DCM, a tale of two markets emerges with Greater China soaring and south and southeast Asia crashing, says **David Johnson**, Hong Kong-based foreign legal consultant and partner at Norton Rose Fulbright Hong Kong.

"Those of us focused on Greater China, by and large, have been pleased with overall transaction volumes, particularly since the first quarter. On the other hand, those of us focused on south and southeast Asia have experienced a pronounced slowdown," says Johnson.

He attributes these divergent trends in Asian DCM with global concerns such as interest rate hikes, oil prices and Greece and the Eurozone, and factors pertinent to each particular jurisdiction such as weakening currencies, regulatory impediments, stronger domestic markets and the cooling of sectors that have historically driven transaction volumes.

"On the whole, the stronger credits have been able to get deals away. Generally, the trend away from Rule 144A issues continues as borrowers are able to secure strong demand in Asia for their paper," says Johnson.

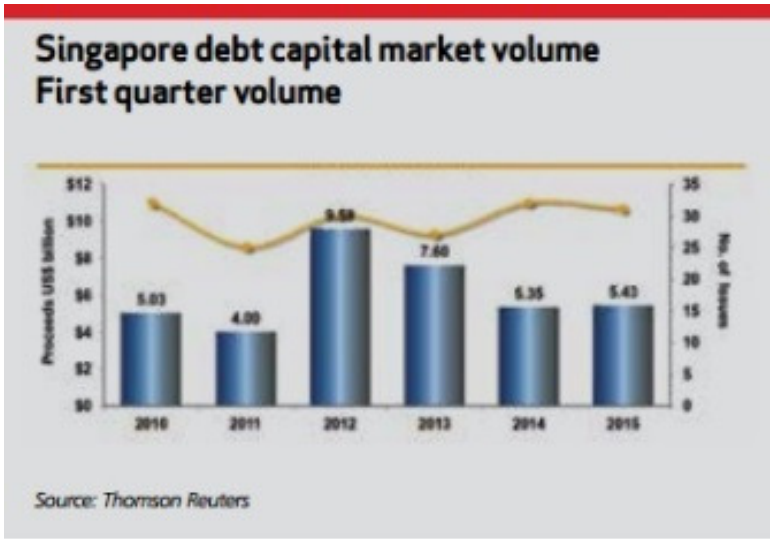
Singapore stands out

Singapore is proving somewhat defiant amid souring southeast Asian demand. Local bond investors have been displaying patience for long-term plays despite the spooky financial headlines and stock market declines, says Lalwani.

"The local bond market has remained strong even with the current stock market rout. A key contributing factor could be that local bond investors tend to be individuals who have holding power, and who are familiar with the issuers," says Lalwani. "This means they are more likely to hold on to their Singapore dollar (SGD) bonds even when market conditions

become uncertain, which in turn translates into less panic and less volatility."

But Lalwani notes that while bonds from high quality issuers have been relatively resilient, weaker issuers have experienced a bigger sell off. Given this behavior among issuers, the Singapore DCM market has not been too kind on flailing industries. Issuers in the offshore marine sectors and the oil and gas sectors, for example, are finding it very difficult to raise funds in the DCM markets this year, says **Sin Teck Lim**, partner at Morgan Lewis Stamford.



Lim reckons that the Singapore DCM market has also seen lower demand for new issues partly due to the increasing interest-rate environment, which makes it more expensive to issue new debt securities.

In response to the prevailing DCM environment, Singapore small and medium enterprises (SMEs) have begun turning to the bank loan market for financing in the $20 to $100 million range.

"In Singapore, SMEs have preferred to expand their banking relationships, and are therefore increasingly working with independent debt advisors to source competitive pricing and covenants from lenders," says Sahajwalla. "The lender universe includes local, regional and international banks with mandates to grow their loan books in specific sectors across in key growth markets, including Singapore," says Lim.

Member Personalities

Philippines' RCBC bank appoints Deveras to head asset management and remedial group

John Thomas Deveras

Philippine bank Rizal Commercial Banking Corp (RCBC) has named John Thomas Deveras as head of its asset management and remedial group.

The conglomerate-led bank earlier disclosed that its board of directors approved Deveras' appointment on September 28 which shall take effect on October 25, 2015.

Deveras will hold the new position together with his role as the bank's head of strategic initiatives.

A seasoned banker for over 30 years, Daveras' experience is mostly in investment banking and corporate finance. He graduated from the Ateneo de Manila University with a degree in Management Engineering and obtained his Masters Degree in Business Administration from the University of Chicago. *DealStreetAsia*

Bank of Tokyo-Mitsubishi UFJ's Yong Lee Boon eyes robust transaction banking opportunities in East Asia

Yong Lee Boon

The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), the banking entity of Mitsubishi UFJ Financial Group (MUFG), recently announced the appointment of Ms Yong Lee Boon as General Manager of Transaction Banking Office for East Asia and Regional Head of Transaction Banking Sales, GC & East Asia. In her newly created role, Ms Yong will co-lead the bank's East Asia transaction banking business, including cash management and trade finance across Hong Kong, China, Korea, and Taiwan.

Ms Yong's core responsibilities include developing and setting the strategic direction for the East Asia transaction banking business, deepening existing client relationships and driving new client growth across a broad sector comprising both multinationals, large local corporates and financial institutions.

Ms. Yong Lee Boon has more than 20 years of experience in financial services and has worked in both cash and trade positions in global banks across Asia-Pacific. Prior to joining BTMU, she was Managing Director, Head of Global Corporate China, Transaction Banking at Standard Chartered Bank where she was responsible for the overall growth of the portfolio revenue. She has actively engaged the clients on the RMB Internationalization initiatives across the regions and has made considerable achievements in developing RMB cross border cash and trade solutions.

Ms. Yong has a Graduate Bachelor's Degree in Accountancy from the National University of Singapore and Masters in Business Administration from the University of London. *The Asian Banker*

Philippine National Bank names new leaders for retail, savings group

The Philippine National Bank (PNB) has named new top executives for its Retail Banking Group and the PNB Savings Bank (PNBSB).

PNB appointed Bernardo Tocmo to head the Retail Banking Group with the rank of executive vice president, while Jovencio Hernandez, who previously held the position, was named as new PNBSB president.

Both appointments took effect on October 1, 2015.

Tocmo is a veteran banker with 30 years service experience with the country's top and mid-tier commercial banks.

Immediately before joining PNB, Tocmo was EVP and national banking sector head of Metropolitan Bank and Trust Co (Metrobank).

Tocmo rose from the ranks and built his career in various areas of branch banking in his other postings. Under his leadership, the various branches and business units he managed achieved top ranking in deposit generation, cross-selling, operations quality and profitability.

Tocmo finished his Masters in Business Economics and Strategic Business Economics Program from the University of Asia and the Pacific. He graduated with a BS in AgriBusiness major in Management from the Visayas State University.

Hernandez, meanwhile, is tasked to drive the transformation of PNBSB as a major player in the consumer finance business. His core expertise is in banking and consumer goods marketing.

PNBSB now has 33 branches and is building up its brand on the platform of product innovation and customer service.

Hernandez joined PNB in 2007 as head of the bank's consumer finance and credit card business and was promoted as group head for retail banking in 2009.

Hernandez is a certified public accountant and holds a Bachelor of Science degree in Commerce, Major in Accounting from the De La Salle College. *DealStreetAsia*

Among Member Banks

- **BEA China becomes a direct participant of CIPS on the Mainland -** With the official launch of the Cross-border Interbank Payment System (CIPS) by The People's Bank of China (PBOC) on October 8, The Bank of East Asia, Limited (BEA) announces that its wholly-owned subsidiary, The Bank of East Asia (China) Limited (BEA China) is among the first batch of foreign banks to have been qualified as a direct participating bank of CIPS. The CIPS is a clearing system for cross border Renminbi (RMB) payments. BEA China has already successfully completed its first cross border remittance to Hong Kong through CIPS for a customer in the chemical industry. Dr. David K.P. Li, Chairman & Chief Executive of BEA and Chairman of BEA China, said, "the launch of CIPS is a key infrastructure that can effectively advance RMB internationalisation. BEA China's ability to participate in CIPS directly will enable it to significantly expand its business in RMB clearing. It will allow us to offer our clients a convenient payment channel, with shorter remittance times and greater efficiency in transactions." BEA China is the only Hong Kong-invested foreign bank among the 19 banks currently qualified for direct participation in CIPS. CIPS was developed by the PBOC to provide cross border RMB payment services covering trade, capital account and payment settlement for individuals, corporations and financial institutions. CIPS participants include direct participants and indirect participants. *BEA News Release*

- **ICICI launches 'mVisa' mobile payment service -** Top private sector lender ICICI Bank on October 8 launched a mobile-payment solution based on 'mVisa' that will allow its customers to pay for services using their smartphones. The service, which can be used by customers who have installed an app of the bank's mobile wallet 'Pockets', works by scanning QR codes. They can make electronic payments from smartphones at physical stores, accept e-commerce deliveries, pay radio taxis and utility bills among others, the bank said in a statement. The service is based on 'mVisa', a new mobile payment solution from Visa, and ICICI Bank is the first globally to launch a mobile-app based 'mVisa' solution for consumers and merchants, it said. *Economic Times*

- **BTMU signs Memorandum of Understanding with The State of Queensland of the Commonwealth of Australia -** The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) has signed a Memorandum of Understanding (MOU) with the State Government of Queensland to further promote foreign investments to the State of Queensland (Queensland) in the Commonwealth of Australia. Queensland, with Brisbane as its capital, is located in the north-east of Australia. Its proximity to Asia and political stability makes Queensland an ideal destination for foreign investments. Queensland has several core industries including mining, agriculture, and tourism. Its economy is also expected to grow as a result of increased infrastructure development and consumer consumption given a rising

population. The relationship between Australia and Japan is expected to deepen following the signing of an Economic Partnership Agreement (EPA) between both countries, especially in the area of trade and investment. BTMU's full banking branch operations in Australia commenced in 1985, and the bank has since supported many global corporates in their investments and growth within Australia. Through this MOU, BTMU will be able to provide stronger support to its clients who are keen to expand and invest, especially into key infrastructure projects, in Queensland. *BTMU News Release*

- **Mizuho, Dai-ichi Life to set up new asset management company -** Mizuho Financial Group Inc will merge its asset management units under a new company to be set up with Dai-Ichi Life Insurance Co, the companies said on September 30. The move will combine Mizuho affiliates Shinko Asset Management Co and Mizuho Asset Management Co; the asset management division of Mizuho Trust & Banking; and DIAM Co, a joint venture between Mizuho and Dai-Ichi Life. Mizuho, Japan's second-largest lender by assets, will own 51 percent voting rights of the combined company and Dai-Ichi Life will hold the rest. They aim to complete the merger in the first half of fiscal 2016. *Reuters*

- **SMFG and SMBC launch new "IT Innovation Department" -** Sumitomo Mitsui Financial Group (SMFG) and Sumitomo Mitsui Banking Corporation (SMBC) on October 1 announced the formation of a new "IT Innovation Department" in order to strengthen efforts to pursue fintech-related innovation by SMFG as a whole. Evolution of the IT and Internet Society has led to technology innovation and diversification of customer interest, which has quickly and dramatically transformed the business environment if existing financial institutions as fintech startups and non-financial corporations enter the financial industry. SMFG originally formed a cross-SMFG project team in August 2012 to address these changes, which has led to efforts such as utilizing "IBM Watson" in contact center operations to improve quality of customer interactions and signing partnership with Plug&PlayTech Center in Silicon Valley to reach out to the latest financial related technology and business models. *SMBC News Release*

- **Maybank officially launches Myanmar operations -** Malayan Banking Bhd has officially launched its Myanmar operations to offer transaction banking, corporate lending and treasury services. It said on October 5 that this was part of its objective to establish itself as a leading cross-border bank in Myanmar. The inauguration of the Maybank Yangon branch, which has a registered capital of US$75mil (RM330mil), was officiated by the Myanmar Central Bank deputy governor U Set Aung and Bank Negara Malaysia deputy governor Datuk Muhammad Ibrahim. Also present at the event were Maybank chairman Tan Sri Megat Zaharuddin Megat Mohd Nor, Maybank International CEO Pollie Sim, Myanmar Energy Minister U Zar Yar Aung and Malaysian Ambassador to Myanmar Mohd Haniff Abdul Rahman. Megat Zaharuddin had in his speech said Maybank had always believed in Myanmar and the region's potential. "We have been present in Myanmar for the last 20 over years and have extensive network in all 10 Asean countries. In anticipation of the formalisation of

the Asean Economic Community (AEC), we have focused our efforts in the past few years to building up our capabilities to serve the enlarged communities of 600 million people." *The Star*

- **JICA, DBP work on disaster resiliency mechanism for Philippine electricity sector -** The Japan International Cooperation Agency (JICA), the Development Bank of the Philippines (DBP) and other domestic financial institutions in the Philippines are collaborating to help make the power sector resilient to natural disasters. JICA is sharing knowledge on financial incentive mechanism to help improve disaster resiliency of the Philippines' electricity sector, particularly power distribution networks. Noriaki Niwa, chief representative of JICA Philippines, said Japan and other Asian countries like the Philippines are prone to natural disasters. "It is timely to introduce Japan's counter-measures against disasters to address economic and social losses, boost long-term competitiveness, and reduce the potential fiscal and financial burden of the central and local governments," Niwa said. *Philippine Star*

- **RCBC infuses P750 M additional capital to units -** Rizal Commercial Banking Corp. (RCBC) is infusing P750 million worth of additional equity in two subsidiaries after getting the green light from the Bangko Sentral ng Pilipinas (BSP). RCBC corporate information officer Ma. Christina Alvarez informed the Securities and Exchange Commission (SEC) the BSP has approved the bank's request to subscribe to additional shares of RCBC Leasing and Finance Corp. (RLFC) and Merchants Savings and Loan Association Inc. (MCSLA). Alvarez said RCBC is infusing P500 million to RLFC by subscribing one billion common shares with a par value of P0.50 per share and another P250 million to MCSLA through the acquisition of 2.5 million shares with a par value of P100 per share. The bank announced on September 28 that it is raising $400 million from the issuance of senior notes out of RCBC's $1 billion medium term note program for general bank and corporate purposes. *Philippine Star*

- **DBS named most valuable brand in Singapore -** DBS Bank has been ranked most valuable brand in Singapore for the third consecutive year in Brand Finance's annual 'Top 100 Singapore Brands" report. According to Brand Finance, DBS has extended its lead over second-placed Singapore Airlines by 50% to USD 1.48 billion. The bank's overall brand value has more than tripled in the past six years, rising from USD 1.36 billion in 2009 to its current value of USD 4.42 billion. Said Samir Dixit, Managing Director of Brand Finance Asia Pacific, "DBS continues to dominate the top position in Singapore with strong brand strength and brand value growth. It is one of only two brands in Singapore with a 'AAA' brand rating. Their dominance can be further demonstrated by their over 11% contribution to the total value of the Top 100 Singapore brands. DBS' brand value is nearly double of any other ASEAN bank brand which further illustrates their regional and global competiveness as a brand."*DBS News Release*

- **UOB launches its brand campaign as it celebrates its 80th year -** As part of United Overseas Bank's (UOB) 80th anniversary celebrations, the Bank is launching a brand campaign focused on its unwavering and long-term commitment to its customers and employees. The new brand campaign builds on the heritage of UOB and the elements that best position it to remain relevant in the changing lives of its customers and employees across its network of more than 500 branches and offices globally. It portrays a bank that is built on, and led by, timeless values that are needed to do what is right for its stakeholders. This principle is what lies behind the new strapline 'Right by you'. The campaign was based on research that UOB had conducted over a year which focused on its customers from Retail to Wholesale Banking across its regional network. The Bank ran an online exchange over nine months to draw insight from a cross-section of its employees ranging from the newly hired to the ones who have been with Bank for 40 years. The research also gathered intelligence from beyond the financial services industry to include hospitality, technology and lifestyle sectors. Findings from all the research were used to define the positioning for the brand campaign. *UOB News Release*

- **Taiwan's CTBC Financial seeks overseas revenue boost, Asean acquisitions -** Taiwan's CTBC Financial Holding Co Ltd said on September 11 that it aims to boost banking revenue outside its crowded home market, and may seek acquisitions in member states of the Association of Southeast Asian Nations (Asean). CTBC wants overseas banking revenue to make up 50 percent of overall income in five years, from the 36 percent its 100 overseas branches, offices and subsidiaries globally bring in now, President Daniel Wu said. "Asean has been on our radar screen. If we do have a next overseas acquisition, it could happen in Asean," Wu told Reuters in Cebu, on the sidelines of a meeting of finance ministers of member states of the Asia-Pacific Economic Cooperation forum. Taiwanese lenders have been urged to expand abroad by the local financial regulator as fragmented competition has led to tight profit margins. Wu said the top four home-grown banks make up only 37 percent of the market. CTBC, formerly Chinatrust Financial Holding Co Ltd, is particularly looking for opportunities in Thailand and Malaysia where there are large Taiwanese manufacturing bases, with Indonesia and the Philippines also on the list, Wu said. *Reuters*

Banking and Finance Newsbriefs

China's forex reserves drop by the most in 20 years

China's foreign exchange reserves shrank by $180 billion in the third quarter — the largest fall in two decades — following the central bank's move to hold the yuan's value through selling US dollars.

However, the reserves fell by $43 billion in September after an unprecedented drop of $94 billion in August, suggesting that depreciation pressure on the yuan is easing.

The figures, released by the People's Bank of China on October 8, also showed that by the end of last month the foreign exchange reserves stood at $3.51 trillion —still the world's largest.

Declines in the reserves in recent months have sparked fears among investors about their sufficiency, liquidity and usability. *China Daily*

Foreign banks prepare for opportunity to open subsidiaries in India

The Royal Bank of Scotland (RBS) has joined a long line of international banks retrenching from India. However, Standard Chartered and HSBC both insist that their operations in Asia's third-largest country are on a very different path.

"India is a priority market for the HSBC group and we look forward to participating in the Indian growth story," says Stuart Milne, who has been chief executive of 32,000-strong HSBC India since 2012.

Ananth Narayan, head of Standard Chartered's markets for India, is similarly effusive about the nation's status as an "extremely key market" and sees opportunities in retail and corporate lending in an economy set to grow by more than 7 percent this year.

US banking giant Citi also remains committed to India. But for the majority of western banks, the market's challenges — of being a tiny player in a territory so far from home — outweigh the benefits. Foreign banks, whose collective market share is just over 6 percent, have traditionally been blocked from making acquisitions and have faced severe restrictions on the number of branches they can open. *Financial Times*

Ringgit-pegging may do more harm

Malaysia's central bank governor Dr Zeti Akhtar Aziz is again brushing off suggestions to peg the ringgit, saying that doing so would do more harm to the Malaysian economy.

The ringgit has hit new 17-year lows against the US dollar in recent weeks, declining 26 percent year-to-date and closing at 4.395 on October 1. The ringgit was pegged against the greenback at 3.80 during the height of the Asian financial crisis in September 1998 and was unpegged in July 2005.

"If you peg the currency, something else will adjust and that means prices or demand conditions, and those might have a greater cost on our economy," she told reporters following her speech at the Malaysia-OECD High-Level Global Symposium on Financial Well-Being.

Zeti also does not envisage implementing capital control measures at this point of time.

"We have market mechanisms that adjust. What we want to demonstrate is that when we have fundamentals that can allow us to adjust, then when the uncertainty subsides, our currency will regain its strength," she said.

Overseas online purchases to be taxed in bid to protect domestic industries

Consumers in Japan, both native and foreign, will pay sales taxes for overseas online purchases from October 1 for such things as e-books and music downloads in a policy change aimed to eliminate price advantages enjoyed by foreign-based companies over domestic rivals.

Consumers living in Japan have traditionally been exempt from taxation when purchasing products from foreign-based operators such as Amazon.com.

Under the new changes, Internet shoppers will pay an 8 percent consumption tax, which will rise to 10 percent in April 2017, regardless of where the companies they purchase from are located.

The Finance Ministry, which oversees the tax system, said the policy shift is intended to give domestic e-shopping operators the opportunity to compete with their overseas counterparts on a level playing field. *Japan Times*

PH named 'most professional borrower'

The Philippine government was hailed as this year's most professional sovereign borrower in Asia in a fixed-income poll conducted by online financial publisher FinanceAsia.

The government was also named the top Philippine borrower in international debt markets.

"This is very encouraging news; it shows the market has its confidence firmly placed in us and our performance as a sovereign borrower. Especially in these turbulent times, reputation is everything," Finance Secretary Cesar V. Purisima said in a statement on September 15.

Last year, the Philippines was likewise awarded as the region's best borrower "due to its innovative execution of an accelerated one-day switch tender offer last January 2014, its first transaction as an investment grade sovereign," the Department of Finance (DOF) noted.

In February, Purisima himself was cited as "finance minister of the year" by FinanceAsia. It was his fifth citation as among the best finance ministers in the region. Purisima had beaten the finance ministers of China, Japan and Singapore for the FinanceAsia citation. *Philippine Daily Inquirer*

Singapore to set up panel to chart future of economy

A new committee will be set up to look at how Singapore can continue creating opportunities and help workers and businesses adapt amid a weaker global economy and a leaner workforce.

The committee on "The Future Economy" will be chaired by new Finance Minister Heng Swee Keat, Prime Minister Lee Hsien Loong said as he outlined the challenges facing his new Government at its swearing-in at the Istana on October 2.

The committee comes alongside a new exhibition titled "The Future of Us" that will open at Gardens by the Bay in December and explore what Singapore in the future could be like.

Exhibition themes will include the future of lifelong learning, a greener city, volunteerism and how technology can transform the way people live and work. *The Straits Times*

Taiwan's finance ministry considers tax cuts to boost economy

Taiwan's finance minister, Chang Sheng-ford, said on October 5 that his ministry is considering lowering taxes to revive the national economy, as long as such a step would not compromise the country's financial integrity.

The ministry is looking at different measures, including tax incentives to companies that attract and retain talent, he told lawmakers during a question and answer session in the legislative Economics Committee.

"I am not against tax cuts," Chang said, when asked how the ministry plans to revive the economy. He suggested that tax benefits could also be offered to Taiwanese businesses returning from overseas to invest in Taiwan.

The ministry is drafting measures that would offer a tax holiday to such investors, he said.

The issue of taxes has been a major concern among Taiwanese companies operating overseas wishing to return to Taiwan. *Want China Times*

Thai banks' interest income drops for 3 consecutive quarters

Analysts at BMI Research are bearish towards the Thai banking sector for the coming quarters, owing to the continued lacklustre economic conditions and high level of household debt in the country. In a sign of rapidly deteriorating performance of the banking sector, the latest data from the Bank of Thailand (BoT) showed that interest income fell by 1.2% y-o-y in Q215, worsening from -0.8% in Q115 and marking the third consecutive quarter of contraction.

BMI Research adds: "Meanwhile, interest expense has continued to rise, resulting in a rapid deceleration in net interest income growth, which came in at -0.1% y-o-y in Q215. The contraction in net interest income in Q215 also marked a reversal from recent quarters of y-o-y expansions, reflecting immense downward pressure on the Thai banking sector. Consequently, the weak Thai economy will also see loan growth remain muted over the coming quarters. As such, we maintain our forecast for loans to grow by only 5.0% in 2016, unchanged from an estimated 5.0% in 2015." *Asian Banking and Finance*

Vietnam's banking sector urged to modernise

The banking sector of Vietnam is required to renew its business model, as well as products and services, especially e-banking, in this era of digital banking.

These remarks were made by Douglas Jackson, regional director in the Southeast Asia for Boston Consulting Group (BCG), when discussing the sustainable development of the nation's banks.

Jackson spoke at the annual conference, entitled ASEAN Region 2015: Banking and Finance Innovation, held in Ha Noi on October 9, saying banks that continue operating under traditional models without modernising their practices have removed themselves from the modern banking system.

"The changes have been performed with an increase and expansion of several online transaction services, creating large amounts of banking data and strengthening positions of banks," he said, adding that banks throughout the world have thousands of branch openings each day. *Vietnam News*

Publications

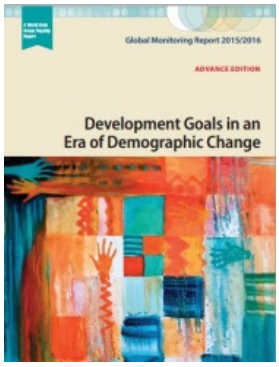
The Impact of Financial Factors on the Output Gap and Estimates of Potential Output Growth

Findings suggest that financial factors have positive and statistically significant effects on the output gap of the G-5 and high-income economies in Asia, but do not affect those of middle-income Asian economies.

The authors examine the impact of financial factors on estimates of the output gap and potential output growth for the G-5 and 10 high- and middle-income Asian economies. Using a state-space model of the output gap with exogenously determined financial factors as regressors, they employ Bayesian methods to estimate the model parameters, and subsequently employ the Kalman filter to obtain estimates of potential output and potential output growth. They find that financial factors have positive and statistically significant effects on the output gap of the G-5 and high-income economies in Asia, but do not affect those of middle-income Asian economies. By accounting for the effects of financial factors on the output gap, the authors obtain finance-neutral estimates of potential output growth.

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

Global Monitoring Report 2015/2016 : Development Goals in an Era of Demographic Change



The Global Monitoring Report 2015/2016, produced by the World Bank Group in partnership with the International Monetary Fund, comes at an inflection point in both the setting of global development goals and the demographic trends affecting those goals.

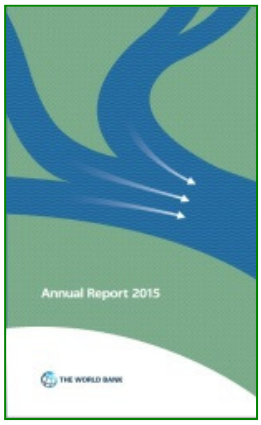
This year marks the end of the Millennium Development Goals (MDGs) and the launching of the Sustainable Development Goals (SDGs), while the World Bank Group has in parallel articulated the twin goals of sustainably ending extreme poverty and sharing prosperity. This report presents the latest global poverty numbers, based on the 2011 purchasing power parity (PPP) data, and examines the pace of development progress through the lens of the evolving global development goals.

The special theme of this year's report examines the complex interaction between demographic change and development. With the number of children approaching a global ceiling of two billion, the world's population is growing slower. It is also aging faster, with the share of people of working age starting a decline in 2013. But the direction and pace of these trends vary starkly across countries, with sizeable demographic disparities between

centers of global poverty (marked by high fertility) and drivers of global growth (marked by rapid aging). These demographic disparities are expected to deeply affect the pursuit of the post-2015 agenda, accentuating existing challenges and creating new opportunities.

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

The World Bank Annual Report 2015



The Annual Report is prepared by the Executive Directors of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)--collectively known as the World Bank--in accordance with the by-laws of the two institutions. The President of the IBRD and IDA and the Chairman of the Board of Executive Directors submits the Report, together with the accompanying administrative budgets and audited financial statements, to the Board of Governors.

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ABA
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*

Published monthly by the Secretariat, Asian Bankers Association
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