

General Meeting and Conference**ABA Chairman invites members to Vietnam Conference**

ABA Chairman and CTBC Financial Holding Co. Ltd. President & CEO Mr. Daniel Wu is inviting all ABA members to join him in this year's ABA Conference.

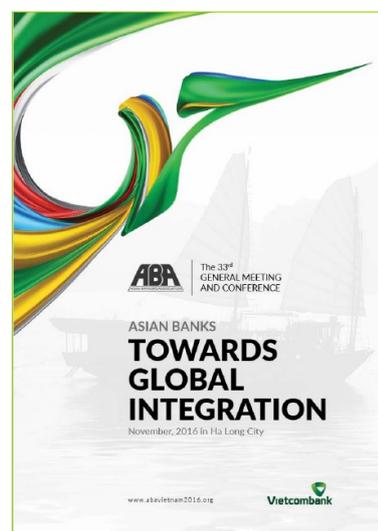
“It is my great pleasure to invite all our ABA members and friends to attend this year's 33rd ABA General Meeting and Conference scheduled to take place on November 10-11, 2016 in Ha Long Bay, Vietnam. Following the success of our gathering in Taipei last year, I hope to once again count on you to extend the same spirited enthusiasm and strong support to this year's Conference.

“To be hosted by The Bank for Foreign Trade of Vietnam (Vietcombank), the two-day event will focus on the theme “Asian Banks: Towards Global Integration”. As you are aware, the rise of Asia is considered the single most important force reshaping the world economy which has enabled the economies of the region to become integrated into global financial markets. Our Vietnam Conference is designed to provide a valuable platform for ABA members and invited experts to: (a) exchange views on current trends and developments in the regional and global markets that are expected to have a significant impact on the banking and financial sector of the region, and (b) how industry players can address the challenges - and take full advantage of the opportunities - presented by these developments.

“I am particularly pleased that the venue of our Conference this year is Vietnam. As many of you know, Vietnam is a development success story. Political and economic reforms launched in 1986 have transformed the country from one of the poorest in the world, with per capita income around US \$100, to lower middle income status within a quarter of a century with per capita income of around US\$2,100 by the end of 2015. Vietnam's per capita GDP growth since 1990 has been among the fastest in the world, averaging 5.5 percent a year since 1990, and 6.4 percent per year in the 2000s. Vietnam's economy continued to strengthen in 2015, with estimated GDP growth rate of 6.7 percent for the whole year. Vietnam has boosted its international economic integration as it enters into more free trade agreements with the Eurasian Economic Union, the European Union, South Korea and the Trans-Pacific Partnership. At the same time, the ASEAN Economic Community was established on December 31, 2015, and is likely to create more opportunities for the country to integrate into regional and global economies.

“I am confident that holding our annual gathering in Vietnam this year will increase the knowledge of our members about the country – its economy, its trade and investment potentials, its banking and financial sector, and its people and manpower resources – and help them in their effort to seek and identify business opportunities in the country, as well as establish contact with important decision makers in business and government.

“It is my ardent hope that you will join me for this year's 33rd ABA General Meeting and Conference. Your participation will provide you the opportunity to experience and enjoy Ha



Long Bay, which is listed as UNESCO World Heritage Site and considered one of the New Seven Natural Wonders of the World.”



Vietcombank chairman warmly welcomes members to Vietnam in November

Chairman of JSC Bank for Foreign Trade of Vietnam (Vietcombank) and concurrent ABA vice chairman Mr. Nghiem Xuan Thanh expresses his warm welcome to all members for this year's ABA Conference.

“On behalf of Vietcombank, one of the leading financial institutions in Vietnam, I am honored to invite all ABA members, esteemed bankers and partners to the 33rd ABA General Meeting and Conference to be held on November 10-11, 2016 in the seaside city of Halong, Quang Ninh, Vietnam.

“This is the second time Vietcombank is given the privilege to host this international event of great prestige and significance in Vietnam, after the first time which was back in 2004. As currently ABA Vice Chairman and Chairman of Vietcombank, I am happily looking forward to give my warmest welcome handshakes to all of you, our distinguished guests, this November on the seashore of Halong Bay, a beautiful place awarded by UNESCO as Natural World Heritage.

“World economies are now getting closely connected and interrelated more than ever. While this undoubtedly generates many opportunities, there also comes no less challenges to nations and banks in Asia, one of the most rapidly growing component of the global economic system. Recognizing this reality, this year’s ABA annual conference will carry the main theme “Asian Banks: Towards Global Integration” with a view to bring to you latest account of new trends, outlooks, opportunities, challenges as well as ideas that may help banks in the region be better prepared for the coming wind of change.

“Under the aforementioned framework, the two-day conference is also expected to deliver valuable updates on sub-topics of current value for the banking industry in and outside the Asian boundary, such as: key factors shaping the global economy in the year ahead, impacts of changing regulatory environment, transformational change driven by digital banking, and future growth drivers from global financial integration.

“Vietnam is now seen as an emerging economy in the region and a desirable destination for not only international tourists but also foreign businessmen and investors. Thus, I hope this year’s ABA gathering may serve as an occasion for us to learn more about global and regional economic developments, and at the same time, open up opportunities for possible cooperation with the local business community.

“Once again, allow me to act on behalf of ABA and the host bank to extend to all of you the most cordial invitation.”



Education and Training

ABA members invited to Payments Iran 2016

ABA members are invited to Payments Iran 2016 on November 22-23, 2016 in Milad Tower, Tehran.

The Payments Iran conference is where the C-suite, influencers, leaders and disruptors from Iran and across the globe assemble to debate, deliberate and explore the future of the payments industry.

The conference format has been designed to enable Iranian banks, government, telecom operators, vendors and Fintechs to learn from the champions of the payments industry from around the world.

Learnings will come from international visionary keynotes, in-depth CEO panel discussions and 20 minute case study presentations from those at the forefront of change.

At Payments Iran delegates will discover how to:

- Connect Iran with the world and develop a truly interoperable payments network
- Create attractive seamless omnichannel payments experiences
- Use predictive analytics to do more than simply collect transaction data
- Handle security, risk and fraud in the digital age
- Maximise on mobile payments
- Harness blockchain technology
- Embrace new innovative Fintech technologies
- Integrate loyalty into the payments experience

To register or know more about Payments Iran, visit www.terrapinn.com/paymentsiran



News Updates

Asia leads emerging market recovery*Cautious optimism as middle-class spending helps growth to surge*

by Financial Times

Not every corner of the global economy is mired in gloom. Asia is leading a gentle recovery in gross domestic product growth rates in emerging markets as India and some countries in Southeast Asia enjoy an upsurge in economic expansion.

Indonesia's economy, the largest in the region, grew by 5.2 percent in the second quarter of the year, recording the fastest year-on-year expansion for 10 quarters. The Philippines also delivered a better than expected performance, growing by 7 percent in the second quarter, the fastest pace for three years. India, which ranks seventh after France in global GDP rankings, posted an official 7.9 percent growth rate in the first quarter of the year, a sharp improvement on the previous quarter.

Such numbers have an importance that extends beyond the countries themselves. Not only do they reaffirm Asia's position as by far the fastest-growing region of the world. They also suggest that the average growth rate for emerging market economies — which include most Asian countries aside from Japan and Singapore — is set to outperform the average growth rate in developed economies by a wider margin. This may be important to portfolio investors who had turned cooler towards emerging markets over the past five years as they watched the growth differential between emerging and developed worlds narrow significantly.

True, Asia's recovery remains unlikely to replicate the heady days before the financial crisis. A collapse in export earnings coupled with a fall in commodity prices and slackening demand from China has conspired to dampen activity. Nevertheless, there are signs that Asia is adapting to new realities by reducing its reliance on exports and stoking up the fires of consumer spending. Capital Economics, a research company, sees some decoupling of trade and consumer spending, noting that across the region exports were barely positive in the second quarter but domestic demand grew at its fastest since the final quarter of 2012.

The splurge in consumer spending represents an opportunity for companies worldwide as middle class populations in India, China and Southeast Asia discover the delights of consumer credit to engage with their material dreams. Robust population growth, sharply rising incomes and an upsurge in purchases online make the Asia consumer phenomenon increasingly accessible to companies in Europe and the US.

However, such optimism is tinged with a concern that in some countries households are already spending well beyond their means — enticed by cheap credit as interest rates fall to historic lows. Capital Economics names South Korea, Thailand and Malaysia as places where middle class exuberance might be running over.

The other big detractor from the emerging narrative of Asia as a locomotive for global growth is China. Although the world's second-largest economy grew by 6.7 percent in the second quarter, the quality of its growth is being scrutinized closely.



Shoppers look at a jewellery store window display in Hong Kong © Bloomberg

With a corporate debt load equal to 171 percent of GDP — a ratio more than double that of the US and Europe — Chinese companies are racking up huge nonperforming loans in the banking system as returns on investments dwindle. Before the crisis in 2008, China needed just \$1 of credit to deliver \$1 of GDP; that ratio is now six to one, says Morgan Stanley.

Still, the improvement in headline growth for Asia should prompt optimism if not yet celebration in a world blighted by monetary exhaustion in Europe and Japan.

Asian banks increasing real estate footprint

by Rennie Whang, Straits Times

Asian banks have been leasing increasing amounts of office space in the region while Western lenders have been reducing their presence, according to real estate services firm CBRE.

Mr Moray Armstrong, CBRE's managing director of advisory and transaction services, said in a report: "This trend is evident in Singapore where Asia-Pacific financial institutions have been active. In particular, Japanese banks have featured prominently in the leasing market in Singapore in recent months while a few Chinese entities are showing keenness to acquire ownership positions. There are a few potential transactions in the pipeline."

Bank of Tokyo-Mitsubishi has pre-leased 140,000 sq ft at Marina One, for instance. Other deals here include the World Bank, which leased 50,000 sq ft at Marina Bay Financial Centre Tower 2, while Citibank renewed its 48,500 sq ft lease at Capital Square.



Bank of Tokyo-Mitsubishi has pre-leased 140,000 sq ft at the upcoming Marina One development (artist's impression above). PHOTO: Strait Times M+S

Headcount reduction and numerous business challenges have prompted many Western banks to continuously review their long-term space requirements, meaning their leasing activity tends to be renewals - "partly a short-term cost-saving tactic involving negotiating better terms", said CBRE.

All this mirrors the contrasting fortunes of Asian and Western banks recently. Western banks cut 13 percent of their global workforce from 2009 to last year, but banks from the Asia-Pacific grew headcount by 34 percent and have been adding more staff this year.

International investment banks and commercial banks have been cutting back on office space in prime areas, causing a decline in the average size of office leasing transactions in Beijing, Tokyo, Hong Kong and Singapore.

In Singapore, Sydney and Melbourne, Western banks have sub-leased their excess space, CBRE noted. In South-east Asia, five regional banks opened new offices in the Philippines, including Japan-based Sumitomo.

Chinese banks have been active in expanding in the central business districts of Hong Kong and Sydney. "In Hong Kong, Chinese financial institutions, especially mid-sized commercial banks and investment houses, have been key drivers of office leasing demand for Grade A buildings in core areas in recent years," said Ms Ada Choi, senior director of research, CBRE Asia-Pacific.

In Hong Kong, China Everbright bought Dah Sing Financial Centre, and China Life Insurance bought One Harbour Gate West Tower as their overseas headquarters.

Special Feature**Is FinTech the New Black?****By Charles Green, Founder and CEO, RFi Group**

So where are we with all things digital? Two years ago hardly anyone outside the industry had heard of FinTech – now it's the hottest investment class globally for VCs. PWC produced a report saying 25% of bank revenue will be lost to FinTech and 30% of banker's jobs will not exist. Anthony Jenkins the outgoing CEO of Barclays, warned that banking was about to have its uber moment and that massive disruption was going to render the industry unrecognisable.



Back in 2013 we produced a global MFI retail banking report covering 30k consumers across 15 markets. In most markets, we found that the reasons consumers gave for considering a bank to be their MFI one of the top 5 reasons was: it's where I make my payments from. Fast forward just two years to 2015, in our latest edition of the report we noticed that in markets with reasonable contactless penetration: Australia, UK, and Singapore for example, that particular MFI reason – it's where I make payments from - had dropped out of the top 5 – it wasn't even in the top 10. Does that mean it's not important anymore – absolutely not – what it does mean though is that a seamless and simple payment functionality via contactless with a card or a smartphone attached to a transaction account is no longer a wow factor and is already just a hygiene factor – that is the speed of digital transformation.

Facebook with its 1.5 billion active mobile users is moving into payments, Samsung, Google and Apple are already there. Mondo in the UK broke all crowd funding records raising 1 million pounds in 96 seconds. In Sydney there is Stone & Chalk, in Hong Kong, Fintech HK, Level 39 in London, Mars in Toronto etc. and it's not just FinTech hubs prime ministers are all leaping on board – David Cameron Malcom Turnbull Justin Trudeau and Sieng Long Lee in Singapore.

So Fintech it would appear is the new black.

But then on the other hand you have Lending Club whose shares have plunged 50% just since Jan this year, whose CEO and founder has resigned in disgrace, you have Wall St regulators lining up and p2p lenders desperately trying to differentiate themselves from marketplace lenders, delinquencies are starting to go through the roof, On Deck can't get enough funding to meet demand. In the UK, Deloitte just published a report stating that marketplace lenders could gain control of approximately 6% of the loans market across key segments, including personal lending, SME business lending and the retail buy-to-let market in the UK, which adds up to a total of about £600bn of lending.

However, the report states that this assumes that banks make no effort to compete and historically low level interest rates prevail. Market place lenders face an even lower share of the market of just one percent by 2025, so a total of \$6 billion, if interest rates normalize and banks innovate and compete. Deloitte, says: "Contrary to a number of commentators, we do not see MPLs as a major threat to banks in the mass market.

So what's going on? Should we be concerned about digital and FinTech or is it all just hype? We are led to believe that 73% of millennials would now trust Google, Amazon and

Facebook to do their banking- That’s a headline grabbing statement. So we wanted to understand - is that true? How do you define trust? As a research firm we wanted to unpick that a bit. In November last year we surveyed 50k consumers across 25 markets and rather than ask them about trust generally we specifically asked them do you trust this organization to hold your personal information and maintain it securely? So given that very specific definition of trust globally 65% of consumers trust banks, 50% trust governments, 41 % trust telcos and 38% trust internet companies like Google and Facebook.

Ok well that’s all consumers – how about millennials or Gen y as they used to be known.

Sixty five percent trust banks to hold and securely maintain personal information 51%



trust governments 43 % trust telcos and 42% trust internet companies like Google so a few percent better than the average for trust of internet companies but still bottom of the rankings and significantly less than the trust

millennials place in banks.

Well what about geography – are there any standout markets where millennials trust internet companies – well yes there are- China India Philippines and Indonesia are all over 50%- if you take those markets out the global average plummets. In fact the only two western markets that are above 25% are Australia and the UK both at 40%.So 6 out of 10 millennials in UK don’t trust internet companies to maintain their personal information securely but 4 out of 10 do.

Next we asked well would you be comfortable sharing more personal information with your bank in return for better service and products and here there is a slight difference – Gen X and baby boomers globally are at about 60% who would be happy to do so, Millennials are at about 65% so slightly higher.

Again China India Indonesia and Philippines drive up the global average but in Australia and the UK which are neck and neck. Gen X and baby boomers are just under half at 45% and Gen y just over half at 55%

So in the UK 6 out of 10 millennials trust banks 6 out of 10 don’t trust internet companies and just over 5 out of 10 would be happy to share more personal information with banks for improved service - so do banks need to be worried? Yes they do – they need to be worried but they probably don’t need to be crippled by paranoia and doomsday predictions.

Hopefully what this means is that we can start to have a more balanced debate about the huge opportunity that digital transformation offers banking.

Viewed as partners not as disruptive threats, digital or FinTech is a massive opportunity to transform and enhance the customer experience. If you look at the value proposition from a modular perspective and then think about how each module can be improved by embracing digital then, rather than being surrounded by disruption, banks are rather presented with a massive opportunity.

In the UK, we have the gang of four - the neo banks Mondo Starling Tandem and Atom all ready to launch with mouthwatering valuations of 30 million sterling to 65 million right up to 150 million sterling. Thanks to the cooperative efforts of UK government not all of them have had to complete the second phase of getting a banking license yet but should do so this year and if you look at the collaborative builds they are creating with consumers then they are building powerful challengers. With a desire to do for banking what Amazon has done for retail and I-tunes for music and to be at the heart of the consumer’s banking

conversation.

Note the marketing messages here – this is the age of the consumer and consumers want an experience like uber or Airbnb or WhatsApp – taking the hassle out of money and making life easier – in the words of B (who is B) it is a product designed by customers for customers, for DBS digibank live free bank free, for bankmobile live more bank less for Timo in Vietnam time is money – ease simplicity and convenience – drivers of the winning customer experience.



The really interesting part here for B is the face-to-face customer support across the branch network – now that’s something that FinTech can’t offer and here is the conundrum with millennials. Yes - branch usage is declining across every generational segment for transactional purposes and 1 in 4 millennials across Australia, UK and Canada all use their banking app daily. However, the generation that most wants to go into a branch to have a face-to-face experience are not the baby boomers or Gen X but the millennials. They don’t want to go there to complete transactions – they’ve got an app for that – but they do want to talk to someone preferably face-to-face and have these products explained to them. This is going to be a slow transformation rather than a fast revolution.

So banks with a branch network are in a great position if you can work with or partner with FinTech to transform the customer experience and leverage your strengths of trust, security and branch access complimented by a great digital experience via the customer smartphone. If you can do this then the customer is yours to lose.

<http://www.globalretailbanker.com/opinions/is-fintech-the-new-black>

Among Member Banks

- **BEA awards scholarships to staff members' children** - The Bank of East Asia, Limited (BEA) held an award presentation ceremony on August 23 at its Head Office in Central for recipients of the Bank's University Scholarship for Staff Member Dependents (BEA Scholarship) for the 2016-17 academic year. Launched in June 2014, the BEA Scholarship program recognizes the academic excellence, extracurricular achievements, and community service contributions of university-level dependents of staff members of the Bank and its wholly-owned subsidiaries. This year, ten recipients have been selected by the assessment panel. Speaking at the award presentation ceremony, Dr. David K.P. Li, BEA's Chairman & Chief Executive, said "Education has always been a cornerstone of the Bank's corporate social responsibility program. I am delighted to present scholarships to children of the Bank's staff members for a third year in the BEA Scholarship program. I hope that this scholarship will help the students achieve their academic goals and I wish them every success in the coming academic year." Each recipient will receive an amount worth up to HK\$30,000. *BEA News Release*


BEA 東亞銀行
- **ICICI Bank introduces 'iMobile SmartKeys', Asia's first payment service using a smartphone keyboard** - ICICI Bank, India's largest private sector bank, on August 18 unveiled Asia's first payment service using a smartphone keyboard. Christened 'iMobile SmartKeys', this pioneering feature enables 'iMobile' users to make quick and secure payments on any mobile application including chat, messenger, email, games or search browser without having to exit their current application in their smartphone. This is in lieu of customers having to switch tabs or applications within their smartphone to access 'iMobile'. It provides the convenience of completing transactions in lesser steps than earlier, thereby reducing the transaction time. The 'iMobile SmartKeys' solution is developed by one of the winners at the 'ICICI Appathon', the country's largest virtual mobile app development challenge that was organized by the Bank earlier this year. As a testimony towards nurturing young developers, ICICI Bank has incorporated this innovative solution into its mobile banking app within a quarter of the completion of 'ICICI Appathon'. Using 'iMobile SmartKeys', customers can transfer money to their registered beneficiaries, pay their utility bills as well as recharge their mobile numbers, which are classified as 'Favourites' in their iMobile app. *ICICI News Release*


ICICI Bank
- **Saman Bank expands exchange services with India** - Saman Bank's International Management Department announced on August 14 that in line with increasing expansion of brokering ties with foreign banks, the bank has provided the facilities to transfer money, open LCs and trade (in Indian rupee) at interest of Indian side via Industrial Development Bank of India (IDBI Bank Ltd). According to the report, Saman Bank currently enjoys brokering ties with more than 330 banks in 69 countries all across the world including India, Japan, Germany, Italy, Switzerland, Turkey, Spain, France, Czech Republic and China that makes



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Saman Bank

services like issuance of foreign exchange guarantees, opening LCs, exchange of fiscal documents and foreign transfers. *Saman Bank News Release*

Bank of Tokyo-Mitsubishi and Hitachi begin Blockchain Technology Project in Singapore - Hitachi Ltd.



Bank of Tokyo-Mitsubishi UFJ

and the Bank of Tokyo-Mitsubishi UFJ (BTMU) are starting Proof of Concept (PoC) testing for a system, based on blockchain technology, aimed at digitalization of checks in the Republic of Singapore. In a joint press release published in the Hitachi and BTMU websites, the two companies announced that together they have developed a system in which distributed ledgers are used for issuing, transferring and collecting electronic checks. In PoC system testing, BTMU issues and settles checks and some of Hitachi Group's companies in Singapore receive the electronic checks and deposit the funds. Singapore aims to be a smart financial center that leverages innovative fintech to transform financial services, create quality jobs in finance and build a "smart nation." In November, Bitcoin Magazine reported that Singapore's Prime Minister Hsien Loong had advised the country's banks and regulators to explore the advantages and unique applications of blockchain technology, and emphasized the significance of financial technologies like the Bitcoin network in building a strong regional and international presence for the country's banks and financial institutions. *Nasdaq*

Maybank wins Putra Brand Gold Award for 7th Consecutive Year -

Maybank has clinched the Gold Award in the Banking, Investment and Insurance Category for the 7th consecutive year at the Putra Brand Awards 2016 held in Kuala Lumpur. The Putra Brand Awards is the highest brand recognition event in Malaysia. It recognizes brands that most Malaysians favor and trust through a consumer survey methodology. Over 6,000 respondents voted for their favourite brands across 24 categories during a nationwide survey. Group Chief Strategy Officer of Maybank, Michael Foong, who received the award on behalf of Maybank, said it was a reaffirmation of Maybank's continuous efforts to provide a consistent and enduring brand experience to all its customers. "Winning the award is a testimony to Maybank's constant demonstration of our 'Humanising' mission in delivering our brand promise across the region, and ensuring that we remain at the heart of our stakeholders and communities at all times," he added. *Maybank News Release*



Bank of Maldives signs MOU with Maldives Immigration to provide payment capability for newly announced passport card - Bank of Maldives has



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BANK OF MALDIVES

announced a collaboration with Maldives Immigration to provide a payment function in the newly announced Maldives Passport Card. A Memorandum of Understanding, which formally begins the partnership to develop this capability, was signed at a small ceremony held at Maldives Immigration on August 11. The Bank has undertaken to make provisions so that the passport card, in addition to being an internationally valid identity document, will also become a reloadable prepaid card. Cardholders will be able to use the card to make payments at POS terminals and online, and to withdraw cash at ATMs. The card can be used overseas, thus providing Maldivians with the convenience of being able to make payments easily while traveling. Commenting on the agreement,

BML Retail Banking Director Mohamed Shareef said, "We are pleased to partner with Maldives Immigration on this project to provide a payment function in the forthcoming Maldives Passport Card. Our card services already provide countless travelers with a reliable and efficient way of making transactions when overseas. We are excited by the prospect of such an essential service being expanded to every Maldivian with a passport card." *Bank of Maldives News Release*

-  **DBP Forest Program receives international recognition** - The Development Bank of the Philippines (DBP) was conferred a certificate of merit for its DBP Forest Program (DFP), during the prestigious Karlsruhe Sustainable Finance Awards. DBP's Forest Program won the award under the Outstanding Sustainable Project Financing category which recognizes outstanding success in the long-term financing of exemplary industrial/ commercial or infrastructure projects that benefit local communities, protect the environment, and ensure reliable returns to investors and depositors. The particular project in DBP's Forest Program (one of 43 projects nationwide), is a partnership with West Visayas State University (WVSU), that aims to protect and preserve the environment through concentrated reforestation efforts in 500 hectares of upland forest in Lambunao, Iloilo province with the planting of high value and indigenous fruit and forest trees with intercrops. The project also provides livelihood for the neighboring community, including informal settlers within the upland forest area, and serves as a venue for research, practicum, training, capacity-building, and knowledge/ technology transfer through WVSU. *DBP News Release*



-  **PNB declares P1.25 cash dividend; total P1.25B** - The Philippine National Bank (PNB) said it will pay a total of P1.25 billion in cash dividends. In a disclosure to the Philippine Stock Exchange on August 26, the Lucio Tan led PNB said its board of directors approved the distribution of a cash dividend of P1 per share to stockholders on record as of August 19. The dividend will be payable on or before September 15. The bank said it received the go-signal from the Bangko Sentral ng Pilipinas (BSP) last August 19 to issue the cash dividend. The cash dividend will come from the unrestricted retained earnings of the bank as of end-March 2016. Incorporated in 1916, PNB is engaged in commercial banking with a total network of 665 domestic branches, 75 overseas branches and 937 automated teller machines (ATM) as of end-2015. *Manila Times*



-  **DBS partners with Pivotal to accelerate innovation for customers** - DBS Bank on August 29 announced it is stepping up its digital transformation journey and accelerating innovation for customers through a collaboration with Pivotal®, the company accelerating digital transformation for enterprises. DBS is the first bank in Southeast Asia to run cloud native applications on Pivotal Cloud Foundry, progressing from traditional legacy systems to a highly scalable and flexible environment. Through the adoption of Pivotal's leading modern cloud platform, Pivotal Cloud Foundry, DBS will have the foundation to innovate at a speed and velocity primarily associated with Internet giants such as Google, Facebook and Netflix. More specifically, by leveraging Pivotal's cloud platform in its banking architecture transformation, DBS is now able to operate and deliver services to its customers exponentially faster, as well as build next-generation applications and user experiences rapidly, and update them with new



features that will evolve with customer needs. Through this collaboration, DBS is set to reinvent banking and redefine the banking experience for over 6 million consumer and corporate customers across Asia. *DBS News Release*

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UOB trains more than 100 bankers on alternative financing - United Overseas Bank is deepening its commitment by training its commercial bankers to provide startups with the most up-to-date information



on alternative funding. More than 100 of its bankers have been trained so far, United Overseas Bank (UOB) writes in a press release. The training is timely as the Bank's strategic equity crowdfunding partner, OurCrowd, a leading global equity crowdfunding platform, was awarded a full Capital Market Services (CMS) licence from the Monetary Authority of Singapore (MAS) at the end of July. With the licence, OurCrowd is now able to market its equity crowdfunding platform in Singapore. In March this year, UOB announced it had made a \$10 million investment in OurCrowd, which invests in startups with differentiated and highly technology products and services. UOB's partnership with OurCrowd reinforced the Bank's commitment in supporting Asian SMEs startups with end-to-end financing needs. The range of support includes UOB's accelerator programme, The FinLab, to venture debt financing through to investment banking. *Finews Asia*

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Bangkok Bank first Thai company to join R3 - Bangkok Bank becomes the first financial institution from Thailand to join a consortium



led by financial innovation firm R3 that designs and develops a distributed ledger for the global financial services industry. The consortium's members comprise of over 55 of the world's largest financial institutions. Through collaboration between members the consortium is developing innovative and groundbreaking commercial applications. BBL President Chartsiri Sophonpanich, President of Bangkok Bank, said that the bank is keen to learn, share and participate in the group. "The addition of Bangkok Bank - one of Thailand's major banking players - is a further milestone for R3. Asia is a key region for us as we expand our network of consortium members and continue to develop truly global applications for this groundbreaking technology," said David Rutter, CEO of R3. R3 is leading a consortium of over 55 of the world's largest financial institutions to develop ground-breaking commercial applications for the financial services industry that leverage the appropriate elements of distributed and shared ledger technology. *The Nation*

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Singapore's GIC to acquire 7.7% stake in Vietcombank - Singapore's GIC has agreed to buy a 7.7 percent stake in Vietcombank, one of Vietnam's biggest commercial banks, in the latest indication of the sovereign wealth



fund's appetite for emerging markets. GIC said it will purchase 305.8m new shares in the bank, but did not disclose the value of the transaction. Shares in Vietcombank have risen almost double the 16 percent increase notched this year by the benchmark VN index, including a climb of more than 10 per cent so far this month. That gives it a market capitalisation of just under \$7bn, although it is not clear whether GIC will pay the implied valuation of more than \$500m for its 7.7 percent stake in the enlarged share capital, or receive a discount. The Singapore investment group has raised its exposure to emerging market equities, while reducing developed market equities, as it makes a long-term bet on the rise of Asia's middle class. *Financial Times*

Banking and Finance Newsbriefs**Hong Kong****More Hong Kong-listed Chinese city commercial banks expected to seek dual listing at home**

At least nine Hong Kong-listed mainland city commercial banks are now seeking dual-listing approvals for their shares on the Shanghai or Shenzhen bourses, as the best way of raising much-needed capital.

The growing list of smaller regional lenders includes Bank of Qingdao, Chongqing Rural Commercial Bank and Bank of Jinzhou, and most say their shareholders have already approved the A-share listing plans.

The appetite for a mainland listing has increased after China's third biggest city commercial bank, Bank of Jiangsu, successfully started trading in early August after raising US\$1.1 billion in the biggest initial public offerings (IPO) this year, the first A-share banking IPO since August 2010.

The lender's share price had surged 93 percent from its offer price at 6.27 yuan on August 26, giving it a valuation of 1.6 times to book value (or PBV, a stock's market value to its book value), the highest of any bank listed in China. *South China Morning Post*

India**India appoints a new central-bank governor**

As much as the financial markets they seek to influence, central banks need the confidence of investors to function. So uncertainty over their leadership and questions about their independence are seldom welcome. On August 20th Narendra Modi, India's prime minister, belatedly appointed a new head of the Reserve Bank of India (RBI), nine weeks after Raghuram Rajan, the respected incumbent, surprised everyone by announcing he wouldn't stay on the job for a second term (as most of his predecessors had) after his three-year term expires on September 4th.

The new governor is Urjit Patel, a former management consultant and corporate adviser, who has served since 2013 as one of four RBI deputy governors. Mr Patel is thought to be of similar ilk to his current boss. That is reassuring for investors still baffled as to why Mr Rajan, a former IMF chief economist with a good record as head of the RBI, was effectively sacked by Mr Modi.

Mr Patel's remit at the RBI has been to help shape monetary policy. The newish inflation-targeting framework, which has been successful in stemming rising prices (helped by outside factors such as falling oil prices), is as much his as Mr Rajan's. So is the incoming arrangement, whereby interest rates will be set by a panel comprising government and RBI appointees rather than the RBI's boss being in sole charge. *The Economist*

Malaysia**'Uberization' of Malaysian banking proceeds apace**

An estimated 87.5% of Malaysians have tried online banking at least once, according to a new report from the Asian Institute of Finance. This rapid digital shift is keeping traditional banks on their toes.

Thanks to the spread of internet connectivity and smartphones, the digital banking market has swelled considerably since 2013, when the penetration rate was calculated at 49% of the population, or 14.6 million users.

The central bank has been pushing online banking as a way to boost efficiency and productivity in the financial sector, resulting in an average of 2 million new users coming aboard every year since 2010. For the quarter through March 2016, the central bank said online banking penetration grew 2.6%, while the mobile-specific figure increased 2.3%.

All told, Malaysia had 20.5 million online banking subscribers in the first quarter, representing 66.3% of the population. Mobile banking subscribers came to 7.8 million, or 25.2% of the citizenry -- compared with the 3.25 million, or 10%, seen in 2013. *Nikkei Asia*

Japan

Japan firm looks into testing facial recognition payment system

Sumitomo Mitsui Financial Group, Inc. (SMFG) has been looking into how to practically use a facial authentication payment system, The Yomiuri Shimbun has learned.

Attempting to use technology to identify a person via their facial characteristics for settling transactions is a rare attempt globally.

SMFG will begin trials at retail outlets as early as 2017 before developing it for practical use over several years after the trials. If the new system is realized, it will allow consumers to shop without bringing their wallet.

The system identifies individuals by reading their facial characteristics, such as the positioning and size of a person's eyes and nose from imaging data. SMFG aims to utilize users' facial data as a means of verifying their credit cards or bank accounts so they can make payments. *The Japan News*

Korea

South Korea is launching an open banking platform

The Korean government will launch a platform for financial institutions that will allow them to build services that automatically populate financial information for new customers, according to Korea Joongang Daily.

It looks like the platform will essentially serve as database of consumer financial information that is accessible via API. The platform will be managed by Korea Financial Telecommunications and Clearing Institute and Koscom Corporation and counts 16 banks and 25 brokerage firms as partners. Recently, the UK's Competition and Markets Authority (CMA) released a report announcing that it would require banks to participate in a similar open banking initiative.

Eliminating friction is one of the keys to fintech adoption. Consumers may know what frustrates them about their current financial services experience, but they don't necessarily invest time in seeking out alternatives. A formidable barrier to trying out new services is having to find and enter financial information.

Once that barrier is removed, it will be much easier to switch providers, forcing financial services companies to innovate in order to stay competitive. *Business Insider*

Philippines

Philippine central bank eases term limits for independent directors of banks

Independent directors (IDs) of banks whose term limit is subject to a two-year "cooling off" period before being re-elected could by-pass the required pause if there are no other qualified official.

The Bangko Sentral ng Pilipinas (BSP) will adopt the same term limits for the IDs of banks as implemented by the Securities and Exchange Commission (SEC), it said in a circular letter.

BSP deputy governor Nestor A. Espenilla Jr. said that they have amended the “Guidelines in Strengthening Corporate Governance” in all of BSP’s supervised financial institutions (BSFIs) by aligning the “cooling off” period for IDs to the SEC rule.

“(BSP circular) provides that the maximum term and any ‘cooling off’ period prescribed by the SEC for IDs shall likewise apply to BSFIs,” said Espenilla in the circular memo.

The SEC released an advisory last March about the term limits for IDs in that IDs elected in 2012 could be re-elected for another five years or until 2017 “when the cooling off period shall commence.”

“However, if there are no suitable replacements, said IDs may be re-elected in 2017 until 2021, at which time, they may no longer be qualified as IDs for the same companies,” said the SEC. *Manila Bulletin*

Russia

Russia, Iran sign MOU on banking cooperation

Iran and Russia on September 1 signed an MOU in the fields of banking cooperation, anti-money laundering, countering the financing of terrorism, and development of settlements in national currencies in bilateral trade.

The Islamic Republic of Iran hosted the 4th plenary meeting of the Working Group on Banking and Financial Cooperation of the Permanent Russian-Iranian Commission for Trade and Economic Cooperation.

According to the website of the Central Bank of the Russian Federation, the meeting focused on further development of banking cooperation, including the establishment of correspondent relations and opening correspondent accounts between credit institutions of the two countries, development of settlements in national currencies in bilateral trade, as well as collaboration in anti-money laundering and countering the financing of terrorism.

The Russian delegation was headed by the Chairman of the Russian part of the Working Group, Deputy Governor of the Central Bank of the Russian Federation Dmitry Skobelkin.

The receiving party was headed by the Chairman of the Iranian part of the Working Group, Vice Governor of the Central Bank of the Islamic Republic of Iran Gholamali Kamyab. *Mehr News Agency*

Singapore

Singapore bank lending falls for 10th straight month in July on sluggish economy

Bank loans fell for a 10th straight month in July as the sluggish economy continued to weigh on business activity and sentiment.

Overall, loans slipped to S\$597.2 billion in July, down 2.2 percent compared with the same month last year, due largely to a decline in business lending.

Bank loans last suffered a similar extended decline in the 1980s, when total lending shrank for 12 months in a row, from May 1986 to April 1987.

Business loans fell 5 percent year-on-year in July to reach S\$351.8 billion, the 11th straight month of decline, according to preliminary data released on Aug 31 by the Monetary Authority of Singapore.

The sharpest drop was in the general commerce sector, with loans plunging 22 percent year-on-year to S\$59.7 billion. *Straits Times*

Taiwan**Taiwan's economy flashes green light for first time in 17 months**

Taiwan's economy flashed a green light, indicating stable growth, for the first time in 17 months in July, boosted by the stock market, machinery imports and retail sales, the National Development Council (NDC) said on August 26.

The council's composite monitoring indicator increased by three points to 23 in July, the highest it has been since March 2015.

The NDC uses a five-color system to gauge the country's economic situation, with blue indicating economic recession, yellow-blue representing economic sluggishness, green denoting stable growth, yellow-red referring to a warming economy, and red pointing to economic overheating.

A monitoring indicator score of between nine and 16 represents a blue light, while 17 to 22 indicates yellow-blue, 23 to 31 signals green, 32-37 represents yellow-red and 38 to 45 signals red. *Focus Taiwan*

Thailand**Thailand welcomes fintech despite risks**

The Bank of Thailand (BOT) is extending a warm welcome to new financial technology (fintech) despite the risks associated with more electronic financial transactions.

In an exclusive interview, BOT Governor Veerathai Santiprabhob said "fintech sandbox" regulations would be ready in October, while the provision and use of new e-financial services would increasingly prevail around the country.

The central bank's regulations on the fintech sandbox will be completed early in September as the Kingdom readies itself for more electronic services, he said.

"This is a gesture that we welcome the new technology," he said, adding, "We see that if the technology can reach the mass public, like payments-related systems, it will benefit the country."

National ITMX, which handles interbank transactions, now caters to 3.9 million transactions daily, valued at about 29 billion baht (\$837 million). *The Nation*

Vietnam**Vietnam listed among five fastest growing markets**

The benchmark VN-Index has increased 13.8 percent since the beginning of this year. Total market capitalization reached VND1.59 trillion (US\$71.3 billion), or equivalent to 38 percent of the country's GDP, higher than the previous ratio of 34 percent of GDP seen last year.

Liquidity has improved with daily trading value touching VND6.2 billion (\$278 million) on the two exchanges, a year-on-year increase of 25 percent, of which trading in stocks rose 16 percent and trading in bonds climbed 34 percent.

Overseas investors have poured a net value of \$772 million into the local stock market in August, a rise of 350 percent over the same period of last year, bringing the total value of foreign investment portfolios to \$16 billion.

Foreign investors have been net buyers here since 2005.

"The VN-Index returned to its March 2008 peak while market capitalisation also reached the highest level in the past six years, the commission's chairman Vu Bang said. "Viet Nam's stock market is among the five fastest growing markets in the world and the second best performer in Southeast Asia in the second quarter." *Vietnam Net*

Publications

Whither oil prices?

This report seeks to understand the factors behind the new normal to discern the evolution of world oil prices in the future, and their implications for the economies of the Middle East and North Africa (MENA). Report starts by trying to explain the oil price crash of 2014, noting that it was preceded by a significant increase in the size and frequency of volatility of oil prices. This volatility in turn contributed to the accumulation of oil inventories that many observers, including the U.S. Energy Information Administration (EIA), attribute to the decline in oil prices. Noting that, historically, oil price slumps have lasted longer than spikes, the report suggests that the current situation may persist because of the changing behavior of market players, and the fact that overall oil demand is weak and not expected to rebound anytime soon. Indeed, the correlation between oil production and prices, which used to be positively-sloped, has turned negative: a decline in oil prices is met by an increase in production. In the absence of a pickup in demand, this situation can result in rising oil inventories going forward. With low oil prices staying long, MENA governments are taking austerity measures seriously and introducing some bold measures that are expected to transform at least part of the old social contract, thus enhancing the efficiency of their economies.

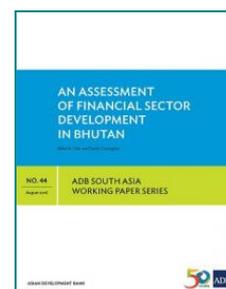


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An Assessment of Financial Sector Development in Bhutan

Economic growth in Bhutan has fueled a large demand for household credit over recent years, and while great strides have been made in deepening the financial sector and strengthening regulatory environment, much remains to be done.

This paper presents the results of a study into the performance and stability of Bhutan's banking system. It finds that economic growth has fueled a large demand for household credit over recent years. In turn, banks have responded by substantially increasing their loan portfolios. Although the largest recipient of credit is the building and construction sector, personal loans now make up more than 18% of credit extended to the private sector. Within this context, this study discusses policy recommendations to strengthen and improve the banking sector. These measures include fostering banking sector competition, improving regulatory practices on both the monitoring and the enforcement side, and enhancing risk diversification and liquidity management practices.



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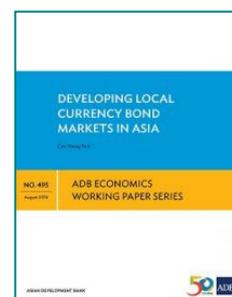
Developing Local Currency Bond Markets in Asia

Asian economies have come a long way in building local currency bond markets, but more needs to be done to strengthen market infrastructure and institutions, address inconsistent policies and regulations, and enhance corporate governance.

This paper reviews the advances made in developing local currency bond markets in emerging Asia. While progress in Asian local currency markets has been remarkable, hurdles to developing the market for local currency corporate bonds remain large in the shape of market infrastructure and institutions, inconsistent policies and regulations, and—more broadly—in poor corporate governance; and cross-country variances are significant. The paper empirically investigates economic factors associated with expanding local currency bond markets and highlights the importance of macroeconomic performance and institutional strength as key areas for further reforms.

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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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