

## General Meeting and Conference

### ABA holds Planning Committee Meeting in Vietnam

The 2016 ABA Planning Committee Meeting was held on April 8, 2016 at The Melia Hotel in Hanoi, Vietnam. Presided by ABA Chairman Mr. Daniel Wu, President and CEO of CTBC Financial Holding Ltd., the meeting was attended by 30 representatives of 14 banks from 6 countries, including Iran, Japan, India, Republic of China (Taiwan), Thailand, and Vietnam.

Vietcombank Chairman warmly welcomed the meeting participants and thanked them for attending the meeting. He expressed confidence that all delegates will hold active discussion and make contribution to the success of the meeting, and thereby further promote the development and prosperity of the ABA in general and of all ABA member banks in particular.

ABA Chairman Mr. Wu expressed his appreciation to Vietcombank and its officers and staff led by Chairman Mr. Nghiem Xuan Thanh for hosting the meeting and for making all the necessary arrangements and the warm hospitality extended to the participants.

He also expressed his appreciation to the delegates from overseas for traveling long distances to participate in the meeting, and thanked the attendees from different countries for taking time off their busy schedules to join the discussions.

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



ABA Chairman and CTBC Financial Holding Co. CEO Daniel Wu expresses his appreciation to Vietcombank and its officers and staff led by Chairman Mr. Nghiem Xuan Thanh for hosting the meeting.



Delegates of the ABA Planning Committee Meeting pose for a group photo on April 8 at the Melia Hotel, Hanoi.

### Conference Dates

Amb. Victor C. Y. Tseng, ABA Secretary-Treasurer, reported that the Vietcombank, after consultation with the ABA Secretariat and some of the key ABA officers, has tentatively proposed to hold the 33rd ABA General Meeting on November 10-11, 2016.

Amb. Tseng pointed out that in finalizing the meeting dates, the Planning Committee may wish to consider the schedule of events and country holidays for the year that some key members usually attend or observe, such as the Ramadan period, the Annual Meeting of the IMF, and the Summit Meetings of APEC

and of the ASEAN. He said that as much as possible, the ABA meeting should not be made to coincide with these major events or holidays.

With no objections from the members, the proposed dates of November 10-11, 2016, on motion duly seconded, were formally endorsed by the Planning Committee.

### **Conference Venue**

Mr. Nguyen Ngoc Ban, Head of Financial Institutions at Vietcombank, informed the Committee that as host organization, Vietcombank would like to propose holding the Conference at the Vinpearl Ha Long Bay Resort. Mr. Ban informed the Committee that the newly-opened resort hotel is located in Halong Bay, which is considered a natural wonder of Vietnam and a UNESCO World Heritage.

With no further comments from the members, the Planning Committee, on motion duly seconded, endorsed Vietcombank's proposal to hold the 33rd ABA General Meeting and Conference at Vinpearl Ha Long Bay Resort. Guest rooms will also be booked at the same hotel for the foreign delegates.



*ABA and Vietcombank officers participate in the ocular inspection of Vinpearl Resort in Ha Long Bay.*

### **Conference Theme/Topics**

The Planning Committee considered a list of possible themes and topics for the 33rd ABA General Meeting and Conference as compiled by the Secretariat. Amb. Tseng noted that the list was generated from a survey conducted earlier among members seeking suggestions on issues they believed are of current concern to the banking sector.

In addition to the suggestions earlier received by the Secretariat, the Committee also considered those submitted by Bank Pasargad and by Vietcombank during the meeting itself. In particular, Dr. Mostafa Beheshti Rouy from Bank Pasargad suggested the inclusion of a session focusing on the current situation in the Iranian banking and financial industry.

### **Suggested Speakers**

The ABA Secretariat was requested to compile the list of suggested speakers presented by members, and follow up with other Committee members - as well as consult with Vietcombank - on their recommended speakers as soon as the Conference theme and topics are finalized.

### **Conference Format/Program**

Secretary-Treasurer Amb. Victor Tseng referred the Committee to the Tentative Conference Program drafted by the Secretariat. He explained that the ABA Annual General

Meeting and Conference usually runs for two days, with the first day focusing on internal meetings, and the second day featuring the full-day Conference.

Amb. Tseng further informed the Committee that the Association of Credit Rating Agencies in Asia (ACRAA) has submitted a concept paper for a proposed half-day forum on the theme “Addressing the Evolving Risk Environment in the Banking Sector” to be part of the Conference program.

Amb. Tseng explained that ACRAA was formed in 2001 as an initiative of the ABA under the guidance of the late ABA Founder Dr. Jeffrey L. S. Koo and with the support of the Asian Development Bank. It was aimed to be part of ABA’s efforts to promote a regional bond market. Its membership has now grown from the original 15 founding members from 10 countries, to the current 32 member agencies from 15 countries. Its Secretariat is based in Manila, Philippines, with Mr. Santiago Dumlao as Secretary-General.



*Vietcombank hosts a cruise along Ha Long Bay for delegates on April 9.*

Amb. Tseng said that Mr. Dumlao attended the ABA Conference in Taipei in November last year. It was at that time that the Secretariat discussed with him the need for ACRAA and ABA to come together for greater collaboration to promote the common interests of our respective constituencies, particularly in light of the fact that Asian financial integration is to be realized very soon. The submission of the ACRAA concept paper is an outcome of that discussion.

Amb. added that the proposal of ACRAA had been earlier submitted to Vietcombank for consideration, and now being presented to the Committee for comments.

Mr. Ban from Vietcombank informed the Committee that they have received the ACRAA concept paper, and is now considering the said proposal.

### ***Ocular Inspection of the Proposed Conference Venue***

Members of the ABA delegation proceeded to Ha Long Bay to conduct an ocular inspection of the meeting facilities and guests rooms of Vinpearl Ha Long Bay Resort. They were accompanied by officers and staff of Vietcombank and representatives of other Vietnamese banks.

The ocular inspection was followed by a boat tour of the Ha Long Bay, during which the delegates were treated to a lunch by the host Vietcombank.

## ABA pays courtesy call to the Deputy Governor of the State Bank of Vietnam

**A**fter the Planning Committee Meeting, members of the ABA delegation led by ABA Chairman Mr. Daniel Wu and ABA Vice Chairman Mr. Nghiem Xuan Thanh paid a courtesy call on Deputy Governor Nguyen Thi Hong of State Bank of Vietnam, the country's central bank.

The Deputy Governor welcomed the ABA delegation and thanked them for the visit. She cited the important role of the ABA in providing a platform for cooperation among banks in the region. She added that under current regional and global environment, the banks' are expected to play an even bigger role in economic development of countries in the region. She expressed her hopes that the ABA will serve as an important forum to provide support to Vietnamese banks and for policy advocacy and sharing ideas of common concern. She said she was glad that the Vietnamese Bankers Association had signed an MOU with the ABA in November 2016 during the 32<sup>nd</sup> ABA General Meeting and Conference in Taipei.

Chairman Wu thanked the Deputy Governor for receiving the ABA delegation. He underscored the key role played by the State Bank of Vietnam in the economic development of the country by maintaining the stability of the national currency – and ensuring monetary and financial stability in a deregulated and open financial system. He said that the ABA hopes to help contribute to the efforts of the State Bank of Vietnam in achieving this objective. By working with and through the support of ABA members – including Vietcombank and other Vietnamese member banks - the Association aims to provide a platform for the Asian banking community to come together in order to help create a policy environment that is conducive to the growth not only of the banking industry but also of the economy as a whole. He extended his invitation to the Deputy Governor to attend the 33<sup>rd</sup> ABA General Meeting and Conference in November.

The Deputy Governor briefed the ABA delegation on recent trends and developments in the Vietnamese economy and its banking and financial sector. Among others, the delegation learned that Vietnam's economic growth in 2015 was about 6-7%, which was much higher than in previous years; both the inflation and interest rates have been reduced; exchange rate has stabilized; foreign reserves have grown; the credit institution system has been reformed, and is now safer, more efficient, and more robust; governance and risk management have improved over the past five years; the government's determination to stabilize economic conditions has reduced inflation and supported economic growth; the government's three-pillar policy – consisting of investment reforms, enterprise reforms, and financial reforms - have produced successful and positive outcomes; and Vietcombank is considered as a flagship bank in the country.



*(left) ABA delegation led by ABA Chairman Mr. Daniel Wu and ABA Vice Chairman Mr. Nghiem Xuan Thanh pay courtesy visit to Deputy Governor Nguyen Thi Hong of State Bank of Vietnam, the country's central bank; (right) ABA Chairman Wu presents a token of appreciation to Deputy Governor Nguyen Thi Hong.*

## Policy Advocacy

### ABA Policy Advocacy Committee reports on 2016 Work Program

**M**s. Prudence Lin, Chairman of the Policy Advocacy Committee led the discussions on 2016 Work Program during the Planning Committee Meeting held in Hanoi on April 8, 2016.

Ms. Lin thanked the participants for attending the first meeting of the ABA Policy Advocacy Committee for the year 2016. She also expressed her appreciation for the support



that members have provided the Committee over the past few years, adding that their continued strong cooperation and valuable inputs have contributed much to the notable achievements of the Committee over the past months, and that she looked forward to working with them in pursuing its activities this year.

Ms. Lin proceeded to discuss the proposed objectives and proposed activities of the 2016 Work Program for the Policy Advocacy Committee, as follows:

*(1) Achieving transformational change among member banks through cooperation in business process re-engineering initiatives*

- To encourage sharing of insights/experiences among member banks on their own efforts/initiatives to achieve transformation change given the unique market pressures experienced in their respective countries/regions
- To provide suggestions on fast-track implementation of change initiatives to achieve faster results
- To share views on continuing internal team efforts vs. hiring consultants to support transformational change– when, whom to select, experiences, learnings and expected cost benefits
- To form an “ABA Discussion Group” for an ongoing structured dialogue for sharing of best practices and developing specific learning forums on transformational change through business process re-engineering efforts.



Ms. Lin informed the Committee that for this item, the ABA has obtained consent from the Chief Operating Officer – Mr. Dilshan Rodrigo, COO of Hatton National Bank (HNB) - to take the lead on the above initiatives. She noted that Mr. Rodrigo had provided HNB’s experiences and benefits derived from the continuous efforts in the business process re-

engineering. She therefore expressed confidence that he can help the Policy Advocacy Committee in accomplishing this objective.

*(2) Promoting institutional linkages and partnerships to make micro, small and medium enterprises (MSMEs) commercially bankable*



- To build partnership between local business chambers of commerce and industry associations which are representative bodies of individual MSMEs;
- To create linkages between MSMEs and the micro, small and medium professionals, particularly those in the areas of accounting and auditing, legal, process engineering, and marketing, among others;
- To establish partnerships between value and supply chain entities and encourage them to create a workable framework on buy-back arrangements;
- To encourage governments to put in place much-needed legal framework and regulatory mechanisms to facilitate the empowerment of MSMEs.

For this item, Ms. Lin said that the ABA has obtained consent from Mr. Chandula Abeywickremna, the ABA Special Advisor on Financial Inclusion, to help to take a lead of the studies, adding that Mr. Chandula had prepared the topic on “More Inclusive Micro, Small and Medium Entrepreneur (SME) Financing for the Banking Sector Growth and Business Sustainability in Asia” last year.

*(3) Promoting collaboration among members banks in addressing and mitigating the implications of changing regulations*

- To assess overall impacts on bank capital and implementation efforts toward Basel III, IFRS-9 and potential changes referred as Basel IV, and to work together more closely and prudently to facilitate a smooth adaption of the upcoming regulatory requirements
- To establish an e-platform to promote frequent dialogue and exchange of views (e.g., with regard to challenges and adaptations of the upcoming regulatory requirements) among bank professionals and experts in the area of finance, risk and IT across countries among ABA member banks
- To build closer alliance with banking associations to voice out concerns, challenges and recommendations to relevant international regulatory bodies



For this item, CTBC Bank have been taking the lead to drive for the cooperation and consolidation of feedback from ABA members and I trust that CTBC will continue to lead and we look forward to receive more feedback from our member banks and related bankers association in various countries.





## **ABA sends delegation to the Basel Committee Roundtable on Standardized Approach for Credit Risk**

**T**he Asian Bankers Association was once again invited by the Basel Committee’s Task Force on Standardized Approaches (TFSA) to participate in the TFSA Roundtable which was held this time in Basel, Switzerland on February 17, 2016. The aim of the Roundtable was to provide an opportunity for market participants to elaborate and highlight key aspects of their comments on the second consultative document on “Revisions to the Standardized Approach for Credit Risk”.

The ABA was one of the seven industry organizations invited to participate in the Basel Roundtable. The other six included the following:

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

The ABA, which also sent representatives to the first Roundtable held in February last year in Frankfurt, agreed to once again participate in the Basel Roundtable meeting as the Association believes it is critical for all banks to get involved in this process and provide feedback to the TFSA.

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

The ABA Board was also requested to provide the ABA Secretariat with their comments on the proposed revisions to the standardized approach for credit risk. The ABA delegation decided to present its comments and recommendations on the following subjects: (a) Overarching issues, (b) Bank Exposure, (c) Retail Exposure; and (d) Treatment of Off-Balance Sheet Items.

According to Ms. Lin, the key recommendations that ABA members delivered during the Basel Roundtable meeting were as follows:

a. Exposure to Banks – The ABA delegation raised concerns over the Basel Committee’s proposal to eliminate government support on the use of external rating on bank exposures, except for the government-owned banks. The ABA understands the intention of Basel Committee to emphasize the differentiation of the linkage between Bank rating and Sovereign rating. However, when the real crisis occurred, supports can come in different forms such as capital injection from parent group, assets purchases or liquidity provisions provided by government. In addition, the exclusion of government support from

external rating is not readily available at this moment and therefore is difficult to implement or justify for a reasonable calibration of risk weight.

b. Retail Exposures - For retail exposures, the current proposal from Basel is to adopt a single risk weight of 75%, and thus we raised the concerns on “lack of risk sensitivity”. As retail exposures contain various product types, therefore using a single risk weight is not reasonable. The ABA recommended to the Basel Committee to: (1) differentiate payment transaction (credit card transactor) from financing transaction (credit card revolver), and (2) differentiate secured vs. unsecured products, since the default rates for different products are substantially different. Lastly, the ABA proposed to the Basel Committee to add the proposed product segmentation to the forthcoming QIS (Quantitative Impact Study) to justify for a better risk sensitive capital requirement.

c. Overarching Issues (Treatment of Off-Balance Sheet Items) – Ms. Lin informed the Committee that for these sections, Bangkok Bank, SMBC, and MUFG raised their concerns from the floor, respectively.

In summary, Ms. Lin informed the Planning Committee that for this year's Basel Roundtable, the ABA have been able to deliver a stronger voice on Basel regulations on behalf of all of ABA members. She added that the ABA Policy Advocacy Committee shall continue to co-work with all ABA members to participate and keep such presence in all related international regulatory events.

ABA Chairman Mr. Wu said that it was good to know that ABA's policy advocacy efforts are being recognized by relevant organizations in the banking and financial sector, and that our Association's inputs are being sought on issues of concern to the industry. He pointed out that the ABA agreed to participate in the Frankfurt roundtable meeting of the TFSA as the Association believes it is critical for all banks to get involved in this process and provide feedback to the TFSA. He expressed his hopes that the ABA would remain an important contributor in important policy discussions in the future, and encouraged members to play an active role in this regard.

The seven-man ABA delegation to the Basel Roundtable was led by Mr. Chih-chung Huang, Executive Vice President and Head of Credit Risk Management, CTBC Bank, and included the following members:

- a. Mr. Ayuth Krishnamara, Executive Vice President, Risk Management, Accounting and Finance, Bangkok Bank PCL
- b. Ms. Shih-jen Hu, Vice President, Institutional Credit Risk Measurement Dept., CTBC Bank
- c. Ms. Melanie Chou, Lead of Retail, Basel and Provision, CTBC Bank
- d. Mr. Yasuaki Daisai, Vice President, Corporate Risk Management Dept., Sumitomo Mitsui Banking Corp.
- e. Mr. Teruo Ikeda, Manager, Credit Policy and Planning Division, Mitsubishi UFJ Financial Group, Inc.
- f. Mr. Mohammadreza Hajian, Executive Board Member, Bank Pasargad

The roundtable meeting was held at the Basel Headquarters in Switzerland.

## Education and Training

### Hatton National Bank to host ABA Short Term Visiting Program in Colombo



**A**BA would like to invite member banks to participate in the short-term visiting program that the Hatton National Bank (HNB) is hosting in Colombo, Sri Lanka on May 30-31, 2016.

HNB was recognized as the 'Best Retail Bank in Sri Lanka' for the seventh time by the prestigious 'The Asian Banker' at the Asian Banker Excellence in Retail Financial Services Awards ceremony held in March last year in Singapore.

Asian Banker has cited that the award was bestowed upon HNB based on the resilience demonstrated amidst challenging conditions experienced during the year. In 2014, HNB's rupee current account and savings account (CASA) ratio improved to 47% from 40% in the previous year despite the discontinuation of the flagship lottery scheme while the personal loans recorded an outstanding growth of 83% through a focused sales drive notwithstanding the slowdown in credit growth witnessed by the industry especially during the first half of the year. The Bank was also successful in improving its overall asset quality to the lowest level in the past decade and well below the industry average.



This year, Hatton National Bank teams up with ABA for a short term visiting program offered only to members of the Association. The primary objective of ABA's short-term visiting program is to provide member banks the opportunity to study and undergo training on specific aspects of the operations of member banks. The idea is to enable the visitors to: (i) enhance and upgrade their technical skills and knowledge in specific banking areas in the distinct and peculiar social, economic and business environment of the host country, and (ii) gain first-hand knowledge of the operations, systems and work procedures of the host bank's various line departments.

The HNB program will cover topics such as the Evolution of Risk Management at HNB; Operational Excellence; Business Process Re-engineering; and Driving the Digital Proposition. Participants will also have the opportunity to visit the Central Bank of Sri Lanka, the Credit Information Bureau of Sri Lanka, and the National Cheque Clearing House in Sri Lanka.

#### NO PARTICIPATION FEE

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

#### PROPOSED VENUE

The HNB Program is scheduled to take place at the HNB Towers in Colombo.



## ACCOMMODATION

The HNB has recommended two options– Cinnamon Red Hotel and the Cinnamon Lakeside Hotel– both of which are located not too far from the HNB Towers. The HNB has negotiated corporate rates for delegates who wish to stay in either of the two hotels. The bank will also arrange airport transfers and transportation from and to your place of accommodation.

ABA encourages member banks to take advantage of this opportunity to learn from HNB's experience in several key banking operations. To request for Confirmation Form or for any inquiries please email the ABA Secretariat at [aba@aba.org.tw](mailto:aba@aba.org.tw)



## 2nd Annual Digital Disruption Asia Summit 2016 to be held in Singapore

**T**he 2nd Annual Digital Disruption Asia Summit 2016 will be held in Singapore on June 21-22. ABA members are invited to the conference and offered 10% discount from the conference fee.

The event organizer IQPC has invited ABA as an official supporting association. ABA members interested in registering for the event may get in touch with the Secretariat at [aba@aba.org.tw](mailto:aba@aba.org.tw)

Focusing on 'Disruptive Innovation and Value Creation in the Digital Economy', the two-day event will gather eminent CIOs, COOs and experts from Asia's leading businesses to discuss the following issues through a series of informative case-studies and panel discussions:

1. Drivers and characteristics of the digital economy.
2. The role of digital transformation and data-driven decision-making.
3. Business case studies in the application of pioneering methodologies such as the Lean Movement, Design Thinking and Customer Development.
4. Success stories in Disruptive Corporate Innovation and organizational cultural change.
5. Consumer insights, business and market opportunities.
6. The exponential rise in opportunities from the Internet of Things.

For more information, visit [www.digitaldisruptionasia.com](http://www.digitaldisruptionasia.com) or email [enquiry@iqpc.com.sg](mailto:enquiry@iqpc.com.sg) for inquiries.

Founded in 1989, IQPC has offices in Berlin, Dubai, London, New York, Sao Paulo, Singapore, Stockholm, Sydney and Toronto. Each year, IQPC offers approximately 2,000 worldwide conferences, seminars, and related learning programs with special emphasis on construction, human resources, finance and marketing, among others.

**Member Personality****Oliver Hoffmann takes seat on ABA Board of Directors**

ABA welcomes Oliver Hoffman, Managing Director and Head of Asia, Erste Group Bank AG, as the new representative of Erste Group in the ABA Board. Hoffman takes over from Graham Kershaw, who retired from the Bank on April 7, 2016.

Hoffman joined Erste Group Bank AG in January 2016 as Managing Director & Head of Asia, based in Hong Kong. He started his banking career in 1987 with Deutsche Bank AG in his native Germany and in 1989 moved to Bayerische Vereinsbank AG which became Bayerische Hypo- und Vereinsbank AG and later – after the take-over by UniCredit SpA in 2005 - UniCredit Bank AG.

Hoffman was posted in Hong Kong in March 1997 and has been a permanent resident in the city since. In his career, he held various senior positions in UniCredit Bank AG and its predecessor institutions, including Team Head for Syndications & Structured Lending, Trade Finance, and Corporate Finance. He also held directorships in various of the bank's subsidiaries in Hong Kong, Mainland China, and Taiwan. From 2006 on, he served as Chief Executive of the bank's Hong Kong Branch and as Regional Head of the Financial Institutions Group Asia-Pacific. He was made a member of UniCredit's Global FIG Executive Committee in 2013.

He holds a degree in Banking and in Business Administration & Economics by the Verwaltungs- und Wirtschaftsakademie, Munich, and is an alumni of The Pacific Rim Bankers Program. He is married and has two children.

**DBS appoints new head of SME Banking**

DBS announced on March 23 that Joyce Tee has been appointed Group Head of SME Banking. In this role, Tee will oversee the bank's SME banking businesses across the region and will report to Jeanette Wong, Head of Institutional Banking Group. Tee will also be the bank's first female head of its SME banking franchise.

Tee started her career providing management consultancy and financial advisory solutions to small businesses and entrepreneurs in the US, working closely with the Small Business Administration and the US Department of Commerce. After spending 12 years in the US, she returned to Singapore and worked with OCBC Bank's enterprise banking unit for four years, covering the offshore marine and commodities sectors. She joined DBS in 2004 and most recently headed the bank's shipping, aviation and transportation businesses. Under her leadership, these business lines contributed substantially to the bottomline of the corporate banking franchise. Tee has also built trusted relationships with major industry players, including some of the world's largest aircraft lessors, who tap on DBS to diversify their funding sources and access the capital markets in Asia.

Tee is taking over the reins from Lim Chu Chong, who recently relocated to China to head up DBS' institutional banking franchise there. In addition to implementing a consistent SME business model across the region, Tee will be focused on leveraging digital innovation to drive client acquisition and deepen existing relationships, as well as further extend support to SMEs in a more challenging economic environment.

### **BML appoints new Corporate Banking Director**



Bank of Maldives (BML) on April 10 announced the appointment of Mr. Kuldip Paliwal as its New Corporate Banking Director.

Kuldip is a career banker with over 17 years of experience in the field of Consumer & Commercial Banking. He has worked in senior roles in a number of Banks in India such as Citibank, IDBI Bank and ICICI Bank. Prior to joining Bank of Maldives, Kuldip was the Business Head of Corporate & Investment Banking at Exim Bank, Tanzania in Africa. Kuldip holds Master of Business Economics (Finance), Master of Science (Statistics) from India. He also holds professional charters such as Certified Associate of Indian Institute of Bankers (CAIIB), Certificate in KYC/AML from India and Certified Fraud Examiner (CFE) from USA, and attended a workshop in Leadership & Networking at University of Chicago (Singapore Campus).

To serve the country's growing Commercial sector, Corporate Banking Division is being significantly expanded to establish relationship-oriented business model with flexible and faster decision making to meet the needs of large corporates.

*Bank of Maldives*

## News Updates

**Asian, Japanese Bankers Associations ink memorandum of understanding**

The Asian Bankers Association (ABA) and the Japanese Bankers Association (JBA) signed a Memorandum of Understanding on March 22, 2016 aimed at taking more concrete steps toward cooperation in the future, creating a platform for exchange and boosting the economic development of the Asia-Pacific region.

CTBC Financial Holding Company CEO Daniel Wu assumed the chairmanship of ABA in November 2014 and has since sought more cooperation opportunities with foreign bankers associations in the hopes of leveraging the critical and influential power of Asia in the global finance arena, stated CTBC.



*ABA Chairman Wu receives a gift from JBA Vice Chairman Mr. Shin Takagi after their MOU signing on March 22, 2016 in Tokyo.*

ABA Chairman Wu and JBA Chairman Yasuhiro Sato signed the MOU on behalf of their respective organizations.

Wu said in his opening remarks that ABA's partnership with JBA will help in the development of the banking system at a time when the world is facing grave economic challenges.

"Bankers in Asia must strengthen cooperation with one another," stressed Wu. Wu added that the MOU will serve as a communication platform to share management advice, experience, financial information and business opportunities. At

the same time, it aims to encourage regional trade, industrial and investment plans, and foster further cooperation among financial institutions in Asia.

Witnesses of the signing of the MOU included ABA Secretary-Treasurer Amb. Victor CY Tseng, CTBC Senior Vice President Joseph Huang, JBA Vice Chairman Shin Takagi, JBA Director Hideharu Iwamoto and Tokyo Star Bank CEO Masaru Irie among others.

The ABA was established by CTBC Financial Holding Co., formerly Chinatrust, founder Jeffrey Koo 34 years ago. Members come from 26 economic entities, including around 100 banks, including Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust & Banking Corp., Mizuho Bank, Sumitomo Mitsui Banking Corp (SMBC) and 16 financial institutions from Taiwan.

Besides the JBA, ABA has also signed MOUs with various international associations including the Mongolian Bankers Association, Thai Bankers' Association, Association of Professional Bankers Sri Lanka, Vietnam Bankers Association, Association of Russian Banks and the Bankers Association of the Philippines among others. *The China Post*

## IMF cuts global growth outlook again, warns of political risks

by David Lawder, Reuters, Reuters

The International Monetary Fund warned on April 12 of the risk of political isolationism, notably Britain's possible exit from the European Union, and the risk of growing economic inequality as it cut its global economic growth forecast for the fourth time in a year.

In the run-up to the annual spring meetings of the IMF and the World Bank in Washington, D.C., the IMF said the global economy was vulnerable to shocks such as sharp currency devaluations and worsening geopolitical conflicts.

In its latest World Economic Outlook, the IMF forecast global economic growth of 3.2 percent this year, compared to a forecast of 3.4 percent in January. The growth estimate also was lowered in July and October of last year.

For 2017, the IMF said the global economy would grow 3.5 percent, down 0.1 percentage point from its January estimate.

Its latest report cited a worsening spillover from China's economic slowdown as well as the impact of low oil prices on emerging markets such as Brazil. It also highlighted persistent economic weakness in Japan, Europe and the United States.

The gloomier picture sets the stage for the IMF and the World Bank to call this week for more coordinated global action to support growth.

"In brief, lower growth means less room for error," IMF's chief economist, Maurice Obstfeld, told a news conference, adding that "scarring effects" from years of tepid growth could in turn weaken demand, thin the workforce, and reduce potential output further, creating a scenario of "secular stagnation."



*Maurice Obstfeld, Economic Counsellor and Director, Research Department of IMF delivers the International Monetary Fund's media briefing on the world economic outlook during its annual meeting in Lima, Peru, October 6, 2015. REUTERS/MARIANA BAZO/FILES*

### Isolationism Grows

In its report, the IMF warned that the rise of nationalist parties in Europe, the June 23 "Brexit" referendum, and anti-trade rhetoric in the U.S. presidential campaign posed threats to the global economic outlook.

A British exit from the EU could do "severe regional and global damage by disrupting established trading relationships," it said.

"We're definitely facing the risk of going into doldrums that could be politically perilous," said Obstfeld, who pointed to stagnant wage growth as fueling a growing sense of economic inequality that is spilling into the voting booth in many countries.

The IMF urged policymakers to boost growth with actions such as deregulating certain industries and raising labor market participation. It recommended nations with fiscal breathing room boost investments in infrastructure and cut labor taxes, and it encouraged central banks to keep monetary policy accommodative.

The IMF's report and the gathering of officials and central bankers in Washington this week comes against the backdrop of widening rows in Europe over negative interest rates, a refugee crisis, and how to shore up Greece's financial bailout program.

German Finance Minister Wolfgang Schaeuble told Reuters in an interview on April 12 that the European Central Bank's record low interest rates were causing "extraordinary problems" for German banks and pensioners, and risked undermining voters' support for European integration.

Official negotiations over Greece's bailout review have been idled during the IMF and World Bank meetings, but the debate over whether to provide more debt relief to Athens in exchange for further budget cuts is expected to continue on the sidelines.

Obstfeld repeated the IMF's demand for a bailout program that would put Greece on a path to sustain its debt and begin growing again, adding that there should be some flexibility to help its government deal with the massive numbers of refugees who have fled to Greece from war-torn countries.

### *Forecasts for Japan, US also cut*

The IMF on April 12 cut Japan's growth forecast for 2016 in half to 0.5 percent. It said Brazil's economy would now shrink by 3.8 percent this year versus the previous forecast of a 3.5 percent contraction, as Latin America's largest economy struggles through its deepest recession in decades.

Meanwhile, the United States, one of the relative bright spots in the global economy, also saw its 2016 growth forecast cut to 2.4 percent from 2.6 percent. The IMF said it anticipated an increased drag on U.S. exports from a stronger U.S. dollar, while low oil prices would keep energy investment weak.

U.S. Treasury Secretary Jack Lew will urge G20 and IMF members to take steps to bolster demand, but also to "avoid persistent exchange rate misalignments and refrain from targeting exchange rates for competitive purposes," a senior Treasury official told reporters.

The IMF nudged China's growth forecast slightly higher to 6.5 percent this year, and 6.2 percent in 2017, partly due to previously announced policy stimulus moves. However, the Fund added that it was reducing its longer-term growth forecasts for China and said the Asian nation's "momentous" shift away from investment-led growth was continuing to chill global trade.

## **World Bank sees solid East Asia growth despite global rout**

*by David Roman, Bloomberg*

**G**rowth in developing economies in East Asia is holding up despite tough global conditions and a slowdown in China, according to the World Bank.

The Washington-based lender lowered its growth forecast for this year for developing East Asia and Pacific countries only marginally to 6.3 percent from 6.4 percent, it said in a report on April 11. Growth is set to ease from an estimated 6.5 percent in 2015, it said.

While developing nations in East Asia -- from Indonesia to China -- have benefited from careful economic policies, global risks are considerable



*Growth in developing economies in East Asia is holding up despite tough global conditions and a slowdown in China, according to the World Bank.*

and threaten the region’s outlook, the lender said. Among these are a slowdown in high-income countries, the slump in exports and financial market volatility.

“Policy makers have less room to maneuver,” Sudhir Shetty, chief economist of the World Bank’s East Asia and Pacific region, said in a statement. “Countries should adopt monetary and fiscal policies that reduce their exposure to global and regional risks, and continue with structural reforms to boost productivity and promote inclusive growth.”

**China Outlook**

For China, the World Bank is forecasting 6.7 percent economic expansion this year, unchanged from its October estimate. Excluding China, the region’s economy is projected to grow 4.8 percent this year, up from 4.7 percent in 2015 and 0.1 percentage point lower than previously predicted.

China is slowly moving toward more sustainable growth with less reliance on industrial exports, Shetty told reporters via video from Washington. At the same time, the economy is creating a substantial number of jobs, partly because some manufacturers are moving production to other parts of China instead of lower-cost countries, he said.

“Many jobs are moving across China, away from the coastal areas,” he said. “The quality of infrastructure is orders of magnitude better than those in other countries, and it helps compensate for the higher wages.”

In Southeast Asia, the biggest downgrades in growth forecasts were for Indonesia and Malaysia, both commodity exporters. Indonesia’s estimate for 2016 was lowered by 0.2 percentage points to 5.1 percent, while Malaysia’s was cut by 0.3 points to 4.4 percent.

The largest forecast upgrade was for Thailand, with the World Bank now projecting expansion of 2.5 percent this year, up from 2 percent in the earlier report.

With developing nations in East Asia and the Pacific accounting for about 40 percent of world growth in 2015, the global economy is too reliant on the region to drive demand, Shetty said.

“It’s not good to have a plane flying on one engine,” he said. “The global economy would be much better off with multiple sources of growth.”

	2015 growth	2016 growth estimate	Change in 2016 growth estimate from October
Developing East Asia and Pacific	6.5	6.3	-0.1
China	6.9	6.7	0.0
Indonesia	4.8	5.1	-0.2
Malaysia	5	4.4	-0.3
Philippines	5.8	6.4	0.0
Thailand	2.8	2.5	0.5
Vietnam	6.7	6.5	0.2

## Special Feature

## Fintech's 'coming of age' and what it means for ASEAN FIs

by Liew Nam Soon, Managing Partner, Financial Services, ASEAN

In years to come, February 2016 may well be considered as the month when “fintech” officially came of age.

Of course financial technology is not in itself a new phenomenon. From online banking to blockchain applications, there have been a myriad of new products, processes and firms relentlessly disrupting incumbent institutions for years now.



Nonetheless February marked the start of a new era for existing players and new entrants alike.

In a letter to the G20 dated February 22, the chairman of the Financial Stability Board Mark Carney sounded a preliminary warning about what he called the “potentially transformative implications” of fintech, and promised greater scrutiny from authorities in future. Indeed, he said that a number of existing innovations were already under review, with the FSB scheduled to report its findings in September.

Just a few days later the European Parliament called for the creation of a task force to examine distributed ledger technology, and in March, the International Organization of Securities Commissions expressed its concerns about the growing risks to financial markets from fintech innovations.

At a superficial level, these events simply validate a long-known reality - fintech is now a meaningful global movement.

But they also highlight how concerned global authorities are becoming about the way that new players – both consumers and corporates - are altering the risk profile of the financial industry as a whole.

Judging by the growth statistics, the regulators are justified in their focus.

In 2015, global investment into fintech continued its exponential growth trajectory, reaching a record of some 19 billion US dollars, with around a quarter of that in Asia.



Money transfer and savings/investment products were the fastest growing sectors, and as EY's “FinTech Adoption Index shows” the new product growth was matched by a growth in consumer demand, with young, high income city-dwellers showing the strongest appetite for innovation.

While the mounting attention from international regulators is unlikely to have a significant short term impact on those trends, for companies already scrambling to deal with a constantly changing business landscape the longer term promise of more regulatory disruptions presents yet another digitalization headache.

This future challenge is one of the key themes highlighted in a new report from EY on digital risk and compliance issues face by financial institutions operating in ASEAN.

In a series of interviews with senior executives from the banking, insurance, as well as the wealth and asset management industry across ASEAN, the report outlines the digital value creation plays of regional industry players, identifying also major challenges presented

by fintech and digitalization, and proposing a best-practice framework for successful execution.

What comes through clearly from the conversations is that regional industry leaders are, for the most part, cognizant of the challenges ahead, and are preparing to meet them.

Where challenges do arise, they tend to revolve around two major themes: compliance and customer adoption.

For ASEAN institutions especially, doing business across multiple borders is fraught with compliance issues. Differing priorities and regulatory approaches among the ASEAN member countries make for an asymmetric and constantly shifting landscape, and a lack of technology expertise within some of the authorities suggests change will be uneven and long term.

Meanwhile customers are increasingly demanding a whole new level of interaction and service which, if improperly delivered, is likely to generate more costs than benefits for providers.

But while both issues may appear to be external challenges, in reality the biggest threat to future success lies within the institutions themselves, and nowhere is this reality more urgent than in the field of compliance and risk management.

By necessity, the role of the compliance team has always been a conservative one and its function represented as something of an independent gatekeeper. This role needs to evolve. The requirement now is for compliance to become a stakeholder in the transformation and the enabler of change, because without the real-time engagement and consultation of compliance the innovation and solutions demanded by digitalization cannot be achieved.

The principle holds true when considering customer relationships.

For many financial institutions, the digital age still amounts to little more than a new set of tools to be adopted and integrated into the firm. New technologies are seen simply as offering marginal enhancements to existing practices, sometimes as an impetus to modernize legacy systems, sometimes a chance to improve operational efficiency.

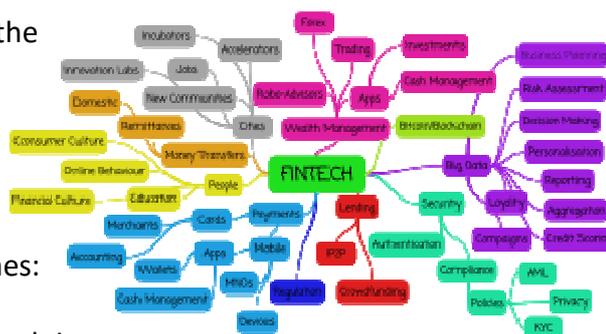
But only business models that re-align the relationship with customers can hope to achieve longer term and more profitable engagements built on utilizing the full potential of rich data, mobile technologies, social media and the cloud.

Embracing these technologies effectively to fully monetize new customer relationships means creating operational environments that prioritizes speed, innovation and responsiveness to customer needs.

Those that continue to view digital technology as incidental and the customer relationship as fixed will likely experience digital technology as nothing more than a new cost center, while those that recognize the power of transformational change will prosper.

Such change does not occur overnight, however. Effective digital transformation requires a new execution model, strategy that begins with a clear vision, embraces changes to institutional culture, and prioritizes people, technology and new processes.

The journey from status quo to new age is still in its early stages, and changing entrenched corporate practices and mindsets is no simple task. For more insights, visit <http://ey.com/digitalrisk>



## Among Member Banks

-  **BEA launches Working Holiday Protection Insurance** - The Bank of East Asia, Limited (BEA) on March 17 announced the launch of Working Holiday Protection Insurance plan. With the increasing popularity of working holidays among young people in Hong Kong, the plan is designed to provide comprehensive protection for the insured throughout their journey. The plan is tailored for younger adults aged 18-30 and covers a wide range of activities that people take part in during and after working hours, and on leisure trips taken during working holidays. Mr. Patrick Wan, General Manager and Head of Insurance and Retirement Benefits Division of BEA says, "The younger generation are eager to widen their horizons by working abroad. An all-round insurance plan can offer essential protection to meet the risks associated with working holidays, allowing travellers to enjoy their overseas experience without worries." *Bank of East Asia*


BEA 東亞銀行
-  **ICICI Bank launches India's first contactless mobile payment solution** - ICICI Bank on March 15 unveiled the country's first contactless mobile payment solution to enable its credit and debit customers make in-store contactless payments by just waving their smartphones near an NFC-enabled merchant terminal. The mobile payment solution available in the Bank's 'Pockets' app, provides improved convenience of 'Touch & Pay' as customers are no longer required to carry physical card or cash to pay in stores. ICICI Bank is the first financial institution in the country to leverage the Host Card Emulation (HCE) technology to bring forth this solution. The HCE technology creates 'virtual' cards for 'physical' credit or debit cards (Visa/MasterCard) of the Bank, as selected by the customer. The virtual card resides in the Bank's secure cloud server. Using the virtual cards, an ICICI Bank customer can initiate electronic payments from NFC enabled smartphones by just waving his/her phone near a contactless merchant terminal. While the virtual card bears a different card number, the credit limit and expiry date remains same as the original physical card. *ICICI Bank News Release*


ICICI Bank
-  **Commerzbank: Strategy successful – net profit of over 1 billion euros and dividend** - Commerzbank has further improved its profitability and capital base, while simultaneously significantly reducing risks. The operating profit in the Group increased to EUR 1,909 million as of the end of 2015 (2014: EUR 689 million). In the 2015 financial year the revenues before loan loss provisions improved by EUR 1 billion year-on-year to EUR 9,762 million (2014: EUR 8,762 million). The loan loss provisions in the 2015 financial year were EUR 696 million and thus approximately 40% lower than in the previous year (2014: EUR 1,144 million). This is clear testimony to the high quality of the credit portfolio, which is also confirmed by a very low non-performing loan ratio (NPL ratio) of 1.6%. The operating expenses totaled EUR 7,157 million (2014: EUR 6,929 million). This increase is due to external factors: minus expenses for the European Bank Levy (EUR 119 million) and currency

COMMERZBANK


effects (EUR 85 million) the operating expenses amounted to EUR 6,953 million. Thus, the operating expenses – despite additional strategic investments such as those in digitalisation – were maintained at a stable level thanks to consistent efficiency measures. “2015 has shown that our strategy is right and the implementation has been successful. For the first time in five years we have attained a net profit of more than 1 billion euros. In addition, we have further strengthened our capital base, which is at a good level compared to our competitors. The Board of Managing Directors plans to propose a dividend of 20 cents per share for the 2015 financial year,” said Martin Blessing, Chairman of the Board of Managing Directors of Commerzbank AG. *Commerzbank News Release*

**BTMU opens new representative office in New York** - Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), a member of Mitsubishi



Bank of Tokyo-Mitsubishi UFJ

UFJ Financial Group (MUFG), opened its new representative office at 1221 Avenue of the Americas, New York, NY on March 11, 2016. The location is across the street from 1251 Avenue of the Americas, the building that houses MUFG’s Bank of Tokyo-Mitsubishi UFJ’s (BTMU) New York branch; BTMU’s consolidated subsidiary, MUFG Americas Holding Corporation; and its subsidiary, MUFG Union Bank. NA. Following the opening, the new premises will operate as a part of BTMU’s existing offices. Additionally, Mitsubishi UFJ Securities (USA) and Mitsubishi UFJTrust and Banking Corporation are based at 1221 Avenue of the Americas. MUFG Group aims to provide stronger and more comprehensive financial solutions for its clients. *MUFG News Release*

**SMBC receives approval for the opening of Thilawa Front Office** - Sumitomo Mitsui Banking Corporation (SMBC) announced that it has



obtained approval from the relevant authorities representing the Republic of the Union of Myanmar, to commence preparations for the establishment of a front office in the Thilawa Special Economic Zone. With its approval, SMBC will commence undertaking the steps necessary to open the front office, subject to the approval of Japanese regulatory authorities. Myanmar, with its vast natural resources and abundant labour force, is expected to benefit from heightened levels of foreign investment. The Thilawa Special Economic Zone has been the subject of special interest from foreign manufacturers, including Japanese corporates, given its status as Myanmar’s most advanced special economic zone. SMBC Yangon Branch commenced operations on April 23, 2015 and in addition to providing core banking services as deposits, loans, and foreign exchange, offers more advanced services such as cash management services in partnership with Kanbawza Bank, the largest local private bank in Myanmar, and online banking. *SMBC News Release*

**Maybank outlines its 2020 Strategic Objectives** - Building on from its 2015 milestone achievements, Maybank has outlined its 2020 strategic objectives aimed at being ASEAN’s leading financial services provider. This is guided by its new vision of “Advancing Asia’s Ambitions With You.” Maybank Chairman Tan Sri Megat Zaharuddin Megat Mohd Nor said, “Maybank 2020 recognises the significant potential within the ASEAN region arising from its



burgeoning middle class, young population, growing SME segments as well as rising intra-and inter-regional trade as a result of the formation of the ASEAN Economic Community,” he explained. “Given Maybank’s acknowledged brand recognition across the region due to its operating presence, it behoves upon us to leverage our diversity and organisational capabilities to lead in our chosen business targets.” Meanwhile, the Group President & CEO, Datuk Abdul Farid Alias has laid out five broad strategic objectives for the Group, which are to be: The Top ASEAN Community Bank, The Leading ASEAN Wholesale Bank Linking Asia, The Leading ASEAN Insurer, The Global Leader in Islamic Finance, and Digital Bank of Choice. *Maybank News Release*

**BML expands self-service banking** - As part of its MVR 300 million investment program, Bank of Maldives (BML) on March 31 opened two new Self Service Banking Centres at H.Dh. Hanimaadhoo and H.Dh. Kulhudhuffushi. The new centres contain multi-functional ATMs which allow customers to lodge both cash and cheques and to transfer money, in addition to the usual cash withdrawal facilities. They will open 24 hours a day to support local individuals and businesses. Speaking at the inauguration of the Centre at Kulhudhuffushi, BML’s CEO and Managing Director Andrew Healy said, “We are delighted to continue our rollout of new services into the atolls. Our Self Service Banking facilities will give convenient access to banking to the people and businesses of Hanimaadhoo and Kulhudhuffushi, as well as to the hundreds of visitors who come to visit these islands.” *BML News Release*



**DBP wins IHAP 2016 Deal of the Year** - The Philippine Bureau of the Treasury’s RoP Liability Management deal jointly managed by the Development Bank of the Philippines (DBP) and other banks was awarded deal of the year at the Investment House Association of the Philippines (IHAP) Awards 2016 on March 2, 2016. The Republic of the Philippines closed on September 9, 2015 this domestic liability management transaction. DBP was one of eight mandated Joint Deal Managers yet delivered more than its share to the success of the transaction. DBP brought in 27.51% of total submissions for exchange of eligible bonds and 16.32% of total submission for new subscription. Considering that there were a total of eight JDMs appointed for the transaction, DBP brought in significantly more than its share into the transaction. The quality of the offers were further demonstrated when no less than 20.8% of the final offers accepted came from those coursed through DBP. *DBP News Release*



**DBS breaks new ground in digital banking** - As Singapore’s largest bank and a leading bank in Asia, DBS is further upping the ante in the innovation space with the official launch of “DBS digibank”, a breakthrough mobile app designed to make banking simpler, smarter and faster for its customers. The new “DBS digibank” app delivers a groundbreaking “mobile-first” experience and builds on the bank’s continuous efforts to innovate on its digital offerings to enhance the customer experience. For the first time in Asia, customers are able to view their account balances with a simple swipe on their mobile devices or Apple Watch. This function, called the “Peek Balance”, does not require any pre-login and customers can choose to “peek” at any of their DBS/POSB deposit or credit card accounts. The “account balance enquiry” function is the most used among DBS’ customers across the bank’s platform, including ATMs, online services



and its call centre. The bank went through an extensive customer immersion programme and applied human-centered design in the development of “DBS digibank”.  
*DBS News Release*

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**HNB raising its value proposition despite macro concerns** - The Hatton National Bank PLC (HNB) announced in early March that the Bank would hone its strategies and drive its value proposition ahead withstanding concerns at the macro level. Jonathan Alles, Managing Director/CEO of Hatton National Bank PLC made this remark at the HNB Investor Forum 2016 held at the HNB Towers while describing the performance of the Bank during 2015 and presenting the Bank’s future plans. Mindful of the global financial markets which have given way to significant turbulence elsewhere, Alles said, “Notwithstanding some macro level concerns we might encounter, we will drive our strategies ahead within the potential of the economy and do what we need to do to continue yielding progressive results for the Hatton National Bank , its stakeholders and customers.” Speaking further Alles said, “Last year we continued to develop innovative electronic banking products and automation and demonstrated that we are second to none in digital banking. This year we will further strengthen our legacy of building relationships with customers through our valued housing proposition, micro finance, SME funding and corporate banking among others”. *The Island*

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**CTBC set to spend \$469 million on Thai LH Financial Group Stake** - CTBC Financial Holding Co. on March 29 said that after a board meeting, its CTBC Bank Co. will buy a 35.6 percent stake in Thailand’s LH Financial Group for 16.6 billion baht (US\$469 million). With the purchase of the stake, CTBC said it will become the largest share holder of LH financial. The two sides also signed a stake purchase memorandum of understanding that is legally binding. CTBC said that LH Financial Group includes LH Bank, LH Securities and LH Fund Management. LH Bank is the 13th-largest bank in Thailand, with 126 branches in the country, 45 of which are in central Bangkok. The Financial Supervisory Commission (FSC) said it is happy to see CTBC reaching out overseas. *Focus Taiwan*

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**Mega Financial Holding Co. chair to quit: finance minister** - State-run Mega Financial Holding Co. Chairman Tsai Yeou-tsair resigned from his post effective April 1, according to Minister of Finance Chang Sheng-ford. Tsai has offered to resign more than 10 times over the past six months, Chang said after Tsai announced his resignation. Chang said Tsai first expressed his intention to resign when attending the annual meeting of the Asian Development Bank in Baku, Azerbaijan in May 2015. Tsai reiterated his intention at the Asia-Pacific Economic Cooperation (APEC) Finance Ministers’ Meeting in the Philippines in September last year, Chang said, adding that he rejected Tsai’s offer at that time on the grounds that the time was not right for him to step down so soon before the Jan. 16 presidential election. After the election, Tsai has consistently offered to resign, Chang said, adding that he finally gave his approval on March 28. With the state-run financial holding company having imposed a hiring freeze before the new government is sworn in May 20, Wu Han-qing, general manager of the company, will assume the job of acting chairman, according to Chang. *The China Post*

**Banking and Finance Newsbriefs****Investors unflinching over HK equities**

Local stocks still seen as world's 'best investment opportunity' over next 12 months. Despite apprehension over continued market volatility and another global financial crisis, most Hong Kong investors polled say they still have faith in the SAR's equity market.

The response came in a survey conducted by US-based Legg Mason Global Asset Management. It contrasts sharply with the stand of banking giant HSBC, which has remained firm on its negative outlook for the city's equity market, citing the current weakness in its property and retail sectors.

According to the results of the poll released on April 11, the majority of Hong Kong investors are positive about the local equity market this year, with 71 percent of those above 40 years of age and 65 percent in the younger age group believing that domestic stocks are the "best investment opportunity" around the world over the next 12 months. *China Daily*

**Home, auto loans to be cheaper for Indians**

Home, auto and other loans are set to become cheaper with RBI on April 5 reducing the short-term lending rate by 0.25% to over 5-year low of 6.5%, taking the total cut to 1.5% since January last year.

Unveiling the first bi-monthly monetary policy for the current fiscal, RBI governor Raghuram Rajan said banks have already cut interest rates by 0.25-0.5% and after today's rate cut borrowings will become cheaper further.

"Borrowing is cheaper...and will continue to do so," the governor said, adding that the introduction of marginal cost of funds-based lending rate (MCLR) system will improve monetary policy transmission.

The Reserve Bank has effected a rate cut after a gap of 6 months. The last policy rate cut, of 0.50%, was done in September 2015. RBI had last pegged the repo rate at 6.50% in January 2011. *The Times of India*

**Japan households' inflation expectations hit 3-year low**

Japanese households' sentiment worsened in the three months to March and their expectations of inflation fell to levels before the Bank of Japan (BOJ) deployed its massive asset-buying programme three years ago, a central bank survey showed April 11.

The survey's bleaker outlook keeps alive expectations of additional monetary stimulus even as BOJ governor Haruhiko Kuroda maintained his optimism that the world's third-largest economy was recovering moderately.

Mr Kuroda, however, warned that he was closely watching how a recent surge in the yen and slumping Tokyo stock prices could affect the outlook.

"Global financial markets remain unstable as investors are becoming increasingly risk-averse due to uncertainty over the outlook of emerging and resource-exporting economies," Mr Kuroda said in a speech at an annual meeting of trust banks yesterday. "The BOJ won't hesitate to take additional easing steps if needed to achieve its inflation target," he said. *Reuters, Bloomberg*

**S. Korea's economy steadily rebounding from slump: report**

South Korea's economy seems to be steadily rebounding as some major indicators are showing signs of improving from their earlier marked setbacks, a government report showed

on April 8.

“Things appear to be bouncing back from a slump seen at the start of the year with industrial output recovering boosted by an eased downward pace of exports,” the finance ministry said in its monthly economy assessment report.

The report is based on the latest economic indicators on such key factors as output, exports, consumption and corporate investment that could provide clues as to how the economy has been faring in recent months.

Recent data showed that the country’s industrial output posted 3.3 percent growth in February from a month earlier, the sharpest hike since September 2009. *Yonhap News*

### **Foreign funds returning to Malaysia, market capitalization near all-time high**

Malaysia is seeing a return of foreign funds to equities, with net inflows totalling RM5.6bil for the three months to March 2016.

“Foreign flows are back, market capitalization is near all-time high,” Bursa Malaysia Bhd chairman Tan Sri Amirsham A Aziz said in his opening remark at the 12th Invest Malaysia (IMKL2016) conference held on April 12.

Foreign net inflows to Malaysian equities totaled RM5.6bil for the three months to March 2016. Foreign shareholdings accounted for 23% of Malaysia’s market capitalization of RM1.7 trillion as at end-March 2016.

Last year, Malaysia registered a total net outflow of RM19.4bil, with foreign shareholdings standing at 22.3% of its market capitalisation. *The Star*

### **PH among fastest-growing economies in Asean in 3 years: World Bank**

The Philippines will remain one of the fastest-growing countries in East Asia and the Pacific despite a “modest” easing in economic expansion in the region in the next three years, a new World Bank report showed.

“Among the large developing Southeast Asian economies, the Philippines and Vietnam have the strongest growth prospects, both expected to grow by more than 6 percent in 2016,” the World Bank said in a statement, based on its latest East Asia and Pacific Economic Update released on April 11.

The Washington-based lender expects the Philippine economy to expand by 6.4 percent this year and 6.2 percent in 2017 and 2018.

Across developing East Asia, growth was projected to ease to 6.3 percent this year from 6.5 percent last year.

“The forecast reflects China’s gradual shift to slower, more sustainable growth, expected to be 6.7 percent in 2016 and 6.5 percent in 2017, compared with 6.9 percent in 2015,” the World Bank explained. *Philippine Daily Inquirer*

### **Singapore edges ahead of Hong Kong as No. 3 financial center**

Singapore edged past Hong Kong as the world’s No. 3 financial center, according to a survey by London-based research firm Z/Yen Group.

The Southeast Asian city-state ranks behind London and New York, and two points ahead of Hong Kong on the Global Financial Centres Index, published April 6 on the firm’s website. The index, which has a scale of 1,000 points, is based on surveys of 2,520 financial-services professionals, according to the press release.

The ranking reflects key competitive areas including business environment, financial sector development and infrastructure of the 86 hubs around the world covered by the survey.

Tokyo ranks fifth and Zurich sixth in the results. Z/Yen Group first published the survey in March 2007, according to its website. *Bloomberg*

### Taiwan's bid to join AIIB a non-starter: finance minister

Finance Minister Chang Sheng-ford said on April 12 that Taiwan will no longer apply to participate in the China-initiated Asian Infrastructure Investment Bank (AIIB) because it is not being treated with dignity and equality.

"The matter will be left for the new administration to decide," Chang said in a telephone interview with CNA, referring to the administration of President-elect Tsai Ing-wen, which takes office on May 20.

Chang said the ministry sent a letter to the Interim Secretariat for Establishing the AIIB in March 2015 expressing Taiwan's hope to become a founding member of the AIIB, but the bid was rejected.

Chinese President Xi Jinping later said several times that China welcomed Taiwan's participation in the AIIB under an appropriate name, but he never specified what Beijing considered "appropriate." *Focus Taiwan*

### Banks, Thai govt push new national e-payment system

Banks and other institutions are working with the government to establish a national electronic or e-payment system for the "any ID" funds transfer scheme to reduce the use of cash and facilitate the distribution of public welfare benefits.

"We're developing our IT system to accommodate the 'any ID' money transfers where a registered ID, which can be a national ID or mobile phone number, is used as a reference," Teeranun Srihong, president of Kasikornbank, said on April 10.

"In cooperation with other commercial banks via the Thai Bankers' Association, 'any ID' money transfer processes and conditions for registration are being established with a high level of system security," he said.

Punnamas Vichitkulwongsa, a member of the government's subcommittee on national e-payments, said more than 90 percent of all transactions in Thailand are still conducted in cash.

There are significant hidden costs, he said, so the country needs to increase efficiency and cost effectiveness with e-payments, which will also benefit e-commerce and other aspects of the digital economy. *The Nation*

### Vietnam's banks grow stronger in ASEAN top 100: report

The total assets of 19 Vietnamese banks named in ASEAN's top 100 have grown 15.66 percent from a year ago, the second highest growth by country, according to The Financial Times' banking publication The Banker.

Their pre-tax profits also saw the second biggest rise of 6 percent, after Singapore, where profits increased by 10.91 percent, it said.

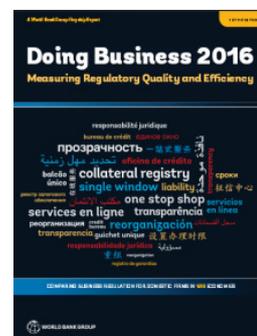
Given that only 30.86 percent of Vietnam's population of 91 million aged 15 and above had a bank account in 2014, The Banker forecast that the country's lenders will continue to enjoy strong growth.

Despite the robust growth, the Vietnamese banks in the list collectively accounted for only 7.46 percent to the top 100's total assets, up from 6.21 percent in the previous year, according to the report. *Thanh Nien News*

## Publications

### Doing Business 2016: Measuring Regulatory Quality and Efficiency

Doing Business 2016 is the 13th publication in a series of annual reports comparing business regulation in 189 economies. This year the publication addresses regulations affecting 10 areas of everyday business activity including: Starting a business, Dealing with construction permits, Getting electricity, Registering property, Getting credit, Protecting minority investors, Paying taxes, Trading across borders, Enforcing contracts, Resolving insolvency. Doing Business 2016 updates all indicators as of June 1, 2015, ranks economies on their overall ease of doing business, and analyzes reforms to business regulation—identifying which economies are strengthening their business environment the most.



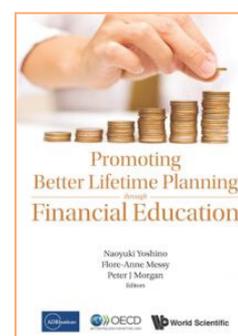
This report illustrates how reforms in business regulations are being used to analyze economic outcomes for domestic entrepreneurs and for the wider economy. It is a flagship product produced by the World Bank Group that garners worldwide attention on regulatory barriers to entrepreneurship. More than 60 economies have used the Doing Business indicators to shape reform agendas and monitor improvements on the ground. In addition, the Doing Business data has generated over 2,100 articles in peer-reviewed academic journals since its inception.

Contact for details: World Bank Publications

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

### Promoting Better Lifetime Planning Through Financial Education<sup>1</sup>

Surveys show that financial literacy levels are typically low around the world, despite the widening access to financial services and the increasing financial risks borne by households in many countries. This suggests that there will be mounting challenges for households and SMEs to invest wisely and effectively as societies age and governments shift away from defined benefit to defined contribution pension schemes. Individuals will increasingly have to make complex financial decisions to plan for their retirement and for a range of foreseen and unforeseen expenditures. All of these developments suggest that financial education should be part of a lifetime process that starts at an early age and is pursued throughout adulthood.



The contributions in this book came from a symposium titled, Promoting Better Lifetime Planning through Financial Education, organized by the Asian Development Bank Institute, the Bank of Japan, the Japan Financial Services Agency, and the Organization for Economic Co-operation and Development, held on 22–23 January 2015 in Tokyo.

Co-published with World Scientific.

Contact for details: World Scientific Publishing Co. Pte. Ltd.

Email: [wspc@wspc.com.sg](mailto:wspc@wspc.com.sg)

## Asian Development Outlook 2016: Highlights

To ensure a healthy future for potential growth, Asia must employ the full range of policy responses to augment labor supply, improve labor productivity, enhance institutional quality, and maintain macroeconomic stability.

Developing Asia is projected to grow at 5.7% in both 2016 and 2017, down slightly from 5.9% in 2015, due chiefly to considerable global headwinds and moderating growth in the People's Republic of China.

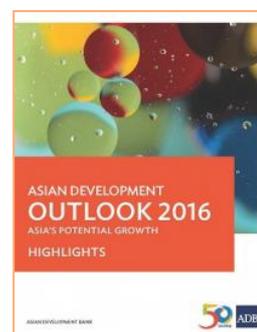
Commodity price declines dragged inflation down to 2.2% in 2015. Regional inflation will revive to 2.5% in 2016 as domestic demand strengthens and rise further to 2.7% in 2017 as global commodity prices recover.

Risks are tilted to the downside as tightening US monetary policy may heighten financial volatility, further moderation in the People's Republic of China could spill over into its neighbors, and producer price deflation may undermine growth in some economies.

Reform to raise labor productivity can invigorate developing Asia's potential growth.

Contact for details: ADB Publishing

Website: [www.adb.org/publications](http://www.adb.org/publications)



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

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