

General Meeting and Conference

ABA Planning Committee meets in Mumbai

The 2017 ABA Planning Committee Meeting was held on March 10, 2017 at The Trident Hotel, Nariman Point, in Mumbai, India, with the State Bank of India as the host organization.

Presided by ABA Chairman Mr. Daniel Wu, President and CEO of CTBC Financial Holding Ltd., the meeting was attended by 17 representatives of 5 banks from 5 countries, including Austria, Iran, India, Republic of China (Taiwan), and Vietnam.

Welcome Remarks from the Representative of State Bank of India

Mr. Swaminathan Janakiraman, Head of the Financial Institutions Group of State Bank of India, warmly welcomed the meeting participants and thanked them for attending the meeting. He expressed his appreciation to the ABA for accepting the offer of SBI to host the 2017 annual conference of the Association, and informed the Committee that it was



certainly a great honor and privilege for SBI to take the lead in organizing this important event, especially in light of the fact that it will be the first time that the annual gathering of the ABA will be held in India.

Mr. Swaminathan said that the high standards set by the 2016 Conference hosted by Vietcombank in Ha Long Bay in November last year will definitely be a hard act to

follow, but SBI will do its best to match the excellent arrangements made by Vietcombank, with the support and guidance of the Planning Committee and the ABA Board of Directors.

He also expressed his hopes that the Mumbai Conference will serve as an occasion for Indian bankers to meet and network with their colleagues from other Asian countries, and share information with each other on the investment and business opportunities that India and other ABA member countries have to offer.

Welcome Remarks from the ABA Chairman

ABA Chairman Mr. Wu thanked State Bank of India and its officers and staff led by Mr. Swaminathan for hosting the meeting and for making all the necessary arrangements and the warm hospitality extended to the participants.

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



Mr. Wu explained that the primary task of the Planning Committee was to review and plan ABA activities for the coming year – particularly those pertaining to the 34th ABA General Meeting and Conference and the policy advocacy work of ABA - and to discuss how to implement them in a way that would best serve the interest of members.

Preparations for the 34th ABA General Meeting and Conference

Amb. Victor C. Y. Tseng, ABA Secretary-Treasurer, reported that the State Bank of India, after consultation with the ABA Secretariat and some of the key ABA officers, has tentatively proposed to hold the 34th ABA General Meeting on November 16-17, 2017.



Mr. Swaminathan formally reiterated its proposal to schedule the 2017 Conference on November 16-17, which he said were the dates considered most suitable for both SBI and the proposed Conference venue.

With no objections from the Committee members, the proposed dates of November 16-17, 2017, on motion duly seconded, were formally endorsed by the Planning Committee.

Conference Venue

Mr. Swaminathan formally presented its suggestion to hold the 34th ABA Conference at Trident Hotel, Nariman Point, which is part of the Oberoi Group., stressing that – in addition to its excellent guest rooms and Conference facilities - it is strategically located at the heart of Mumbai's business district and lies along the scenic Marine Drive, also known as the Queen's Necklace.

Conference Theme/Topics

After an exchange of views on the various suggestions, the Committee `agreed that Mumbai Conference should look at how the current economic slowdown is impacting on Asia, and what the implications are of three major developments in the world market, namely, the Brexit, the Trump Presidency, and the so-called FinTech Revolution.

The Committee therefore decided on the following theme and topics for the 2017 Conference:

Theme: Asia's Turn to Reform

Session One Topic: Asia Amid the Global Slowdown

Session Two Topic: Brexit and the Trump Presidency: Implications for Asia

Session Three Topic: FinTech: Competitor or Collaborator?

Session Four Topic: Digital and Mobile Banking: What it Means for the Customers and Other Stakeholders

With no further comments, the Committee formally endorsed the above theme and topics, subject to fine-tuning of the exact wordings by the Secretariat, in consultation with the State Bank of India.



ABA Planning Committee visits Indian Banks Association

A six-person ABA delegation led by ABA Chairman Mr. Daniel Wu made a courtesy call on Mr. V G Kannan, CEO of Indian Banks Association (IBA), on the afternoon of March 9 at the premises of IBA. Also present at the meeting were senior IBA officers, including Mr. K. Unnikrishnan, Deputy Chief Executive, and Mr. K. Eswar, Senior Advisor, Corporate Credit and International Banking.



In his brief Opening Remarks, ABA Chairman Mr. Daniel Wu expressed his appreciation to Mr. Kannan for meeting with the ABA delegation. He then proceeded to give a brief introduction on the ABA and its activities. He cited the fact that State Bank of India is one of the most active members of the Association and that it joined ABA in 1990 and has since then been a member of the ABA Board. He was assisted by Ms. Prudence Lin, Chairman of ABA Policy Advocacy

Meeting, who elaborated on ABA's training programs as well as its policy advocacy work.

Mr. Wu extended his invitation to IBA and its members to join the 34th ABA General Meeting and Conference in November this year, which would be hosted by SBI. He pointed out that the November Conference is significant as it will be the first time that ABA will be holding its annual Conference in India. He informed Mr. Kannan that a Planning Committee Meeting was scheduled to take place at the Trident Hotel in Mumbai on March 10 to discuss preparations for the Conference.

To further enhance cooperation between the IBA and ABA, Mr. Wu proposed a signing of an MOU between ABA and IBA that would identify possible areas of cooperation between the two organizations. He suggested that the MOU could be signed by both parties during the November Conference. He mentioned that to date, the ABA has signed MOUs with the bankers associations in Japan, Mongolia, the Philippines, Russia, Sri Lanka, Thailand and Vietnam.



Mr. Wu also introduced his organization CTBC Bank, which he said has offices in New Delhi and Chennai. He pointed out that India is an important market for CTBC, and that CTBC would like to have more interaction with local banks, explore more business opportunities in the country and make contributions to the local economy. Mr. Wu took the opportunity to invite Mr. Kannan and his colleagues to visit Taiwan in the very near future.

For his part, Mr. Kannan conveyed his warm welcome to the ABA delegates, most of whom were first-time visitors to Mumbai. As former Managing Director & Group Executive (Associates and Subsidiaries) of SBI, he also expressed his strong support of the 34th ABA General Meeting and Conference to be held in Mumbai in November 2017. Regarding Mr. Wu's proposal for an MOU signing between the IBA and ABA, Mr. Kannan said he would be

pleased to make a report to IBA's Managing Committee for their consideration.

To give the ABA delegates a better understanding of IBA and of the Indian market, Mr. Kannan made a comprehensive presentation on the operations and missions of IBA as well as the current economic and financial sector conditions in India and of the latest developments in the local Indian market. The visiting ABA delegation learned that the IBA was formed on September 26, 1946 with 22 members. As on December 28, 2015, the total membership of the Association was 237. Its members comprise of public sector banks, private sector banks, foreign banks having offices in India, co-operative Banks, regional rural banks and all India financial institution.

ABA Planning Committee meets with Reserve Bank of India

Thanks to the prior arrangements made by State Bank of India (SBI), ABA Chairman Mr. Daniel Wu had the opportunity to visit the Reserve Bank of India (RBI) on March 10 and meet with RBI Executive Director Mr. B. P. Kanungo.

In his Opening Remarks at the meeting, Mr. Wu pointed out that it was a big privilege for himself - as Chairman of the Asian Bankers Association and as President and CEO of the CTBC Financial Holding Co. - and certainly a great honor for the ABA delegation to have been given the opportunity to meet with Mr. Kanungo.



In his introduction on the ABA, Mr. Wu expressed his hopes that by working with its member banks – including State Bank of India – as well as with the regulatory authorities such as the central banks, the ABA aims to provide a platform for the Asian banking community and governments to come together in order to help create a policy environment that is conducive to the growth not only of the banking

industry but also of the economy as a whole.

Mr. Wu informed Mr. Kanungo that the ABA will be holding its 34th General Meeting and Conference in November 2017 in Mumbai, with the SBI as host organization, adding that it will be the first time the ABA will hold its annual gathering in India. He extended his invitation to Mr. Kanungo to attend the November Conference.

Mr. Kanungo thanked Mr. Wu for visiting the Reserve Bank of India, and for his introduction on the ABA. He conveyed his strong support of SBI's hosting of the 34th ABA General Meeting and Conference in Mumbai in November, and hoped that a big contingent of foreign bankers will be able to join the event and take advantage of their presence in Mumbai to know more about the Indian economy and banking sector and network with local bankers.

Mr. Kanungo also briefed the visiting ABA delegation about the current economic situation in India, as well as the recent trends and developments in the country's banking and financial sector. He also shared his thoughts on the economic prospects of the country and what may lie ahead for the banking sector.

SBI hosts optional tours for ABA Planning Committee meeting delegates

The State Bank of India arranged two optional city tours for ABA delegates to provide them the opportunity to experience and get a glimpse of Mumbai, as most of them were first-time visitors of India.

On the morning of March 9, ABA delegates were given a tour around Mumbai, beginning with a visit to Mani Bhavan - Residence of Mahatma Gandhi during his days in Mumbai. A host of his memorabilia, a diorama of Mr. Gandhi's life changing events and his contribution towards India's struggle for Independence are housed and well depicted there.

ABA delegates then proceeded to Churchgate station to watch the dabbawallas at work. The word "Dabbawala" refers to a person in Mumbai who carries and delivers freshly made food from home in lunch boxes to office workers. The delivery system has been made case study for Harvard University.

On the morning of March 11, the SBI arranged for the delegates a Mumbai heritage tour, followed by an excursion to the Elephanta Caves.



Policy Advocacy

ABA Policy Advocacy Committee Meeting in Mumbai

Ms. Prudence Lin, Chairman of the Policy Advocacy Committee led the discussion of the 2017 Work Program of the ABA Policy Advocacy Committee in Mumbai on March 10.

Ms. Lin thanked the participants for attending the first meeting of the ABA Policy Advocacy Committee for the year 2017. She also expressed her appreciation for the support that members have provided the Committee over the past few years, adding that their continued strong cooperation and valuable inputs have contributed much to the notable achievements of the Committee over the past months, and that she looked forward to working with them in pursuing its activities this year.



Consideration of the 2017 Work Program of the ABA Policy Advocacy Committee

Ms. Lin then proceeded to discuss the proposed objectives of the 2017 Work Program for the Policy Advocacy Committee, and the proposed activities the Committee will undertake to achieve these objectives, as follows:

Fintech, Digital Banking, Cyber Security- Promoting greater understanding of the implications for, and potential impact on the financial industry of the rapid adoption of new financial technologies by:

- A. Encouraging a sharing of experiences and perspectives on how financial institutions can use technology to serve new customers, increase productivity, and reduce costs, while at the same time managing cybersecurity threats, keeping pace with today's fast-changing technology developments, and adapting to competition from firms outside of the financial sector.

In this regard, Ms. Lin said that the Committee will: (a) seek volunteers among ABA members to share their experience, and (b) invite FinTech players to share their strategy and actions (e.g., Mr. Ken Lee, Managing Director and Head for Asia, 13D Research)

- B. Working and sharing insights with regulatory authorities in developing a regulatory framework for cultivating the FinTech development and for allowing FinTech players to work independently or closely together with financial institutions.

Ms. Lin said that the Committee will: (a) Invite SG regulators to share their actions and accomplishments, and (b) Seek advice from SG regulators on how banks should co-work

with FinTech players.

Impact of Brexit and Trump Presidency- Promoting a greater understanding of the changing paradigm resulting from Brexit and the Trump presidency and its impact on the global economy by:

- A. Encouraging a sharing of perspectives and opinions among member banks on what the shift in U.S. economic and trade policy under the Trump Administration (espousing the so-called “America First” policy) mean for their respective countries, and for Asia as a whole?
- B. Encouraging a sharing of perspectives and opinions on what member banks think are the economic consequences of Brexit for their respective countries and for the region as a whole, and what are its geopolitical implications for Asia?



In this regard, Ms Lin pointed out that the Committee will Invite and seek help from DBS Bank (e.g., Mr. Irvin Seah, Senior Vice President and Senior Economist for Economics and Currency Research) to share insights.

Achieving transformational change among member banks through cooperation in business process re-engineering initiatives by:

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

In this regard, Ms. Lin said that the Committee will seek help from Mr. Dilshan Rodrigo, Chief Operating Officer of Hatton National Bank, to facilitate the setting up of a Discussion Group via an appropriate App among member banks, and then help to share the findings and learnings during the Policy Advocacy meeting in November 2017

Promoting financial literacy in the region by:

- A. Helping raise awareness of the benefits of financial education
- B. Encouraging learning on financial matters and making financial education initiatives available in diversified venues and settings

- C. Enhancing coordination and collaboration among stakeholders through sharing of resources, experience and good practice in improving financial literacy and building up the financial education in different region.
- D. Conducting a survey among member banks on their knowledge, attitudes and behaviour towards promoting financial literacy in their respective countries, and sharing the survey results with member banks in the 2017 November Policy Advocacy Committee so banks may be able to learn from peers to enhance the promotion of financial literacy in their country.

In this regard, Ms. Lin said that the Committee will seek advice from experts on how to design survey questionnaire (e.g., Mr. David Kneebone , General Manager of Investor Education Centre or other experts from IFC or other organization)

Encouraging member banks to promote institutional linkages and partnerships to make micro, small and medium enterprises (MSMEs) commercially bankable through the following measures

- A. Building partnership between local business chambers of commerce and industry associations which are representative bodies of individual MSMEs and play a vital role in building up the MSMEs that are their members;
- B. Taking a lead role in creating linkages between MSMEs and the micro, small and medium professionals, particularly those in the areas of accounting and auditing, legal, process engineering, and marketing, among others;
- C. Establishing and facilitating partnerships between value and supply chain entities and encourage them to create, on the other side of their client profile, a workable framework on buy-back arrangements;
- D. Taking a strategic initiative of repositioning and evolving financial products, services and solutions that can match the emerging financial needs of the MSME sector
- E. Encouraging governments to put in place much-needed legal framework and regulatory mechanisms to facilitate the empowerment of MSMEs.

In this regard, Ms. Lin said that the Committee will seek help from Mr. Chandula Abeywickrema, ABA Special Adviser on Financial Inclusion, and other member banks to share their practical experiences.

Promoting ABA Informal Workout Guidelines by:

- A. Providing continued support to the efforts of Dr. Shinjiro Takagi in promoting the adoption of the ABA Informal Workout Guidelines in countries around the region during 2017.
- B. Inviting Dr. Shinjiro Takagi to make a summary report on his activities and share his findings and recommendations at the meeting of the ABA Policy Advocacy Committee to be held during the 34th ABA General Meeting and Conference.

At the suggestion of Ms. Lin, Mr. Swaminathan offered the assistance of the State Bank of India in undertaking the Policy Advocacy Committee's work on FinTech and Digital Banking. He said that SBI will share the Bank's experience and practices in using technology to serve new customers (particularly the unbanked sector), increase productivity, and reduce costs, while at the same time managing cybersecurity threats.

With no further comments, the Planning Committee endorsed the proposed Work Program for 2017 of the ABA Policy Advocacy Committee.

News Updates

Expanding economies in Asia deliver 60% of global growth, ADB says

Growth is picking up in two-thirds of the economies in developing Asia, supported by higher external demand, rebounding global commodity prices and domestic reforms, making the region the largest single contributor to global growth at 60 per cent, according to the Asian Development Bank.

In its “Asian Development Outlook 2017”, the ADB forecasts growth of gross domestic product in the Asia-Pacific region to reach 5.7 percent in 2017 and 2018, a slight deceleration from the 5.8 per cent registered in 2016.

The report is the ADB’s flagship annual economic publication.

The bank also estimates Southeast Asia’s economic expansion accelerating.

With normal weather supporting agriculture and the steady recovery in major industrial economies boosting exports, growth will pick up in nearly all economies in Southeast Asia, nudging average growth to 4.8 percent in 2017 and 5.0 percent in 2018.

The only exception is the Philippines, where growth will moderate from its record 6.8 per cent in 2016 to a pace approaching 6.5 per cent this year and next.

While higher infrastructure investment will provide an additional impetus to growth in Brunei, Indonesia, Laos, the Philippines and

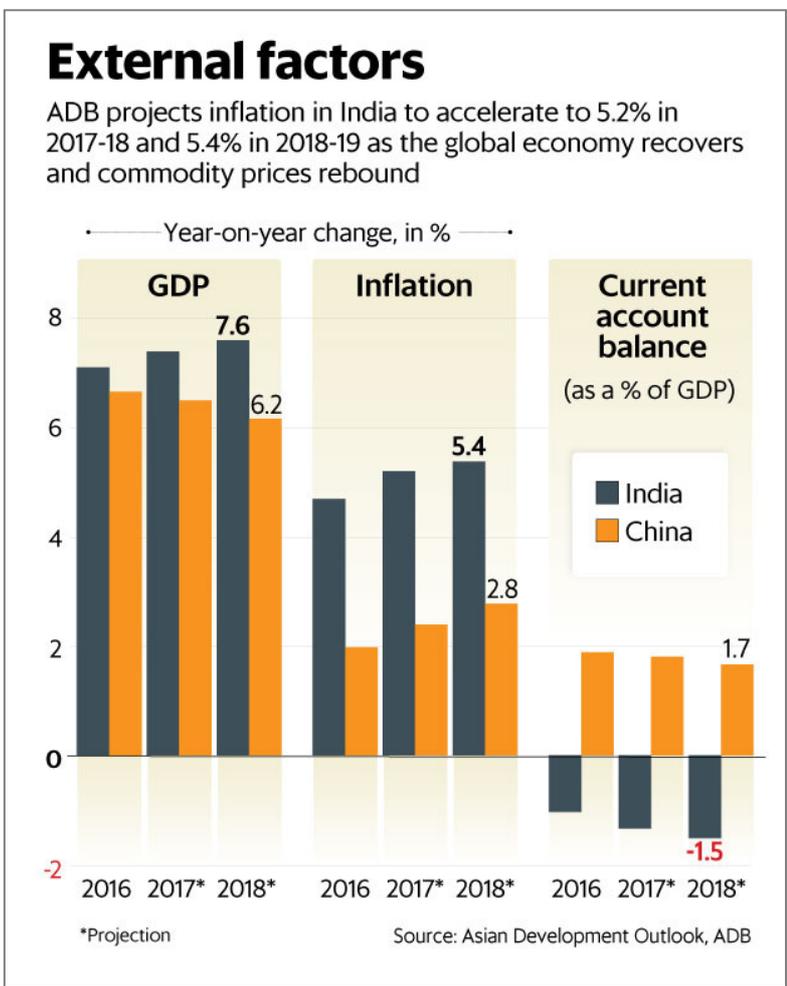
Thailand, record foreign direct investment will be a key factor supporting growth in Vietnam.

Strengthening growth and rising international oil prices will mean higher inflation and a narrower current-account surplus for Southeast Asia.

Average inflation is forecast to rise from 2.1 percent in 2016 to 3.3 percent this year, edging up further to 3.5 percent next year.

For Myanmar, despite the GDP slowdown in fiscal 2016 ended on March 31, the ADB forecasts Myanmar growing further this year and beyond if it can address some challenges.

Yumiko Tamura, officer-in-charge of ADB’s Myanmar resident mission, said at the launch



held April 6 of the development lender's annual report that Myanmar's growth rate will hit 7.7 percent this fiscal year and speed up to 8 per cent next fiscal year.

She said inflation and the current-account deficit would go along with GDP growth in the near term, projecting that inflationary pressures will continue to firm up from 6.5 percent last year to 7 percent this year and 7.5 percent next year.

The current-account deficit is projected to run around 8 per cent of GDP in the next two years.

According to the report, Myanmar's GDP growth slowed to 6.4 percent last year from 7.3 percent in fiscal 2015. Inflation eased, but the current account deficit worsened.

"We are confident that Myanmar will grow further until fiscal 2018. It is the last frontier among Asean countries, which has opened to the regional and international arena.

"So there are certain disadvantages of [being] a latecomer, as well as certain advantages. This country can invite businesses from developed economies," Tamura said.



The Asian Development Outlook 2017 report expects consumption to pick up as more new bank notes are put in circulation after demonetisation and as planned salary and pension hike for state employees are implemented. Photo: Mint

"A lot of development-cooperation agencies including ADB actually look at the very promising prospects of the public-private partnership.

"This is the model where basically the public sector and the private sector – both domestic and international – actually cooperate to pursue certain projects, strategically infrastructure projects in Myanmar."

The private sector could be mobilized more effectively for available funding, and there is huge potential to grow up private sector investment, both from foreign direct investment and domestic businesses, she added.

Yasuyuki Sawada, the ADB's chief economist, told a press conference in Hong Kong that developing Asia continued to drive the global economy even as the region adjusts to a more consumption-driven economy in China and looming global risks.

"While uncertain policy changes in advanced economies do pose a risk to the outlook, we feel that most economies are well positioned to weather potential short-term shocks," he said.

Industrial economies are gathering momentum, with the US, the euro zone and Japan expected to grow collectively by 1.9 percent in 2017 and 2018.

Rising consumer and business confidence and a declining unemployment rate have fuelled US growth, but uncertainty over future economic policies may test confidence.

The euro zone continues to strengthen, but its outlook is somewhat clouded by uncertainties such as Brexit.

Japan remains dependent on its ability to maintain export growth to continue its expansion. *The Nation*

Education and Training

Microfinance Appreciation Course Hosted by Rizal Commercial Banking Corp. and Rizal Microbank on June 5-7, 2017 in Davao City, Philippines

ABA cordially invites member banks to participate in the Microfinance Appreciation Course that the Rizal Commercial Banking Corporation (RCBC) is hosting in Davao City, Philippines on June 5-7, 2017 jointly with its microfinance arm RCBC Microbank.

The Microfinance Appreciation Course is being conducted as part of the ABA's Short-term Visiting Program. The primary aim of the Short-Term Visiting Program is to provide member banks the opportunity to study and undergo training on specific aspects of the operations and facilities of the host banks. The idea is to enable the visitors to: (i) enhance and upgrade their technical skills and knowledge in specific areas of banking operations in the distinct and peculiar social, economic and business environment of the host country, and (ii) gain first-hand knowledge of the operations, systems and work procedures of the host bank's various line departments covered by the program.

The Microfinance Appreciation Courses hopes to provide ABA member banks, particularly those who are interested to engage in microfinance as a business initiative, the opportunity to learn from the experience, best practices, and expertise of RCBC and its microfinance arm Rizal Microbank. The participants and the RCBC experts can exchange views and share knowledge on microfinance as one business activity that ABA members can engage in, in order to sustain and grow their banking operations.

NO PARTICIPATION FEE

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

PROPOSED VENUE and ACCOMMODATION

ABA will be sending the full program and additional information on the workshop venue and accommodation upon receiving confirmation.

In the meantime, ABA encourages member banks to take advantage of this opportunity to learn from the experience of RCBC and RCBC Microbank. Please email the ABA Secretariat at aba@aba.org.tw to request for a confirmation form.



ABA members invited to Managing Dawn Raids Workshop in Hong Kong

ABA members are invited to participate in the “Managing Dawn Raids: Policies, Protocols, Response” Workshop to be held on May 11, 2017 in Hong Kong. Pacific Conferences, the event organizer, is offering 10% discount off the registration fees for ABA members who are interested in attending the Conference. To enjoy 10% members' discount, quote "CLC3-ABA" upon registration

Targeting senior level in-house legal counsels and executives from Compliance, Management, Finance and IT responsible for managing dawn raids as the main participants, the one-day Workshop will cover several topics, including a brief update on the Competition Ordinance; best practices, protocols and procedures; as well as managing dawn raids in an increasingly paperless workplace. Throughout the Workshop, case studies and examples will be used to illustrate the topics explored, and there will also be a simulation exercise for participants to have a hands-on application of what was discussed.

Unique features of the event include:

- First hand insights on what went wrong in real life dawn raids and lessons learnt across hospitality, consumer goods/retail, energy, manufacturing, oil and gas, pharmaceuticals, telecoms, and transport industries
- Practical sharing on what the Commission looks out for, areas of focus and learning points from the expectations of competition authorities in the UK, EU and Asia
- Actual case studies on compliance issues and overcoming grey areas in the application of the Competition Ordinance
- Hands-on exercises including a simulation activity on how to answer tough questions from the Commission during a raid

Confirmed speakers for the workshop are Mark Jephcott and Adelaide Luke from Herbert Smith Freehills.

Interested parties may wish to visit the event website at: <http://www.conferences.com.sg/clc3-managing-dawn-raids.htm> for more details.

Special Feature**Risk Mitigation in Mobile Banking**

By Deenanath Jha and S V N Murty

An article from the March 2017 issue of The Indian Banker, the monthly journal published by the Indian Banks' Association

Mobile device is a clear and emerging new channel in the space of banking and payments. Mobile has become an integral part of our life and we are more likely to forget our wallet at home than our mobile phone. Mobile subscriber's base in India has been rapidly growing and reported 1.03 billion subscribers as per the report published by www.statista.com. Banking upon this rapid growth of mobile subscribers, banks are introducing a number of mobile banking applications to attract their customers to this low cost channel.

Owing to the increasing affordability of mobile phones and improving broadband connectivity, mobile banking is evolving as an effective and convenient tool for financial institutions to distribute their products and services to their customers. However, the wide use of smart phones is accompanied with an alarming rise in mobile malware and as a result security is considered as a major concern for many mobile banking customers. Security on mobile banking is a complex issue because of the variety of mobile devices and platforms. The security and privacy of sensitive financial data is one of the main concerns in acceptance of the mobile banking applications.



In order to ensure a level playing field, Reserve Bank of India (RBI) brought out a set of operating guidelines for adoption by banks. Banks are permitted to offer mobile banking services (through SMS, USSD or Mobile Banking

application) after obtaining necessary permission from the Department of Payment and Settlement Systems, Reserve Bank of India. Mobile banking services are to be made available to bank customers irrespective of the mobile network. In accordance to the guidelines issued by RBI, banks can introduce such mobile banking applications which comply with security standards and ensure confidentiality, integrity, authenticity and non-repudiation.

Banks are required to follow the following minimum standards set by RBI, as mentioned below:

1. Banks are required to put in place appropriate risk mitigation measures like transaction limit (per transaction, daily, weekly, monthly), fraud checks, AML checks etc depending on the bank's own risk perception, unless otherwise mandated by the Reserve Bank.
2. Banks providing mobile banking services shall comply with the following security principles and practices for the authentication of mobile banking transactions:
 - a. All mobile banking transactions involving debit to the account shall be permitted only

- by validation through a two factor authentication.
- b. One of the factors of authentication shall be MPIN or any higher standard.
- c. Where MPIN is used, end to end encryption of the MPIN is desirable.
- d. MPIN shall be stored in a secure environment.
- 3. Proper level of encryption and security shall be implemented at all stages of the transaction processing from beginning to the end of the mobile banking transaction.
- 4. The following guidelines with respect to network and system security shall be adhered to:
 - a. Implement application level encryption over network and transport layer encryption wherever possible.
 - b. Establish proper firewalls, Intruder Detection System (IDS), data file and system integrity checking, surveillance and incident response procedure and containment procedures.
 - c. Conduct periodic risk management analysis, security vulnerability assessment of the application and network etc at least once a year.

Open Web Application Security Project (OWASP) a worldwide non-profit organization focused on improving the security of web/mobile application software, developed a list of 10 risks arising from the use of mobile applications depicted in the diagram.

In addition to the security standards set by RBI, banks shall take measures to mitigate the following risks relevant to banking community mentioned by OWASP.



- a. Insecure data storage: Threats include lost or stolen phones or tablets and the possibility of malware gaining access to the device.
- b. Weak server side controls: This pertains to the back-end computers that the mobile banking processes need to use. The security, authentication, and general controls related to these computers need to be strong.
- c. Insufficient transport layer protection: This refers to the lack of data encryption when data travel over public network.
- d. Poor authorization and authentication: Some mobile applications rely only on unchanging, potentially compromised values for authentication, and some identification data can remain even after data wipes or resets,

Insecure data storage

Applications store sensitive information securely. OWASP observed that this sensitive data being stored insecurely includes the following: SQLite databases, Log Files, Plist Files, XML Data Stores or Manifest Files, Binary data stores, Cookie stores, SD Card, Cloud synced.

It was suggested by OWASP that data can be stored securely by the following ways:

- a. Avoid exclusively relying upon hardcoded encryption or decryption keys when storing sensitive information assets.
- b. Consider providing an additional layer of encryption beyond any default encryption mechanisms provided by the operating system.

Weak server side controls

OWASP suggested that following factors lead to a proliferation of server-side

vulnerabilities:

- a. Easy access to frameworks that don't prioritize security;
- b. Higher than average outsourced development;
- c. Lower security budgets for mobile applications;
- d. Assumption that the mobile OS takes full responsibility for security; and
- e. Weakness due to cross-platform development and compilation.

These vulnerabilities of the mobile application will be mitigated by secure coding and configuration practices.

Insufficient transport layer protection

Data transmission from any mobile application shall have sufficient protection over transport layer. This can be detected by scrutinizing the application traffic through a proxy to find out-



- 1. Are all connections to server ports properly encrypted?
- 2. Are the SSL certificates valid?
- 3. Are the SSL certificates self signed?
- 4. Does the SSL use high cipher strengths?
- 5. Will the application accept user accepted certificates as authorities?

Best practices

- 1. Apply SSL/TLS to transport channels to transmit sensitive information, session tokens, or other sensitive data to a backend API or web service of mobile apps.
- 2. Never allow self-signed certificates, and consider certificate pinning for security conscious applications.
- 3. Only establish a secure connection after verifying the identity of the endpoint server using trusted certificates in the key chain.
- 4. Possibly, apply a separate layer of encryption to any sensitive data before its handover to the SSL channel.

Poor authorization and authentication

Avoid the following Insecure Mobile Application Authentication Design Patterns:

- 1. Authentication requirements of mobile applications should match that of web application component.
- 2. Don't authenticate user locally which leads to client-side bypass vulnerabilities. If the application stores data locally, the authentication routine can be bypassed on jail broken devices through run-time manipulation.
- 3. Ensure that all authentication requests are performed server-side. Upon successful authentication only load application data onto the mobile device.
- 4. In case data needs to be stored at client side, data should be encrypted using an encryption key that is securely derived from the user's login credentials.
- 5. Persistent authentication (Remember Me) functionality implemented within mobile applications should never store a user's password on the device.
- 6. Ideally, mobile applications should utilize device-specific authentication token that can be revoked within the mobile application by the user.

Conclusion

Banks need to adopt two pronged strategy to popularize mobile banking and keep it fully safe and secure. On one hand they need to take certain pro-active measures to meet the ever evolving challenge in cyberspace, on the other hand they need to keep educating customers on a continuous basis regarding the various Dos and Don'ts about the mobile banking to address their concern and apprise them about the various benefits of mobile banking.

Measures by the banks: Banks must determine the risk level, the highest level of threat against its mobile banking network and ensure that suitable protection mechanisms are in place. Proper management of data centre and end to end encryption of information are of paramount importance. Vendor management is another critical aspect of robust mobile banking in the bank. Bank should have proper contracts with service provider which shall include information security requirements, specific responsibilities and consequences for unauthorized access to information systems of the bank. Customer and staff engagement is essential to provide safe and secure mobile banking service to the customers. Some important measures are given below, which will go a long way to enable banks to make mobile banking facility more robust for its customers:

- a. A dedicated portal to resolve customers/users should be directed to a dedicated portal for getting their issues resolved.
- b. All employees of the bank except subordinate staff should be compulsorily provided with technological initiative products like mobile banking.
- c. Staff should be made aware of the latest updates about these products through campaigns or e-lessons or classroom trainings at regular intervals.
- d. Also motivate the staff members to do a minimum number of transactions per month through mobile banking.

Customer education: Underrated Do's and Don't's for the customers should not only be prominently displayed in the banking hall to make customers fully aware about the various security aspects of mobile banking but should also be communicated to the customers through mail, media and social media:

- a. Lock your phone with a password when not in use.
- b. Always keep your mobile device in a safe location.
- c. Check your linked accounts on a regular basis.
- d. After the transaction is over, logout of mobile banking website and then close the browser.
- e. Never click on links or applications that you receive in emails or text messages, as those are common ways viruses, malware and malicious software are installed.
- f. Install anti-virus and anti-malware software for mobile device and keep updated regularly.
- g. Avoid using unsecured public wireless connections. If you must, then use VPN software to provide a secure tunnel within which to work.
- h. Never post any personal information about bank accounts numbers, passwords, balances etc to anyone on social media such as Facebook, Twitter, Google +, LinkedIn, Pinterest etc.
- i. Install mobile banking application software only from the Google Play Store, Apple App Store, or Windows 8 Store and never from a 3rd party site.
- j. Do not 'jailbreak' your iPhone/iPad or 'root' your Android device. It could unintentionally open 'backdoors' for malicious software.

- k. In case of a refurbished device, be sure to 'wipe' or reset to factory settings so that the device is free of any pre-loaded malware or viruses that could be used to steal data.
- l. Turn off wireless device services such as Wi-Fi, Bluetooth and GPS when they are not being used.
- m. Keep mobile device up-to-date with the latest operating system patches and releases.
- n. Never store sign or password, and answers to your challenge questions on your mobile device.
- o. Regularly run anti-virus and anti-spyware programs on your smartphone or tablet.
- p. Never send any information about bank account numbers, passwords, balances etc to anyone via a text message, as it is not secure.
- q. Ensure that software capable of phone tracking and remotely wiping the device is installed. If phone gets lost, data can be wiped off from the device remotely.

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Among Member Banks

-  **Bank of Bhutan launches 2 new deposit schemes** - To encourage savings in the country, the Bank of Bhutan launched two new deposit schemes, the Flexi Recurring Deposit and Simple Recurring Deposit on March 28. The Flexi Recurring Deposit scheme is an innovative new product that allows customers to deposit variable amounts at any time in the month. Depositors opting for the Flexi Recurring Deposit scheme can choose to deposit a minimum of Nu.100 per month to a maximum Nu.20,000 with tenures ranging from one year to maximum 20 years. This gives the depositor the flexibility to make multiple deposits of varying amounts in a month (subject to total deposit of Nu.20,000/month) and also have the option to skip an installment without any penalty being levied. This should encourage our clients to deposit any savings during the month into a Flexi RD account and not have to deposit a fixed amount every month as with a normal RD product. Bank of Bhutan News Release


-  **BEA joins Wi-Fi.HK scheme** - The Bank of East Asia, Limited (“BEA”) has become the first bank in Hong Kong to join the Wi-Fi.HK scheme, providing free public Wi-Fi at several outlets in prime locations. Wi-Fi.HK is a collaborative scheme of the government of the Hong Kong Special Administrative Region and local industries to promote public Wi-Fi services in Hong Kong. Launched in August 2014, the scheme currently includes over 19,000 free Wi-Fi hotspots in Hong Kong. Visitors can now enjoy 30 minutes of free Wi-Fi per day at BEA’s Main Branch SupremeGold Centre (Central), Causeway Bay Branch, Whampoa Garden Branch, and Shatin Plaza Branch by simply connecting their smartphone or mobile device to the “Wi-Fi.HK via BEA” network. No prior registration is required. For more details about the scheme and its free hotspots, please visit the website www.wi-fi.hk or the mobile app Wi-Fi.HK. BEA’s branch network details are available on the BEA App and at www.hkbea.com BEA News Release


-  **After merger with associate banks, SBI opens as One Bank** - Post-merger of five associate banks, the State Bank of India opened as one bank with 500 million customers and started normal operations from April 3, SBI Chairperson Arundhati Bhattacharya announced. The associate banks which merged with the SBI are State Bank of Patiala, State Bank of Bikaner and Jaipur, State Bank Of Hyderabad, State Bank of Mysore and State Bank of Travancore. "The SBI opened as 'one bank' today (April 3) and will continue to operate in the same manner as before post-merger," Bhattacharya told the media. The treasuries of the SBI and associates have also been completely integrated and have now started work as a single entity, she added. With the merger, SBI is now catapulted among the top ranking 50 banks in the world in terms of assets. News 18



 **Iran's private Saman Bank entering mobile business** - Saman Bank through one of its new subsidiaries, Kish Cell Pars, is set to offer Mobile Virtual Network Operator (MVNO) services and sell SIM cards. Kish Cell Pars will offer Full MVNO services under a new brand name SamanTel, ICTNA reported. The new operator will use one of the country's three traditional mobile operators; MTN-Irancell, RighTel or MCI to host its service. Saman bank is one of the first private banks in Iran. Founded in 2002, it has been at the forefront of modernizing the banking industry. The shift into the telecoms business is the first time the bank has moved out of its traditional financial industry. The company will also offer IPTV services, online and NFC payment services, messaging and voice calls. *Financial Tribune*



 **Mitsubishi UFJ optimistic on Saudi project finance, Aramco IPO role** - Mitsubishi UFJ Financial Group (MUFG) expects double-digit growth in its project finance business in the Middle East in 2017, driven partly by Saudi Arabia's efforts to reduce its dependence on oil, the bank's co-head in the region Elyas Algaseer said. Saudi Arabia's push to diversify its economy under its National Transformation Plan provides a big opportunity for international banks, as well as the privatization of state-controlled enterprises such as Saudi Aramco's planned initial public offering. MUFG, which is ranked as one of the leading project finance lenders globally and in the region, is working with clients in the Middle East including Saudi Aramco, Acwa Power IPO-ACWA.SE and Mubadala Development, Algaseer said. MUFG was expecting around \$350 billion in project finance opportunities in Saudi Arabia by 2022 and more across the region in areas such as power, alternative energy, health and education, Algaseer said. *Reuters*



 **Mizuho and Marubeni forge Asean fintech partnership** - Mizuho Financial Group, Inc., Mizuho Bank, Ltd., and Marubeni Corporation have agreed to start exploring for opportunities to provide new financial services utilizing FinTech in the ASEAN region. As various new FinTech based financial services are recently being offered, we will explore opportunities to provide community-based financial businesses in the ASEAN region where the settlement and e-commerce market is expected to greatly expand in the future. In specific terms, we are considering to provide services by utilizing e-money and aim to offer financing services based on the transaction data accumulated through the settlements, and digital marketing services. Mizuho FG, Mizuho Bank, and Marubeni will first form an integrated project team of Japan and ASEAN, and will strive for early realization of the above initiatives by fully utilizing Mizuho Group's know-how in the financial field, progressive initiatives in the FinTech business field, and network with startup companies, and Marubeni's network in the ASEAN region with local partners. *FinExtra/Mizuho News Release*



 **Japan's Hitachi, SMBC launching e-money system in Vietnam** - Hitachi and Sumitomo Mitsui Banking Corp. of Japan as well as Vietnam Post in mid-April will begin offering an e-money pension payment system in the Southeast Asian nation. Special smart cards will be issued to pension recipients, who can then use the plastic to automatically receive their



monthly payments. The cards will be first handed to beneficiaries in the northern province of Hai Duong. Hitachi has established the system, and SMBC will be responsible for managing the funds. Holders will be able to use the cards to pick up cash at Vietnam Post counters. Currently, pensioners in Vietnam can receive direct deposits or cash at post office counters. Most go to a counter since only 30% or so of Vietnamese are believed to have bank accounts. *Nikkei Asian Review*

Maybank expects mobile platform transactions to rise to RM25bil

Malayan Banking Bhd (Maybank) expects the value of banking transactions via its mobile platform to rise by over 50% this year to about RM25bil, driven by the new Maybank2u app as well as the growth momentum achieved last year. Group chief strategy officer Michael Foong said the volume of digital banking transactions was growing at a much faster rate compared with transactions done via online platforms. "In 2016, the number of transactions carried out via mobile devices grew by 72%, while transactions via all online channels (including desktops and personal computers) rose by 41%, demonstrating that users are increasingly comfortable with digital platforms," he said in a statement on April 3. In view of this rapid change in customer behaviour, Foong said the Maybank2u app went through a complete rethink to make it even more simple and convenient to use. *The Star*



BML Point-of-Sale network expansion continues with 4000th merchant

Bank of Maldives has expanded its Point-of-Sale (POS) network to 4,000 merchants as it continues to step up its support for retailers across the country. The milestone was marked at a small ceremony held at the Royal Inn Guesthouse in Rasdhoo, North Ari Atoll where, as part of the Bank's 'Aharenge Bank' campaign a memento was presented to the guesthouse management. BML Deputy CEO and Director of Operations, Mohamed Shareef commented, "We are delighted to mark this important milestone in Rasdhoo, as the Royal Inn Guesthouse becomes the 4,000th retailer in the country to join our POS network. This service is part of the extensive support provided to retail businesses across the country, and I am confident that its introduction in Rasdhoo will provide a welcome boost to both the merchant and the local economy." BML's POS terminals accept all major cards and allow retailers to collect payments both securely and conveniently. *Bank of Maldives*



PNB nets 14% more in 2016

Earnings of listed Philippine National Bank (PNB) grew 14 percent last year on the back of the robust performance of its core businesses. The bank owned by tobacco and airline magnate Lucio Tan said it booked a net income of P7.2 billion last year, about P900 million higher than the P6.3 billion booked in 2015. The growth in net income was driven by a steady improvement in its core income, supplemented by non-recurring revenues as well as the double-digit growth in its non-interest income. "PNB's healthy financials is the result of our continuing efforts to enhance our core business," PNB president Reynaldo Maclang said. The bank's net interest income grew 11 percent to P19.6 billion, accounting for nearly two-thirds of total operating income. *Philippine Star*



 **DBS and Xero join forces to revolutionise how SMEs manage capital**

- DBS Bank and Xero, a leading global cloud accounting platform, announced a strategic partnership to transform the way SMEs in Singapore manage their financials and access capital. The partnership is centred on several aspects including aligning both parties' technology platforms to ultimately enable SMEs to make payments and apply for loans seamlessly, transforming how SMEs manage cash flow and access capital. The first step in the partnership is connecting SMEs' bank accounts with Xero's online accounting software. This will allow SME customers to access in real-time, a consolidated view of their financial accounts, including cash in the bank, from any device, anytime in the day. The integration in data on one portal will enable business owners to make smarter investment and management decisions. This seamless connection is the first-of-its-kind in Asia and will be available in 2017. Another aspect of the collaboration will see DBS and Xero working together, capitalising on APIs, to make business-to-business payments easier. Ultimately, the aim is to enable a DBS-Xero customer to access capital more efficiently. With the partnership, SMEs can grant banks access to their real-time financial data, which will provide a richer financial picture of their business. The integration aims to remove much of the administrative burden for SMEs when they apply for bank loans. *DBS News Release*



 **UOB gets preliminary nod to set up a foreign-owned subsidiary bank in Vietnam**

- United Overseas Bank Limited (UOB) said on March 23 that it has received preliminary approval from the State Bank of Vietnam to establish a foreign-owned subsidiary bank in Vietnam. The State Bank of Vietnam has said it would issue UOB an in-principle approval for the licence by June 2017. Under the licence, UOB will be able to expand its branch network in Vietnam, and offer its services and products to consumers and businesses beyond Ho Chi Minh City. The announcement was made on March 23 by the State Bank of Vietnam during an official visit to the country by Singapore's Prime Minister, Lee Hsien Loong. *Business Times*



 **HNB eyes SME, micro finance firms in overseas**

- Hatton National Bank's (HNB) micro finance arm, HNB Grameen, is to list its shares in the Colombo Stock Exchange (CSE) shortly, Jonathan Alles, Managing Director / CEO HNB told the Business Times on the sidelines of the HNB Investor Forum recently. "We aim to list HNB Grameen in less than a year," he said. The DWM Funds has bought 7.93 percent of HNB Grameen Finance recently. Mr. Alles said that they are also open for acquisitions in SME, micro finance sectors overseas. In 2015 HNB went to Cambodia and supported a firm involved in the micro finance sector with a US\$ 50 million investment. Mr. Alles added that they are interested in acquiring finance companies locally, when the right opportunity comes. He added that HNB has partnered with selected property builders in the mid income range where an apartment, targeting the middle income sector, is priced at between Rs. 20 million to Rs. 40 million and will fund them and this will continue in the future. *Sunday Times*



✿ Bangkok Bank targets juristic persons for**electronic transfer service** - Bangkok Bank is inviting juristic persons to register for BizPromptPay, an alternative for receiving and

transferring money electronically using a tax ID number or juristic person registration number instead of a bank account number. This alternative will allow business operators to perform financial transactions with partners, including government agencies and private businesses, conveniently and securely while reducing constraints of cash handling and delays in receiving funds from cheques. In addition, businesses can also check for information on individual money transfers and other details through Bangkok Bank's cash management services, including BIZ iBanking and Corporate iCash, which enable transfer of funds with lower fees. *The Nation*

✿ Vietcombank has best asset quality among banks:**Moody's** - Credit rating agency Moody's has said that the Bank for Foreign Trade of Việt Nam (Vietcombank) is the bank with the best asset

quality in Việt Nam. Moody's said Vietcombank has improved its profitability thanks to the net interest margin (NIM) and the diversification trend in non-interest income. The agency maintained the results of Vietcombank's credit ratings as in its July 2016 review. The key aspects retained include local and foreign currency issuer ratings of B1, long-term local currency deposit ratings of B1, long-term foreign currency deposit ratings of B2, risk basis assessment of B2 and a stable outlook. Moody's, however, pointed out that Vietcombank faces the challenge of increasing its capital for growth. The bank's credit ratings could increase if it successfully implements the plan to increase its charter capital. *Vietnam News*

Banking and Finance Newsbriefs

Hong Kong

Hong Kong's monetary authority unveils trade finance platform based on blockchain technology

Hong Kong appears set to burnish its credentials as a global trading hub, with its development of a proof-of-concept distributed ledger platform for trade finance using Blockchain technology.

The Hong Kong Monetary Authority (HKMA) led this initiative, which was supported by professional services group Deloitte and five of the city's top banks, according to a joint announcement on March 30.

Their project was designed to demonstrate the feasibility of using the distributed ledger technology known as Blockchain to reduce the risk of fraudulent activity, while increasing business transparency, operational efficiency and productivity in trade finance.

"As the largest trade finance bank in the world ... we were interested in assisting corporates to track transaction flows, reconcile transactions through invoice or purchase order matching, and reducing the risk of duplicate financing for the participating banks," Joshua Kroeker, the senior product manager for global trade and receivables finance at HSBC, told the South China Morning Post. *South China Morning Post*.

Japan

BOJ increases its sway over Japan's financial markets

The Bank of Japan, already notorious as the biggest holder of Japanese government bonds, has now earned the dubious title of the largest "whale" in the domestic equity market.

As a consequence of the BOJ's ultraloose monetary policy, JGB holdings for the fiscal year ended Friday stood at 423 trillion yen (\$3.79 trillion) as of March 20. That marks the first time the metric topped 400 trillion yen, with the amount jumping 20% since the end of fiscal 2015.

Japan's Ministry of Finance issued 123 trillion yen worth of medium- to long-term JGBs over the course of a year, only to see the BOJ drain 111 trillion yen from that pool. The central bank raised its share of outstanding JGBs owned from roughly 30% a year earlier to over 40% today.

That activity has given rise to what is known in the market as "BOJ trading," where one purchases JGBs at finance ministry auctions, then resells the debt to the central bank at a premium. "There are fewer [market] participants who think about where yields will settle based on medium and long-term outlooks for the economic climate," said Izuru Kato at Totan Research. *Nikkei Asian Review*

Korea

Over 60,000 accounts opened on second day of online-only bank

South Korea's first online-only bank provided over 60,000 accounts to new subscribers as of April 4, since its opening on April 1.

As of 3 p.m. on April 4, the bank issued a total of 61,501 bank accounts and 53,960 debit cards. It also accepted 4,123 loan applications.

The figures showed the internet-only bank is off to a smooth start, as the numbers drastically contrasted with the some 12,000 bank accounts created per month through 16 commercial banks' online services in Korea for a year from December 2015.

The online-only bank saves costs by offering its banking services through its mobile app without brick-and-mortar branches and with a minimum numbers of employees -- less than 2 percent of a local commercial bank. With the cost savings, K bank aims to allow subscribers to enjoy higher deposit interest and lower loan interest rates. Loans are extended at an interest rate about 1-2 percentage points lower than existing commercial banks. *Korea Herald*

Malaysia

Malaysian banking system's liquidity sound, says RAM Ratings

The Malaysian banking system's liquidity is sound as the liquidity coverage ratio (LCR) exceeds the minimum of 100%, says RAM Rating Services Bhd.

RAM Ratings' co-head of financial institution ratings, Wong Yin Ching said on March 30 that the banking sector's Basel III LCR had averaged 125% since its implementation and stood at 128% as at end-January 2017.

She said this was despite a decline in surplus liquidity placed with Bank Negara Malaysia (BNM) over the past few years.

While the industry's average LCR exceeds 100% – the minimum requirement effective Jan 1, 2019 – some banks have yet to reach this threshold.

"As these banks have to improve their LCRs to keep up with the regulatory requirement, we expect competition for retail and SME deposits to persist, due to a more favourable treatment under the LCR framework," Wong said. *The Star*

Philippines

Philippines starts opening bank sector to Asean peers

The Philippines is set to sign agreements with two more countries as early as next month to open up the banking industry aimed at greater financial integration and economic development among members of the Association of Southeast Asian Nations (ASEAN).

Bangko Sentral ng Pilipinas Governor Amando Tetangco Jr. said in a speech during the 29th National Convention of the Bankers Institute of the Philippines (BaiPhil) the Philippines would forge an agreement with two more ASEAN countries after signing a pact with the Bank Negara Malaysia last March.

Tetangco and Bank Negara governor Zeti Akhtar Aziz signed the Heads of Agreement (HoA) in Kuala Lumpur last March 14. The pact between the BSP and Bank Negara was one of the first bilateral agreements to be signed under the ASEAN Banking Integration Framework (ABIF). *Philippine Star*

Singapore

Singapore bank lending in Feb grows at strongest pace since Nov 2013: MAS

Bank lending in Singapore in February gained from the month before at the strongest pace since November 2013, preliminary data from the Monetary Authority of Singapore on March 31 showed.

Bank lending grew 1.7 percent in February 2017 from a month ago, compared to the flat growth in January. Loans through the domestic banking unit - which captures lending in all currencies but mainly reflects Singapore-dollar lending - stood at S\$627 billion in February, up from S\$617 billion in January.

The lift was mainly from stronger business lending, which rose 2.7 per cent to S\$377 billion from a month ago, compared to the flat growth in January.

The boost came from stronger lending to building and construction firms. *Business Times*

Taiwan

Apple Pay launches in Taiwan

Apple Pay will be available to users in Taiwan starting from March 29, the 14th market in which the e-payment service has been rolled out.

Apple first announced its plans to launch its e-wallet app in Taiwan in February 2017.

While the news that Apple Pay is launching on March 29 did not come from an official Apple representative, an undisclosed bank representative working with Apple Pay said that he or she received notification of Apple Pay's Mar. 29 launch.

Seven banks in Taiwan — Taishin International Bank, Taipei Fubon Bank, Standard Chartered Bank, Cathay United Bank, CTBC Bank, E.SUN Bank, and Union Bank of Taiwan — have signed up to allow their cards to be used via Apple Pay.

Apple users with an iPhone 6 or any newer iPhone model are now able to scan their cards from any of these banks and pay at select stores that have a contactless point-of-sale terminal. *The China Post*

Thailand

Revised code to build trust in banking

The Thai Bankers' Association (TBA) says the updated code of conduct for the banking industry will provide common guidelines governing business practices for all employees in the sector.

Fifteen commercial banks on March 28 signed contracts and declared their intentions to comply with the new code of conduct.

Bank of Thailand governor Veerathai Santiprabhob said the code of conduct is based on three principles -- integrity, fairness and accountability to stakeholders -- in order to build confidence and trust in commercial banks.

The next challenge is translating the code of conduct into practice and making bank clients feel the sense of the change, Mr Veerathai said. *Bangkok Post*

Vietnam

Banking to get an E&S rule mandate

As part of an attempt to promote a greener and more sustainable economy, the State Bank of Vietnam's (SBV) Circular No.39/2016/TT-NHNN, regulating the lending operations at credit institutions and foreign bank branches – which took effect on March 15, 2017 – clearly states that project finance is to be conducted on the basis of negotiation between credit institutions and their clients.

They should be congruent with lending provisions and current rules and regulations on environmental protection.

Economist Nguyen Tri Hieu, when asked about how environmental and social (E&S) risks were managed in banks' lending operations, said that only a few banks had adopted E&S risk management procedures in project financing.

According to a survey reviewing the current practices in E&S risk management among Vietnam-based commercial banks by SBV and IFC in 2012, one-third of the 54 banks that responded identified a lack of enforcement of E&S laws as a major constraint to E&S risk management. *Vietnam Net*

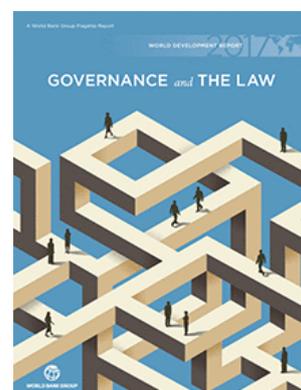
Publications

World Development Report 2017

Why are carefully designed, sensible policies too often not adopted or implemented? When they are, why do they often fail to generate development outcomes such as security, growth, and equity? And why do some bad policies endure? This World Development Report 2017: Governance and the Law addresses these fundamental questions, which are at the heart of development. Policy making and policy implementation do not occur in a vacuum. Rather, they take place in complex political and social settings, in which individuals and groups with unequal power interact within changing rules as they pursue conflicting interests. The process of these interactions is what this Report calls governance, and the space in which these interactions take place, the policy arena. The capacity of actors to commit and their willingness to cooperate and coordinate to achieve socially desirable goals are what matter for effectiveness. However, who bargains, who is excluded, and what barriers block entry to the policy arena determine the selection and implementation of policies and, consequently, their impact on development outcomes. Exclusion, capture, and clientelism are manifestations of power asymmetries that lead to failures to achieve security, growth, and equity. The distribution of power in society is partly determined by history. Yet, there is room for positive change. This Report reveals that governance can mitigate, even overcome, power asymmetries to bring about more effective policy interventions that achieve sustainable improvements in security, growth, and equity.

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Long-Term Interest Rate Spillovers from Major Developed Economies to Emerging Asia

Developed countries' long-term interest rates have influenced long-term government bond yields in emerging Asia.

We explore the extent to which changes to long-term interest rates in major developed economies have influenced long-term government bond yields in emerging Asia. To gauge long-term interest spillover effects, we use vector autoregressive variance decompositions with high-frequency data. Our results reveal that sovereign bond yields in emerging Asia responded significantly to changes to the United States and eurozone bond yields, although the magnitudes were heterogeneous across countries. The magnitude of spillovers varied over time. The pattern of these variations can partially be explained by the implementation of different unconventional monetary policy measures in developed countries.

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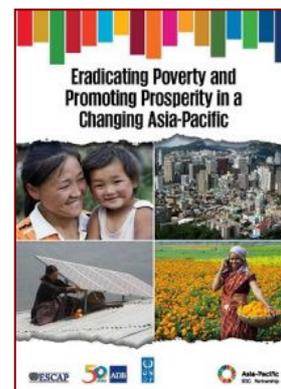
Eradicating Poverty and Promoting Prosperity in a Changing Asia-Pacific

In Asia and the Pacific extreme income poverty remains widespread. This analysis of trends and highlighted good practices provides useful input into regional and global dialogues.

This report is produced under a renewed partnership between United Nations (ESCAP), ADB, and the United Nations Development Programme (UNDP) to support national and regional efforts to implement the 2030 Agenda for Sustainable Development. It explores five megatrends that will determine whether everyone will be able to thrive and fulfill their expectations for a better life in the future: regional economic cooperation and integration; rural–urban transitions; demographic changes; ICT access and connectivity; and demand for natural resources.

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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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