

General Meeting and Conference**ABA Planning Committee Meeting to take place
in Hanoi on April 8-9**

The ABA is cordially inviting members to attend the meeting of the ABA Planning Committee set to take place in Hanoi, Vietnam on April 8-9, 2016. The meeting will be hosted by the Bank for Foreign Trade of Vietnam (Vietcombank) and will be held at the Vietcombank headquarters.



To be chaired by ABA Chairman Mr. Daniel Wu, President and CEO of CTBC Financial Holding, the meeting aims to discuss preparations for the 33rd ABA General Meeting and Conference tentatively scheduled sometime in November 2016.

Discussions on Day One (April 8) of the meeting will focus on dates and venue of the Conference, theme and topics for the Conference, suggested format and program, possible line-up of speakers, and other related matters. It will also review the progress of activities under the ABA Work Program for 2016-2017, including the area of policy advocacy.

Day Two (April 9) will be the ocular inspection of the proposed Conference venue in Ha Long City. Further information on the meeting – annotated agenda, discussion papers, hotel accommodation, etc. – will be sent to all members as soon as these are available.

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

To confirm your attendance, kindly email the ABA Secretariat at aba@aba.org.tw



Experience Ha Long Bay at the 33rd ABA General Meeting and Conference

The 33rd ABA General Meeting and Conference will be held in the beautiful bay of Ha Long, located about 178 kilometers east of Hanoi. Read on the following brief synthesis on Ha Long Bay written by the United Nations Educational, Scientific and Cultural Organization (UNESCO) and be instantly transported to this enthralling island named as one of the World Heritage Sites.



Outstanding Universal Value

Ha Long Bay, in the Gulf of Tonkin, includes some 1,600 islands and islets, forming a spectacular seascape of limestone pillars. Because of their precipitous nature, most of the islands are uninhabited and unaffected by a human presence. The site's outstanding scenic beauty is complemented by its great biological interest.

The outstanding value of the property is centered around the drowned limestone karst landforms, displaying spectacular pillars with a variety of coastal erosional features such as arches and caves which form a majestic natural scenery. The repeated regression and transgression of the sea on the limestone karst over geological time has produced a mature landscape of clusters of conical peaks and isolated towers which were modified by sea invasion, adding an extra element to the process of lateral undercutting of the limestone towers and islands.

Comprised of a multitude of limestone islands and islets rising from the sea, in a variety of sizes and shapes and presenting picturesque, unspoiled nature, Ha Long Bay is a spectacular seascape sculpted by nature. The property retains a high level of naturalness, and despite its long history of human use, is not seriously degraded. Outstanding features of the property include the magnificent towering limestone pillars and associated notches, arches and caves, which are exceptionally well-developed and among the best presented of their type in the world.

Integrity

All elements necessary to sufficiently protect the outstanding scenic and geological values of the Ha Long Bay property are included within the boundaries of the property and

its size and area provide sufficient integrity for the large scale geomorphological processes to operate unhindered. It benefits from being completely surrounded by a large and extensive buffer zone with both the size and area providing sufficient integrity for the large scale geomorphic processes to operate unhindered.

Located within an area of high tourism, marine transport, fisheries and the daily activities of people living and conducting their business on Ha Long Bay, management of the area, instituted since inscription of the property, applies strict regulation and control of activities in an attempt to minimize impacts on the integrity of the property. There is a continuing challenge to improve the integrity and quality of the environment. The natural scenic features, geomorphology, landform values and cultural heritage along with key features such as islands, caves and grottoes remain intact and the property retains a high level of naturalness despite the long history of human use in the area.

Protection and management requirements

Ha Long Bay was established as a historical and cultural relict and classified as a National Landscape Site in 1962. Subsequently designated as a Special National Landscape Site under the Cultural Heritage Law amended in 2009, land tenure is held by the Provincial Government. The property is protected effectively by a number of relevant provincial and national laws as well as governmental decrees including; the Cultural Heritage Law, the Bio-Diversity Law, the Tourism Law, the Environmental Protection Law, the Fishery Law and Marine Transport Law. Under these laws, any proposed action within the property that could have significant impact on the property's values must have official approval from the Ministry of Culture, Sports and Tourism, along with other relevant ministries.

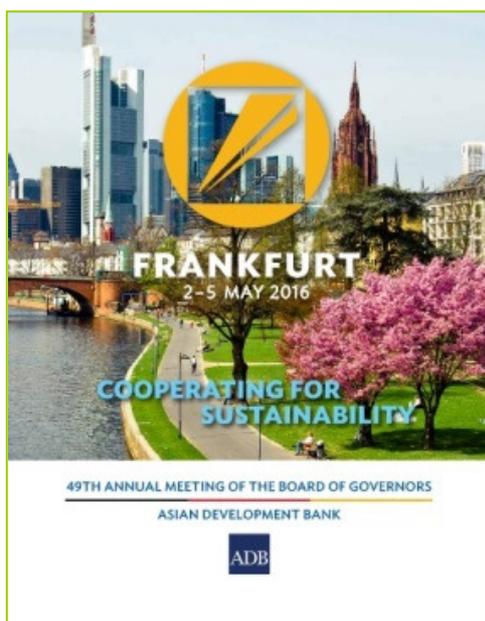
The Ha Long Bay Management Department was established after the inscription of Ha Long Bay on the World Heritage List, with the main functions of management, conservation and promotion of the property's values. The Department takes into account the requirements of the World Heritage Convention, recommendations of the World Heritage Committee and other regulations issued by both the Vietnamese Government and the Quang Ninh Province. Day-to-day management involves collaboration with various relevant stakeholders at different levels, especially local communities, to maintain the integrity of the property and monitor socio-economic activities. *(Source [http:// whc.unesco.org/en/list/672](http://whc.unesco.org/en/list/672))*

News Updates

ABA accredited as Guest Association in the 49th ADB Annual Meeting in Frankfurt

The Asian Development Bank (ADB) has accredited the ABA as Guest Association in the 49th Annual Meeting of the ADB Board of Directors to be held on May 2-5, 2016 in Frankfurt, Germany. ABA members are encouraged to attend this important event.

Many ABA member banks may be themselves already accredited guest institutions and may therefore receive a separate invitation from the ADB. For those who do not have the accreditation and would like to participate in the Frankfurt meeting, please send an email to



the ABA Secretariat with the following information on your bank's officer/s who wish to attend: title, name, position, organization, and email address. These information will be forwarded to the ADB and request them to send each of the officer/s concerned an invitation letter containing a temporary ID and password to be able to register.

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

During the past eleven years, the ADB has accredited the ABA as a Guest Association in the Annual Meetings of its Board of Directors: in Baku, Azerbaijan (2015); Astana (2014); New Delhi (2013); Manila (2012); Hanoi (2011); Tashkent (2010); Bali (2009); Madrid (2008); Kyoto (2007); Hyderabad (2006); and Istanbul (2005).

More detailed information on this year's ADB gathering in Frankfurt may be viewed from the Annual Meeting website on the URL address <http://www.adb.org/annual-meeting/2016/main>

ABA members invited to Basel roundtable on "Revisions to the Standardized Approach for Credit Risk"



BANK FOR INTERNATIONAL SETTLEMENTS

The Basel Committee's Task Force on Standardized Approaches (TFSA) invited the Asian Bankers Association (ABA) to participate in the roundtable meeting to be held in Frankfurt on February 17, 2016.

The aim of the roundtable is to provide an opportunity for market participants to further elaborate and highlight key aspects of their comments on the second consultative document on "Revisions to the Standardized Approach for Credit Risk" (available at <http://www.bis.org/bcbs/publ/d347.pdf>)



The ABA is one of the industry associations from around the world that has been invited to participate in the roundtable. Each invited organization was requested to bring 8 members to the meeting.

The ABA Board was also requested to provide the ABA Secretariat with their comments on the proposed revisions to the standardized approach for credit risk. The ABA would appreciate if members can send their comments to the Secretariat to incorporate these with those from other ABA members. The compiled comments will be presented by the ABA delegation during the roundtable meeting of the TFSA in Basel, Switzerland on February 17, 2016.

ABA releases year-end review

The ABA recently released its Year in Review to look back at the many activities accomplished by the Association in 2015.

Last year, the ABA continued to undertake activities to further enhance the value of the Association to its members and the Asian banking sector as a whole. Many of the members were involved in the conceptualization and implementation of these activities. The ABA wishes to thank them for their kind support and contribution in these efforts. Without their cooperation, the ABA would not have achieved as much as it had in many of the Association's activities and programs last year.

The ABA is looking forward to your continued support this coming 2016. Wishing all ABA members a happy and prosperous Year of the Red Fire Monkey!



ABA Adviser on Informal Workouts attends launching of ABLI

Dr. Shinjiro Takagi, ABA Adviser on Informal Workouts from Japan, attended the Inaugural Conference organized by the newly launched **Asian Business Law Institute (ABLI)** on “Doing Business Across Asia: Legal Convergence in an Asian Century” held in Singapore on January 21-22, 2016. Formed to ensure that Asian business law keeps up with the accelerating pace of economic integration in the region, the Asian Business Law Institute aims to address inconsistent regulations and standards across the region that can increase uncertainty, add costs and impede cross-border trade. Its first task is to publish a comprehensive review on harmonizing rules on enforcing foreign judgments in Asia. Other priorities are to draw up global principles on data privacy and develop rules for contracts in cross-border deals.



World Bank lowers 2016 forecasts for 37 of 46 commodity prices, including oil

Further economic slowdown in major emerging economies could push commodity markets lower

The World Bank is lowering its 2016 forecast for crude oil prices to \$37 per barrel in its latest Commodity Markets Outlook report from \$51 per barrel in its October projections.

The lower forecast reflects a number of supply and demand factors. These include sooner-than-anticipated resumption of exports by the Islamic Republic of Iran, greater resilience in U.S. production due to cost cuts and efficiency gains, a mild winter in the Northern Hemisphere, and weak growth prospects in major emerging market economies, according to the World Bank's latest quarterly report released on January 26.

Oil prices fell by 47 percent in 2015 and are expected to decline, on an annual average, by another 27 percent in 2016. However, from their current lows, a gradual recovery in oil prices is expected over the course of the year, for several reasons. First, the sharp oil price drop in early 2016 does not appear fully warranted by fundamental drivers of oil demand and supply, and is likely to partly reverse. Second, high-cost oil producers are expected to sustain persistent losses and increasingly make production cuts that are likely to outweigh any additional capacity coming to the market. Third, demand is expected to strengthen somewhat with a modest pickup in global growth.



The anticipated oil price recovery is forecast to be smaller than the rebounds that followed sharp drops in 2008, 1998, and 1986. The price outlook remains subject to considerable downside risks.

"Low prices for oil and commodities are likely to be with us for some time," said John Baffes, Senior Economist and lead author of the Commodity Markets Outlook. "While we see some prospect for commodity prices to rise slightly over the next two years, significant downside risks remain."

Beyond oil markets, all main commodity price indices are expected to fall in 2016 due to persistently large supplies, and in the case of industrial commodities, slowing demand in emerging market economies. In all, prices for 37 of the 46 commodities the World Bank monitors were revised lower for the year.

Emerging market economies have been the main sources of commodity demand growth since 2000. As a result, weakening growth prospects in these economies are weighing on commodity prices. A further slowdown in major emerging markets would reduce trading partner growth and global commodity demand.

"Low commodity prices are a double-edged sword, where consumers in importing countries stand to benefit while producers in net exporting countries suffer," said Ayhan Kose, Director of the World Bank's Development Prospects Group. "It takes time for the benefits of lower commodity prices to be transformed into stronger economic growth among importers, but commodity exporters are feeling the pain right away."

Non-energy prices are expected to slip 3.7 percent in 2016, with metals dropping 10 percent after a 21 percent fall in 2015, due to softer demand in emerging market economies and gains in new capacity. Agriculture prices are projected to decline 1.4 percent, with decreases in almost all main commodities groups, reflecting adequate production prospects despite fears of El Niño disruptions, comfortable levels of stocks, lower energy costs, and plateauing demand for biofuel. *World Bank Press Release*

Member Personality

MBA names new CEO and Secretary-General

The Mongolian Bankers Association (MBA) has named Mr. Unenbat Jigjid as its new CEO and Secretary-General, taking over from Mr. Naidalaa Badrakh.

Unenbat is the former Executive Director of the MBA. He has also served as Head and Executive Director of the Corporate Governance Development Center (CGDC), an NGO that has training, consulting and advocacy functions with aim of advancing Corporate Governance in Mongolia. During 2000-2004 Unenbat was Head of the Department of Finance at the Institute of Finance and Economics, a leading business school in the country.

Unenbat has vast experiences in banking and finance. Before becoming governor of the Bank of Mongolia in 1996, Unenbat held numerous positions at the Mongolbank since its establishment in 1990. His areas of responsibilities were statistics, research and monetary policy functions. During his governorship, the Bank of Mongolia has implemented a bold banking sector reform and was able to achieve low inflation first time after Mongolia entered into a market economy.

Unenbat also serves as director (independent non-executive) of Mongolian Mining Corporation, a Hong Kong listed company and APU Plc, a Mongolian listed company. Unenbat has completed numerous trainings on banking, risk management, investments and corporate governance.

Unenbat is a member of the supervisory board of the Bank of Mongolia, local board member of Open Society Forum, Mongolia.

Born and raised in Ulaanbaatar, Mongolia, Unenbat is a graduate of Moscow's Institute of Economics and Statistics in 1985, and Columbia University, New York in 1994.



Special Feature

The future of digital authentication

Efma's Richard Hartung, who was a panelist in the 32nd ABA General Meeting and Conference held on November 12-13, 2015 in Taipei, speaks to MasterCard president for enterprise solutions Ajay Bhalla about how to meet the challenge of digital authentication.

As the physical world has moved to using EMV chip cards for payments, fraud has dropped by at least 80% in markets where it has been implemented. With the US now finally moving to using EMV chip cards, fraudsters are moving to the digital world. "You need very strong security methods to handle the digital world," says MasterCard president for enterprise solutions, Ajay Bhalla. "This means solutions that use multiple layers to incorporate physical and digital security."

The problem with the current method for digital authentication, SecureCode, is that the technology is more than a decade old and password-driven. Research in many markets has shown that almost 84% of consumers forget their password at some point and more than 50% waste at least ten minutes every time they forget one. Even though the average consumer has eight passwords, many people use the same password on multiple sites, so a breach on one site affects other sites. Perhaps even worse, consumers often use simple passwords that are easy to remember such as the name of their football team. "People are doing it because they keep forgetting," Bhalla says.

Apart from the inconvenience, the complexity and number of passwords causes abandonment for online shopping when people can't remember their password. Merchants then sell less, because their customers cannot complete their transactions. "If we make it more convenient," Bhalla says, "we will change the way consumers handle digital devices" and ecommerce can increase faster.

To solve the problems faced by consumers and to increase merchant sales, Bhalla explains that MasterCard is using a multifaceted approach. It is working on the next version of 3D-Secure, or SecureCode, which will introduce a new method of authentication on mobile phones. It is also working on a mobile app that generates a number for consumers to use.

"The coolest part," Bhalla said, is that MasterCard is testing biometrics including facial recognition, fingerprints, voice and even ECG heart rates. In the Netherlands, for example, MasterCard has started testing Selfie-Pay, which uses facial recognition. While people may think that facial recognition is complicated, they take selfies very often and can relate to that concept. The technology is successful, and plans are afoot for a commercial launch by the middle of 2016.

The way it works, he explains, is that consumers call their bank, say they want to use Selfie Pay, download an app, and register their biometric with the bank. When they make a purchase on their mobile phone or a browser, a self-alert prompts the consumer to open the app and verify themselves using facial recognition.



MasterCard is also designing Selfie-Pay to make it seamless so that banks can provide authentication across all products and so that consumers who register the app can use it to purchase other products too.

To speed up implementation, Bhalla said MasterCard is working with many stakeholders. “The key players are the banks, merchants and consumers,” he explained. MasterCard has also been working with iOS and Android device manufacturers as well as payment gateways to make sure it can be used seamlessly.

One of the most important things, Bhalla says, is to move the solution away from a bank in particular country with a particular merchant so that Selfie Pay can be used globally across different platforms. What MasterCard wants to do, then, is to write standards, use it globally, and bring the technology to the next stage.



Photo from phoneworld.com

“Technology has reached a stage where you can marry infrastructure and technology benefits and standards to bring consumer and merchant convenience,” Bhalla explains. High penetration of mobile devices, all phones having a camera and better internet speeds have all made a real difference.

One of the next trends, Bhalla says, is for wearables for exercise that measure heart rates to authenticate the person, simplifying payments even more than Selfie-Pay or fingerprints.

In the end, Bhalla says the technologies that will thrive are the one that consumers love. “This has all the makings of consumers loving it, merchants loving it, regulators liking it - all the makings of the next page in authentication.”

European Financial Management Association (EFMA)

Among Member Banks

-  **BEA named Outstanding SME Service Provider in the Quamnet Outstanding Enterprise Awards Programme 2015** - The Bank of East Asia, Limited  **BEA 東亞銀行**

(BEA) has been named “Outstanding SME Service Provider” in the Quamnet Outstanding Enterprise Awards Programme for the third consecutive year. BEA was chosen as the winner of the 2015 award in recognition of the outstanding quality of the corporate banking services it provided to local small and medium enterprises (SMEs) during the year. Mr. Paul Lai, Head of BEA’s Business Development Department, accepted the award on behalf of the Bank at a ceremony held on January 14. “BEA is honored to be the winner of this prestigious award for the third straight year. My colleagues and I focus on providing tailored products and services that meet the specific needs of our corporate clients, which range in size and operate in different industries. Looking ahead, we shall continue to work hand-in-hand with our local SME customers and strive to meet their banking needs in an ever-changing and challenging business environment,” said Mr. Lai. *BEA News Release*
-  **ICICI Bank opens its first branch in South Africa**  **ICICI Bank**

- ICICI Bank Ltd. (ICICI Bank) inaugurated its first full service branch at Sandton in Johannesburg. It is the first Indian private sector bank to open a branch in the African continent. ICICI Bank Ltd, Johannesburg branch is an authorized financial services provider in South Africa licensed by the South African Reserve Bank. Inaugurating the branch, Mr. Vijay Chandok, President, ICICI Bank said, “We are delighted to announce the opening of ICICI Bank’s first branch in South Africa. The opening of this new branch is a testimony to the strengthening trade relations between India and Africa over the last decade. We believe that ICICI Bank with its offices across major global centers including Singapore, Hong Kong, Shanghai, Dubai, Bahrain, New York and London is well poised to cater to the banking requirements of Indian corporates having presence in South Africa as well as the African continent, and the South African corporates that share active trade links with India.” The Johannesburg branch will undertake banking activities only for corporates. It will provide financial assistance to Indian joint ventures and subsidiaries across Africa, offer trade finance and short term funding for companies having trade links with India. *ICICI Bank News Release*
-  **Bank Pasargad named as Bank of the Year in Iran** - Bank Pasargad was named Bank of the Year in Iran for the year 2015 by The Banker Magazine. The award was presented during a dinner ceremony at London’s Hilton Bankside Hotel on December 2, 2015. This is the fifth year during the past 6 years that Bank Pasargad has obtained this prestigious award. Bank Pasargad has been named as Bank of the Year in Iran by The Banker for years 2010, 2012, 2013, 2014 and 2015. Additionally, Bank Pasargad has been named as Islamic Bank of the Year in Iran by The Banker for years 2013, 2014 and 2015. Bank Pasargad is Iran’s largest private bank providing a full range of banking and financial services to private, corporate and



government clients. *Bank Pasargad News Release*

BTMU opens Colombo representative office

- The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) has announced the opening of its Colombo representative office in



Bank of Tokyo-Mitsubishi UFJ

Democratic Socialist Republic of Sri Lanka. BTMU is the first Japanese bank to open the banking office in Sri Lanka. Sri Lanka, located south of India, has been rapidly developing in recent years. It is located across the strategic sea lane which connects Asia with the Middle East and Africa. Currently, foreign investments for Sri Lanka are expected to grow with rising demands for infrastructure construction and flourishing tourism under safer domestic circumstances. Through this new presentative office in Colombo, BTMU will continue to further enhance its financial solutions and offerings to better meet the needs of its customers operating in or trading with Sri Lanka by making the most of its extensive network, which is the largest among Japanese banks. *BTMU News Release*

Haryana government signs MoU with Japan's Mizuho Bank to attract FDI

- Haryana government on January 18 signed an MoU with Japan's Mizuho Bank Limited to



promote industrial and infrastructure development, generate employment opportunities and attract Foreign Direct Investment in the state. Managing Executive Officer of Mizuho Bank Tatsufumi Sakai and Managing Director Haryana State Industrial and Infrastructure Development Corporation Sudhir Rajpal exchanged the papers of the MoU in the presence of visiting Haryana Chief Minister Manohar Lal Khattar. Haryana Industries Minister Captain Abhimanyu and Social Justice and Empowerment Minister Kavita Jain were also present during the signing ceremony. *Economic Times India*

BML 2015 results highlight biggest ever investment program

- Bank of Maldives finished 2015 with a strong final quarter recording a Profit After Tax of MVR 236 million, an increase of 48% on the previous quarter.



Unaudited full year 2015 financials show an increase in Profit After Tax of 13% versus 2014 with good year on year growth in most areas. This growth was achieved notwithstanding the fact that 2015 saw a major MVR 150 million investment program with BML introducing new branches and self-service banking centers, new Rufiyaa and USD ATMs as well as upgrading technology and rolling out cash agent services to all inhabited islands. New lending more than doubled to MVR 3.4 billion during 2015, demonstrating the Bank's willingness to support Maldivian individuals and businesses. At the same time, the quality of the loan book continued to strengthen with Non-Performing Loans reducing by 12%. Capital levels ended the year well above regulatory requirements. *Bank of Maldives News Release*

PNB selects AsiaPay's ACS solution for e-commerce transactions

- The growth of e-commerce in the Philippines has changed many aspects of the Filipinos' lives, from the way they make purchases to how they track finances. However, as more Filipinos start to embed online shopping into their lifestyles, the volume and frequency of fraudulent transactions will unfortunately and inevitably rise. Banks and issuing institutions now face various threats such as data security breaches, sophisticated



phishing, and advanced key logging which put cardholder security at the front and center as one of the major concerns that banks need to address in this digital age. “Most of today’s cardholders are well aware of the risks involved in e-commerce transactions. They expect their banks to provide them with the right tools that will ensure security while managing the movement of their money online,” said Mau San Andres, Senior Manager of Sales and Marketing at AsiaPay Philippines. In order to solidify consumer confidence in using credit cards for online transactions, the Philippine National Bank (PNB) is tapping AsiaPay, a leading payment service provider in the Asia-Pacific region, for their 3D-Secure Access Control Server (ACS) solution. This will provide PNB cardholders with a strong, user-friendly, and dynamic authentication system that will mitigate fraud and protect both cardholders and banks from any liability. *Inquirer*

 **DBS Group Holdings Ltd’s first Basel III tier 2 issue attracts strong interest** - DBS Group Holdings Ltd (“DBSH”) has



successfully priced the issue of SGD 250 million fixed rate callable subordinated notes due 2028 (the “Notes”) under its USD 30 billion Global Medium Term Note Programme (the “Programme”). This is DBSH’s first Basel III-compliant Tier 2 issue. The Notes will initially bear a fixed coupon of 3.80% per annum with interest payable semi-annually. If the Notes are not redeemed on January 20, 2023, the interest rate from that date will be reset at a fixed rate per annum of the then-prevailing 5-year Swap Offer Rate and 1.10%. The Notes are expected to be issued on January 20, 2016 and are expected to qualify as Tier 2 capital of DBSH and its subsidiaries, on a consolidated basis (the “DBSH Group”), subject to the requirements of the Monetary Authority of Singapore. The net proceeds from the issue of the Notes will be used for the finance and treasury activities of DBSH, including the provision of intercompany loans (or other forms of financing) to its subsidiaries. DBSH has mandated DBS Bank Ltd. as sole bookrunner and Bank of China Singapore Branch, Citigroup, and Deutsche Bank as co-managers for the issuance of the Notes. The Notes have been offered to certain non-U.S. investors outside the United States in reliance on Regulation S under the Securities Act. *DBS News Release*

 **UOB (China) signs MoU with Chongqing Financial Affairs Office to promote cross-border trade and investment with Southeast Asia** - With the rise of foreign direct investment



from Southeast Asia into Chongqing, United Overseas Bank (China) on January 8 signed a Memorandum of Understanding (MOU) with the Financial Affairs Office of the Chongqing Municipal People’s Government (Chongqing FAO) to promote cross-border trade and investment between Chongqing and Southeast Asia, including Singapore. Chongqing FAO is an agency that facilitates the implementation of policies and regulations within both the financial sector and market in the city. Part of that remit is also to facilitate and promote trade and investment with foreign and local investors across all industries. Under the auspices of the MOU, UOB (China) and Chongqing FAO will work closely to help companies based in Chongqing to seize market opportunities in Southeast Asia through the Bank’s FDI Advisory Unit 1, which was specially set up to help companies realize their regional expansion plans. Through this unit, businesses have access to UOB’s full suite of corporate and personal banking products and get to tap on UOB’s network with various government agencies, business associations and professional service providers in the region. *UOB Group News Release*

Banking and Finance Newsbriefs**Hong Kong exports decline, but less than predicted**

Hong Kong exports decreased less-than-expected in December at the slowest pace in two years, data from the Census and Statistics Department showed recently.

Exports dropped 1.1 percent year-on-year following 3.5 percent fall in November. The drop is softer than the 2.7 percent economists had predicted. The latest decrease was the smallest since January 2014.

Imports also surpassed economists' expectations of 7.2 percent year-on-year decline. The December figures showed imports had reduced by 4.6 percent, nearly half that in November (8.1 percent).

The trade deficit narrowed to HK\$45.70 billion (A\$8.38 billion) from HK\$59.25 billion a year ago. Economists had expected a HK\$39.6 billion shortfall.

Over 2015, total exports decreased 1.8 percent and imports fell 4.1 percent from the previous year. *East & Partners*

Core shadow banking activity in China remains subdued

Moody's Investors Service says that while the growth rate of core shadow banking activity in China remains subdued, the pace of total social financing (TSF) picked up in the second half of 2015 on a surge in corporate bond issuance and sustained bank lending.

"The growth rate of core shadow banking activity remained below that of nominal GDP growth in Q4 for a third straight quarter, but overall leverage continues to rise as credit growth, measured by total social financing, is still growing faster than nominal GDP," says Michael Taylor, a Moody's Managing Director and Chief Credit Officer for Asia Pacific.

He notes that the slowdown in core shadow banking reflects the impact of regulations to curb financial risks, but that other forms of shadow banking are expanding more rapidly.

Moody's defines core shadow banking activities as entrusted loans, trust loans, and undiscounted bankers' acceptances. Moody's analysis is contained in its latest Quarterly China Shadow Banking Monitor. *Asian Banking and Finance*

UAE, Qatar lead Middle Eastern yuan engagement; Swift

The United Arab Emirates (UAE) and Qatar lead the Middle East in use of the yuan in direct payments with China and Hong Kong, according to the financial messaging firm Swift.

Last year, the UAE's use of renminbi comprised 74 percent of all payments by value to China and Hong Kong, up by 52 percent from the previous year. In Qatar, it accounted for 60 percent, more than double in the same period. The increased in the engagement can be attributed to several key agreements.

In 2015, Qatar became the first country in the Middle East to host a yuan clearing and settlement facility, after a deal between the Qatar Central Bank and the People's Bank of China (PBOC). In December, the UAE and China signed a memorandum of understanding to set up a clearing centre for the Chinese currency in the country.

"Use of the renminbi has been rising across the Middle East region over the last few years," said Sido Bestani, the head of Middle East, Turkey and Africa at Swift. "We anticipate these and similar efforts will continue to drive renminbi adoption across the region." *East & Partners*

Iran says SWIFT now open to 12 more banks

Iran has named 12 domestic banks that it says have now been reconnected to SWIFT, the global provider of secure financial messaging services, after the recent removal of economic sanctions against the country.

The Central Bank of Iran (CBI) says it has conducted the required negotiations with the SWIFT – the Society for Worldwide Interbank Financial Telecommunication – for Iranian banks to use its services to do overseas financial transactions.

They are Tejarat Bank, Refah Kargaran Bank, Export Development Bank of Iran, Bank Sepah, Post Bank of Iran, Bank of Industry and Mine, Iran-Europe Bank, Cooperative Development Bank, Bank Sina, Bank Mellat and Bank Melli Iran.

Several Iranian private banks including Dey, Saman, Pasargad, and Parsian in addition to two state-run banks - Maskan and Keshavarzi – have already become reconnected to SWIFT. *Press TV Iran*

India cuts recent economic growth estimates

India's government said on January 29 that economic expansion in the past few years was slightly slower than previously estimated, in the first revision to controversial new statistics that show India zooming ahead of China in 2015 to become the world's fastest-growing major economy.

Year-over-year growth in India's output was 7.2% for the 12 months that ended March 31, 2015, the Statistics Ministry said, down from the previous calculation of 7.3%. For the year prior, the growth estimate was cut to 6.6% from 6.9%. Expansion in the year before that was bumped up to 5.6% from an initial reading of 5.1%.

The scheduled updates were the first tweaks to India's data on annual gross domestic product since the country's statisticians a year ago revamped their methods and data sources for estimating GDP, a broad measure of an economy's total output.

Those changes surprised economists and executives when they were unveiled last January. The new data seemed to show Asia's third-largest economy on a sharp upswing during a period in which India, by many other counts, was staring down stagnation, even financial crisis. *Wall Street Journal*

Japan introduces negative interest rate to boost economy

The Bank of Japan on January 29 said it will charge lenders that leave too much cash on idle deposit with it, introducing a negative interest rate policy for the first time as it seeks to shore up a stumbling economic recovery.

The surprise move rattled stock market investors, with the Nikkei 225 index swinging between gains and losses after the announcement. It closed 2.8 percent higher. The Japanese yen slid, with the U.S. dollar rising to about 120.70 yen from about 118.50 earlier in the day.

The central bank said it is imposing a 0.1 percent fee on some new commercial bank deposits with the BOJ, effectively a negative interest rate. It hopes that will encourage commercial banks to lend more, rather than keeping cash at the BOJ, and stimulate investment and growth in the world's third-largest economy.

The BOJ said in statement that Japan's economy is still recovering, but risks from volatile global financial markets could undermine confidence and slow progress toward the central bank's 2 percent inflation target. *Associated Press*

MIER sees Malaysia economy growing at 4.7% in 2016

The Malaysian Institute of Economic Research (MIER) estimates Malaysia's Gross Domestic Product growth for 2016 at 4.7 percent, compared to the estimated 4.9 percent growth for 2015.

Executive Director Dr Zakariah Abdul Rashid said the country's economy will continue to be domestically driven and remain fundamentally strong but stabilization issues will need to be addressed.

Our economic condition is very much affected by short-term stabilization issues regarding confidence and sentiment in the economy, but the long-term structure remains sustainable," he told reporters at a briefing on Malaysia's economic outlook for the fourth quarter of 2015 (Q4 2015).

The stabilization issues include weakening domestic macroeconomic fundamentals like narrowing net current account surplus of the balance of payment, continuing net portfolio outflows, ringgit depreciation and tightening of domestic liquidity conditions, he said. *The Star*

Another Asian bank eyes Philippine market

Another Asian lender is eyeing to establish operations in the Philippines under the current relaxed bank ownership regulations, according to the Bangko Sentral ng Pilipinas (BSP).

Speaking before the banking community during the central bank's annual reception on January 19, BSP Governor Amando M. Tetangco noted that "the entry of new foreign banks under the liberalized regime should further enhance the quality of competition among banks and nurture innovations that will ultimately benefit the general public."

To date, the BSP had allowed the following foreign banks—all Asian—to operate in the country: Japan's Sumitomo Mitsui Banking Corp.; Singapore's United Overseas Bank Ltd.; South Korea's Shinhan Bank and Industrial Bank of Korea; as well as Taiwan's Cathay United Bank and Yuanta Commercial Bank Co. Ltd.

Japanese financial giant MUFG acquired a 20-percent stake in Security Bank in a deal valued at P37 billion, making it one of the largest foreign acquisitions of a local bank in recent years. *Inquirer*

Singapore bank lending falls 0.7% in December

Bank lending in Singapore fell in December from the previous month, reflecting a contraction in business loans, preliminary data from the Monetary Authority of Singapore (MAS) showed on January 29.

Loans through the domestic banking unit - which essentially captures lending in all currencies but mainly reflects Singapore-dollar lending - stood at S\$600 billion in December, down 0.7 percent from November, the MAS figures showed. In November, bank lending stood at S\$604 billion, up 0.4 percent.

Business loans in December fell 1.2 percent to S\$357 billion from November. A month ago, it rose 0.4 percent.

Consumer lending grew 0.2 percent to S\$243 billion in December from a month ago. In November, it rose 0.4 percent.

From a year ago, bank lending in December fell 1.3 percent. This is a sharper contraction compared with the 0.7 percent year-on-year fall posted in November. *Business Times*

Taiwan PMI returns to expansion in January

Taiwan's manufacturing purchasing managers index (PMI) began expanding again in January after six months of contraction, according to a report released by the Chung-Hua Institution for Economic Research (CIER) on February 1.

The local PMI index for January rose 4.7 points from a month earlier to 51.3, the think tank said. A PMI reading of above 50 indicates expansion in manufacturing activity, while a figure below 50 signals contraction.

Among the six manufacturing sub-sectors covered by the PMI, four expanded in January: food and textiles (60); transportation equipment (53.7); the chemical, biological and medical industry (51.8); and electronics and optoelectronics (50.7).

The two sub-sectors that showed contraction were basic materials (49.1); and electrical and machinery equipment (49.8). *Focus Taiwan*

Thai economy's gradual recovery continued in December on stimulus measures, central bank says

Thailand's economy continued a gradual recovery in December as most indicators registered moderate improvement, mostly because of the government's stimulus programs, the central bank said on January 29.

According to the Bank of Thailand's monthly report, the country's private consumption increased 3.0% from last year and 0.7% sequentially in December. In 2015, Thailand's private consumption index rose 1.1% from a year ago.

"A slight increase in non-farm income and improved consumer confidence together with a persistent decline in global oil prices helped offset a drag from the low level of farm income," the Bank of Thailand said.

The Thai central bank said, however, that the country's economic recovery hadn't been broad-based as merchandise exports, which normally account for around 70% of gross domestic product, suffered a contraction because of slowdowns in China and Southeast Asia. *Nasdaq*

Central banks boost Vietnam's investor optimism

Vietnamese shares will likely extend their gains as investor confidence rises after the world's central banks developed policies to strengthen and improve global financial markets.

This was the forecast sent out by brokerage firms in their recent reports. The benchmark VN Index on the HCM Stock Exchange rose 1.1 percent to end on January 29 at 545.25 points, while the southern index gained 4.4 percent over the week.

Additionally, the HNX Index on the Ha Noi Stock Exchange increased 0.9 percent to close at 76.87 points on January 29. The northern index added 4.1 percent last week.

Confidence among investors is expected to rise after they received positive signals from the world's top central banks, in a bid to stabilize and strengthen global stock markets by issuing policies to support these markets. *Vietnam News*

Publications

Labor Migration in Asia: Building Effective Institutions

This report analyzes the institutions and structures that govern labor migration in Asia. It considers the important role of governments and other stakeholders in both labor-destination countries such as Japan, the Republic of Korea, and Singapore, and labor-sending countries such as India, the Philippines, and Sri Lanka. Key issues are the extent to which these structures provide an orderly process for the movement of people between countries and whether the rights and the welfare of workers are protected.

The four chapters capture the ideas, insights, and discussions from the “Fifth Roundtable on Labor Migration in Asia: Building Effective Structures and Institutions for Migration Governance” that was hosted by the Asia-Pacific Finance and Development Institute in Shanghai in January 2015. The event brought together regional experts and policy makers and was co-organized by the Asian Development Bank Institute, the Organisation for Economic Co-operation and Development, and the International Labour Organization.

The report’s introductory chapter reviews recent regional trends, and two statistical annexes offer detailed coverage of migration flows within Asia and between Asia and other regions.

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Global Economic Prospects January 2016: Spillovers amid Weak Growth

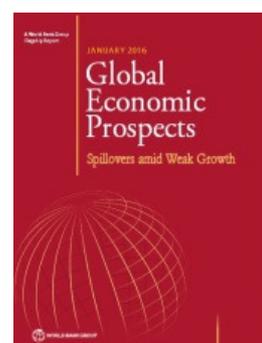
Global growth disappointed again in 2015, slowing to 2.4 percent, and is expected to recover at a slower pace than previously envisioned. Growth is projected to reach 2.9 percent in 2016, as a modest recovery in advanced economies continues and activity stabilizes among major commodity exporters, according to the World Bank’s January 2016 Global Economic Prospects. Forecasts are subject to substantial downside risks. A more protracted slowdown across large emerging markets could have substantial spillovers to other developing economies, and eventually hold back the recovery in advanced economies.

A broad-based slowdown across developing countries could pose a threat to hard-won gains in raising people out of poverty, the report warns.

“More than 40 percent of the world’s poor live in the developing countries where growth slowed in 2015,” said World Bank Group President Jim Yong Kim. “Developing countries should focus on building resilience to a weaker economic environment and shielding the most vulnerable. The benefits from reforms to governance and business conditions are potentially large and could help offset the effects of slow growth in larger economies.”

Contact for details: World Bank Publications

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



World Development Report 2016: Digital Dividends

Digital technologies have spread rapidly in much of the world. Digital dividends—that is, the broader development benefits from using these technologies—have lagged behind. In many instances, digital technologies have boosted growth, expanded opportunities, and improved service delivery. Yet their aggregate impact has fallen short and is unevenly distributed. For digital technologies to benefit everyone everywhere requires closing the remaining digital divide, especially in internet access. But greater digital adoption will not be enough. To get the most out of the digital revolution, countries also need to work on the “analog complements”—by strengthening regulations that ensure competition among businesses, by adapting workers’ skills to the demands of the new economy, and by ensuring that institutions are accountable.



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

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