

General Meeting and Conference**33rd ABA Conference in Hanoi to tackle global integration of Asian banks**

The 33rd ABA General Meeting and Conference set to take place on November 10-11, 2016 in Ha Long City, Vietnam will carry the theme “Asian Banks: Towards Global Integration” and feature 3 plenary sessions on global macroeconomics, changing regulatory environment, and digital banking. It will also include a CEO forum where top executives from both the banking and non-banking sectors will share their knowledge on financial integration.

The 33rd ABA Conference will be hosted by the Bank of Foreign Trade of Vietnam (Vietcombank).

ASIAN BANKS: TOWARDS GLOBAL INTEGRATION

Asia's growing weight in and deepening integration with the world economy is elevating it into a central position in global economic and financial affairs. Asia's trade, especially among Asian countries themselves, is most rapidly growing component of global merchandise transactions. Asia has developed a complex of regional supply chain and productions networks the effects of which are strongly felt in the United States and in Europe. Asia is conscious of its influence which it increasingly exerts in the negotiations of the World Trade Organization and deliberation of the World Bank and the International Monetary Fund. There has also been a rapid increase in international capital mobility as countries have been deregulating their financial markets since the 1990s. The continuous financial opening process has enabled the economies in the region to become integrated into global financial markets.

This year's Conference will examine issues that revolve around Asia's growing influence in and integration with the global economy and its implications for Asian banks. These issues include trade relations,

financial development, problems of economic management, strengthening of financial market and institutions, and energy and environmental implications of Asia's rise, among others.

**Session One - Global Macroeconomics: Key Factors and Business Strategy Implications for Asian Banks**

The latest World Bank report indicates that the baseline projection for global growth in 2016 is a modest 3.2 percent, held back by weak capital flows to emerging and developing countries, weak trade, low commodity prices, and geopolitical tensions. Nevertheless, the recovery is projected to strengthen in 2017, buttressed by a recovery in major high-income economies, stabilizing commodity prices, and a continuation of low interest rates. The World Bank notes, however, that the simultaneous slowing of major emerging markets –Brazil,

Russia, China and South Africa – poses the risk of spillover effects for the rest of the world economy. Meanwhile, the Trans-Pacific Partnership could potentially provide a boost to growth and trade in its member countries.

Despite uncertainty, some analysts see Asia as still offering opportunities for financial services providers. They see corporates continuing to focus their efforts on the regional markets, bringing growth to regional trade as the interconnection between national economies increase. Supply chain financing is seen as playing a crucial role as corporates demand more from banks. Banks working together with financial technology companies are expected to establish themselves as leaders in this ever changing digital environment.

This session will examine key factors shaping the global economy in the year ahead, the risks and opportunities offered by these factors, and what their implications are for banks and their business strategies.

Session Two - Coping with Changing Regulatory Environment

The new regulatory landscape that was introduced following the onset of the financial crisis continues to evolve. Many of the aims of the new rules are well-aimed and include reducing or eliminating moral hazard, limiting buffers, and a framework on how to resolve failing banks without creating wider systemic issues. While the objectives of increasing regulation of banks are well-meaning and should be largely welcomed by investors, there are a number of unintended consequences.



This session will try to examine where banks are in terms of preparation for new regulations; how the key regulatory measures are impacting banks and forcing the industry to undertake a significant reshaping of business models; how a change in business models might have knock-on effect implications for financial markets in general; and how key industry participants increasingly need to work together in order to optimize relationships

and ensure a successful outcome in providing long-term savings.

Session Three- Digital Banking: Achieving Transformational Change

Challenging customer expectations, rapid technological change, and increased competition are presenting unprecedented pressure for improved organization performance. In the banking sector, consumers around the world are quickly adopting digital banking. In response, more innovative banks and financial institutions globally are moving rapidly to embrace digital. Most have invested heavily in transaction migration. They have also significantly upgraded web and mobile technologies and created innovation and testing centers. Indeed, digital will touch every aspect of bank operations, from product development to risk management and human-capital management.

This session will feature speakers who will share their ideas on how to capture the opportunities provided by digitalization through the right investment, careful planning and coordinated decision making spanning the whole bank; how to address the multiple strategic challenges posed by digital advances; and how institutions can position themselves to

compete effectively and capture an emerging, long-term growth trajectory.

CEO Forum- Financial Integration: Future Growth Drivers for the Asian Region

Since the Asian financial crisis, Asian policymakers have encouraged greater financial cooperation and integration not only within the region but globally as well. While not an end in itself, financial integration is being pursued because it is expected to bring important benefits to Asia. Financial integration promises higher productivity and living standards, not least by improving the allocation of savings and investment. Deeper financial integration is also seen to contribute to monetary integration; strengthen financial cooperation; help develop local financial service industries by enhancing their role of financial intermediaries; and foster financial inclusion. Nevertheless, further regional and global financial integration also carries risks, including heightened vulnerability to contagion, which would result in larger output volatility.

This session will invite CEOs to exchange views on the status of financial integration within Asia and possible factors hindering progress. They will be requested to address the following questions: Has financial integration in Asia risen? How does it compare with that of other regions? What are the drivers of financial integration? What are the implications for Asian policymakers who want to achieve deeper financial integration within the region?



Education and Training

HNB hosts successful ABA Short Term Visiting Program

Hatton National Bank PLC. (HNB) successfully conducted a two-day ABA Short Term Visiting Program in Colombo, Sri Lanka on May 30-31, 2016. 16 bankers from four ABA member banks in Bhutan, Maldives, Taiwan and Vietnam attended the program.



Day One

The program, aptly titled “Introduction on HNB: History, Technology, Strategy, Agility and Transformation”, started with a brief tour of the bank’s museum. Delegates were then welcomed by **Mr. Dilshan Rodrigo**, HNB’s Chief Operating Officer and member of the ABA Board of Directors.

Mr. Rodrigo delivered his opening remarks and provided the delegates with a macro snapshot of Sri Lanka, the country’s banking system and a short history of HNB. Sri Lanka, according to Mr. Rodrigo is an emerging economy that has a population of 20 million people, has a GDP of US\$70 billion and a GDP per capita of US\$4,000. The country has 25 commercial banks, he added, of which HNB is the second largest.



Mr. Dilshan Rodrigo, Chief Operating Officer, delivers his opening remarks and answers questions from the delegates.

In 1888, Hatton Bank commenced business in Sri Lanka’s hill country named Hatton, a town known for its tea plantation. In 1970, HNB was born from the merger of Hatton Bank with two branches of then National and Grindlays Bank Ltd. Today, HNB has risen to the premier private sector bank in Sri Lanka. At the heart of HNB’s strategy lies customer service excellence as it continues to build closer relationship with clients and strive for operational excellence.



Mr. Damith Pallewatte, Chief Risk Officer, gives a tour of the HNB Museum.

Mr. Damith Pallewatte, Chief Risk Officer discussed about the evolution of risk management. HNB is in the process of migrating to advanced approaches for saving capital, according to Mr. Pallewate. He emphasized on the six key drivers behind risk management namely: board and senior management oversight, integration and risk management, business line accountability, risk evaluation, independent review, and contingency planning.

He also shared HNB’s risk management architecture and structure. He concluded his presentation by presenting the challenges facing the area of risk management where he highlighted 3 areas of concern- managing asset quality, cyber risk, and grooming/retaining talents.

Mr. Asanga Uduwela, Assistant General Manager for Operations shared the bank’s operational excellence to participants. He explained HNB’s Vision 2020 which includes moving towards e-Banking and electronic platforms for all types of operations to reduce cost, improving efficiency and customer relationship. It is a transition from transaction-based banking culture to a relationship banking culture, added Mr. Uduwela. He also noted that HNB aims to increase profitability by process improvements/cost management and better sales. HNB strives to have the best trained staff in the banking sector and to obtain ISO certification for most operations, he added.

Mr. Janaka Epasinghe started the afternoon session with a talk on Business Process Re-engineering (BPR). He talked about HNB’s philosophy and processes being adopted, key achievements in the areas of centralization of credit and general operations, creation of a paperless office, branch target operating model and future plans.

The BPR initiatives being implemented through the leadership of Mr. Epasinghe helped HNB won 3rd Place in the National Productivity Award 2015 presented by Sri Lanka’s National Productivity Organization.



(Left) Mr. Jonathan Alles, Managing Director and CEO drops by to greet the ABA delegates and joins them for lunch. (Right) Mr. Janaka Epasinghe, Head of Business Process Re-Engineering talks about processes adopted by HNB.

The last session for Day One was led by **Mr. Sandun Hapugoda**, Manager for Electronic Banking. Mr. Hapugoda spoke about Driving Digital Proposition in HNB where he focused on HNB’s product proposition, delivery channels, and digital KPIs. Because digital technology challenges traditional thinking on banking, Mr. Hapugoda said the bank should work to process changes and overcome challenges ahead.



ABA participants listen as Mr. Sandun Hapugoda, Manager Electronic Banking, makes a presentation on Driving the Digital Proposition of the bank.

Day Two

The ABA delegates paid a visit to HNB’s **Center of Excellence**. The center is a project of HNB’s Business Process Re-Engineering unit which targets fast track approval and disbursement for facilities that meet set credit parameters, using an automated document workflow from branch networks to centralized credit operations (CCO). **Ms. Natasha Lakmanaratchi**, Executive for CCO, led the short tour and briefing about the center.



Delegates visit the HNB Center of Excellence and experience first-hand the evaluation and approval process for credit cards and loans.



Mrs. Yvette Fernando, Controller of Exchange, Central Bank of Sri Lanka, welcomes the ABA delegates.

The ABA delegation proceeded to the **Central Bank of Sri Lanka (CBSL)** where they were welcomed by **Mrs. Yvette Fernando**, Controller of Exchange and former Director of Bank Supervision. Mrs. Fernando explained the regulatory framework and operations of the

Central Bank, emphasizing its two main objectives- price and economic stability. Mrs. Fernando gave time to answer questions from the delegates.

After the visit to the CBSL, the delegation headed to **Lanka Clear**. Formerly known as the National Cheque Clearing House, Lanka Clear has expanded its service offering to be the National Payment Infrastructure Provider of Sri Lanka. Owned by the CBSL and all licensed commercial banks, the company boasts of simple solution offerings not only for the banking sector but across all industries that are willing to adopt the latest digital technology driving Sri Lanka toward an efficient, green and paperless nation. **Mr. Channa De Silva**, General Manager/CEO, and **Mr. Harsha Wanigatunga**, Deputy General Manager for IT and Operations, gave a presentation on LankaPay, a common card and payment switch (CCAPS) which was recently launched in the country.



Workshop participants pay a visit to Lanka Clear.

The two-day visiting program is a project of ABA which aims to provide member banks the opportunity to study and undergo training on specific aspects of the operations of the more advanced host banks, such as Hatton National Bank. It aims to enable visitors to enhance their technical skills and knowledge in specific areas such as international banking, treasury activities, investment, and foreign exchange in the distinct social, economic, and business environment of the host country.

The participants in this short term visiting program include: **Bank of Bhutan- Tshering Norbu**, Desk Officer, Samdrup Jongkhar Branch; **Lodre Gyeltshen**, Loan Incharge, Punakha Branch; **Sonam Dhendup**, ATM Custodian, Paro Branch; **Dechen Wangmo**, Desk Officer, Tashigang Branch; **Ugyen Zangmo**, Desk Officer, Deothang Branch; **Hari Maya**, ATM Custodian, Damphu Branch; **Bank of Maldives- Shiyaz Mohamed Didi**, Head of Business Systems Department; **Mohamed Shareef**, Retail Banking Director; **Sahar Waheed**, People and Change Director; **Yamin Adam**- Head of Risk and Compliance; **Vietcombank- Ho Thi Huong Tra**, Deputy Director, Loan Administrations Department; **Nguyen Thuy Hanh**, Deputy Director, Credit Policy Department; **Nguyen Thi Ngoc Chi**, Deputy Director, Credit Approval Department; **Nguyen Thi Tuyet Mai**, Official, Operational Risk Management Department; **Oliver Wyman- Mr. Il-Dong Kwon**, Principal, Financial Services; **ExIm Bank Taiwan- Irene L. L. Wang**, VP & Deputy General Manager, Risk Management Department.

Beijing to host Global SME Finance Forum 2016 in September

The SME Finance Forum, an initiative of the G20, is pleased to announce that the Global SME Finance Forum 2016 will be organized on September 19-21 in Beijing.

Managed by International Finance Corporation (IFC), the three-day event is expected to attract some 400 senior executives from financial institutions, fintech companies and regulators. The Forum will provide platforms for knowledge sharing and good practice promotion among key stakeholders, namely financial institutions, development finance institutions, fintech companies and regulators, in order to support growth of the SMEs in both G20 and non-G20 countries.

The Forum will kick off with member-only study visits to high-performing institutions and a marketplace session where banks, development banks and fintechs will meet to discuss potential partnership through pre-arranged meetings. This will be followed by a stimulating two-day program highlighting innovative SME banking approaches, showcasing cutting-edge financial technologies and addressing crucial policy and regulatory issues. It presents an excellent opportunity to network with more than 400 global leaders from banks and fintech firms.

For more information on the Forum, interested parties are encouraged to visit the event website at: <http://www.globalsmefinanceforum.org/2016/>



Temenos to conduct Executive Briefing on Taiwan banks on June 23

Temenos, a Geneva-based market software provider, will organize an Executive Briefing on Taiwanese banks at the Mandarin Oriental Hotel on June 23 in Taipei.

Featuring the topic “Banking Across Borders – Are Taiwan Banks Prepared for Overseas Expansion?”, the one-day briefing is expected to discuss the implications of digital finance and Fintech to the banking industry in Asia. Speakers include representatives from Temenos and former private bankers. A panel discussion will also be organized. A networking lunch will follow.

ABA member banks, particularly those from Taiwan, are encouraged to attend the event to get a further understanding on the latest trend on digital financing.



News Updates

World economy risks getting caught in 'low-growth trap'*Associated Press*

The world economy risks getting caught in a "low-growth trap" if governments don't spend more on investments, open up to trade, and make reforms, a top economic forum warned on June 1, 2016.

The Organisation for Economic Cooperation and Development (OECD) said in a wide-ranging report that it is increasingly pessimistic about the global outlook and cut its growth forecasts.

Among the risks identified by the Paris-based economic agency, which represents the world's most developed economies, was a potential British exit from the European Union, volatility in financial markets, and Europe's inability to find a common response to its refugee flows.



An Indian worker grinds metal to finish a part made for heavy vehicles at an industrial unit in Bangalore, India, on May 31, 2016. India says its economy grew 7.6 percent in the financial year that ended March 31 and a swift 7.9 percent in the last quarter of the year keeping its position as the world's fastest growing major economy. (AP Photo/Aijaz Rahi)

Above all, the OECD said in its Global Economic Outlook that weak growth risks becoming chronic.

"This low growth trap involves a cycle in which diminished expectations become self-fulfilling," said Angel Gurría, the OECD's secretary-general.

According to the OECD, firms are too cautious to invest, are holding back innovation and productivity. As a result, households are getting more pessimistic about jobs and the future. The ensuing weaker consumer spending then feeds back into pessimism among companies, creating a vicious cycle.

Though the U.S. economy has improved in recent years, the next biggest economy, China, is slowing. Because it's a major consumer of raw materials and energy, as well as being a huge exporter and increasingly important consumer,

concerns have grown over the state of the world economy.

Elsewhere, the European economic recovery has failed to gain much traction while Japan remains sluggish. And emerging markets are struggling to deal with volatile currencies, high debt and the crash in prices for goods they export — Brazil and Russia, for example, are in deep recessions.

The OECD said countries have relied too much on central banks to stimulate demand and should instead look to strengthen public investment and make their economies more competitive through structural reforms.

It is forecasting global growth of 3 percent this year and 3.3 percent next. Both are down 0.3 percentage point from its last set of forecasts in November.

The OECD reiterated its view that a vote for a British exit from the EU later this month "would depress growth in Europe and elsewhere substantially."

It estimated that in the case of an EU exit, Britain's economy could be 5 percent smaller by 2030 than if the country remained in the bloc.

Evolution Not Revolution: Rethinking Policy at the IMF

An IMF Survey

The global financial crisis led to a broad rethink of macroeconomic and financial policies in the global academic and policy community. Eight months into the job as IMF Chief Economist, Maury Obstfeld reflects on the IMF's role in this rethinking and in furthering economic and financial stability.



IMF Survey: The Fund has made clear in recent years its willingness to examine its macroeconomic thinking and policy approaches. Some have called this revolutionary—is this the case?

Obstfeld: I would describe the process as evolution, not revolution. The Fund has long tried to build on its experiences in the field and on new research to improve its effectiveness in economic surveillance, technical assistance, and crisis response.

Maurice Obstfeld: “The Fund has long tried to build on its experiences in the field and on new research to improve its effectiveness in economic surveillance, technical assistance, and crisis response.”
(photo: IMF)

It's fair to say that the shock of the global financial crisis led to a broad rethink of macroeconomic and financial policy in the global academic and policy community. The Fund has been part of that, but, given

the impacts of our decisions on member countries and the global economic system, we view it as especially important for us constantly to re-evaluate our thinking in light of new evidence.

That process has not fundamentally changed the core of our approach, which is based on open and competitive markets, robust macro policy frameworks, financial stability, and strong institutions. But it has added important insights about how best to achieve those results in a sustainable way.

IMF Survey: Do you agree with some who have argued that a recent article in F&D (“Neoliberalism: Oversold?”) signifies a major change in Fund thinking? For example, is the IMF now saying that austerity does not work and, indeed, that it exacerbates inequality?

Obstfeld: That article has been widely misinterpreted—it does not signify a major change in the Fund's approach.

I think it is misleading to frame the question as the Fund being for or against austerity. Nobody wants needless austerity. We are in favor of fiscal policies that support growth and equity over the long term. What those policies will be can differ from country to country and from situation to situation.

Governments simply have to live within their means on a long-term basis, or face some form of debt default, which normally is quite costly for citizens, and especially the poorest. This is a fact, not an ideological position.

Our job is to advise how governments can best manage their fiscal policies so as to avoid bad outcomes. Sometimes, this requires us to recognize situations in which excessive budget cutting can be counterproductive to growth, equity, and even fiscal sustainability goals.

IMF Survey: How does this rethinking translate at the operational level?

Obstfeld: Countries need credible medium-term fiscal frameworks that leave markets

confident the public debt can be repaid without very high inflation. Countries with such frameworks will typically have room to soften economic slumps through fiscal means, including automatic stabilizers.

Unfortunately, some countries let public debt rise to such high levels that they risk losing market access, and have no choice but to tighten their belts even when their economies are doing badly. Our research indicates that in such cases, the poor often suffer disproportionately, and so it is important always to consider the most vulnerable when planning fiscal adjustment.

Of course, there are limits to the pain economies can or should sustain, so in especially difficult cases we recommend debt re-profiling or debt reduction, which require creditors to bear part of the cost of adjustment. That is the approach we are currently recommending for Greece.

IMF Survey: The Fund has looked carefully at capital flows as part of this rethinking. Where do you see work on this heading the next year?

Obstfeld: The global financial crisis, as well as earlier crises, showed that capital inflow surges could have destabilizing effects, especially by fueling domestic credit booms and financial instability. These left economies very exposed when the direction of capital flow reversed and money headed for the exits.

In 2012, the Fund adopted an “Institutional View” on conditions in which measures limiting capital flow could be helpful, based in part on important work done in the Research Department. The Fund is now undertaking a stocktaking of experience with capital flow measures in recent years, and asking if and how the Institutional View should be amended. One challenge is to incorporate the sometimes complementary role of macroprudential policies. This is a great example of our trying to learn from experience and let our thinking evolve accordingly.

IMF Survey: What about recent developments in global trade—how does the decline in activity figure into your thinking?

Obstfeld: In the postwar period trade has been a remarkable engine of global growth, and can continue to be so.

The reasons for the recent slowdown in trade growth are not fully understood—they range from low global investment, to the commodity-price decline, to the possible contraction of global value chains—but we do see the deceleration as concentrated in emerging markets.

We will have a much fuller analysis of the causes in the forthcoming October 2016 World Economic Outlook. One thing we have learned about trade, however, is that its consequences are complex, and include changes in the income and job distribution that many countries have addressed inadequately. This failure has fueled protectionist sentiments.

I would draw this conclusion, however—the recent slowdown in trade growth may be more or less worrisome, but it is unlikely to represent good news for anyone.

Special Feature**Strengthening Partnerships for a Vibrant and Sustainable Asia -
Takehiko Nakao**

Opening Address by ADB President Takehiko Nakao at the 49th Annual Meeting of the Board of Governors in Frankfurt, Germany on 3 May 2016.

Introduction

I am honored to join Honorable Minister Gerd Muller and Honorable Governor Hans-Joachim Fuchtel, Chair of the Board of Governors, in welcoming you to the 49th Annual Meeting of the Asian Development Bank—our first annual meeting in Germany. I would like to thank the Government of Germany and the City of Frankfurt for their hospitality and excellent arrangements.

ADB was established in December 1966, so we turn 50 this year. I appreciate the support from all 67 members, development partners, and staff.

As a founding member, Germany is one of ADB's most important shareholders, one of the largest donors of the Asian Development Fund (ADF), our concessional window, and one of the most active cofinanciers. Indeed, ADB's first bond was issued in Deutsche Mark in Frankfurt and Dusseldorf in September 1969.



Creating quality jobs, developing the private sector, and combating climate change are key to a sustainable region, ADB President Takehiko Nakao said in his opening address at the 49th Annual Meeting of ADB's Board of Governors in Frankfurt.

The Year in Review

2015 was a big year for the development community, marked by the adoption of the Sustainable Development Goals in September and the COP21 climate change agreement in December.

2015 was a big year for ADB as well. As I said in Baku last year, we continue to make ADB stronger, better, and faster.



ADB President Takehiko Nakao

Let me report to you the progress we have made over the past year.

First, with unanimous support from donors and shareholders, we have agreed to substantially strengthen our financing capacity with the merger of the ADF lending operations and Ordinary Capital Resources (OCR) starting next year. As a result, we will be able to expand our annual loan and grant approvals by over 50%, from \$13 billion in 2014 to more than \$20 billion by 2020.

Second, the scaling up of our operations is already making good progress. Approvals of ADB's loans and grants were a record \$16.3 billion in 2015, 21% over 2014 levels. With an additional \$10.7 billion in cofinancing, total support to developing member countries reached \$27 billion in 2015.

Third, disbursements of ADB's own loans and grants reached a record \$12.3 billion, 21% more than in 2014. As I have said many times, unless loans and grants are disbursed, they have no impact on development.

Fourth, our efforts in 2015 were not just about quantity. ADB delivered many proactive and innovative operations. These included (1) quick responses to natural disasters, especially the Nepal earthquake and cyclones in the Pacific, (2) prompt support to countries suffering from low commodity prices and volatility in financial markets, (3) the first policy-based loan to the People's Republic of China (PRC) by any multilateral development bank, and (4) issuance of our first green bond to finance ADB's climate operations.

Fifth, we have continued to advance our own institutional reforms. Project processing and procurements have been further streamlined. Efforts to strengthen our human resources are ongoing. Seven sector groups and eight thematic groups are now in full swing, strengthening our knowledge work and supporting our regional and private sector departments.

I would like to also report that here in Frankfurt, we have just successfully concluded the negotiations for the replenishment of ADF 12. I highly appreciate donors' generous support. This replenishment will allow us to increase our grant operations for poorest countries by 70% while reducing contributions from donors by almost half, thanks to the merger of the ADF lending operations with OCR. In using ADF, we will place a special emphasis on fragile and conflict affected countries and disaster risk reduction.

As we are scaling up operations, we must continue to make utmost efforts to be efficient and effective. We will continue to optimize the use of our budget and staff resources. Also, we have started discussions on a new corporate strategy to better respond to evolving development challenges in the region.

Economic Outlook for Asia and the Pacific

Over the last decade, Asia has grown about 7% annually, even after the global financial crisis. This has supported global growth.

The PRC is expected to grow 6.5% this year, down from 6.9% last year, reflecting its transformation to a new growth model. The region as a whole is projected to grow by a robust 5.7% in 2016.

India, with projected growth of 7.4%, is now the fastest growing large economy. Indonesia is expected to grow 5.2% in 2016, higher than last year despite the negative impact from lower commodity prices. Bangladesh, Cambodia, Myanmar, the Philippines, and Viet Nam are gaining growth momentum backed by reform efforts.

Some countries in Central Asia and the Pacific are affected by external factors, but they are making serious efforts to adjust. ADB stands ready to help.

Overall, Asia's long-term growth potential is strong. In many countries, the population remains young, and is growing. This will bring large demographic dividends if we can create quality jobs. The middle class is expanding, providing a basis for strong consumption. There is still much scope to grow to catch up with advanced economies.

In order to realize their full growth potential, Asian countries must maintain sound macroeconomic policies, invest more in infrastructure, human capital and technology, develop efficient financial markets, and improve the investment climate.

ADB's Role and Partnerships in Job Creation, Private Sector Development, and Climate Actions

If Asia continues to grow steadily, its share of world GDP will rise from one-third today to more than one-half by 2050. Asia will continue to generate opportunities for investment, trade, and business for European countries. Asia is also becoming an important source of foreign direct investment in Europe.

Today, I would like to highlight three areas that are critical for a vibrant and sustainable Asia: one, creating quality jobs; two, promoting private sector development; and three, combatting climate change. For all three areas, we need stronger partnerships with all ADB stakeholders including private sector and civil society organizations.

Creating Quality Jobs

Let me start with quality jobs. Jobs empower people and reduce poverty in the most fundamental way. Employment opportunities, especially for our youth, are essential to make the economy vibrant and to promote social stability. We should also ensure a safe and decent work environment.

ADB is playing an important role in creating jobs and improving workplace conditions.

First, ADB supports education and skills development to increase the employability of youth, particularly women. For example, when I visited India this February, I was pleased to learn about good progress in an ADB-financed skills development program, which offers vocational training and career counseling in partnership with industrial associations.

Second, ADB promotes core labor standards and safe working conditions in cooperation with Germany and other partners. In Bangladesh, we extended a loan to a private sector

bank to finance the improvement of health and safety conditions in textile factories. I believe this will also enhance the competitiveness of these factories as consumers around the world are now paying greater attention to the welfare of workers in value chains.

Third, needless to say, the most important role for ADB in promoting growth and employment is to support infrastructure investment. ADB finances infrastructure such as energy, roads, railways, ports, and water.

Especially, we are strengthening our support for infrastructure in fragile and conflict affected countries. In Afghanistan, for example, we have approved a \$1.2 billion grant program to strengthen energy infrastructure.

Promoting Private Sector Development

The second area I want to highlight today is the importance of promoting private sector development. The private sector is the engine of growth. It drives innovation and creates opportunities. It is the basis for Asia's vibrant future.

ADB's direct financing of private sector companies and projects amounted to \$2.6 billion last year, 37% higher than 2014. It ranged from supporting financial sector development, to delivering infrastructure, to providing critical social services through the private sector—all with a strong focus on poorer countries. And, in addition to direct financing of the private sector, we are promoting the use of public-private partnerships (PPP) and improving the investment climate.

Let me explain this in a little more detail. First, ADB supports financial sector development. In 2015, ADB approved loans and equity investments to private financial institutions in seven countries totaling over \$750 million. In doing so, we paid special attention to underserved customers, such as farmers, women entrepreneurs, and micro, small and medium sized enterprises.

Second, we provide loans, equity investments, and guarantees to private companies that build and operate important infrastructure. For every dollar ADB provides, we mobilize at least \$4 more in commercial cofinancing.

Third, we help strengthen social service provision through the private sector. In Myanmar, we are financing the expansion of a private sector, third-generation telecommunications network. This includes the skills development of women in ICT, and mobile applications for health, banking, and agriculture.

Fourth, more than 40% of the private sector transactions we approved in 2015 were to companies, banks, and projects in poorer countries. To undertake small but innovative transactions in these countries, we introduced a faster and streamlined approval process in 2015. Using this process, we quickly approved our first private sector equity investment for an agribusiness venture in Bhutan.

Fifth, we are strengthening our support for PPPs. Our newly established PPP Office is acting as transaction advisor to the government of the Philippines on the North-South Railway Project. This \$3.8 billion project will build or upgrade 650 kilometers of railways. Our PPP Office is also advising on a container terminal project at Colombo Port in Sri Lanka. We are advisor for a \$10 billion PPP gas pipeline project across Turkmenistan, Afghanistan, Pakistan, and India.

The most challenging part of PPP transactions is finding and preparing bankable projects that can attract private sector money. To support the preparation of PPPs, in January we launched the Asia Pacific Project Preparation Facility (AP3F) with support from the governments of Australia, Canada, and Japan.

Finally, ADB helps to improve the overall investment climate through technical assistance and policy-based loans. In Indonesia, our \$400 million Growth Acceleration Program Loan supported improvements in regulations, licensing, and the PPP framework.

Combatting Climate Change

Let me now turn to the third and final area—climate change. Asia and the Pacific face multiple and increasing climate challenges, such as extreme cyclones, droughts, coastal erosion, floods, and melting glaciers. Climate action is fundamental to the region's sustainable development.

ADB is strengthening its climate actions.

First, ADB is doubling its annual climate financing to \$6 billion by 2020. Of this, \$4 billion will support mitigation through investments in sustainable transport, clean energy, and energy efficiency. The other \$2 billion will be for adaptation through more resilient urban infrastructure, climate-smart agriculture, and better preparation for climate-related disasters.

Second, we are seeking more cofinancing from bilateral and multilateral partners for climate actions.

In 2014, we signed a \$2 billion cofinancing partnership with KfW with a focus on clean energy and urban infrastructure.

In our new partnership with the Asian Infrastructure Investment Bank, we will make climate change a priority.

In Fiji, a grant from the Green Climate Fund (GCF) financed the incremental costs to make an ADB-financed water project resilient to sea level rise. When I visited Fiji last August, I was moved by the strong commitment of the government to combat climate challenges. So, it was even more shocking to me that earlier this year Cyclone Winston inflicted a tragic loss of life and economic damage on this beautiful island country. We should strengthen our support to small island countries by mobilizing various climate funds including GCF and the Global Environment Facility.

Third, partnerships with the private sector are crucial to introducing innovative finance to address climate change. We are working with leading re-insurance companies, including some in Europe, to develop disaster risk insurance in Asia and the Pacific. And we recently helped guarantee the first climate bond in Asia for a private sector geothermal project in the Philippines.

Fourth, without the use of frontier technologies, COP21 targets will not be achieved. We are adjusting our project design and procurement procedures to promote the use of cleaner and more advanced technologies.

Finally, ADB is enhancing its support to governments' policy frameworks for implementing their Intended Nationally Determined Contributions based on the COP21 agreement. For this purpose, we are using a mix of technical assistance, loans and grants, and high-level policy dialogue.

An example of ADB support is our policy-based loan of \$300 million to the PRC approved last year for air quality improvement in the Beijing-Tianjin-Hebei greater capital area. This loan supports policy actions such as enhanced monitoring of polluting industries and guidelines for converting coal to gas.

Conclusion

When ADB was established 50 years ago, Asia was poor, and one of the most important challenges was how to feed the large and growing population. Asia has achieved a lot since

then.

Yet, many challenges remain in Asia. 450 million people still live in extreme poverty. We need to create jobs for the increasing number of young people. Gender equity should be enhanced. The private sector should be further developed. Climate actions are urgent.

In addressing these challenges, ADB will continue to play a critical role in building an Asia and Pacific region that is vibrant and sustainable. For this, we need stronger partnerships with all of you. I call on your continued support.

The world famous poet and statesman Johann Wolfgang von Goethe, who was born here in Frankfurt, said (and I quote): “The greatest part in this world is not so much where we stand. It is in what direction we are moving”.

Let us move forward together.

Thank you.



ADB President Takehiko Nakao (first row, ninth from right) and members of the ADB Board of Governors pose for a group photo with German Chancellor Angela Merkel (first row, tenth from right), guest of honor at the Host Country Reception of the 49th ADB Annual Meeting in Frankfurt, Germany.

Among Member Banks

 **BEA receives top honors from The Asian Banker and Global Finance** - The Bank of East Asia Limited (BEA) on May 13 announced that it has been named "Best Managed Bank in Hong Kong 2016" by The Asian Banker. In addition, the bank has been named "Best Bank in Hong Kong 2016" by Global Finance. Dr. David K.P. Li, Chairman & Chief Executive of BEA, accepted the award from The Asian Banker on behalf of the Bank at an awards ceremony held in Hanoi, Vietnam on May 10, 2016. BEA was selected in recognition of its outstanding performance over the past three years. At the ceremony, The Asian Banker also presented Dr. Li with the William "Bill" Seidman Award for Lifetime Achievement in Leadership in the Financial Services Industry for 2016 in recognition of his outstanding leadership and ability to understand the Bank's place in the evolving global and regional financial landscape. *BEA News Release*



 **ICICI Bank signs MoU with New Development Bank for business partnership** - ICICI Bank on May 5 signed a Memorandum of Understanding (MoU) to establish a strategic partnership with the New Development Bank (NDB), a multilateral development bank established by the BRICS states namely Brazil, Russia, India, China and South Africa. The two banks will consider each other as "preferred" partners and will harness their respective resource advantages and professional expertise, to build a long-term, stable and mutually beneficial relationship in the areas of bond issuances, co-financing, treasury management and human resources. Ms. Chanda Kochhar, MD & CEO, ICICI Bank and Mr. K V Kamath, President, NDB, signed the MOU on behalf of their organizations. ICICI Bank is the first Indian bank to sign an MoU with NDB. The scope of the partnership will include the following: (1) This partnership will help NDB in exploring bond issuance opportunities in the Indian and international bond markets, particularly INR-denominated bonds. (2) Both the banks will collaborate in the area of funding development projects in India. (3) ICICI Bank and NDB will also leverage a mutually beneficial partnership in other areas of operations such as treasury risk management, account and cash management services and human resource development. *ICICI News Release*



 **SBI installs new ATM machine at Panjab University** - The newly installed State Bank of India (SBI) ATM in the Administrative Block of Panjab University is likely to give a lesson or two to the student community on saving up and spending frugally. Reason: the ATM dispenses notes of Rs 100 only. According to the university authorities, the ATM was set up, keeping in mind the financial needs of the student community and small traders/construction workers at the university. SBI official Anil Grover told Chandigarh Newline, "As such, there is a shortage of Rs 100 notes at ATMs, and students only spend small amounts of money, which is why this unique ATM has been set up for them. Not only that, there are several shopkeepers in the PU market area who are looking for smaller currency notes, so they will be benefited by



this as well.” Many students of the university believe that the ATM will be a good way of keeping a check on their expenses. “For us students, this is actually a means of managing our finances better. More often than not, ATMs do not have Rs 100 notes, which is why we always end up withdrawing higher amounts and even spending more,” said Ritu Chhabra, a student of PU’s Department of Geology. *Indian Express*

Mitsubishi UFJ Trust and Banking Corporation opens a representative office in Dubai



Mitsubishi UFJ Trust and Banking

International Financial Centre - Mitsubishi UFJ Trust and Banking Corporation (MUTB) announced that it became the first Japanese trust bank to open a representative office in Dubai, United Arab Emirates on May 29. MUTB has established a dedicated division for foreign investor sales to expand the business of equity/bond products as well as Japanese real estate asset management and brokerage. Within the global coverage, Middle East is an important region for MUTB for the existence of large institutional investors such as the Sovereign Wealth Funds. MUTB has opened a representative office in Dubai International Financial Centre (DIFC) to enhance the communication and information flows and to further expand the business in the region. *MUFJ News Release*

SMBC obtains approval for the opening of Mumbai Branch



SMBC SUMITOMO MITSUI BANKING CORPORATION

Sumitomo Mitsui Banking Corporation (SMBC) announced on May 18 that it has obtained approval from the Reserve Bank of India to commence preparations for the establishment of a branch in Mumbai, India. With their approval, SMBC will commence undertaking the steps necessary to open the branch, subject to the approval of Japanese regulatory authorities. India is one of Asia's largest and fastest growing economies, and possesses ample potential to continue growing at a brisk pace in the medium to long term. Various factors, such as the considerable consumer market and abundant labor force, have positioned India as an attractive destination for Japanese corporates. SMBC New Delhi Branch commenced operations in March 2013 and has been providing full-line financial services. With the establishment of a branch in Mumbai, the commercial and financial center of India, SMBC will be able to further enhance financial services available to clients. *SMBC News Release*

Maybank clinches 1Malaysia Best Employer Awards at National Workers Day



Maybank clinched the ‘1Malaysia Best Employer Awards 2016’ in the ‘Large Company/GLC’ category in conjunction with this year’s National Workers Day, themed ‘Skilled Workers Drive the Economy’ held recently at the Dewan Tun Razak Hall, Putra World Trade Centre (PWTC). A total of nine awards for various categories were presented by Prime Minister YAB Datuk Seri Najib Tun Razak. The awards were from the Ministry of Human Resources to celebrate the achievements of workers and organisations from the government and the private sectors, in promoting a high performance culture & productivity, caring for society as well as responding proactively to changes in the work environment. A total of 100 Maybank employees joined with contingents from government agencies, Government-Linked

Corporations, (GLC), workers unions and the private sector for the celebration. The Bank also competed for honours with over 100 organisations in the activities held at the celebration with Maybank placed as the 2nd runner-up for the Best Contingent Team. *Maybank News Release*

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BML wins prestigious international award for investment across Maldives - Bank of Maldives has been announced as “Most Innovative Banking Team Indian Ocean 2016” in the highly regarded annual awards given by Capital Finance International, London. Other award winners included renowned international banks such as UBS, BNY Mellon and Commerzbank. The award recognizes BML’s successful efforts to provide financial services in this geographically dispersed country and in particular the Bank’s investment in the atolls through its ongoing MVR 300 million investment program. The judges commented that the Bank’s technological innovations such as the country’s first mobile banking application and the introduction of Self-Service Banking ATMs have made banking services accessible and convenient right across the country, complementing the well-established Dhoni Banking service and the more recent introduction of cash agents on all inhabited islands. The award was accepted on behalf of BML by CEO & Managing Director, Andrew Healy, by Deputy CEO, Aishath Noordeen and by Retail Director, Mohamed Shareef. *BML News Release*



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DBP wins ADFIAP Outstanding Development Project Award - The Development Bank of the Philippines (DBP) marks another landmark in its involvement in the energy sector with an award for Outstanding Development Project from the Association of Development Finance Institutions in Asia and the Pacific (ADFIAP) for local economic development category for the bank’s funding of energy generation projects in the province of Oriental Mindoro. Oriental Mindoro province needed at least 44-MW by 2016 to address its peak load demand. To help meet this requirement, DBP extended an aggregate loan amount of P2.4-billion (US\$50-million), equivalent to 80% of total project cost, for the development of two hydro-electric projects with a combined 15.1-MW power output, and a 9.83-MW bunker fuel packaged power station. On an annual basis, these renewable energy projects and a more efficient diesel power plant are expected to yield positive economic and environmental impacts such as reduction of greenhouse gas emission by 51,236.36 tons of CO₂; reduction in fossil fuel oil equivalent to 195,451.97 barrels; and reduction in government subsidy by as much as P341.61-million (US\$7.12-million). *DBP News Release*



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PNB to spend P1.8B for mobile and internet banking platforms - Philippine National Bank (PNB) is spending P1.8 billion to fully develop an information technology infrastructure and boost its mobile and internet banking platforms. "This is for both upgrade and new technology," Norman Martin Reyes, PNB chief marketing officer and senior vice president, told reporters after the bank's annual stockholders' meeting. The bank will launch a mobile banking platform in July. "That will cater to millennials," he said. The bank's key strategy for 2016 is to target young consumers, he added. *PNB News Release*



DBS plans for voice biometrics at Singapore customer center by year-end - DBS continues to remain at the forefront of leveraging technology to better improve the experience of callers into its customer center. By the end

of this year, the bank aims to make the customer center experience even easier and more secure for customers with the introduction of voice biometric authentication in Singapore. This technology leverages the fact that humans have a unique voice print, similar to the fingerprint, which can be used to verify the customer. Its introduction will further reduce the time customers spend on authentication by between 20 and 40 seconds. Instead of having to remember passwords and answers to security questions, customers can be verified in 15 seconds or less as they speak to customer service officers (CSOs). Lena Low, Executive Director of Customer Centre at DBS said, "This is really about making banking joyful and delighting our customers. Voice biometrics is also more secure as customers do not have to worry about remembering their PIN or speaking about personal information in public when on the phone with CSOs." *DBS News Release*



Apple Pay coming to UOB's customers offering an easy, secure and private way to pay - United Overseas Bank (UOB) of Singapore brings its customers Apple Pay, which is transforming mobile payments with an easy, secure and private way to pay that's fast and convenient. UOB offers card members unparalleled freedom to pay for everyday goods and services, in line with the Bank's aim to champion the adoption of contactless payment in Singapore and to encourage a cashless society. The introduction of Apple Pay gives close to two million UOB card members the ability to make payments conveniently at 15,000 contactless locations in Singapore. UOB card members simply add their UOB credit or debit card to Wallet on their iPhone, iPad or Apple Watch and continue to receive all of the usual rewards and benefits associated with using their UOB cards. Payments made through Apple Pay have no limit other than the customer's own credit or debit card limit. *UOB News Release*

UOB offers card members unparalleled freedom to pay for everyday goods and services, in line with the Bank's aim to champion the adoption of contactless payment in Singapore and to encourage a cashless society. The introduction of Apple Pay gives close to two million UOB card members the ability to make payments conveniently at 15,000 contactless locations in Singapore. UOB card members simply add their UOB credit or debit card to Wallet on their iPhone, iPad or Apple Watch and continue to receive all of the usual rewards and benefits associated with using their UOB cards. Payments made through Apple Pay have no limit other than the customer's own credit or debit card limit. *UOB News Release*



CTBC Bank chairman named best Taiwan CEO - Tung Chao-chin, chairman of CTBC Bank Co. Ltd., was recognized as the best CEO in Taiwan at the Asian Banker Leadership Achievement Awards held in Vietnam on May 10. CTBC Bank was named this year's best managed bank in Taiwan at the Hanoi ceremony, based on its financial performance over the past three years. Tung who was appointed chairman in December 2012, received a CEO Leadership Achievement in Taiwan for taking bold steps to introduce innovative financial products and services. A statement released by The Asian Banker named new CTBC Bank offerings including Bluetooth Direct Pay secure payment functions on its mobile app and biometric security features for ATM transactions. *The China Post*

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Banking and Finance Newsbriefs**Hong Kong reclaims crown as world's most competitive economy**

Despite constant concerns that Hong Kong is losing its edge to mainland and regional rivals, the city has reclaimed the title of the world's most competitive economy, according to the IMD World Competitiveness Centre.

The annual survey of 61 jurisdictions around the world pushed the city up one place to the top for 2016, saying Hong Kong had "encouraged innovation through low and simple taxation and imposed no restrictions on capital flows".

In a separate report on competitiveness released by Beijing's top think tank, the Chinese Academy of Social Sciences (CASS), Hong Kong lost out to Shenzhen for the second year in a row.

IMD surveyed more than 5,400 business executives on four main factors – economic performance, government efficiency, business efficiency and infrastructure – while the CASS survey focused on innovation, among other factors. *South China Morning Post*

India's economy 'stronger', trying to improve health of banks: Arun Jaitley

Ahead of RBI's bi-monthly monetary policy review meeting, Finance Minister Arun Jaitley on June 5, said India's economy has become "stronger" and government is trying to bridge the gaps, wherever there are any, to keep up the growth momentum.

Asked about government's expectation from the RBI, Jaitley refused to make any direct comment but said the government was trying to improve the health of the banks so that they can support the "growth" of the economy.

The Finance Minister said government has sufficiently empowered the banks to recover their dues but added that they will have to maintain their credit lending facility so that lending for growth continues.

"It's an important function of the RBI. We do not comment on it before the RBI announces the policy," Jaitley told PTI when asked about his expectation from the RBI's monetary policy review. *Indian Express*

Iran to launch offshore bank to process international payments

Iran is to launch an offshore bank on one of its Gulf islands "within a month", according to a report by the official IRNA news agency, as it continues to seek ways around restrictions on international payments.

The bank will be set up on Kish Island, which has been developed as a tourism destination and a free trade zone over the past few decades. The aim is to tap into rising demand for cross-border banking transactions, according to comments by Ali Jirofti, deputy head of the Kish Free Zone Organization. He told IRNA on June 5 that the new, unnamed offshore bank will be able to transfer money and facilitate domestic and foreign investment activities.

As yet there has been no confirmation from the Central Bank of Iran about a new institution being licensed, but Jirofti says it will be established in July. If that does indeed happen, it could play a useful role for a country which is still searching for ways to tap into the international financial system. *Forbes*

S&P says Japan sales tax hike delay makes 'some sense'

Delaying a sales tax increase in Japan scheduled for April next year makes "some sense" as it could push the economy into several quarters of anemic growth, making it hard to raise

revenue, a senior Standard & Poor's executive said on May 31.

Weaker growth resulting from faltering consumer spending would jeopardize the government's goal of returning to a primary budget surplus, which excludes new borrowing and debt servicing costs, in fiscal 2020, Kim Eng Tan, S&P's Asia-Pacific senior director of sovereign ratings, told Reuters in an interview.

Although Prime Minister Shinzo Abe has yet to declare his intentions regarding the planned sales tax hike, sources have told Reuters that he will delay the planned increase to 10 percent from 8 percent by two and a half years to October 2019.

The risk of the tax increase pushing consumer spending even further down and possibly hastening a return to deflation persuaded Abe in favor of delaying, the sources said. *Reuters*

South Korea records double digit growth in smartphone mobile banking

The daily average of mobile banking usage through smartphones amounted to 50.979 million in the first quarter, up 12.4 percent from the previous quarter, according to the Bank of Korea (BOK).

The number continued to rise from 35.498 million in the fourth quarter of 2014 to 40.125 million in the first quarter of 2015, topping the 40 million for the first time.

It kept increasing from 41.006 million in the second quarter of 2015 to 42.330 million in the next quarter.

In terms of value, smartphone-based mobile banking usage amounted to 2.87 trillion won (2.41 billion U.S. dollars) in the first quarter of this year, up 7.3 percent from three months earlier.

Overall mobile banking services usage, including through mobile phones and smartphones, posted a daily average of 51.15 million in the first quarter, up 12.4 percent from the prior quarter. *Xinhua*

Malaysia's new banking rules aimed at raising objectivity of boards

Malaysia's central bank is proposing new rules to raise governance standards in the boards of financial institutions, a move that financial executives said could have wide implications for top state-controlled banks CIMB Holdings and Malayan Banking (Maybank).

The little-noticed proposed guidelines, which were issued to banks in mid-March and widely expected to be adopted in the coming weeks, will prohibit a former chief executive of a financial institution from taking over as chairman of the board of directors.

The proposed rules from Bank Negara Malaysia also stipulate that these institutions must have a majority of independent directors on their respective boards.

"The thrust of the new rules is to protect the objectivity of the chairman and to clearly lay out the separation between the board and management," a Bank Negara official said in an interview. *The Straits Times*

Philippine central bank bolsters cyber security

The Philippine central bank is bolstering cyber security surveillance to help boost banks' defenses and is looking at regulating bitcoin operators to combat money laundering, a senior official said on June 4.

More banks around the world have fallen victim to cyber-attacks that involved the use of fraudulent SWIFT messages, the same technique at the heart of February's massive theft from the Bangladesh central bank.

The Philippine central bank has set up a separate cyber security surveillance division to craft cyber security policies and conduct surveillance work, monitor cyber threats and test the ability of supervised institutions to manage cyber security issues, Nestor Espenilla

central bank deputy governor in charge of banking supervision, said in a lecture organised by the bank. *Reuters*

Singapore banks eye a share of Japanese FDI market

As more Japanese small- and medium-size enterprises (SMEs) seek to expand in Southeast Asia, banks in Singapore are eyeing lending opportunities.

United Overseas Bank (UOB), for example, has reported a sizeable jump in deposit flows from Japanese clients. The bank has recently received approval from Japan's Foreign Bank Agency Business to offer regional financial products and services in the country, and extend regional Foreign Direct Investment (FDI) advisory services to companies venturing out.

Deposit flows from Japanese clients in the first quarter of this year amounted to more than 80 percent of deposit flows from all of its Japanese clients in the whole of 2015, UOB said.

Based on data from the Japan External Trade Organization (JETRO), annual foreign direct investment (FDI) to the 10-member Association of South East Asian Nations (ASEAN) bloc reached US\$20 million in 2015, double that of the combined FDI to China and Hong Kong. *Channel News Asia*

Taiwan banks explore promise, peril of Southeast Asia

Taiwan banks led by CTBC Financial and Fubon Financial are looking to step out of their comfort zone into newer markets in Southeast Asia, as the domestic economy slows and growth peaks for the \$1.2 trillion-asset banking sector.

The expansion began in 2013 and is likely to accelerate over the next few years thanks to the new Taiwanese government's backing for companies to diversify away from China and venture into countries like the fast-growing Philippines.

Fatter margins and burgeoning middle classes are two of the prizes, although they come with risks such as tough foreign ownership restrictions and competition from established players like Singapore's DBS and ANZ of Australia.

"It's not easy to compete in Asia ... Southeast Asia governments place a 40 percent stake cap on what foreign banks can buy, and most financial institutions are family-controlled," Fubon Financial President Vivien Hsu told Reuters in an interview. *Reuters*

Banking sector must support business: SBV

Monetary policies from now until the year end must give top priority to ensuring the safety of the banking system and controlling inflation while still trying to support businesses.

This new directive was issued by the State Bank of Việt Nam (SBV).

Under Circular 04/CT-NHNN issued recently to regulate the operations of the banking system from now until the end of the year, SBV Governor Lê Minh Hưng said relevant agencies must closely monitor the movements of the macro economy, the monetary market and operations of credit institutions to take flexible measures aimed at assisting the liquidity and capital sources for credit institutions. However, the agencies must at the same time ensure the Government's target to control inflation under 5 per cent this year is not jeopardized.

"Credit institutions must balance their capital mobilization sources and lending to ensure liquidity. Credit growth rates must be controlled in accordance with capital mobilization and lending quotas allocated by the central bank to ensure safe credit growth and to help businesses with easier access to credit," the directive said. *Vietnam News*

Publications

Manufacturing as the Key Engine of Economic Growth for Middle-Income Economies

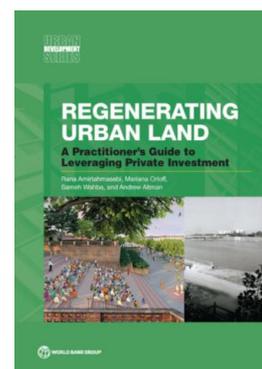
This paper revisits the role of the manufacturing sector during the middle-income stage. By exploiting a large dataset that covers internationally comparable sectoral information, we prove that the manufacturing sector is imbued with three important characteristics. First, for middle-income economies, manufacturing pulls along services, instead of the other way around. A decline in the manufacturing sector growth rate will negatively affect the growth rate of the services sector, in both the short-run and long-run meanings. Second, we show that manufacturing development not only promotes the incentives of savings, but also accelerates the pace of technological accumulation. Third, an increased share of the manufacturing sector in middle-income economies can enhance the utilization of human capital and economic institutions. Our empirical findings indicate that the manufacturing sector is still the key engine of economic growth for middle-income economies.



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Regenerating Urban Land : A Practitioner's Guide to Leveraging Private Investment

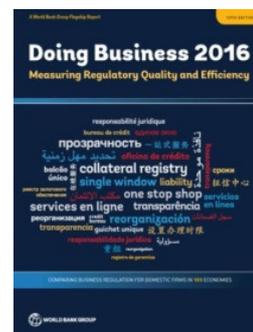
Regenerating Urban Land draws on the experience of eight case studies from around the world. The case studies outline various policy and financial instruments to attract private sector investment in urban regeneration of underutilized and unutilized areas and the requisite infrastructure improvements. In particular, each case study details the project cycle, from the scoping phase and determination of the initial amount of public sector investment, to implementation and subsequent leveraged private-sector funds. This manual analyzes rates of return on the investments and long-term financial sustainability.



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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.



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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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