

General Meeting and Conference



34th ABA Conference to showcase India's financial powerhouse

The 34th ABA General Meeting and Conference which will be held in Mumbai on November 16-17 will showcase India's financial powerhouse and the country's largest city.

Mumbai, formerly Bombay, accounts for slightly more than 6.16% of India's economy contributing 10% of factory employment, 30% of income tax collections, 60% of customs duty collections, 20% of central excise tax collections, 40% of foreign trade and Rs 40,000 crore (US \$10 billion) in corporate taxes to the Indian economy. Mumbai is the world's 29th largest city in terms of GDP size and was ranked among the top fastest cities in India for business start-ups in 2009.

In 2009, Mumbai was ranked by the World Bank among the fastest cities in India for business startup. The same data indicated that from 2009-2010, Mumbai enjoyed a per capita income of US\$2845, which is 16.6 percent higher than the 2008-2009 levels of USD 2440. By 2020-2021, Mumbai's GDP per capita at PPP is expected to reach USD 23,000 making it South Asia's richest city.

Known also as the entertainment, fashion and commercial center of India, Mumbai is home to a number of Indian financial institutions such as the Bombay Stock Exchange, Reserve Bank of India, National Stock Exchange, the Mint and a number of big Indian companies like the Tata Group, Essel Group and Reliance Industries.

About the Host Bank

The host bank for this year's ABA General Meeting and Conference is the **State Bank of India**. Headquartered in Mumbai, the State Bank of India (SBI) has more than 14,000 branches and had assets of US\$300 billion from 2014-2015, making it the largest banking and financial services company in India by assets. The State Bank of India is ranked 232nd on the Fortune Global 500 list of the world's biggest corporations as of 2016.



The bank recently merged five of its Associate Banks (State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore) and Bharatiya Mahila Bank with itself. With the merger, SBI will become one of top 50 global banks with a balance sheet size of 41 trillion rupees, 277,000 employees, 500 million customers, and more than 22,500 branches and 59,000 ATMs. SBI's market share will increase to 22 percent from 17 percent. SBI has 191 overseas offices spread over 36 countries as of 2014-2015. It has the largest presence in foreign markets among Indian banks.

News Updates



ABA member banks join ADB's 50th Annual Meeting

Participants pose for group photos during the 50th annual meeting of the board of governors of Asian Development Bank (ADB) in Yokohama, Japan, May 6, 2017. (Photo: ADB)

Representatives from ABA member banks and the ABA Secretariat joined other delegates who attended the 50th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB) held on May 4-7, 2017 in Yokohama, Japan. A total of some 6,000 participants joined the gathering, making it the biggest so far in terms of delegate turnout.

The attendees came from ADB's 67 member countries - government officials, business leaders, academics, journalists, and representatives from civil society and development organizations - gathered at the Pacifico Yokohama for the 2017 annual meeting of the ADB, which was also a celebration of ADB's 50 years of development work in Asia and the Pacific. The ABA Secretariat was represented by Deputy Secretary Mr. Amador R. Honrado Jr.

During the past ten 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, Kazakhstan (2014); New Delhi (2013); Manila (2012); Hanoi (2011); Tashkent (2010); Bali (2009); Madrid (2008); Kyoto (2007); Hyderabad (2006); and Istanbul (2005).

Highlights of the Yokohama Meeting

Operating under the theme of "Building Together the Prosperity of Asia", this year's Annual Meeting focused on the region's growing need for infrastructure as a critical sector towards achieving sustainable and inclusive development. Discussions on how to address urban challenges and strive for clean and climate-resilient development were held.

The flagship Governors' Seminar on 5 May discussed reforms in trade, investment, and finance, as well as lessons learned from the past 50 years of development in the region.

A special book launch, as part of ADB's 50th anniversary celebrations, was held on 4 May to discuss and share ADB's role and future direction.

Key sessions discussed salient issues central to development including rising inequality, macroeconomic stability, progress on the Sustainable Development Goals, and financial inclusion. The Annual Meeting highlighted the role of the private sector in supporting development programs in Asia and the Pacific through seminars focused on public-private partnerships and co-financing.

The host country, Japan, held several events including discussions on lessons from the

Asian financial crisis 20 years later, and a youth event focused on reducing poverty and fostering inclusive economic growth.

Opening Session



(Left) His Imperial Highness Prince Naruhito gracing the Opening Ceremony (Right) ADB President Takehiko Nakao delivering his opening address

His Imperial Highness Prince Naruhito, the Crown Prince of Japan graced the Opening Ceremony of the 50th ADB Meeting.

In his Opening Address, ADB President Takehiko Nakao said that more investments in infrastructure are needed to support continued growth in Asia and the Pacific and combat climate change. Investment in infrastructure, he said, will remain a priority for ADB as the bank prepares a new long-term strategy to respond to rapid regional changes.

In his remarks, Mr. Nakao said ADB's achievements over the past half century can be summarized as combining knowledge and finance, promoting good policies, and fostering regional cooperation and friendship. He pointed out that ADB's future direction will be led by Strategy 2030, ADB's new long-term strategy that will map the best ways ADB can support Asia's growth and address development challenges including poverty, climate change, urbanization, aging, and widening inequalities.

Investment in infrastructure will be an ADB priority under Strategy 2030, including enhanced support for infrastructure projects that incorporate advanced technologies. Mr. Nakao remarked that "Asia will need \$1.7 trillion per year in investments in power, transport, telecommunications, and water through 2030."

Support for social sectors, especially health and education, is a second ADB priority area under Strategy 2030. For this Mr. Nakao stated that ADB "will support universal healthcare systems and cross-border initiatives to combat communicable diseases such as malaria, tuberculosis, and HIV."

Strategy 2030 will also prioritize support for gender equality. Gender is a cross-cutting issue that influences all aspects of society and economic development. According to Mr. Nakao, ADB will "design projects that help women and girls secure higher skills, better health, more jobs, and a larger voice in decision-making."

ADB will upgrade efforts to mobilize private resources for development, including through public-private partnerships under the emerging new long-term strategy. "ADB is supporting an increasing number of private sector projects in education, health, and agriculture," said Mr. Nakao. "Funding micro-, small-, and medium-sized enterprises through local banks will remain a priority."

Finally, Mr. Nakao stressed the need to continue to reform ADB as part of Strategy 2030. Among the reforms, he said ADB will "strengthen its sector and thematic expertise, enhance staff capacity, and streamline procedures." Mr. Nakao added that the institution will deepen its collaboration with civil society, academia, the private sector, and local governments.

Participation in Side Events Lunch Hosted by CTBC Bank Co. Ltd.



Chairman Mr. Chao-Chin Tung of CTBC Bank Co. Ltd. hosted a luncheon on May 5 for the Taiwanese delegates attending the ADB Meeting and other special guests. Among the attendees from the Taiwanese side were representatives from the Ministry of Finance, the Ministry of Foreign Affairs, the Central Bank of China, and Taiwanese ABA member banks. Also present were representatives from the Tokyo Star Bank, a Japanese subsidiary of CTBC Bank, and from the State Bank of India.

Dinner Reception Hosted by SBI Bank



Representatives from ABA member banks joined other guests in the dinner reception hosted by the Chairperson of the State Bank of India Mrs. Arundhati Bhattacharya and other top management officers of the bank on May 5.

ABA attends “Asia Symposium: Risk and Resilience in Global Finance” in Singapore

ABA Deputy Secretary Mr. Amador Honrado Jr. represented the Asian Bankers Association (ABA) at the “Asia Symposium: Risk and Resilience in Global Finance” jointly organized by the Federal Reserve Bank of San Francisco (FRBSF) and the Monetary Authority of Singapore (MAS) on May 29-30, 2017 at the MAS Building in Singapore.

The Singapore event marked the ten-year anniversary of the FRBSF’s “Symposium on Asian Banking and Finance, which began in 2007 with a conference to consider the “lessons learned” from the 1997-98 Asian financial crisis. Since then, through the global crisis, FRBSF

has continued annually to examine key global developments in banking and finance with the objective of bringing Asian voices to the discussion.

The theme of the 2017 Symposium reflects the ongoing efforts and recent developments in managing the effects of regulatory reforms, leveraging financial technologies, and strengthening culture and conduct.

This year’s gathering brought together some 110 participants composed of senior policymakers, market participants and academics from Asia and beyond. Conducted under Chatham House Rules, the Symposium provided a platform for a candid exchange of ideas on the shifting financial landscape in Asia, how that impacts other regions, and how Asia is affected by developments in Europe and America.

Opening Remarks by MAS Managing Director

Mr. Ravi Menon, Managing Director of MAS, delivered the Opening Remarks. In his speech, Mr. Menon noted the following:

Asian banks have stepped up

“Asian banks emerged from the global financial crisis with stronger fundamentals relative to their global peers. The crisis revealed glaring weaknesses in many global banks. This led to the implementation of wide-ranging regulatory reforms. These weaknesses were less pronounced in Asian banks, which had already built up significant buffers following the Asian Financial Crisis. Asian banks’ strong deposit funding placed them in a strong position to meet the new, higher global standards.



Photo from Monetary Authority of Singapore

“Helped by stronger fundamentals, Asian banks have stepped up in regional markets where global banks have retreated. First, they have increased their lending to the region significantly. In 2007, Asian banks accounted for just a third of all international claims to the region. Today, they account for more than 60% of non-local lending to the region. Second, Asian banks have been acquiring the Asian business lines from global banks, especially in wealth management.

“Even as Asian banks push for growth, they continue to maintain high prudential standards. The average Tier 1 capital ratio of Asian banks was 13.4% as of last year, up from 10.6% in 2008 and comfortably above the Basel minimum requirement of 6%. Key Asian jurisdictions who are members of the Financial Stability Board – including China, Japan, Indonesia, Korea, Hong Kong and Singapore – have been assessed to be compliant or largely compliant with the Basel Committee’s capital and liquidity standards. Several other Asian countries – Malaysia, Philippines and Thailand – have also implemented the Basel III rules.

Asian banks are dealing with cyclical headwinds

“The major Asian banks’ sound prudential standards position them well to face the challenges in the current environment – ranging from geopolitical risks to heightened policy uncertainty in the advanced economies.

“The post-crisis operating environment has been difficult for banks around the world. European bank profitability remains depressed seven years after the global financial crisis,

with return on equity or RoE averaging below 3%. Asian banks have also not been spared, though they have done better. The RoE of Asian banks has been declining in recent years, and is currently hovering around 8%.

“A recent study by MAS found that three cyclical factors have driven the decline in Asian bank profitability. First, weaker global economic growth has affected credit demand in the region, leading to slower loan growth. Second, prolonged accommodative monetary policy in the advanced economies has compressed domestic interest rate spreads in Asia. This has reduced banks’ interest income. Third, asset quality has declined, as non-performing loans (NPLs) have risen in many regional economies.

“But an increase in NPLs must be viewed in perspective. Banks are in the business of intermediating risk. When risks materialise – as they sometimes do when those who borrow get into difficulties – NPLs must rise.

“This may be odd for a regulator to say – but if NPLs did not rise at all during difficult times, then the banks are probably not lending enough or taking on sufficient risk to promote business expansion or enterprise. What is important is: Is the rise in NPLs manageable and contained? Are problem loans being monitored closely and classified prudently? Are provisions made proactively and conservatively?

“The good news for Asian banks is that these cyclical headwinds should pass in time. Growth is recovering, monetary policy is normalising, and commodity prices are stabilising.

Opening Remarks by FRBSF President and CEO

Mr. John C. Williams, President and CEO of the Federal Reserve Bank of San Francisco, said that the Fed’s gradual, transparent approach to normalizing monetary policy after the recession is “the most telegraphed monetary policy of our lifetimes” and that the process for unwinding its balance sheet will also be gradual, open, and widely telegraphed. Speaking to an audience from across the Asian continent, Williams asserted that a gradual, transparent approach to normalization will ultimately benefit both the U.S. and global economies.

“In an interconnected global economy, when one country takes action to make its economy more sustainable and resilient, that adds to the sustainability and resilience of the global economy in turn,” said Williams. “The last thing we want to do is to fuel unnecessary or avoidable volatility or disruption – whether we’re talking about domestic markets or international markets. That’s why we’re taking a gradual approach to normalization and why we’re being very clear, transparent, and open about how we’re making decisions.”



Photo from Monetary Authority of Singapore

Williams explained that with unemployment at 4.4% and inflation on track to reach the Fed’s 2% goal next year, the data indicates that the U.S. economy has fully recovered from the recession, “The U.S. economy is about as close to the Fed’s dual mandate goals as we’ve ever been,” he said. Therefore, the aim of monetary policy in the U.S. must be “to keep the economic expansion on a sound footing that can be sustained for as long as possible.”

When discussing the balance sheet, Williams told the audience that the Fed is “committed to slowly shrinking the balance sheet with the same sort of widely telegraphed, gradual, and – frankly – boring modus operandi that we’ve adopted for normalizing

conventional monetary policy.” He highlighted that “this will occur “organically” over time, as securities mature or are paid off” and suggested that “The more public understanding there is, the lesser the risk of market disruption and volatility.”

Williams forecasts that the Fed will begin the process of unwinding the balance sheet later this year, explaining that the process will begin when the Fed is further along the path of normalizing the level of the federal funds rate. He offered the caveat that this could change were the economic outlook to deteriorate. He stressed that balance sheet management “will be taking place in the background” and that the Fed “will continue to use conventional monetary policy tools – raising and/or lowering interest rates – as the lever we operate to keep the economy from overheating or running too cold.”

FICCI releases latest issue of Financial Foresights

The Federation of Indian Chambers of Commerce and Industry (FICCI) released its latest edition of Financial Foresights- a quarterly publication of FICCI’s financial sector team. The issue focuses on the topic ‘Digital banking- New horizons in a cash-light India.’

The current issue presents insightful write-ups contributed by industry leaders from the digital banking space.

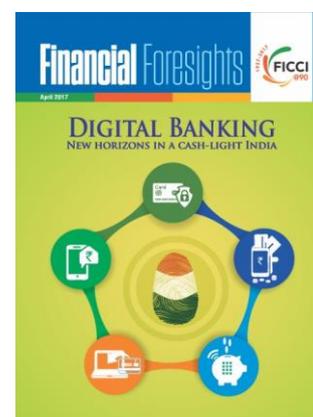
India is at the cusp of a massive digital transformation and the financial sector, particularly the banking industry, is at the forefront of engendering this transformation. The industry is witnessing a slew of innovative products on the digital platforms to provide banking solutions that are customized, efficient and focused on creating a better customer experience through speed and convenience.

There are three trends that are shaping the future of the digital banking space in India. First, is the rapid growth of the more nimble Fintech players that are working to deliver services in a manner never seen before. Banks will have to work alongside such players to improve the customer facing side of their business as well as their own internal processes. Second, the experience of customers in other industries be it e-commerce, healthcare, education or transportation is improving at such a fast pace that they are now expecting similar delivery and interface even in the banking industry. Third, and this perhaps is the most important, is the whole push government is giving to digital economy in the country and which itself is inducing a change in consumer behaviour and making customers ask for more convenience from their banks.

This issue has attempted to highlight the prospects of Digital banking in India.

The copy of the publication can be downloaded from the link below.

http://ficci.in/sector/3/Add_docs/Financial-Foresights-April-2017.pdf



Education and Training

SBI to host training program in Hyderabad



**State Bank
of India**



The State Bank of India (SBI) will be hosting a Short Term Visiting Program on July 27-28, 2017 at the State Bank Staff College in Hyderabad, Southern India.

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

The SBI program will cover topics such as: Global Market/Treasury, New Business Initiatives - Digital Banking: Connecting with Customers, Reaching out: Financial Inclusion, Connecting with the Customers - Social Media and Data Analysis; Risk Management, KYC/AML/CFT/Money Laundering/FATCA Compliance and Challenges, Developing Future Leaders, e-Smart SME-MSME Lending/Supply Chain

Participants will also have the opportunity to visit a branch and the central processing cell of SBI. Attached herewith is the Tentative Agenda for the two-day visiting program.

NO PARTICIPATION FEE

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

ACCOMMODATION

Participants will be provided free accommodation at the State Bank Staff College.

ABOUT SBI

The State Bank of India (SBI) is a government-owned corporation with its headquarters in Mumbai. SBI is in the league of the top 50 global banks with total assets of US\$350 billion, 277,000 employees, 500 million customers, and more than 22,500 branches and 58,000 ATMs. SBI's market share is estimated at about 20 percent in deposits and loans among Indian commercial banks. It has 198 offices in 37 countries and 301 correspondents in 72 countries. The company is ranked 232nd on the Fortune Global 500 list of the world's biggest corporations as of 2016.

SBI is a long-standing and very active member of the ABA and is allocated a seat in the ABA Board of Directors. The bank will be hosting the 34th ABA General Meeting and Conference on November 16-17, 2017 in Mumbai. ABA encourages member banks to take advantage of this opportunity to learn from SBI's experience in several key banking operations. Please email the ABA Secretariat at aba@aba.org.tw to register.

Special Feature

Cash management in Asia undergoes a digital facelift
from Asian Banking and Finance

In photo (clockwise): Sohfern Boey, Di Challenor, Stella Lim, Vijay Manoharan, Raof Latiff, Silawat Santivisat

Digital innovations are improving Asian banks' transactional efficiency and client experience, but costs are far from cheap.

Three years ago, DBS committed to invest S\$200m (US\$143m) for digital banking initiatives across Asia, and it has spent the money well to enhance its cash management services. The bank has launched an account-opening online service so clients do not have to visit physical branches, and it has been mining customer insights through data analytics. Soon, DBS also plans to tap into the power of blockchain technology for cash management like what it has done for trade finance.

Other Asian banks are following suit, spending notable resources on digital innovations such as mobile banking upgrades and application program interfaces (API) that make client transactions cheaper.

For DBS, the digital renovations it has been initiating across its cash management business is paying handsome dividends. **Sohfern Boey, managing director and head of global transaction services of DBS Bank (Hong Kong)**, says its DBS Business Class program — which provides online resources to small and medium-sized enterprises (SMEs) and recommends related services based on their specific needs — has helped generate new business opportunities. For the bank, digital innovation is the key that unlocks the door to the customer's deepest desires.

"Automation not only increases efficiency, but is also the enabler for digital innovation,

so you cannot talk about one without mentioning the other,” says Boey. “Banks are generally constrained by a lot of proprietary or legacy systems which make it difficult to unlock the full potential offered by digital innovations. Banks should therefore set a clear vision on their digital innovation with the ultimate goal of offering a fully digital customer experience,” she adds.

Banking executives reckon one of the strongest cases for implementing digital innovations is that they use the latest technology to significantly increase process efficiency, especially in Asia where many firms continue to rely on manual processes. “There are numerous manual processes that are made efficient due to technology, thereby improving the back-office operation and deliverable time,” says **Andreas Kurniawan, division head, retail business development at OCBC NISP**. “Mobile banking, as an example, can be used for transactions practically anywhere at any time, whereas branchless banking can decrease the utilization of resources.”

New systems, new standards

Even the laborious procurement process can be improved through digital innovation, as seen in Bank OCBC NISP’s plan to develop an E-Catalog in collaboration with an e-commerce company in Indonesia. Kurniawan reckons the E-Catalog’s utility is extensive, not only facilitating internal procurement processes but also expediting customer delivery of rewards.

“It does not only give our customers a wide range of reward options, it also streamlines our back-office operations, and improves delivery time to customers. Thus, leading to a superior customer experience and improving our efficiency,” says Kurniawan.

Automation is also transforming the operations of Westpac. The bank created the Quick Super gateway and clearing house, a service currently used by more than 150,000 employers, which enabled the bank to process more than 70 million transactions in their last financial year. In 2017, the target is even higher at 90 million transactions.

“This innovation has been widely adopted by the majority of industry funds using it to support the daily stream of contributions from hundreds of thousands of employers across Australia,” says **Di Challenor, general manager, global transactional solutions and client experience at Westpac**. “It was developed based on our understanding of customer and industry problems as well as policy requirements and devising a smarter way to do things.”

Enhancing cross-border payments

For SWIFT, the drive for digital innovation catapulted the financial cooperative to adopt a new standard called SWIFT gpi that quickens cross-border payments. SWIFT gpi was launched in December 2015 with the support of innovative tools like a payments tracker, a service-level agreement observer, and a directory. Response was enthusiastic with more than 90 banks currently signed up, representing more than 75% of SWIFT’s cross-border payments traffic.

“Together with the largest transaction banks in the world, our aim was to enhance the cross-border payments experience of corporate treasurers by providing faster, more transparent, and traceable cross-border payments,” says **Stella Lim, head of corporate sales, Asia Pacific at SWIFT**.

“The initiative has seen tremendous industry support,” she adds. “Banks have found that with SWIFT gpi, they are able to provide their corporate clients a new world of experience in cash management because corporates will have access to same-day use of

funds, gain transparency of fees, experience end-to-end payment tracking, and receive unaltered remittance information.”

API and blockchain

The boon of digital innovation is slanted heavily towards efficiency gains, but industry insiders argue that these easily translate to higher customer satisfaction. By developing a smarter API, banks can provide delightfully faster and more secure service, although regulatory constraints can still limit the transactions made available in such an API.

“API has been highlighted to create value for customers and benefit the surrounding ecosystem. It is rather more likely to drive an immediate and tangible revolution in banking,” says **Silawat Santivisat, executive vice president at Kasikornbank**. The bank has shown growing interest in API technologies, especially in how they can connect with innovative firms outside the organization and deliver attractive services to banking clients.

But Santivisat reckons the API in banking still needs to resolve a lot of technical and regulatory hiccups like making sure legacy systems can be adjusted to enable an open API framework and obtaining informed consent amongst bank account holders to complete certain transactions, respectively.

“Speed and certainty are critical in payments, with technology, including real-time information and reconciliation and the use of APIs, being adopted to further facilitate data integration,” says **Raof Latiff, regional head of product management, global liquidity and cash management, Asia at HSBC**. “Digital innovation solutions have helped banks improve the client experience in banking and their need to seamlessly incorporate this high level of service as they expand globally.”

Another exciting frontier for digital innovation is blockchain technology. Banks like DBS as well as CIMB are beginning to explore the potential of blockchain, particularly distributed ledger technology (DTL), to raise the value of cash management services.

“Distributed ledger technology, in particular, brings a variety of benefits to the cash management sector,” says Latiff. “These can include an enhanced customer level value and experience, re-engineered processes, and a closer ecosystem that brings overall value to the system and the market.” He warns though that banks that go at it alone may fail miserably; instead, they must collaborate with technology companies to build an ecosystem designed to benefit all stakeholders.

“Blockchain offers immense possibility and can be implemented in a range of banking services, not necessarily just cash management,” says **Vijay Manoharan, senior managing director & regional head, digital banking & decision management at CIMB**.

Incumbent banks might be tempted to view fintech companies as nothing more than dangerous rivals, but teaming up with them can produce more favorable results than facing them head on. “Collaboration is the best way forward,” says Manoharan. “By working with fintechs or ‘disrupters’, we believe that there are key learnings that both sides can learn from each other.”

“We have seen many of our peers as well as central banks taking on such collaborative partnerships. The idea is to, for example, combine the cost-effective nimbleness of fintech with customer base of mainstream banks,” adds Manoharan. CIMB recently established CIMB Fintech to take advantage of fintech partnerships, including efforts to scale up the applications of blockchain in its cash management business.

See more at: <http://asianbankingandfinance.net/cash-management/exclusive/cash-management-in-asia-undergoes-digital-facelift#sthash.A6uHZ2Cy.dpuf>

Among Member Banks

-  **BEA Foundation reaffirms its commitment to the elderly of Hong Kong** –The Bank of East Asia, Limited (BEA) on May 8 announced that The Bank of East Asia Charitable Foundation reaffirmed its commitment to the development of palliative care in Hong Kong together with “la Caixa” Foundation and The Salvation Army Hong Kong and Macau Command (The Salvation Army). Established in April 2010, the Palliative Care in Residential Care Homes for the Elderly Programme serves as an alternative approach to end-of-life care for the elderly residents of Hong Kong, specifically those living in residential care homes and suffering from terminal illness. The three parties reaffirmed their commitment to the Programme at a signing ceremony held on 5th May, 2017. Commenting on the Programme, Dr. David, K.P. Li, Chairman & Chief Executive of BEA, and Chairman of the BEA Foundation, said “I am truly pleased with the impact that our Programme has had on the development of palliative care in Hong Kong. Under the management of The Salvation Army, I am confident that the Programme will support a growing number of people in our community in the years to come”. *BEA News Release*
- 
-  **SBI on course to raise \$2.3 billion in record Indian share sale to institutions** - Top Indian lender State Bank of India’s share sale to institutional investors to raise as much as \$2.33 billion was fully covered within hours of the launch on June 5, three sources with direct knowledge said. In a bid to shore up its capital base, the bank is selling new shares in a price range of 275.76 rupees to 287.25 rupees a share in the biggest ever qualified institutional placement (QIP), according to a deal term sheet seen by Reuters. The price range is a zero to 4 percent discount to the stock’s closing price of 287.25 rupees on June 5. SBI’s share sale comes as Indian banks face raising billions of dollars in new capital by March 2019 to meet global Basel III banking rules. Lenders will also need more capital as they make higher provisions for bad loans. *Reuters*
- 
-  **Saman Bank opens representative office in Italy** - Saman Bank on May 24 announced that it has launched a representative office in Rome. The lender aims to promote investment opportunities in Iran and offer banking, financial and legal consultancy services to European investors keen on doing business in Iran, said Mansour Momeni, head of Saman Bank’s public relations office. Momeni also pointed to Saman Bank’s agreement with SACE, Italy’s state-owned export credit agency, and said, “SACE has allocated a credit line specifically to Saman Bank, which can be used by Iranian and Italian producers.” Rome office is set to help producers use the credit line, he added. The agreement was signed in November 2015, during the Italian Government’s business mission to Iran. *Financial Tribune*
- 
-  **Ayandeh Bank wins Euromoney’s Best Bank Transformation Award** - Euromoney’s best bank transformation award for 2017 has gone to Iranian private lender Ayandeh after successfully
- 

accomplishing a merger of troubled banks to become one of Iran’s biggest private banks. According to its website, Ayandeh was created in 2014 through a merger of Tat Bank and two other credit institutions with an initial capital of 8 trillion rials (\$212 million). Bankers from across the Middle East gathered to attend the Euromoney Middle East Awards for Excellence dinner at Grosvenor House in Dubai, May 17. The awards recognized banks that stood out during a year when bank liquidity conditions began to ease, while navigating economic reform remained paramount and debut sovereign bonds brought record issuance in the debt capital markets. *Financial Tribune/Euromoney*

Mizuho Financial Group, Inc. selected as Competitive IT Strategy Company

The Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange, Inc. (TSE) recently selected Mizuho Financial Group, Inc. as a Competitive IT Strategy Company 2017. The Competitive IT Strategy Company 2017 is a program in which METI and TSE select and publicize enterprises that have promptly undertaken active efforts to create new values and strengthen competitiveness through IT-driven business model reforms. Mizuho was recognized for its overall initiatives including the efforts toward financial technology innovation that adopts cutting-edge technologies (Big Data, AI, blockchain, robotics, open API etc.) and information disclosure on the strategic use of IT, and selected for the second consecutive year as one of the enterprises that are attractive to investors who prioritize improvement in corporate value from a medium-to-long term perspective. *Mizuho News Release*



SMBC completes acquisition of American Railcar Leasing

Sumitomo Mitsui Banking Corporation (SMBC) has fully acquired all equity interests of American Railcar Leasing LLC to make ARL one of SMBC Group companies through the railcar operating lessor subsidiary, SMBC Rail Services LLC (SMBC Rail), in accordance with the agreement issued in December 2016. The US Railcar leasing business is expected to have a further growth and high profitability due to the stable demand and needs for rail freight transportation as the core infrastructure for domestic logistics. With the acquisition, SMBC Rail now owns over 50,000 railcars in aggregate, enabling them to further enhance their market presence. *SMBC News Release*



Maybank net profit up 19%

Maybank, South East Asia’s fourth largest bank by assets, said that net profit for the first quarter ended 31 March 2017 rose 19.3% to RM1.7 billion from RM1.43 billion a year earlier, as it booked more loans, and benefitted from an improved net interest margin as well as substantially lower net impairment losses. Profit before tax was 16.5% higher at RM2.25 billion from RM1.93 billion a year earlier. Gross loans rose 10.1% year-on-year (Y-o-Y), with financing from both the Community Financial Services (CFS) and Global Banking (GB) segments showing healthy expansion. Malaysian operations led this growth with a 7.2% increase, followed by Indonesia and Singapore at 7.0% and 6.4% respectively. Net operating income for the quarter came in 3.0% higher at RM5.55 billion compared with a year earlier -boosted by a 21.4% rise from Islamic Banking, 18.3% from Insurance & Takaful and 9.0% from Community Financial Services.



This was attributable to a strong 8.6% increase in net fund based income to RM4.12 billion from RM3.79 billion a year earlier. It was, however, partly offset by a decline in net fee based income to RM1.44 billion from RM1.6 billion arising mainly from unrealized losses on derivatives which are marked-to-market. *Maybank News Release*

- 
BML declares proud investment in state-of-the-art Treetop Hospital- Bank of Maldives' (BML) senior management have taken the opportunity to inspect the development of the new Treetop Hospital in Hulhumale' which was part-financed by the Bank. Following a tour hosted by Treetop Investments' Director, Ahmed Saleem, BML confirmed that a new Self-Service (deposit and withdrawal) ATM facility will be located within the hospital grounds. BML CEO and Managing Director, Andrew Healy, praised the hospital's progress and its facilities. "This truly is a hospital of the highest international standards and we are delighted to support its development. The facilities here will add enormously to the level of patient care on offer in this country and one can only admire the vision and determination of everyone involved in this complex project. We can see our Bank's funding investment is in safe hands and we are enthused by the benefits the hospital will bring to Hulhumale' and the entire country". Treetop Hospital is expected to open its doors in the last quarter of this year. *BML News Release*

- 
DBS and Nishi-Nippon City Bank sign MOU to collaborate in supporting Japanese SMEs in Asia- DBS, Southeast Asia's largest bank, and Nishi-Nippon City Bank (NCB) on May 26 signed a memorandum of understanding (MOU) to foster greater collaboration and support for Japanese SMEs in Asia in corporate banking account services, trade finance and capital market advisory solutions. According to the MOU, both banks will act as primary advising banks to letters of credit issued by each party and offer discounting of export bills. DBS will also issue bank guarantees such as performance and bid bonds on the back of a counter bank guarantee from NCB. In addition, DBS will provide investment banking and corporate finance advisory services to NCB corporate customers who are seeking to raise funds either through a primary or secondary listing on the Singapore Exchange. *DBS News Release*

- 
UOB launches its 2017 Painting of the Year competition and a series of art sharing sessions to nurture the next generation of Singapore artists - United Overseas Bank (UOB) launched its 2017 Painting of the Year (POY) competition and announced additional plans to develop young Singaporeans into artists. UOB will partner its artist alumni to conduct a series of art sharing sessions with secondary school and junior college students enrolled in the Art Elective Program. From July, seven UOB POY alumni artists, including Carey Ngai, the 2016 Winner in the Established Category (Singapore), and Aaron Gan, the 2015 Gold Award Winner in the Established Category (Singapore), will conduct hour-long sessions with students from Bukit Panjang Government High School, CHIJ Secondary, Hwa Chong Institution and Nanyang Girls' High School. The artists will share their insights and inspirations, and will guide students on how to fulfil

their artistic ambitions. UOB plans to extend the art sharing sessions to more schools offering a dedicated art curriculum in 2018. *UOB News Release*

Android Pay goes live in Taiwan with CTBC and First Bank- Android Pay has launched in Taiwan, taking the mobile payment service to a total of 13 markets following its debut in Canada. Visa and Mastercard credit cards from supporting banks CTBC and First Bank can be used with the mobile payment service at launch, with support from EnTie Bank, Hua Nan Bank and Shin Kong Bank “coming soon”. The service will be available “anywhere contactless payments are accepted” including PX Mart, Carrefour, Watsons and more. Android Pay is also available for in-app payments from retailers including Watsons, CrazyMike and more. You can also save your HappyGo cards to Android Pay and “rack up points while you shop,” Google’s Pali Bhat writes in a blog post. “Once you’ve added an eligible card, you’re ready to pay with your phone. Android Pay keeps a list of your latest transactions right in the app, so you can easily keep track of your purchases. If you’re a merchant or a developer, we’ve teamed up with many leading payment platforms, processors and technology providers to make it even easier to accept Android Pay.” *NFC World*



Bangkok Bank cuts lending rates to assist SMEs - Bangkok Bank on May 15 announced cuts of 25 and 50 basis points respectively in its minimum overdraft rate (MOR) and minimum retail rate (MRR) to 7.125 per cent for both types of loan interest rate, in order to help lower the financial costs of SMEs, increase their competitiveness, and support the economy. The new rates take effect on May 16. Senior executive vice president Suvarn Thansathit said the bank’s MOR and MRR rate reductions were aimed to help business operators, especially small and medium-sized enterprises, to lower their interest-rate costs, which contribute to business operation costs. *The Nation*



Vietcombank to revise new online banking security regulations- The Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) on May 8 announced on its website that the bank would revise its plan to apply new online banking security regulations. The plan to revise the regulations followed responses received by the bank citing the rules unreasonable. Vietcombank said that it would consider necessary amendments to online banking security regulations to ensure compliance with the established regulations and international practices while maximising users’ benefits in keeping with the situation in Vietnam, adding that several terms might cause misunderstanding. *Vietnam News*



Banking and Finance Newsbriefs

Cybersecurity platform to expand to Hong Kong's brokers and insurers

The government agency that promotes financial technology in Hong Kong is working with insurance and securities regulators to expand its cybersecurity network to cover those industries.

The move by the Applied Science and Technology Research Institute (ASTRI) comes after it teamed up with the Hong Kong Monetary Authority to create a system to protect the banking industry from cyberattacks.

"After launching a cybersecurity platform with HKMA last year for banks, we are now in initial talks with the Hong Kong Federation of Insurers and the Securities and Futures Commission to establish similar platforms for insurance companies and securities firms to help them to defend themselves from cyber risks," said Frank Tong Fuk-kay, chief executive of ASTRI.

ASTRI and HKMA in December launched a platform for all 156 banks in Hong Kong to share information when they become aware of hacker attacks and other cybersecurity threats. *South China Morning Post*

Bank of India plans to sell stake in subsidiaries to raise capital

Saddled with bad loans, Bank of India is exploring the possibility of selling stake in some subsidiaries to unlock capital and turn the corner.

"We sold stake in some of the subsidiaries and we are exploring opportunities to divest stake in some other non-core subsidiaries depending on right valuation," BoI executive director N Damodaran told PTI.

He said however that it would be difficult to give a timeline and share numbers.

"We are focusing on certain non-core subsidiaries to divest with an aim to unlock capital...it will also help the bank get into the black this fiscal," he said.

The bank's gross non-performing assets (NPAs) or bad loans were restricted to 13.22 percent of the gross advances at the end of March 2017, marginally higher than 13.07 percent a year ago. *Economic Times*

Japan's economy posts longest expansion in a decade

Japan has posted its longest economic expansion in over a decade, government data showed on May 18, marking a win for Tokyo's growth bid even though its battle to conquer deflation is still far from won.

The world's number three economy grew 0.5 percent in the first quarter from the previous three months - or 2.2 percent year-on-year.

That was the fifth straight rise and up from a 0.3 percent expansion in the last quarter of 2016.

Japan's prospects have been improving on the back of strong exports, with investments linked to the Tokyo 2020 Olympics also giving the economy a shot in the arm. The labour market is tight and business confidence is strong with firms investing more. *Agence France Presse*

South Korean banks' financial health improves

The capital adequacy ratio of banks and financial groups in South Korea improved in the first quarter of 2017 on the back of eased risk-weighted assets, data showed on May 31. On average, based on the Bank for International Settlements, the capital requirement ratio of South Korea's 17 banks came to 15.14 percent, according to the Financial Supervisory Service. It inched up 0.33 percentage point compared to the end of 2016.

The regulatory capital ratio is the percentage of a bank's capital to its risk-weighted assets, designed to measure its soundness in financial condition.

The nation's seven financial groups' average figure over the cited period stood at 14.48 percent, up 0.15 percentage point from 2016.

The banks' average ratio rose 1.16 percentage point on-year, while that of financial groups climbed up 0.74 percentage point. *The Korea Herald*

PH, Indonesia start talks for entry of qualified Asean banks

The central banks of the Philippines and Indonesia have started discussions to allow the entry of qualified Asean banks (QABs) in each other's jurisdictions.

On June 3, Bangko Sentral ng Pilipinas Governor Amando M. Tetangco Jr. and Otoritas Jasa Keuangan (OJK) Chairman Muliawan D. Hadad signed the letter of intent (LOI) in Jakarta, which the BSP chief said "signifies our intention to further explore areas of cooperation between our banking systems, especially on the entry of QABs."

The BSP defines QABs as "strong and well-managed banks, headquartered in Asean and majority owned by Asean nationals."

The establishment of QABs is in line with the Asean Banking Integration Framework (ABIF), which "provides that QABs must meet global banking standards as well as the guidelines for their operations set under bilateral agreements between home and host countries," the BSP said in a statement. *Philippine Daily Inquirer*

Russia is looking to regulate bitcoin but still doesn't see it as a currency

Singapore has fallen to sixth place for financial literacy, recording the largest decline out of 16 Asia Pacific markets, according to an annual survey by MasterCard.

The key reason for the overall decline in financial literacy here seems to be a fall in consumers' understanding of basic money management, said MasterCard on April 27.

Going by the survey results, people in Singapore are finding it harder to keep up with bills, budget effectively and manage unsecured loans, it added.

Singapore was previously ranked second in the region, sliding four points to score 68 points in MasterCard's Financial Literacy Index. But the struggle to improve financial literacy is taking place throughout the region, said MasterCard.

According to its survey data, progress towards improving basic finance knowledge and skills across the Asia Pacific has stalled as 12 of 16 countries record lower scores in financial literacy. While Singapore's ranking saw the biggest decline, the survey also showed generally disappointing results in Australia, Japan, New Zealand, South Korea and Taiwan. *Straits Times*

Singapore to spearhead regional access to financial services

Broadening access to financial services will be a key priority when Singapore assumes the chairmanship of the regional Association of South-east Asian Nations (Asean) group next year, said Mr Ravi Menon, managing director of the Monetary Authority of Singapore (MAS).

His remarks were made at the opening of the 2017 Asian Banking and Finance symposium co-hosted by the Singapore central bank and the Federal Reserve Bank of San Francisco yesterday. Asian banks have stepped up in recent years to play a greater role in the region, even as global banks have retreated, said Mr Menon.

Helped by “stronger fundamentals”, Asian banks now account for more than two-thirds of non-local lending to the region, from just one-third in 2007.

In wealth management, Asian banks have been acquiring the regional business lines from global banks, as in OCBC Bank’s acquisition of Barclays’ wealth and investment management business in Singapore and Hong Kong late last year. The potential for growth in financial services is huge. *Today Online*

Taiwan banks’ overseas earnings boosted by New Southbound policy

Overseas earnings of Taiwanese banks got a boost from the government’s New Southbound policy, seeing their first-quarter incomes raked in from the countries covered by the policy hitting a new high since President Tsai Ing-wen took office on May 20, 2016, according to data released on May 30 by the Financial Supervisory Commission (FSC).

In the first quarter, banks’ earnings posted in the countries targeted by the policy hit the highest level of NT\$1.72 billion (US\$56.95 million) since the policy was unveiled.

The initiative aims to forge closer economic ties with the 10 nations of the Association of Southeast Asian Nations (ASEAN), along with South Asia, Australia and New Zealand, to lower economic dependence on China by diversifying investment and trade. *Central News Agency*

Thais to be allowed to invest more abroad as FX rules eased

Thailand’s central bank said on June 5 that it would relax foreign exchange rules, including taking steps to allow more Thais to invest in securities abroad, in a move that analysts said could help contain an uncomfortably strong baht currency.

The central bank will allow investors with assets of at least 50 million baht (\$2.02 million) to directly invest in securities abroad of up to US\$1 million per year, effective by the end of 2017, it said in a statement.

Commercial banks will also be allowed to lend baht to non-residents for investment in Thailand and the Greater Mekong sub-region, effective this month, it said.

“The moves are aimed at enhancing ease of doing business and will not affect the central bank’s responsibility to maintain financial stability,” Bank of Thailand Veerathai Santiprabhob told a news conference. *Business Times*

Vietnam banking sector sees 6.53 percent in credit growth

Vietnam’s total loans by May 25 grew 6.53 percent from the end of 2016, which supported domestic production and business in the context of slow public investment disbursement since the beginning of the year.

Deputy Governor of the State Bank of Vietnam (SBV) Nguyen Thi Hong made the remark on June 5.

The monetary market remained positive in the first six months of the year and interest rates have been stabilized thanks to the SBV’s regulation, Hong said.

Credits were continuously prioritized for production and business development while those for real estate slowed down, she said. *VNA*

Publications

Building for a Sustainable Future

ADB is driven by its dedication to improve people's lives in Asia and the Pacific. Part of this is moving towards a low-carbon climate-resilient future, which is why our headquarters embodies sustainable development. ADB headquarters was designed to be a sustainable building where environmental impact is minimized. Our International Organization for Standardization certifications commit us to operate in ways that reduce energy, water, and paper consumption.

ADB headquarters is certified Gold for Leadership in Energy and Environmental Design, which recognizes performance in human and environmental health, water and energy efficiency, indoor environmental quality, implementing materials and resources management, and maintaining a sustainable site.

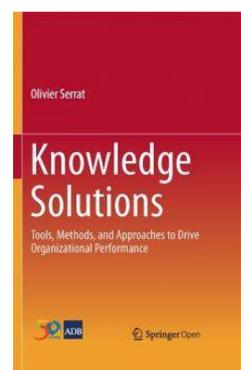
Contact for details: *ADB Publishing*

Website: www.adb.org/publications



Knowledge Solutions: Tools, Methods, and Approaches to Drive Organizational Performance

The book covers knowledge management and competence in strategy development, management techniques, collaboration mechanisms, knowledge sharing and learning, as well as knowledge capture and storage. Presented in accessible “chunks”, it includes more than 120 topics that are essential to high-performance organizations. The extensive use of quotes by respected experts juxtaposed with relevant research to counterpoint or lend weight to key concepts; “cheat sheets” that simplify access and reference to individual articles; as well as the grouping of many of these topics under recurrent themes make this book unique. In addition, it provides scalable tried-and-tested tools, method and approaches for improved organizational effectiveness. The research included is particularly useful to knowledge workers engaged in executive leadership; research, analysis and advice; and corporate management and administration. It is a valuable resource for those working in the public, private and third sectors, both in industrialized and developing countries.



Contact for details: *ADB Publishing and Springer Open*

Website: www.adb.org/publications

Atlas of Sustainable Development Goals 2017

Reaching the targets and overcoming the challenges facing the Sustainable Development Goals requires a sharper focus on better financing, better data, and better methods of delivery, working together with partners. And immediate action is necessary if we truly want to build a world that is more just, prosperous, and secure. The World Bank Group aims to end extreme poverty in a generation and to promote shared prosperity. It will help nations meet their national goals, and address long-term global problems such as climate change, fragility, pandemics, and stunting. The Bank's global practices and cross-cutting solution areas, broadly aligned with the SDGs, have deep knowledge and experience in virtually every cross-sectoral area.



That expertise is reflected in this SDG Atlas, which presents a visual and engaging guide to the challenges of the SDGs, to help policy makers, managers, and the public alike better understand them. The Atlas helps quantify progress, highlight some of the key issues, and identify the gaps that still remain.

The Atlas draws on World Development Indicators, a database of over 1,400 indicators for more than 220 economies, many going back more than 50 years. And it relies on the work of national and international statistical agencies around the world.

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>

Published monthly by the Secretariat, Asian Bankers Association

Victor C. Y. Tseng, Secretary-Treasurer

Amador R. Honrado, Jr., Editor; Jacqueline Uy, Associate Editor

Wendy Yang, Contributing Editor; Julia Hsu, Assistant Editor

7F-2, No. 760, Section 4, Bade Road, Songshan District, Taipei 10567, Taiwan;

Tel: (886 2) 2760-1139; Fax: (886 2) 2760-7569

Email: aba@aba.org.tw; Website: www.aba.org.tw