

General Meeting and Conference**ABA Planning Committee Meeting to be held
at Trident Hotel Mumbai**

State Bank of India (SBI), host organization for the 34th ABA General Meeting and Conference, announced that the venue for the ABA Planning Committee Meeting will be at the Trident Hotel, Nariman Point, Mumbai.

The meeting is set on March 10, 2017 and will be chaired by ABA Chairman Mr. Daniel Wu, President and CEO of CTBC Financial Holding Co.

The planning committee meeting will have the following primary objectives:

- (a) To discuss preparations for the 34th ABA General Meeting and Conference tentatively scheduled sometime in November 2017 in Mumbai. Discussions will focus on the final dates and venue of the Conference, theme and topics for the Conference, suggested format and program, possible line-up of speakers, and other related matters.
- (b) To review the progress of activities under the ABA Work Program for 2017-2018, including in the area of policy advocacy

To confirm your participation, please email the ABA Secretariat at aba@aba.org.tw

About Trident Hotel, Nariman Point

Nestled in the heart of vibrant and bustling Mumbai lies Trident, Nariman Point. Soaring 35 storeys high, it offers panoramic views of Marine Drive or the Queen's Necklace, as the beautiful promenade is lovingly called. An iconic Mumbai landmark, featuring some of the best accommodations in the city, this is the luxury address to be seen at. (<http://www.tridenthotels.com/hotels-in-mumbai-nariman-point>)



News Updates**ABA accredited as Guest Association in the 50th ADB Annual Meeting in Yokohama**

The Asian Development Bank (ADB) has accredited the ABA as Guest Association in the 50th Annual Meeting of the ADB Board of Directors to be held on May 4-7, 2017 in Yokohama, Japan. ABA members are encouraged to attend this important event.

Many ABA member banks may be themselves already accredited guest institutions and may therefore receive a separate invitation from the ADB. For those who do not have the accreditation and would like to participate in the Yokohama meeting, please send an email to the ABA Secretariat with the following information on your bank's officer/s who wish to attend: title, name, position, organization, and email address. These information will be forwarded to the ADB and request them to send each of the officer/s concerned an invitation letter containing a temporary ID and password to be able to register.

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



More detailed information on this year's ADB gathering in Yokohama may be viewed from the Annual Meeting website on the URL address <https://www.adb.org/annual-meeting/2017>



50th
ADB ANNUAL MEETING
YOKOHAMA
2017

During the past 12 years, the ADB has accredited the ABA as a Guest Association in the Annual Meetings of its Board of Directors: in Frankfurt, Germany (2016); Baku, Azerbaijan (2015); Astana (2014); New Delhi (2013); Manila (2012); Hanoi (2011); Tashkent (2010); Bali (2009); Madrid (2008); Kyoto (2007); Hyderabad (2006); and Istanbul (2005).

Education and Training

ABA Secretariat invited to attend Association Management Course

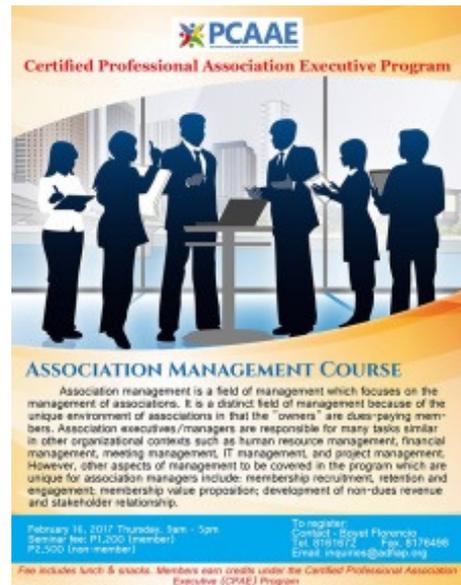
The Philippine Council of Associations and Association Executives (PCAEE) has invited the ABA Secretariat to participate in the Association Management Course scheduled to be held on February 16, 2017 in Makati City, Philippines.

The one-day course is part of the Certified Profession Association (CPAE) Program conducted by the PCAAE for its members and associates.

In its invitation, the PCAAE points out that association management is a distinct field of management because of the unique environment of associations in which their “owners” are dues-paying members.

“Association executives/managers are responsible for many tasks similar in other organizational contexts such as human resource management, financial management, meeting management, IT management, and project management. However, other aspects of management to be covered by the program which are unique to association managers include: membership recruitment, retention and engagement; membership value proposition; development of non-dues revenue and stakeholder relationship,” the PCAAE said in its promotional material for the course.

The PCAAE is a membership organization serving the interest of institutions and professionals that manage business, trade, professional, philanthropic, scientific, medical, educational, technical, social welfare, agricultural and other non-profit organization.



Special Feature**Why Asian bankers are thinking differently about risk than their global counterparts**

By Judy Vas for Asian Banking and Finance

According to a recent global survey of how banks approach risk management,¹ Asian bank executives are thinking differently about future risk priorities than their global peers. This divergence reflects the region's less interventionist regulatory environment and more robust digital environment.

The global survey has been conducted annually since 2008, tracking the changes in risk management after the global financial crisis. Since then, not surprisingly, banks have materially strengthened their risk management approach. From the board level down, banks have made significant investments in risk, compliance, and controls. Headcount in control functions has increased considerably, as has the seniority and scope of risk and compliance functions.

However, last year's survey also found that, whilst important progress has been made, the work ahead remains substantial. In fact, it suggests that banks may be only halfway through a 15-year journey to develop robust risk management to meet the needs of the current era. In particular, it identified the ability to manage non-financial risks, particularly conduct, financial crime, and cybersecurity risks, more effectively as one of the biggest future challenges. The survey found that many banks are working to evolve new risk management approaches in this area, including making the first line of defense more clearly accountable for non-financial risk.

Regional non-financial risk priorities diverge from the global trend

As this work progresses, the survey found that, in the Asia Pacific region, the priorities of bank boards and chief risk officers (CROs) are notably different from those in the West. Western boards and CROs are most focused on the risks involved in implementing new regulatory rules and responding to supervisory expectations. Specifically, focus on a wide range of conduct areas has increased – money laundering (increased to 72% from 52% in 2015) and sanctions (increased to 52% from 30% in 2015) have moved significantly up the agenda.

In contrast, cybersecurity was at the top of the risk list for bank boards in Asia Pacific. It's a similar story for the region's CROs, who rate cybersecurity risk second after credit risk – and put regulatory issues further down the list of the areas receiving their greatest focus.

It's an interesting mindset difference reflecting two distinct regional factors.

First, although Asia Pacific's banks are hugely impacted by regulatory requirements, the effect has not been of the magnitude seen in the West. In the UK and US in particular, banks have been beset by highly public misconduct scandals. From 2007 to 2015, the banks have paid over US\$122b in fines,² equal to 7.1% of their aggregated revenue. Many banks have exited markets, products, and geographies, reduced the availability of certain products and services, or limited the complexity of products they offer.

Whereas, around the region, regulators have generally proved to be less politically driven to reign in the banks and more inclined to facilitate market development. In the resulting, more balanced approach, where regulators hold senior management accountable for running their banks well, the regulatory imperative is to lay a sound foundation for an



orderly financial market.

Second, in Asia the consumer appetite for digital interactions and the high penetration of mobile devices are driving banks to adopt new technological innovations. At the same time, criminals are also becoming digital experts, leading to well-publicized incidents of cyber theft and the rise of shadowy malware capabilities. As a result, the region’s bank boards and CROs are more concerned about cybersecurity as a new risk to tackle than AML, KYC, or misconduct which they having been dealing with for a few years.

Asia Pacific regulators are also focusing on cyber as a critical threat. 2016 has seen the Hong Kong Monetary Authority introduce the Cybersecurity Fortification Initiative which, in addition to requiring individual banks to develop new controls and board oversight, will also include developing a Cyber Intelligence Sharing Platform allowing banks to share cyber threat intelligence. The Hong Kong Securities & Futures Commission is also looking into drawing up baseline requirements for the brokers and asset managers. Similarly, the Monetary Authority of Singapore has issued directions to its authorized institutions highlighting the increasing urgency of the need to address cybersecurity risks.



However, the survey found that, when it comes to cybersecurity, the region’s banks aren’t waiting to be regulated. They are already taking a broad approach to addressing cyber risks:

Adding more resources – Banks are designating more roles to address cybersecurity in second-line risk and compliance groups.

They have increased dedicated headcount (75%), appointed designated specific cyber roles (55%), and created a “chief information security officer”-type position (32%).

Taking an enterprise-wide approach – Regulators want banks to view cybersecurity as an enterprise risk, not simply an IT issue, and many banks are already ahead in this regard, incorporating their cyber risks and compliance frameworks. Together, this constitutes an emerging three-lines-of-defense approach to cybersecurity.

But these moves are just the start of the necessary response to cyber threats. As Asia Pacific’s regulators escalate the timetable for implementing cyber controls and regulations, banks will need to demonstrate to local regulators that their cybersecurity programs go beyond global programs. Local banks need to be able to deal with and accountable for cyber threats to their local operation.

In this regard, individual banks must turn to technological solutions to analyze big data to identify and potentially prevent cyber attacks. Data analytics can also be deployed to manage conduct risk. For example, some banks are already using data analytics to take multiple data points pre- and post-sales to identify sales misconduct.

In the future, banks will be ill-equipped to effectively manage risks without the use of technology, data analytics, and artificial intelligence.



Judy Vas is the Asia-Pacific Regulatory Leader for Financial Services at Ernst and Young (EY). She also serves as a member of EY’s Global Regulatory Network and works within the global leadership team of senior former regulators to help clients manage the emerging global regulatory agenda.

Judy has extensive experience of regulatory and compliance leadership and in working with regulators across the Asia-Pacific region.

Citations:

2016 Global Banking Risk Management Survey, conducted by EY and the Institute of International Finance.

Source: Company accounts, EY analysis. Further fines have been incurred in 2016.

Among Member Banks

-  **Bank of East Asia partners with IBM to launch iPortfolio Analyzer** - The Bank of East Asia, Limited and IBM announced the successful rollout of iPortfolio Analyzer, a security rich, mobile solution that enables BEA's relationship managers using iPads to access and display portfolio information for private banking clients at any location. Designed and implemented by IBM, iPortfolio Analyzer allows BEA's relationship managers to access and display the latest account financial information on an iPad during client meetings. Whether at the Bank or a remote location, private banking clients can now quickly view their portfolios. "The iPortfolio Analyzer app underscores BEA's ongoing digital transformation, which is designed to enhance the customer experience and satisfaction," said Grace Chow, General Manager & Head of Wealth Management Division of BEA. "We have received very positive initial feedback from our customers, who have found this solution useful in making timely investment decisions. In addition, our relationship managers value the flexibility that the iPortfolio Analyzer provides them when meeting customers in town or elsewhere." IBM worked closely with BEA to design an app that supports every interaction between BEA's relationship managers and their customers to create a more personalized customer banking experience. The iOS app -- the pioneer app in the private banking industry that can retrieve a customer's financial information outside the Bank's premises -- meets stringent security standards and fully complies with regulatory requirements. *Asian Banking and Finance*
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-  **Bank Pasargad named as World's 175th Top Banking Brand** - The Banker magazine on February 1 named Bank Pasargad of Iran as the world's 175th top banking brand in its annual Top 500 Banking Brands for the Year 2017. Bank Pasargad's brand value is evaluated at USD 978 million. Bank Pasargad is the only Iranian bank acknowledged among top 10 banking brands ranked in the Middle East. Bank Pasargad is recognized domestically and internationally as Iran's leading bank. *Bank Pasargad News Release*
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-  **MUFG obtains preliminary approval for opening Saudi Arabia branch** - The Bank of Tokyo Mitsubishi UFJ, Ltd., a member of the Mitsubishi UFJ Financial Group, Inc. (MUFG) has received preliminary approval from Saudi Arabian Monetary Authority (SAMA) to establish a branch in the country. Subject to approval from local authorities and Japan's Financial Services Agency (FSA), MUFG will establish its branch in Riyadh City, and become the first Japanese bank to offer banking services to clients locally. MUFG will engage with SAMA and other relevant authorities in Saudi Arabia to commence the process for establishing the Riyadh Branch and the timelines to open the branch will be firmed up post discussions with SAMA. The Kingdom of Saudi Arabia is one of the world's largest oil reserves and a major energy producer and exporter. In addition to having the largest economic scale in the Middle East, the Kingdom is a
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promising market with a population of over 30 million. It is a member of the G20, and holds a strong presence as one of the leading countries in the Middle East and North Africa. *MUFG News Release*

Mizuho receives award for excellence at Nikkei Annual Report Awards 2016 - The 2016 Integrated Report published by Mizuho Financial Group, Inc. has been recognized with an Award for Excellence at the 19th Nikkei



Annual Report Awards. Nikkei Annual Report Awards has been hosted by Nikkei since 1998, intended to develop and disseminate annual reports published by Japanese companies, and a panel of judges including fund managers and analysts evaluate and select excellent reports among those published by participating companies. Eighty-five companies applied to the 2016 Awards program, and a grand prize was presented to one company, a runner-up prize to four companies, an award for excellence to 14 companies, and a special award to two companies. This is the first time to be awarded for Mizuho Financial Group since it began participating in the award program in 2015. The report was evaluated for the following aspects: The powerful message and commitments from CEO; Tangible expression of the principle for improving corporate value; Specific explanation about differentiation from competitors; Clearly-visualized advanced governance system; Well-formulated structure that appeals the group's direction and its initiatives for value creation. *Mizuho News Release*

SMBC expands services offered in Silicon Valley - Sumitomo Mitsui Financial Group (SMFG) and Sumitomo Mitsui Banking Corporation (SMBC) announced the establishment of SMFG Silicon Valley Digital Innovation Laboratory and SMBC Silicon Valley Representative Office. SMFG and SMBC aim to strengthen their ability to gather and disseminate information in the region, enhance relationships with Silicon Valley corporates, and improve services to customers through the establishment of the two offices. SMFG will establish SMFG Silicon



Valley Digital Innovation Laboratory as part of the IT Innovation Department (Tokyo) in order to enhance its group-wide ability to gather and disseminate information. The laboratory will focus on conducting market research targeting Silicon Valley corporates and collecting information concerning cutting edge, business focused technologies being developed in the region, and sharing much information with SMFG customers. SMBC Silicon Valley Representative Office has been established to further enhance SMBC's relationship with Silicon Valley corporates, and conduct market research and disseminate information in the region. At a later stage, the representative office will commence active marketing activities targeting Silicon Valley corporates, particularly those in the IT sector. SMBC will also look to collaborate with local financial institutions with their strong relationships with IT companies located in the Silicon Valley. *SMBC News Release*

Maybank launches payroll processing software for SMEs - Small and Medium Enterprises (SMEs) can now enjoy greater convenience and efficiency in their payroll processing with the launch of Maybank's tie-up with Asian Business Software Solutions (ABSS). This is Maybank's first collaboration in Singapore with an



external software company to provide services to SME customers. Maybank’s SME customers can use ABSS’ MYOB branded payroll software for payroll processing, which supports the bank’s Business Internet Banking payroll file format, and can be used by the companies to directly credit the salaries to their employees’ bank accounts. Using the payroll software, SMEs can enjoy a host of advantages such as auto-computation of salary and generation of itemized payslips for each employee. The software can also be updated so SMEs will be kept abreast of policy changes announced from regulatory authorities such as the Central Provident Fund (CPF) and the Income Tax Authority of Singapore (IRAS). SMEs will benefit from greater productivity as they move away from manual computations and paper-based payments to automated payroll systems. Upon registration, customers enjoy free 30 days’ introductory technical support to help them to get started. *Asian Banking and Finance*

BML launches 'Aharenge Bank' community campaign

- Bank of Maldives (BML) has announced an extensive program of initiatives to support local communities. At a special event held at Champa Central Hotel this evening, BML unveiled 'Aharenge Bank', a nationwide campaign to underline the Bank's commitment to, and bond with, the communities and people of Maldives. To kick off this campaign, the Bank will present a community-related initiative or event each day during February. The first of these, the 'Aharenge Bank Community Project' invites proposals for projects that will have a lasting impact on the community, with an attractive MVR 200,000 for the best proposal received. Speaking at the event, BML CEO and Managing Director Andrew Healy said, "BML has supported local communities with an investment of MVR 150 million over each of the past two years. And recently we announced we would double this investment level to MVR 300 million in 2017, creating 150 new jobs in the process. Among our plans is a commitment to implement 10 new CSR projects across the country as we double our overall investment in charitable, educational, sports and environmental causes. We will also be establishing new branches, ATMs and business centres on 22 different islands. Our investments will bring benefits throughout the country." *BML News Release*



DBP launches new online remittance service in Australia - Filipinos

in Australia now have a new option to send their hard-earned money to their loved ones in the Philippines. The Development Bank of the Philippines (DBP), a government-owned financial institution, recently announced a new online remittance service called AussiePadala. AussiePadala enables anybody maintaining an account with any bank in Australia to remit funds online to their beneficiary maintaining an account with any bank in the Philippines. According to DBP president and chief executive officer Cecilia C. Borrromeo, "We are committed to providing overseas Filipinos with a remittance service that is convenient, secure, and offers great value for their hard-earned money." DBP has partnered with one of Australia’s top banks which enabled the online remittance service for DBP. According to George Inocencio, head of DBP’s Remittance Department, "Funds transferred before 6 p.m. of Sydney time are normally received by the beneficiary in the Philippines on the next banking day. Remitters can send up to A\$10,000 per transaction with a fixed charge of only A\$10." Inocencio added that, "As an introductory offer, we are waiving the



AussiePadala service fee for the first few months." *DBP News Release*

 **DBS launches first-of-its-kind online Letter of Credit service**

- DBS has launched a new service that allows SMEs to apply for a Letter of Credit (LC) online within five minutes and have it issued within two business



days. A first in Singapore, the service makes it simpler and faster for SMEs to apply for trade finance services online, while on the go. SMEs use LCs issued by banks to provide assurance of payment to their overseas suppliers. Before the online service was introduced, for SMEs without an existing credit line for trade finance, they had to visit a bank branch to submit their ad-hoc LC application and it could take up to a week to obtain an LC. Joyce Tee, Group Head of SME Banking, DBS Bank said: "This service is yet another first for SMEs in Singapore. Our digital offerings to help SMEs apply for an account, loan products and banker's guarantee online have been popular. For instance, in the last three months of 2016, about 75% of new accounts opened with DBS were done via the online channel. We will continue to bring essential banking services for SMEs online, to help them save time and effort." *DBS News Release*

 **UOB Asset Management optimistic about global economic growth in 2017**

- UOB Asset Management Ltd (UOBAM) expects the global economy to pick up in 2017 even amid economic uncertainties. The fund house highlighted better-than-expected data from



various economic indicators such as the Purchasing Managers' Index (PMI), which has seen numbers above the 50 level across the world's major economies since the second half of 2016. The PMI is used as an indication of economic health and numbers above 50 point to an expansionary trend. In light of the expected economic growth, inflation and interest rates are set to continue to rise in 2017. Mr. Anthony Raza, Head of Multi-Asset Strategy at UOBAM, said, "Macroeconomic indicators are showing signs of sustained growth globally, albeit at a moderate rate. This may in turn lead to reflation, which is the return of inflation to normal target levels, after the past seven years of low or even negative levels of inflation. Reflation also implies that wages may begin to rise with increasing consumption. Further, following the US Federal Reserve's interest rate increase in December last year, we can expect global interest rates to rise gradually, which also signal the recovery in the economy." *UOB Group News Release*

 **CTBC offers Line Pay Infinite Card** - CTBC Bank unveiled the new CTBC Line Pay Infinite Card for select members at a press conference featuring Line Pay Ambassador Song Joong-ki on January 24.



According to CTBC Bank representatives, the bank will be inviting a limited number of Line Pay cardholders to apply for the Line Pay Infinite Card starting this March. The Infinite Card features perks such as higher Line Point returns for purchases and transportation payments made with the card, as well as free trips to and from the airport, discounts on parking and travel insurance. To qualify for an invitation, one must have made at least NT\$200,000 in purchases via the Line Pay card and meet one of the three following requirements by June 30. The requirements, as reported at the press conference, were to have a CTBC credit card with a minimum credit of NT\$200,000, to have a stable annual income of NT\$1.2 million, or to have a minimum balance of

NT\$1.5 million in assets for the most recent two months. The CTBC Line Pay Infinite card comes in three designs, each featuring a black background. As showcased at the press event, one of the cards was completely black, while the other two had either a shiny outline of Line characters Brown or Cony's face on them. *The China Post*

 **First Bank opens branch in Manila, sees huge Philippine potential**

- With an eye on market potential, Taiwan-based First Bank opened its first branch in the Philippine capital of Manila, on January 16, according to a statement released by the bank. According to First Bank, the Philippines recorded average GDP growth of 7 percent for the first nine months of 2016, making it one of the fastest growing markets in ASEAN (Association of South East Asian Nations). Given the Philippines' ideal geopolitical location in Southeast Asia and its growing market economy, First Bank said it was the perfect time to open a branch in the country. At the official opening of the branch in Manila on Monday, First Bank Chairman Tsai Ching-nian said the bank looks forward to providing convenient and diversified financial services to Taiwanese-funded enterprises, foreign-funded enterprises and local customers in the Philippines. "Taiwan is the Philippines' sixth largest trading partner and in 2015, Taiwanese investment in the country was US\$121 million," said Gary Song-huann Lin, Taiwan's representative to the Philippines, who was also at the opening. *Focus Taiwan*



 **Vietcombank honored by Global Finance magazine**

- The Bank for Foreign Trade of Vietnam (Vietcombank) is named among the 55 country winners of Best Treasury and Cash Management Banks and Providers by Global Finance. Global Finance, a world leading finance magazine, has recently released the rankings by category, region, and by country. The ranking is based on a variety of criteria including profitability, market share and reach, customer service, competitive pricing, product innovation and the extent to which treasury and cash management providers have successfully differentiated themselves from their competitors around core service provision. A representative of Global Finance said the selection was conducted in line with a multi-tiered assessment process which included a readers' poll, input from industry analysts, corporate executives, technology experts and independent research. *VOVWorld News*



Banking and Finance Newsbriefs**Hong Kong****HK banking sector profits grow 8.7pc in 2016 but officials still advise caution**

Hong Kong's banking industry grew its overall profits last year, according to official figures, though the regulator warned of a more challenging environment for the rest of this year.

The Hong Kong Monetary Authority (HKMA), the city's de facto central bank, said that pre-tax operating profits of banks in Hong Kong grew by 8.7 percent last year compared with 2015, turning around 2014's 3.6 percent decline in profits.

Arthur Yuen Kwok-Hang, the HKMA's deputy chief executive, said the progress last year was on the back of rising loan growth within Hong Kong, in mainland China, and further afield.

Total loans extended by Hong Kong banks increased by 6.5 percent compared to 2015, with mortgage lending increasing by 4.2 percent. Net interest margins were unchanged at 1.32 percent.

Yuen said that Hong Kong's banking sector "remained resilient", but despite the ostensibly impressive figures, he advised caution in the face of a rising interest rate environment in the US. *South China Morning Post*

India**India sticks to bank spending plan, no bumper recapitalization yet**

India stuck to a previously planned injection of \$1.5 billion for state-owned banks in the coming financial year, disappointing hopes for a broader recapitalization and fuelling concern that some may trim lending to keep afloat.

In his budget speech on February 1, Finance Minister Arun Jaitley reiterated an earlier plan to put 100 billion rupees into the banks during the fiscal year that begins in April.

Even though Jaitley said the government would provide banks with additional capital if needed, some of those who had hoped for a bigger recapitalization sum were left disappointed.

"Given certain banks are under significant stress, naturally one would have expected that the government would have augmented the capital injection," said Saswata Guha, a director at Fitch Ratings.

"While they can do that anytime, including it in the budget adds a degree of seriousness, and also adds clarity." *Reuters*

Indonesia**Indonesia's tax amnesty enters its third phase with good results so far**

Indonesia has entered the third phase of its tax amnesty program, which was first launched in July 2016 to boost the country's meagre revenue by collecting previously unreported funds hidden by wealthy citizens abroad and at home.

The country, which has long struggled to increase its tax revenue, has so far seen more than 600,000 taxpayers join the scheme, generating US\$8 billion from the first two phases of the program.

The first phase, which ended in October last year, exceeded expectations by generating around US\$7 billion or two-thirds of the revenue target. The second reporting period ended on December 31 2016, and generated the much smaller amount of US\$1 billion.

Some 27,000 new taxpayers have registered since the roll-out of the program. And

while it remains to be seen whether Indonesia will reach its tax amnesty target of US\$12.4 billion by the end of the third phase in March, the success of the first phase prompted financial observers to hail it as one of the most successful in the world. *The Conversation*

Japan**Japanese banks eye cross-group custody services merger**

Mizuho Financial Group and Sumitomo Mitsui Trust Holdings have entered talks to combine their custody services operations, crossing group lines as extremely low interest rates force the industry to compensate for low profits with high volume.

The two aim to integrate Trust & Custody Services Bank, in which Mizuho holds a 54% stake, and Japan Trustee Services Bank, in which Sumitomo Mitsui Trust has a roughly 67% interest. The main proposal entails bringing the custodians together under a single holding company this year. The groups aim to merge the banks by 2020 as well as consolidate their systems, a process that will require a hefty financial outlay.

Mizuho and Sumitomo Mitsui Trust are discussing the move with major shareholders in the banks as well as with the Financial Services Agency. A deal is expected to be announced by fiscal year-end. Such points as the new entity's name and the ownership split will be worked out based on the principle of a merger of equals, the banks say. The two groups will also consider broader partnerships outside the custody business. *Nikkei Asian Review*

Malaysia**Malaysia's ringgit crackdown saps volatility, deters investors**

Malaysia's crackdown on currency speculators has come at a cost. While it successfully reduced ringgit volatility, it is threatening to discourage overseas investors.

The central bank's steps to curb trading in offshore non-deliverable forwards last year has made it harder for global funds to hedge their exposure to Malaysia, according to Macquarie Bank Ltd.

Global funds cut holdings of Malaysian debt by a combined RM25.2 billion (\$8.03 billion) in November and December, the biggest two-month outflow since 2008, central bank data show.

The difference between onshore and forward prices for the ringgit jumped to a record in November, spurring the central bank to crack down on NDF trading.

Since then, the currency's volatility has dwindled to the lowest in four years, while the ringgit slid to the weakest since 1998 even as oil prices showed signs of recovery and the central bank dismissed speculation it was about to impose capital controls. *Business Times*

Philippines**6 more foreign banks eye Philippines: BSP**

Six more foreign banks are planning to invest in the Philippines after the Philippines further liberalized its banking sector, the Bangko Sentral ng Pilipinas (BSP) governor said.

The law on foreign banks was amended by former President Benigno Aquino III to allow more banks to set up shop in the country.

The central bank has so far approved 9 foreign banks to operate in the Philippines, namely: - First Commercial Bank of Taiwan; Sumitomo Mitsui of Japan; Shinhan Bank of South Korea; Cathay United Bank of Taiwan; Industrial Bank of Korea; Yuanta Bank of Taiwan; United Overseas Bank Ltd. of Singapore; Seoul-based Woori Bank; and Hua Nan Commercial Bank Ltd. of Taiwan.

"We are happy to report that nine banks have entered the Philippine banking industry

thus far, with six more banks expressing interest," BSP Governor Amando Tetangco Jr. said in a speech during the Annual Reception for the Banking Community on January 10 evening. He did not name the six foreign banks. *ABS-CBN News*

Russia

Russian Central Bank Chief Nabiullina Named European Banker of the Year

The British finance journal *The Banker* has named Russian Central Bank Head Elvira Nabiullina as the European Central Bank Chairman of the year.

The journal highlighted Nabiullina's success in controlling Russia's inflation rate. "The efforts of the Central Bank head has led to the fact that the rate of inflation by the end of 2016 fell below 6 percent from 12.9 percent in 2015," the journal noted.

According to the International Monetary Fund, inflation in post-Soviet Russia has never fallen below 6.1 percent.

Nabiullina told the journal that 2016 was a "turning point" in terms of inflation expectations.

"At the beginning of 2016, the inflation expectations of market participants were higher than our own inflation targets (4 percent by the end of 2017)," she said. "Now they are approaching our target and are at 4.5-4.7 percent." *The Moscow Times*

Singapore

Singapore bond prices hit new highs

Prices of Singapore dollar bonds continue to rise, hitting new highs, powered by a lack of supply.

"There's not enough supply to soak up liquidity," said Clifford Lee, DBS Bank head of fixed income, on January 27.

The Markit iBoxx Singapore corporates return index hit 118.5385 on January 27 in an almost non-stop rally since the start of 2017.

So far, primary issuance has been slow and bond investors have been buying in the secondary market, focusing on familiar names and high-grade credits, said Mr Lee.

Prices of Mapletree Investments' S\$625 million 4.5 percent perpetual bonds have risen strongly. It was quoted at 101.645 on Thursday. The wholly owned Temasek Holdings company sold its perpetual bonds on Jan 12 at 100 par. It was also the first deal for 2017.

Building on the sluggish end to 2016, 2017 has started on a similarly slow note, said bondsupermart in a Jan 24 note. New SGD issuance was down 55.9 percent year on year for Q4 2016. *Business Times*

Taiwan

Bank loans to small firms top 2016 goal

Loans extended by banks registered in Taiwan to small and medium sized enterprises (SMEs) here for 2016 surpassed the goal set by the government, according to the Financial Supervisory Commission (FSC).

The FSC said such loans totaled NT\$274.4 billion (US\$8.85 billion) last year, topping the government's goal of NT\$240 billion.

As of December 2016, loans to SMEs were NT\$5.7268 trillion, up from NT\$5.4524 trillion recorded at the end of 2015, the statistics indicated.

The 5.73 trillion accounted for 58.79 percent and 61.56 percent of banks' total loans to all enterprises in Taiwan and to the private sector, respectively, the FSC said.

Strong seasonal fund demand in December boosted the banks' lending to SMEs for the

entire year, according to the data. *Focus Taiwan*

Thailand

Big Thai banks back to profit in 2016

Major Thai banks fought back to post a combined net profit growth in 2016 thanks to a marginally better economy, but their outlook remain conservative, with some citing challenges such as slow export recovery and digital disruption.

According to stock exchange filings, the combined net profit of the country's top four lenders -- namely Bangkok Bank, Krung Thai Bank, Siam Commercial Bank and Kasikornbank -- was 151.87 billion baht (\$4.31 billion) in 2016, up 2% year-on-year. This was a welcome change from 2015 when net profit fell for the first time in seven years.

Nonperforming loan levels improved, marking a 17% rise on the year, compared with 33% the year before, which led to a smaller increase in impairment losses on loans and debt securities.

Government infrastructure projects including major railways and road constructions helped lift the economy. The nation's gross domestic product is expected to have recovered slightly to an estimated 3% growth from 2.8% the previous year. *Nikkei Asian Review*

Vietnam

Treasury to issue US\$11.1bn in bonds, less than last year

The State Treasury of Việt Nam is targeting bond sales of VNĐ250 trillion (US\$11.1 billion) this year, lower than last year's level due to unpredictable changes on the global financial market.

G-bonds will be divided into different categories, with maturity of up to 30 years, the treasury said at a recent meeting organized for market members by the Hà Nội Stock Exchange (HNX).

Of the total bond volume issued this year, 20 percent will be one to three-year bonds, 60 percent will be five to 10-year bonds, and the rest will be bonds with a maturity of more than 15 years.

In the first quarter of 2017 alone, the State Treasury will issue bonds worth VNĐ65 trillion.

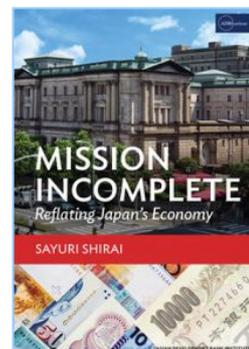
The State Treasury said it will mobilize VNĐ3 trillion in three-year bonds, VNĐ30 trillion in five-year bonds, VNĐ10 trillion in seven-year bonds, VNĐ8 trillion in 15-year bonds and VNĐ6 trillion in 30-year bonds. *Vietnam News*

Publications**Mission Incomplete: Reflating Japan's Economy**

Mission incomplete! This phrase neatly captures the progress made by the Bank of Japan (BOJ) in reflating the economy. In April 2013, under its new governor, the BOJ launched an unprecedented quantitative and qualitative monetary easing policy. Haruhiko Kuroda was certain that the 2% price stability target would be achieved within 2 years. About 4 years later, the BOJ lags behind other major central banks, with actual inflation and inflation expectations still well below 2%.

What went wrong? And what should the BOJ do next? This former policy maker's account expertly traces and analyzes the policy's consequences.

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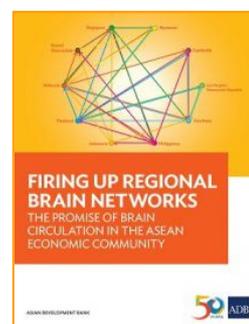
**Firing Up Regional Brain Networks: The Promise of Brain Circulation in the ASEAN Economic Community**

ASEAN is on the threshold of substantially expanding the regional mobility of the highly skilled, but member states must address a number of challenges.

The ASEAN goal of encouraging intraregional mobility must be understood in the context of changing population dynamics, rising educational levels and aspirations, and increasingly dynamic-if complex-economic forces.

This report explores the megaforges that are poised to transform the supply, demand, and mobility of skilled professionals across ASEAN, and the unique opportunities their convergence presents for human-capital development and brain circulation within Southeast Asia. The report is the latest in a project by ADB and the Migration Policy Institute to improve understanding of the barriers to the free movement of professionals within ASEAN and to support the development of strategies to overcome these hurdles. The report draws on the insights of nearly 400 ASEAN and Member State officials, private-sector employers, training directors, and others who participated in focus group discussions, meetings, and surveys.

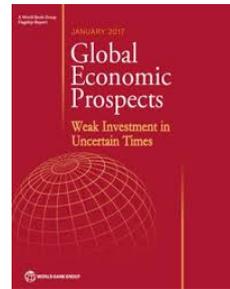
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Global Economic Prospects

Global economic growth is forecast to accelerate moderately to 2.7 percent in 2017 after a post-crisis low last year as obstacles to activity recede among emerging market and developing economy commodity exporters, while domestic demand remains solid among emerging and developing commodity importers, the World Bank said in a report.

Growth in advanced economies is expected to edge up to 1.8 percent in 2017, the World Bank's January 2017 Global Economic Prospects report said. Fiscal stimulus in major economies—particularly in the United States—could generate faster domestic and global growth than projected, although rising trade protection could have adverse effects. Growth in emerging market and developing economies as a whole should pick up to 4.2 percent this year from 3.4 percent in the year just ended amid modestly rising commodity prices.



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



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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