# Message from the Secretary Treasurer

Dear Colleagues,

On behalf of the Asian Bankers Association, let me wish you a Happy Lunar New Year!

This year we are off to a good start with two training programs jointly organized by the Association with Fintelekt Advisory Services Pvt Ltd. Fintelekt focuses on education, research and advisory in anti-money laundering and countering the financing of terrorism (AML/CFT).

A webinar on AML Compliance in Correspondent Banking will be held on February 21, while a Short-Term Visiting Program to be hosted by Fintelekt is scheduled on March 7-9, 2019. We encourage member banks to send representatives to these trainings. More information can be found in the inside pages of the newsletter.

The February issue contains regular features and news updates from our member banks. The ABA also welcomes articles and contributions from member banks. If you wish to be published, or have activities or events that you would like to share with fellow ABA members, please send us an email at aba@aba.org.tw

Thank you and best regards

Ernest Lin
Secretary-Treasurer

ABA
ASIAN BANKERS ASSOCIATION

# Table of Contents



ABA
ASIAN BANKERS ASSOCIATION

# General Meeting and Conference

## ABA Policy Advocacy Committee Addresses Four Policy Issues of Current Concern to Members

During its meeting on November 15, 2018 held in conjunction with the 35th ABA General Meeting and Conference in Maldives, the ABA Policy Advocacy Committee discussed and approved the following papers/reports:

a. The report on the project conducted by CSR Lanka with the Durham University UK on the "South/Southeast Asian Business Society Models" focusing on sustainable SMEs. The report was presented by Mr. Chandula Abeywickrema, Chairman of CSR Lanka.

b. The paper sharing the experience of Malayan Banking Berhad in Islamic banking, particularly in promoting cooperation among relevant regulatory authorities, among banking units within both conventional and Islamic banking systems

c. The report by Hatton National Bank from Sri Lanka on the security measures and techniques set in place by the Bank to help prevent, detect or disrupt a cyber-attack on its operations. The report was presented by Mr. Dilshan Rodrigo, Chief Operating Officer of HNB.

d. The report sharing the experiences of financial institutions in South Asia and Southeast Asia in facing the cross-border challenges of AML/CFT compliance requirements. The report was delivered by Mr. Shirish Pathak, Managing Director of Fintelekt Advisory Services.

Following are summaries of the above-mentioned papers and reports.

***South/Southeast Asian "Business Society Models" Focusing on Sustainable SMEs: Exploring the Socal Enterprise Ecosystem***

In his paper, Mr. Chandula Abeywiickrema pointed out that business is a social phenomenon and that, therefore, businesses are connected to society and there exist business-society models as opposed to pure economic models. He observed that in recent years, the role of business-society models in sustainable development has attracted growing attention, and that there has also been sustained interest in the role of social enterprises in pro-poor development processes.

*Mr. Chandula Abeywickrema, Chairman of CSR Lanka, delivers report on "South/Southeast Asian Business Society Models" focusing on sustainable SMEs.*

Learning how business society models can emerge from local context offers new ways of thinking to the banking industry in order to lead sustainability in society and the environment. Sustainability in society has a major role in peace-building. However, this aspect of the existence of business-society models that can connect the dots to peace-building in multi-ethnic and multi-cultural economies has been often ignored by the banking industry at the policy and services delivery levels. However, the banking industry in the extremely diverse Asian context has an ethical responsibility to consider the functions of business-society models that builds business value chains over relationships across diversities that contribute to building resilient economies locally and nationally.

How business- society models can support social and economic stability by building value chains over relationships across communities and cultures must be a concern for bankers in Asia in contributing to scale sustainable development. Especially, this concern must be transformed into a policy stance in the banking sector in Asia as growth in business without peace and stability in countries would not gain sustainable returns to the banking industry. This is a challenge today where bankers in Asia must develop and execute solutions to have due diligence on business-society models that strengthen business relationships, economic value and social and environmental

# General Meeting and Conference

sustainability when delivering financial intermediation.

In Asian economies SMEs are a creation of business-society models. With SMEs accounting for above 50% of industries in Asian countries especially, the developing economies with ethnic and cultural diversity have the power to sustain or destabilize societies. This very fact, in turn, provides an opportunity for the banking industry to explore the role of business-society models especially, in its primary business of lending in the context of business/entrepreneurial cultures for instance, shooting through with increasing wealth inequalities and polarization of communities along ethnic and religious lines which might destroy such wealth in the medium and long run.

Mr. Abeywickrema therefore calls on bankers to work on achieving the following objectives:

§ Create a Social Enterprise Ecosystem for Business Sustainability through the Business Society Model
§ Build up a thriving Social and Economic Communities through businesses support mechanism directly connected supply and value chain.
§ Work on approaches to scaling SMEs to commercial sustainability through the business society model.
§ Build up capacity of the SMEs using the linkages and partnership with the Business Society Model.
§ Achieve business sustainability through the linking the sustainability development goals (SDGs) and peace building through the Business Society Model.

***Hatton National Bank Report on its Security Measures and Techniques to Help Prevent, Detect or Disrupt a Cyber Attack on its Operations.***

In the report, Mr. Dilshan Rodrigo outlined a number of circumstances when data can be compromised. These include:

§ Inconsistent and incompatible security practices, standards of party vendores and outsourced providers (e.g., statement printing, bulk marketing promotions, customer files to auditors etc.)
§ Loopholes with evolving technologies and connecting digital platforms
§ Weak controls with information sharing with related companies
§ Man-in-the-middle vulnerabilities
§ Heightened information security threats – vulnerable countries in Global Cyber Security Index
§ Delays in security patch management for exposed environments (e.g., serves in DMZ)

*Mr. Dilshan Rodrigo, Chief Operating Officer of Hatton National Bank, shares the security measures and techniques set in place by the Bank to help prevent, detect or disrupt a cyber-attack on its operations*

Mr. Rodrigo suggested measures to prevent such compromises, such as:

Administrative Controls:

§ Setting the tone at the top
§ Regular security reviews of systems
§ Bank-wide data classifications
§ Certifications – ISO 27001 for Data Centre, DR and IT Departments
§ Restricting e-mail dissemination, no external memory drives, attachments must carry passwords
§ Strengthening Data Warehouse standards for data dissemination
§ Regular IT Security awareness for staff, Reviews and Incident Management Drils conducted by IT Security Team
§ Updated ISP and Cyber Security Policy

Technical Controls:

§ External vulnerabilities protected by firewalls
§ End point Anti-virus and Anti-Spam solutions
§ POS protected by Terminal Line Encryption
§ 3D secure for eCommerce applications for IPG
§ 2FA and PAM to protect eBanking Transactions and only act on secure mail for third party transactions
§ EMV chip enabled Credit and Debit Cards
§ Audit Vault to monitor unauthorized backend tier 1 – DB updates

# General Meeting and Conference

§ Physical access control for data centre
§ Data Classification followed by DLP implementation

Others:
§ Plan for a SOC to achieve continuous surveillance and real time analytical capabilities
§ Cyber Risk Management Plan
§ Cyber Risk Insurance

***Report on Cross-Border Challenges of AML/CFT Compliance Requirements Faced by Banks in South and Southeast Asian Countries***

In the report, Mr. Shirish Pathak pointed out that as regulators and governments tighten AML compliance and change laws to ensure that each country progresses well integrally as well as in the eyes of the global compliance community, personal liability for bankers has become a very real threat. He added that basic technology infrastructure, cyber security, and enterprise wide transaction monitoring systems have progressed over the years, and that what is really gaining ground today are concepts such as RegTech and Fintechs which have disrupted the entire banking system in many countries, especially in the area of Payments. This has added new risk factors because the faster money moves between people and institutions, the harder it is becoming to spot suspicious transactions in real time.

Fintelekt research surveys across Asian countries have highlighted some fundamental risks that banks are still struggling to grapple with, including identification of source of funds, trade based money laundering, and lack of knowledge on beneficial ownership. They face challenges especially in the areas of balancing business and compliance aspirations, ongoing customer due diligence, staying updated with regulatory developments and KYC remediation. While a significant amount of time and effort is going into managing these challenges which are really in the 'business as usual' category, banks need to quickly and sustainably speed up their efforts in managing new AML/CFT risks and stay ahead of fraudsters.

Building a culture of compliance is often overlooked due to lack of understanding and appreciation of the reputational and financial risks posed by money laundering. This has a deep impact on budgets allocated for compliance. Risk identification and assessment is, at times, compromised in certain categories of banks during account opening and ongoing monitoring, due to which effective risk identification is difficult. This is further compounded when risk identification and monitoring is done partly manually, without the right technology in place. With risks as diverse as trade based money laundering, remittances, narcotics, smuggling, terrorist financing techniques, human trafficking, virtual currencies, dual use goods and proliferation financing, it is critical for banks to understand at an operational level how these elements translate into actual typologies and customer behaviour so that the appropriate red flag indicators can be built into its risk identification and monitoring systems and processes.

*Mr. Shirish Pathak, Managing Director of Fintelekt Advisory Services. presents the experiences of financial institutions in South Asia and Southeast Asia in facing the cross-border challenges of AML/CFT compliance requirements*

Fintelekt believes that there are certain strategic measures that have worked well to increase the maturity level of AML/CFT compliance at an industry level in certain countries, thereby contributing to lowering the national risk, such as inter-regulatory dialogue, building regulatory sandboxes, capacity building across levels within the banking industry, fostering dialogue through formation of country compliance associations, and FIU automation and agility, amongst other, which it would encourage the ABA to promote to its member countries in the interest of further developing a strong compliance regime in the region.

***Report on the Experience of Malayan Banking Berhad in Islamic Banking***

According Maybank's report, Islamic banking has had a phenomenal growth in Malaysia. Bank Negara Malaysia's (BNM) data show that Islamic assets has had a 5 years CAGR

# General Meeting and Conference


growth of 11.6% compared to its conventional counterpart at 4.6%. Islamic assets in the country comprises 26% of total banking assets. Maybank Islamic Berhad ("MIB") is the largest Islamic business in Malaysia and in Asia Pacific. The financing asset size has surpassed its parent Maybank and is at 57% of total domestic financing assets. Its continuous year on year growth has led MIB to become the hallmark of the Islamic banking success story in Malaysia.

The report explores the MIB Islamic banking journey and discuss how it was able to grow successfully under the scaffolds of the country's sound regulatory framework and strong partnership with the related governing institutions. It also provides the operational structure of the MIB business and encapsulate factors that enable its achievements to date.

According to the report, MIB's main determinants of growth can be narrowed down to two - the conduciveness of the country's Islamic finance landscape in which it operates and Maybank Group's commitment and internal strategy to push forward the Islamic banking agenda for its Islamic banking business.

Amongst its international peers, Malaysia's vibrant Islamic economy is the largest. The approach of Islamic banks in Malaysia to develop products based on the needs of the entire market, regardless of religious beliefs has allowed it to tap into consumer segments that are beyond the Muslim population. It provided an alternative option via Islamic Banking products, which also demonstrated to be equally competitive to its conventional counterpart. Moreover, the standardisation of Shariah contracts and prudent regulatory support cultivated a market landscape that was conducive for the propagation of Islamic Finance.

Islamic banking in Malaysia began 55 years ago with the inception of Lembaga Tabung Haji in 1963, the country's sole pilgrimage fund which remains in operation to this day. Following this, Malaysia passed the Islamic Banking Act (IBA) 1983 which led to the creation of the first Islamic bank in the country, Bank Islam. In an effort to grow the industry, the regulators allowed for conventional banks to offer Islamic products and services through the Islamic banking window model. In 1993 Maybank became the first bank to offer an Islamic window and after having achieved unprecedented levels of growth, regulators allowed the conversion of Islamic windows into Islamic banks.

The following year, BNM launched Malaysia Islamic Finance Centre (MIFC) and released new guidelines and incentives to further spur the development of the Islamic banking industry. In 2013, the Islamic Financial Services Act 2013 was promulgated in a bid to improve on the previous Islamic banking act. It became a landmark achievement in terms of Islamic financial regulations as Islamic banks had an official set of regulations that distinguishes it from its conventional counterparts, imparting it an idiosyncratic identity. This accommodative stance towards Islamic banking has spurred a world leading industry that is often benchmarked by new up and coming Islamic finance markets abroad. MIB has also benefited from a plethora of initiatives introduced by BNM and Securities Commission (SC). Aside from the introduction of MIFC, BNM introduced a Financial Sector Blueprint that spans from 2011 to 2020.

Indeed it is the strong regulatory framework and government support that have provided the means in which Islamic banking was able to thrive. Active dialogue with industry players also served as an important apparatus for the government to meet industry's needs. A consortium of local and international Islamic banks were in constant discussion with regulators through the Association of Islamic banks providing various input and practical insights on how the industry could be improved further. Arguably it can be claimed that the establishment of robust regulatory frameworks and active industry-regulator relationship are factors that orient the industry and MIB toward its leading global status today.

In conclusion, the report says that much of the momentum that has gathered in the Islamic banking industry stems from the willingness of regulators to establish a conducive environment that enables collaboration between all market participants. Moving forward, the preservation of relationships and cooperation between regulators is paramount to ensure continued growth to both the industry and MIB's Islamic banking business. Moreover, the looming uncertainty inherent in the overarching global economy will place a greater emphasis towards regulatory and industry collaboration to uphold economic resilience.

# Trainings & Programs

## Fintelekt Advisory Services to host Short-Term Visiting Program in Mumbai on March 7-9



ABA member banks are invited to participate in the Short-term visiting program on "Best Practices in AML/CFT Governance and Operations" that Fintelekt Advisory Services (Fintelekt) will host in Mumbai, India on March 7-9, 2019.

The objectives of this program are to:

- provide a strategic overview of AML/CFT governance standards and operations across different types of banking business models
- understand critical success factors in the journey to AML/CFT compliance
- benefit from the experiences learnt by banks in India
- overview and learnings from some of the nation-wide initiatives adopted such as Aadhar, the national identification program, and the national common KYC registry
- new trends and advancements in AML/CFT technology

The program will consist of site visits to the following banks and institutions which follow or provide advanced standards of AML/CFT processes:

- Axis Bank (www.axisbank.com)
- HDFC Bank (www.hdfcbank.com)
- Deutsche Bank India (www.deutschebank.co.in)
- TSS Consultancy (www.tssconsultancy.com)

The goal of the above visits is to enable the participants to: (i) enhance and upgrade their management skills and knowledge in the area of anti-money laundering and countering the financing of terrorism, and (ii) gain first-hand knowledge of the procedures and learnings of the host bank's AML/CFT compliance department.

**NO PARTICIPATION FEE**

There is no participation fee for bank members. However, participants shall cover their airfare, hotel accommodation, airport transfers and meals (some meals will be hosted by Fintelekt; details are in the program agenda).

**PROPOSED VENUE**

The first two days of the program will be held at the facilities of Axis Bank, HDFC Bank, Deutsche Bank India and TSS Consultancy. The third day is optional and includes a visit to the museum followed by a traditional Indian lunch hosted by Fintelekt.

**ACCOMMODATION**

It is recommended that participants stay at any of the Hotel Grand Hyatt Mumbai, Bandra Kurla Complex Vicinity, Santacruz, Mumbai. You may book with the hotel directly through https://www.hyatt.com/en-US/hotel/india/grand-hyatt-mumbai/mumgh, or use a travel portal such as www.booking.com. Participants are advised to book hotel rooms inclusive of breakfast, wi-fi and airport transfers.

**LOCAL TRANSPORTATION**

Fintelekt will arrange for transportation of all participants for the bank and institution visits. Participants will be picked up from the hotel in the morning and dropped off at the hotel in the evening.

**ABOUT FINTELEKT**

Fintelekt (www.fintelekt.com) specializes in research, consulting and education in banking, financial services and insurance, across India, Sri Lanka, Nepal and Bangladesh

# Fintelekt

and other countries in South East Asia. It produces industry research, fosters dialogue and creates opportunities for knowledge sharing between senior executives from banking, financial services and insurance.

REGISTRATION

To register, please email the ABA Secretariat aba@aba.org.tw and request for a confirmation form. Please note that only 12 participants will be accommodated for the program. Hence, registration will be on a first-come, first-served basis. Registration is until February 7, 2019. In addition, to ensure diversity of the group, only one person from each member bank shall be admitted.

## ABA and Fintelekt to Jointly Organize AML/CFT Webinar Series 2019


As part of its Professional Development Program for 2019, the ABA is pleased to announce the holding of the AML/CFT Webinar Series 2019 by Fintelekt Advisory Services, in collaboration with the Association, over the next four quarters this year.

The four webinars – lasting one hour each – will address key AML/CFT challenges within Asia. It will feature practitioners as well as subject matter experts and provide a convenient virtual learning opportunity for AML compliance officers from the banking industry in Asia.

The webinars are scheduled as follows:

**Webinar 1:**
The Role of AML Compliance in Correspondent Banking
February 21

**Webinar 2:**
Why Continuous Monitoring is Critical for Trade-Based Money Laundering
May 8

**Webinar 3**
Customer Due Diligence Challenges and Best Practices
July 10

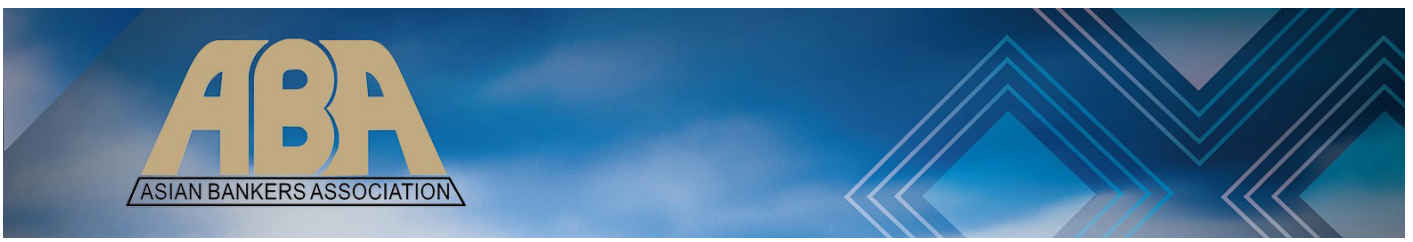
**Webinar 4**
New Payment Systems and Inherent AML Risks
December 4

For more information on the webinar's content and for registration, please visit http://fintelekt.com/webinars

Fintelekt (www.fintelekt.com) specializes in research, consulting and education in banking, financial services and insurance, across India, Sri Lanka, Nepal and Bangladesh and other countries in South East Asia. It produces industry research, fosters dialogue and creates opportunities for knowledge sharing between senior executives from banking, financial services and insurance.

The ABA encourages member banks to take advantage of this opportunity to learn from Fintelekt's knowledge and experience in addressing key AML/CFT challenges within Asia.

Should you have further questions, please reach out to the ABA Secretariat at aba@aba.org.tw



# Member Personality

## ABA Welcomes New Board Member from Philippine National Bank

ABA warmly welcomes Mr. Jose Arnulfo "Wick" Veloso, newly-appointed President and CEO of Philippine National Bank. Mr. Veloso is taking over from Mr. Reynaldo Maclang, who retired from the position in November last year.

Prior to his current position, Mr. Veloso was President and CEO of HSBC Philippines from December 2012, the first Filipino CEO in its 140 years of operations in the country. Under his watch, HSBC Philippines was named by The Asset as 2018's best global bank in the country.

Mr. Veloso has 32 years of banking and capital markets experience of which 24 years were with HSBC. He joined HSBC in December 1994 as Head of Interest Rate Trading in the Philippines before transferring to the Group's Asian headquarters in Hong Kong in July 2000 to take on dual roles, first as Head of Asian Local Currency Debt Trading, then as Head of Credit Derivatives for Asia Pacific concurrently. Mr. Veloso assumed responsibility for HSBC Philippines' Treasury and Global Markets business upon his return to the country in June 2003. In October 2010, he was promoted to Managing Director and was appointed Head of Global Banking and Markets in August 2012. Under his leadership, HSBC Philippines garnered various industry recognitions for its successful capital market transactions.

Prior to joining HSBC, Mr. Veloso worked for other local and foreign banks. As a seasoned banker, Mr. Veloso is also actively involved in several industry organizations. Presently, he is a Director and Chairperson of the Open Market Committee of the Bankers Association of the Philippines. He is also a Director of the Philippine Dealing and Exchange Corporation and Philippine Securities Settlement Corporation. He was formerly Chairman of the Council of Trustees of the British School Manila, President of the Money Market Association of the Philippines, member of ACI (Assosacion Cambiste Internationale) Philippines, Director of the British Chamber of Commerce of the Philippines and Director of the European Chamber of Commerce.

Mr. Veloso obtained his degree in Marketing Management from the De La Salle University in the Philippines in 1986. He is married with four children.

# New Member

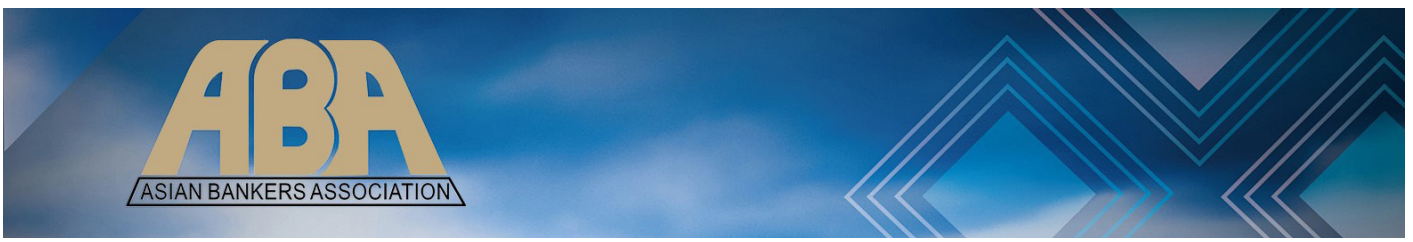
## Mitra Innovation is ABA's Newest Associate Member


London-based IT Company Mitra Innovation is ABA's newest Associate Member.

Founded in 2012, Mitra Innovation provides end-to-end technology solutions to clients- drawing from their experience, passion for high quality services and leveraging the best talents from partners in the UK, North America, Sri Lanka and Australia.

Mitra Innovation's services include WSO2 middleware, Cloud Services, such as AWS, Azure, GCP. DevOps and managed services. Technology consulting, Software development (including app development, bespoke software development, and platform & product incubation).

ABA's Associate Members are organizations and individuals whose activities are related to the financial sector and who support the objectives of the Association. ABA warmly welcomes Mitra Innovation!



## News Updates

# IMF Chair Christine Lagarde Cuts Global Growth Forecast for 2019 to 3.5 percent

*By Lori Ioannou, CNBC*

*Christine Lagarde, Managing Director and Chairwoman of the International Monetary Fund, speaking at the WEF in Davos, Switzerland on Jan. 22, 2019.*

- IMF Chair Christine Lagarde cuts global growth forecast for 2019 to 3.5 percent from 3.7 percent.
- Speaking at the World Economic Forum in Davos, Switzerland, she said the move was due to the high level of economic risks that are accelerating around the globe.
- These include the U.S.-China trade war, Brexit and China's slowing economy.

IMF Managing Director Christine Lagarde said the IMF modestly cut its global growth forecast for 2019 to 3.5 percent from 3.7 percent. Speaking at the World Economic Forum in Davos, Switzerland, on January 22, she said the move was due to the high level of economic risks that are accelerating around the globe. These include the U.S.-China trade war, Brexit and China's slowing economy.

"Six months ago these were threats, but they were not at the level of magnitude we have now," Lagarde told CNBC. Now we are seeing the ripple effects these issues are having on the global economy, she said. Among them: tariff increases that are shaking up markets and boosting volatility particularly in advanced economies. "There is a compounding effect to all this. Market values have changed dramatically over the last few months," she points out.

Right now there is uncertainty over when these risks will be resolved, Lagarde said. Take Brexit, for example. No one knows if the U.K.'s withdrawal from the European Union will be resolved by the March 11 deadline or if it will be a no-deal exit. Last week Parliament overwhelmingly rejected British Prime Minister Theresa May's proposal for a deal. "This is a big uncertainty for Europe, and the role played by London as a key financial center," she said.

On the trade front, the IMF chief noted there has been progress. The new U.S.-Mexico-Canada Agreement has been resolved, and the TPP 11 (Trans-Pacific Partnership agreement) has been ratified by seven members and is now in place. "These are all positives, but you still have the big elephant in the room: the U.S. and China that have to resolve trade disputes over issues of intellectual property, state-owned entities, subsidies and the balance of trade."

We don't know how long it will take to resolve the issues in a satisfactory way between both countries.

Trade negotiations between the United States and China have been ongoing for months, ever since both countries have started slapping billions of dollars of tariffs on a variety of goods. They have set a March 2 deadline in their cease-fire for imposition of a new round of tariffs.

The trade war has an impact on how these large economies are growing. China on January 21 announced that its official economic growth came in at 6.6 percent in 2018 — the slowest pace since 1990. Fourth-quarter GDP growth was 6.4 percent, a sign the economy is decelerating.

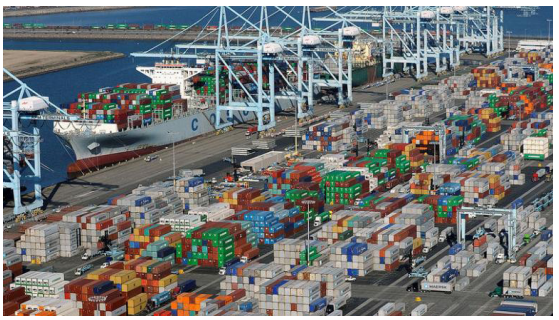
So what is her advice for policymakers? "Focus on the issues and how to resolve them. Address remaining vulnerabilities, and be ready if a serious slowdown were to materialize."

"At this point, country policymakers need to harness the existing growth momentum in order to create more policy room to act."

## News Updates

# Global Economy in Real Danger if U.S.-China Trade War Escalates: Reuters poll

*By Shrutee Sarkar, Reuters*



A synchronised global economic slowdown is under way and any escalation in the U.S.-China trade war would trigger a sharper downturn, according to Reuters polls of hundreds of economists from around the world.

That is a major shift in sentiment from just a year ago, when economists were optimistic about a significant global upturn. But an escalation in trade tensions and tightening financial conditions have hurt activity in most economies and dragged China's growth last year to the weakest in 28 years.

Reuters surveys over the past two years have repeatedly highlighted trade protectionism as one of the prominent downside risks for the global economy.

In the latest Reuters polls of more than 500 economists taken this month, growth this year was cut for 33 of 46 economies the respondents were asked about and left unchanged for 10. Predictions for only three smaller economies were marginally upgraded.

The outlook for inflation this year was trimmed for most economies too, with lower lows and lower highs.

Over half of nearly 270 economists who answered an additional question said a further escalation in the U.S.-China trade war will likely trigger an even sharper global economic slowdown this year.

With a March 1 deadline set by the White House for an agreement or risk of an escalation of tariffs on another $200 billion worth of Chinese goods, both U.S. President Donald Trump and Chinese President Xi Jinping are still far apart on key structural elements critical for a deal.

Those concerns coincide with a growing sense of unease among market experts polled by Reuters who have consistently lowered their forecasts for various asset prices over the past few months, from stock indexes to bond yields to oil.

"Irrespective of the 'truce' between Presidents Trump and Xi at their December meeting, trade frictions are likely to weigh on activity in 2019," noted Janet Henry, global chief economist at HSBC.

"Further tariff increases have been postponed, but there has been no mention of the existing tariffs being lifted and the possibility of U.S. tariffs being imposed on autos is still on the table."

Despite a 90-day truce reached in early December and Trump saying trade talks with China are going well, concerns over the conflict have continued.

"Don't tell me anyone is really buying the drivel that a 'great deal' is imminent between the U.S. and China on trade, we are in the early stages of a new Cold War," noted Jan Lambregts, global head of financial markets at Rabobank.

The global economy is forecast to expand 3.5 percent this year, the second straight cut to the 2019 outlook after it was downgraded in the previous survey for the first time since polling began for that period in July 2017. In the last poll it was 3.6 percent.

That 3.5 percent lines up with the International Monetary Fund's growth outlook released ahead of the World Economic Forum in Davos, which highlighted the challenges policymakers face as they tackle the risk of a serious slowdown. Major central banks, too, have changed tack on their monetary policy path as they wind down crisis-era measures while still facing an array of daunting risks.

Despite predicting two rate hikes this year, in line with the Federal Reserve's own dot plots, economists now expect the U.S. central bank to take rates higher in the second quarter instead of the first, with a significant minority forecasting either one hike or none.

A sharp slowdown in euro zone economic growth became more prominent after Europe's top economy, Germany, barely skirted a recession in the second half of last year. That has increased the prospect for policy normalisation to be delayed.

"Global growth looks set to fall to its weakest pace since the financial crisis as slowdowns in the euro zone and

China continue and the U.S. soon joins the mix," said Andrew Kenningham, chief euro zone economist at Capital Economics.

"U.S. monetary policy tightening is pretty much over and the ECB seems set to miss the boat altogether in this cycle. Indeed, it won't be long before policy loosening comes back on the agenda."

But it is not just developed economies. Growth in emerging markets were also forecast to take a hit this year.

And in an extraordinary U-turn in policy, the Reserve Bank of India was forecast to cut interest rates by mid-year, compared to a rate hike predicted just a month ago.

"Markets are rightly still alert to the potential for a bigger growth hit from the trade frictions, but fears regarding the inflation outlook have eased back since early October," added HSBC's Henry.

"The broader question is when considering how to respond to another economic downswing is which countries can increase leverage even as others are forced to retrench."

*(Analysis and additional reporting by Indradip Ghosh and Mumal Rathore in Bengaluru; Polling and reporting by the Reuters Polls team in Bengaluru and bureaus in Shanghai, Tokyo, London, Milan, Paris, Oslo, Istanbul, Johannesburg, Toronto, Brasilia, Mexico City, Lima, Buenos Aires, Bogota, Caracas and Santiago; Editing by Ross Finley and Alison Williams)*

# Special Feature

## Economic Categorization of Countries

*By: Dr. Mohammad Reza Jahan Biglary , Ph.D Economics, Parsian Farda*
*Eng. Leila Hajy Aghaee Khiabani, Business Analyst, Parsian Farda*

***ABA Member Parsian Farda shares the abstract of their paper on Economic Categorization of Countries***

Abstract:

In today's world, the economic performance of countries has an important role in empowering military and political movements and upgrading the level of government influence and dominance. Presidents with more economic power have more freedom of expression and behavior and they can influence countries that have less economic growth.

In some way, economic domination has replaced military rule in global politics. To study world economic superpowers, we can refer to the two countries that have an impact on world politics. These are the countries that have access to natural resources of energy including oil and related products as well as have access to technology, namely, USA and Russia.

For other countries that have access to technology such as China and some other European and Asian leading countries, their main common disadvantage is lack of access to natural resources of energy. This disadvantage makes them vulnerable to being controlled by the two superpowers.

There are, however, countries that are weak in technology and lack access to natural resources of energy, but are strong in management planning and as such, can be considered global planners and may be classified as superpowers themselves.

These so-called global planners divide countries of the world into two groups. The first group consists of countries that have rich natural resources of energy, such as Saudi Arabia, Iran, Iraq, Venezuela, Arab and African countries. The economies of these countries are mostly oil-dependent and governed by fiscal budgets, and are referred to as state economies.

These types of economies mostly depend on consumerism, working on the premise that when one has ample financial funds, there is no need to seek access to technology. Instead, they buy the technology, especially advanced technology, more so than the technology-maker countries themselves. However, these countries do not enjoy the advantage of having access to the parameters and formulas of the technology. These countries can be classified as consumer-oriented countries.

The second group includes countries that have limited or no access to natural resources of energy. These countries are forced to create the technology they need, and resort to such other ways to earn money by, among others, attracting tourists, foreign investments, and other sources of income to develop and manage their economies. These countries can be categorized as technology-creator countries.

In general terms, countries can be grouped together as either technology–creators, or technology–consumers.

This way, global planners are able to create a balance in the international economy in order to achieve economic survival. If consumer-oriented countries are themselves

technology-creators and can have general access to technology, the technology-creator countries that benefit most from consumer-oriented countries will quickly fall into a position of economic decline.

The main factor behind the economic downturn in consumer-oriented countries is their reliance on natural resources of energy that lead to laziness in manpower, preventing the movement towards a free economy and access to advanced technology through local knowledge.

Consumer-oriented countries can prevent technology-creators from importing their technology as well as their know-how to create them. They believe that when one has money, there is no need to own the technology. This theory can also apply to technology-creator countries. In effect, the consumer-oriented countries and the technology-creator countries can together form as the fourth group of superpowers, thereby potentially challenging the global planners' position in the world economy.

## Among Member Banks

**BEA Holds Economic and Market Outlook Seminar 2019 -** The Bank of East Asia, Limited ("BEA") held its Economic and Market Outlook Seminar 2019 on January 14 at Conrad Hong Kong. The seminar featuring a panel of academics and experts in property, securities, and foreign exchange was held with a view to helping customers keep abreast of the latest developments in different asset classes. This year's seminar attracted more than 650 corporate and personal customers of the Bank.

Mr. Samson Li, Deputy Chief Executive & Chief Investment Officer of BEA, said in his opening remarks, "Although there has been some positive development in the trade negotiations between China and the United States lately, trade tensions with the U.S. will continue to pose a major threat to the Chinese economy until a deal is reached. At the same time, the European Union is expected to see a slowdown in exports and GDP growth due to escalating trade protectionism."

As for Hong Kong, Mr. Li pointed out that, "The effects of the trade war and rising interest rate in the United States will gradually hamper investment sentiments. In addition, lower consumer spending due to diminishing personal wealth may lead to a slow-down in Hong Kong's economic growth."

*BEA News Release*

**State Bank of India Raises $1.25 Billion from Overseas Market -** India's largest lender State Bank of India on January 19 said it has raised USD 1.25 billion through bonds from the overseas market.

The bank is glad to announce that the issue received an overwhelming response and saw strong interest from investors across geographies with a final order book in excess of USD 3.2 billion across more than 122 accounts, SBI said in a statement.

The successful issuance demonstrates the strong niche investor base SBI has created for itself in offshore capital markets, allowing it to efficiently raise funds even during periods of heightened currency and rates volatility, it said.

Bonds were listed at India International Exchange IFSC Ltd, a subsidiary of BSE, at Gujarat International Finance Tec-City (GIFT City) IFSC.

*Business Today*

# Among Member Banks


**BML becomes Platinum Partner of "Gold 100" Business Awards -** Bank of Maldives has been announced as the Platinum Partner of the "Gold 100" Awards for leading businesses in the country.

This is the third year in a row in which the Bank has partnered with local business publication "Corporate Maldives" to present these awards. As in previous years, an independent consultancy has been appointed to evaluate applications for the awards which will recognize the leading 100 businesses in the country. The winners will be announced at the Gold 100 Gala which will be held on 23rd February 2019.

BML Director of Business, Kuldip Paliwal commented "It is our pleasure to partner with Corporate Maldives for the Gold 100 awards for the third year. We have been steadily increasing our support to corporates and we welcome this opportunity to celebrate their achievements in business and community through these awards."

With a nationwide network of branches, relationship managers, self-service banking centres, ATMs, point of sale merchants and agents across all 20 atolls, complemented by a full suite of digital banking services, Bank of Maldives is committed to supporting individuals, businesses and communities across the Maldives.

*Bank of Maldives*


**Maybank wins Banking Award** - Malayan Banking Bhd (Maybank) clinched The Banker's Bank of the Year 2018 in Malaysia award with its fresh thinking on how to provide the best service quality to previously underserved consumers.

In a statement, The Banker Editorial said Maybank launched HouzKEY, an innovative rent-to-own product, the first of its kind in Malaysia, recognising a gap in the market to provide services to Islamic banking customers.

"With a growing demand for affordable homes in the country, Maybank created this alternative solution, which allows for home ownership through a leasing scheme that does not require a deposit.

"Customers have a flat rate rental payment for five years, and at the end of that time, have the option to purchase the property at a price agreed at the start of the contract, continue to rent with a two per cent annual rent increase, or to terminate the contract with no obligation," it said.

*Free Malaysia Today*


**RCBC to Offer Peso Green Bonds** - Rizal Commercial Banking Corp. (RCBC) is set to offer local currency green bonds under its newly established framework to support local environmental and climate projects.

In a statement, the Yuchengco-led lender said it will be raising an undisclosed amount through peso-denominated green bonds, which will be issued under its new green finance framework.

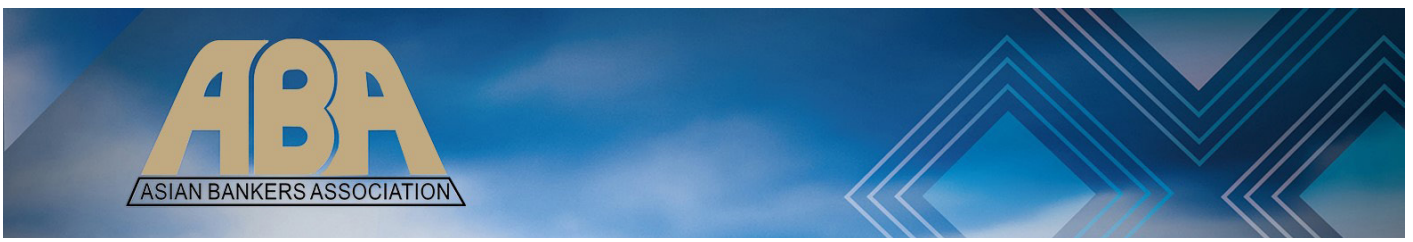
This comes after RCBC announced on January 21 the establishment of a green finance network which will support future fund-raising activities for environment-related projects.

The funding framework is first in the Philippines to be aligned with the Association of Southeast Asian Nations (ASEAN) Green Bond Standards 2018 by the ASEAN Capital Markets Forum, the bank said.

"Proceeds from any green financing under the framework will be used to finance or refinance a portfolio of green eligible projects relating to renewable energy, green buildings, clean transportation, energy efficiency and pollution prevention and control that contributes to the reduction of the environmental footprint in the Philippines," RCBC previously told the local stock exchange.

RCBC tapped Hongkong and Shanghai Banking Corp. as the arranger of the issuance. It will be joined by ING Bank N.V. Manila branch, which will also act as the sole green structuring adviser for RCBC's green finance framework.

*Business World Online*



# Among Member Banks

**DBS Pilots QR Red Packets for Chinese New Year** - DBS will trial a loadable QR (quick response) red packet service this Chinese New Year season in what it called a "a fun, digital twist on the age-old tradition".

Singapore's largest bank said on January 23 it would pilot this by issuing red packets that have unique QR codes printed on them. Roughly three million of such red packets, known as the DBS QR Ang Bao, are available.

Using DBS PayLah!, customers scan the unique QR code on a DBS QR Ang Bao to "load" a cash value of up to S$999. They may then give the DBS QR Ang Bao to their family and friends, who scan the QR code with their own DBS PayLah! app to receive the loaded amount. DBS PayLah! has more than one million users.

DBS said this allows DBS PayLah! users to preserve the traditional act of giving and receiving physical red packets, while eliminating the use of cash.

*Business Times*

**UOB Renews, Expands Regional Bancassurance Alliance with Prudential** - United Overseas Bank has renewed its regional bancassurance arrangement with Prudential for 15 years. Prudential will pay the lender a fee of $1.15 billion over this period.

The new pact extends the original alliance, which runs from 2010 to 2034, and will include Vietnam as a fifth market.

Under the arrangement, UOB will distribute Prudential's life insurance products to its consumer banking customer base in Singapore, Indonesia, Malaysia, Thailand and Vietnam.

Wee Ee Cheong, deputy chairman and group chief executive officer of UOB, said the renewed agreement reflects the long-term approach and success of this partnership.

Group chief executive of Prudential Mike Wells said: "We have built a highly effective bancassurance partnership with our colleagues at UOB that has driven double-digit annual sales and new business profit growth since 2010."

*Straits Times*

**Top Thai Lender Bangkok Bank 2018 Profit up 7 Pct on Interest and Fee Income** - Thailand's largest lender, Bangkok Bank Pcl full-year net profit rose 7 percent on higher net interest income and fee income, it said on January 18.

Bangkok Bank's 2018 net profit of 35.3 billion baht ($1.11 billion) missed expectations of 36.2 billion baht, based on 21 analysts in a Refinitiv poll.

Net interest income grew 7.1 percent, while loan growth was 4 percent.

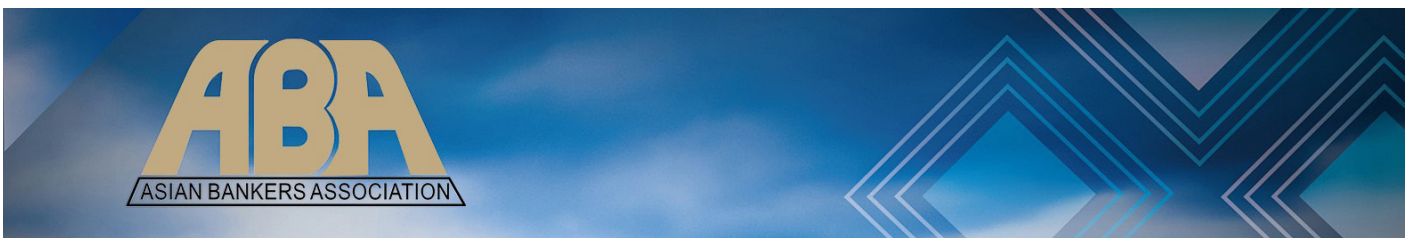
The lender bucked an industry trend and reported non-interest income of 50 billion baht, up 9.1 percent from a year earlier.

Last year, Thai banks waived transaction fees, sending fee income down at rival banks.

"Despite the exemption of transaction fees via digital channels, net fees and service income were close to the level of the previous year due to good growth in fee income from bancassurance and mutual funds," it said in a statement.

The announcement comes as growth in Southeast Asia's second largest economy slows. The World Bank expects the economy to grow 3.8 percent in 2019, down from a previous estimate of 3.9 percent.

*Reuters*



# Among Member Banks


**Vietcombank Seeks Gov't OK to Ease Foreign Ownership Cap in 2019 -** Hanoi-based Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank), the largest lender by market value, plans to seek the government permission to ease cap on foreign ownership this year, the bank's Chairman Nghiem Xuan Thanh has said.

As of present, the State Bank of Vietnam (SBV) remains the largest shareholder of Vietcombank with a 77.11% stake. Foreign investors hold a combined 20.79%, with Japan's Mizuho Bank being the largest foreign shareholder with a 15% stake.

On December 28, 2018, the SBV approved Vietcombank's proposal to increase its charter capital to VND39.5 trillion (US$1.7 billion) by issuing shares to Singaporean sovereign wealth fund GIC and Mizuho Bank.

Under the plan, GIC is expected to hold a 2.55% stake and Mizuho Bank the remaining so that the Japanese bank can maintain its stakeholding of 15% at the Vietnamese lender.

In 2018, Vietcombank recorded a record high pre-tax profit of VND18.01 trillion (US$781.77 million), up 63.5% against 2017 and the biggest in the local banking sector.

*Hanoi Times*

# Banking and Finance Newsbriefs

## Bhutan

**Financial Switches of Bhutan and India to be Integrated Soon**

In marking 50 years of Indo-Bhutan diplomatic relation, the Royal Monetary Authority (RMA) and Reserve Bank of India (RBI) would soon integrate Bhutan financial switch and national financial switch of India to facilitate cash-less cross border digital payment.

This means that Indian nationals visiting Bhutan would be able to use their RuPay card at more the 231 ATMs and 759 point of sales (PoS) terminals across the country. Likewise, the banks in Bhutan will issue RuPay co-branded cards that could be used in India at more than 250,000 ATMs and 210,000 PoS terminals.

The process inter-connects the ATMs and PoS between two countries, which requires the integration of two distinct payment gateways of Bhutan and India under one platform.

An Indian tourist, for example, withdraws Nu 10,000 from any ATM in Bhutan using his RuPay card. Immediately the amount would be credited in the RMA's account maintained with the State Bank of India. Due to one-to-one fixed exchange regime with India, there are no risks involved in exchange and settlement.

This will also benefit the country in earning Indian Rupees because the integration will streamline the flow of Indian Rupees into the mainstream banking system enhancing the country's rupee earning capacity and consequently strengthening the country's reserve.

*Kuensel Online*

# Banking and Finance Newsbriefs

## Hong Kong

**Hong Kong Banks Need to Adopt this Key Hiring Practice as Virtual Era Dawns**

Banks need to get rid of their slow hiring process and team up with tech companies to face the arrival of the first batch of virtual banks this year, according to financial experts at the Asian Financial Forum on January 15.

The Hong Kong Monetary Authority (HKMA) is expected to issue the city's first virtual bank license during the first quarter. As of August 31, the authority had received 29 applications to operate virtual banks – the ability to provide services through mobile and online apps instead of physical branches. About a third of the applications received have been rejected during the first batch of processing.

HKMA deputy chief executive Howard Lee said hiring the right talent mix would be key for traditional banks to develop successful fintech operations.

However, he said banks would need to adapt a speedier recruitment process when searching out tech personnel, instead of the conservative banking culture where vetting for senior banking positions can take six months or longer.

"None of the tech talents would not be willing to wait that long and they will simply accept other job offers," Lee said at a panel at the forum.

*South China Morning Post*

## India

**India to Remain Fastest-Growing Economy in 2019, 2020: UN Report**

India will continue to remain the world's fastest-growing large economy in 2019 as well as in 2020, much ahead of China, a UN report said on January 22.

According to the UN's World Economic Situation and Prospects (WESP) 2019, India's GDP growth is expected to accelerate to 7.6 percent in 2019-2020 from an estimated 7.4 percent in the current fiscal ending March 2019. The growth rate may come down to 7.4 percent a year later.

In the case of China, the growth is estimated to decelerate to 6.3 percent in 2019 from 6.6 percent in 2018. It may further go down to 6.2 percent in 2020.

"Growth (in India) continues to be underpinned by robust private consumption, a more expansionary fiscal stance and benefits from previous reforms.

"Yet, a more robust and sustained recovery of private investment remains crucial to lift the medium-term growth," WESP report said.

*Times of India*

## Iran

**Recapitalization to Become More Difficult for Iran's Banks as US Sanctions Bite**

There is little hope of progress regarding Iran's ability to recapitalise and restructure its battered banking sector as bad loans continue to mount in the wake of tightening US sanctions that take their toll on the economy.

"Many Iranian banks are in need of recapitalisation and restructuring, having accumulated high levels of non-performing loans," Fitch Solutions, a unit of Fitch Group said on January 22 in its latest report on the country's banking sector. "We see little scope for meaningful progress."

Although an outright collapse of the Iran's financial sector is unlikely in the near term, consolidation is eventually needed in the sector, according to the survey. The weakness in the sector is largely the result of years of interference with lending practices by government and government-linked entities, coupled with a weak regulatory environment, the report said. During the previous sanctions that preceded the 2015 nuclear agreement known as the Joint Comprehensive Plan of Action, Iranian banks offered interest rates as high as 30 per cent on deposits.

"We therefore expect bank lending standards to remain weak, and this – coupled with deteriorating macroeconomic conditions – will likely cause non-performing loans to increase further," Fitch said.

*The National*

# Banking and Finance Newsbriefs

## Japan

**BOJ's Kuroda Warns Fintech Firms could Disrupt Banking System**

Bank of Japan's (BOJ) central bank chief, Haruhiko Kuroda, said on January 24 that fintech companies could disrupt the banking system of advanced economies in a serious way.

"We tend to think that these big tech companies are making a disruptive impact on the banking system," Kuroda told the World Economic Forum, noting that many countries were trying to change financial regulation in response.

He said big tech companies tended to specialize in payments and settlement rather than deposit-taking and lending, adding that they "may disrupt the banking sector in a serious way. How to deal with this situation, that is a very difficult question."

Central banks of advanced countries have sought to prevent financial crises by regulating their traditional banking sector.

But drastic changes in financial technology are bringing new tech companies into the industry, making regulation increasingly challenging.

Kuroda warned of the dangers financial crises could cause not just to the economy but to the political system, pointing to the experience of Japan's asset-inflation bubble in the late 1980s and the collapse of it that led to a domestic banking crisis.

*Reuters*

## Malaysia

**Malaysian Banking Sector to See Moderate Growth This Year**

The Malaysian banking sector is expected to see moderate growth this year, in line with the slowdown in global gross domestic product (GDP).

United Overseas Bank (Malaysia) Bhd (UOB) managing director and country head of personal financial services Ronnie Lim said the ongoing US-China trade war was not doing any good to global markets and was among the main factors contributing to the slowdown.

He said the US economy was expected to grow at 2.6% this year and China at 6.2%, down from the earlier forecast of 6.6%.

"The United Kingdom, Japan, Europe and other developed countries, which grew by about 1% to 2% last year, are also expected to have moderate growth this year.

"With the US-China trade war truce ending in February, how these countries, including Malaysia, chart their next growth will depend on the result of the discussions taking place between the two countries.

"Hopefully, something good will come out at the end of February as the trade war is not doing anyone any good," he told reporters after the launch of the UOB Visa Infinite Metal Card on January 15.

*Free Malaysia Today*

# Banking and Finance Newsbriefs

## Philippines

**IBM and BPI Sign $260-M Accord on Digital Transformation**

IBM, the world's IT giant, and Bank of the Philippine Islands (BPI), a universal bank, have signed a $260-million multi-year services agreement for the bank's digital transformation.

In a statement, IBM will provide IT infrastructure services to support an agile IT and hybrid cloud, as well as digital development capabilities to accelerate BPI's digital transformation.

BPI, the third-largest bank in the Philippines in terms of assets, had more than 9 million customers. The bank continually improves the digital banking experience for customers by investing in technology, including this renewed IT services agreement with IBM, across online, mobile apps, ATMs, CAMs (Cash Accept Machines) and branches.

BPI aims to maintain an agile and compliant IT environment to maintain leadership in the Philippine banking industry. To achieve this, BPI will leverage IT infrastructure and hybrid cloud management services from IBM that delivers seamless technology regardless of whether it resides within BPI's existing infrastructure or its private or public cloud environments. In doing so, IBM will host the bank's digital solutions of today and in the coming years.

As part of the Digital Experience Solution, IBM and BPI have also designed an IT environment that supports an open API economy strategy that makes the most of the bank's data to create compelling customer applications and services. The agreement will help to achieve some of the bank's digital transformation goals which include the continual upgrades for bank branches with new technology as well as other financial services apps for customers.

*Manila Bulletin*

## Singapore

**Singapore Seeing Unprecedented Mortgage Slowdown**

Rising interest rates and the latest round of property curbs have put the brakes on mortgage demand at Singapore's banks, potentially further dragging down the city's housing market.

Home-loan growth slowed to 1.9 percent in the first 11 months of 2018, less than half the 4.2 percent increase posted in 2017, the latest Monetary Authority of Singapore data show. Mortgage growth will stay stuck below 2 percent this year, according to Mr Diksha Gera, an analyst at Bloomberg Intelligence.

The credit slowdown threatens to further accelerate the decline in residential prices, which fell for the first time in six quarters in the final three months of last year. Housing values may drop as much as 3 per cent this year, and new home sales might plunge 20 per cent, according to Mr Derek Tan, a real estate analyst at DBS Group Holdings.

A surge in housing supply, rising mortgage rates, a China-led economic slowdown and volatile financial markets are all weighing on sentiment, said Mr Royston Foo, an independent property analyst who publishes on Smartkarma.

*Straits Times*

# Banking and Finance Newsbriefs

## Taiwan

**Banks Register Record Pretax Profits**

Local banks saw their pretax profits hit a record last year, buoyed by stable fee income and interest income growth, but local insurers suffered huge hedging losses and saw their pretax profits drop to the lowest point in five years, data released by the Financial Supervisory Commission (FSC) showed on January 24.

Financial sector firms saw their combined pretax profits decline 2.89 percent annually to NT$523.3 billion (US$16.94 billion) last year, as the banking sector's increased profits were offset by losses in the insurance, securities and futures sector, the data showed.

"We will conduct a comprehensive review of insurers' ability to fight risks, demanding that they control the risks wisely," FSC Chairman Wellington Koo told a news conference in New Taipei City.

Last year's financial performance was stable, given that companies listed on the Taiwan Stock Exchange reported growing revenue and an increased average daily turnover of NT$163.5 billion, Koo said.

"However, no one can forecast if we will face headwinds or downwinds for the year ahead — we can only be cautious with the risks," he said.

*Taipei Times*

## Thailand

**Thai Bankers' Association Warns over Phishing**

The Thai Bankers' Association (TBA) is warning of phishing scams affecting a wide range of local banks, though it says the number of phishing victims is still minimal.

Phishing scams have become widespread in Thailand, but there have been no reports of financial loss so far, said Kitti Kosavisutte, committee chairman of the Thailand Banking Sector Computer Emergency Response Team (TB-CERT), a group of financial institutions under the TBA.

It is estimated that a mere 2% of phishing email recipients have fallen victim to a scam by giving personal information to criminals, while up to 20 phishing websites have been recorded -- up marginally from recent years, Mr Kitti said.

"Consumer awareness about cyberthreats has continued to improve, so losses are expected to be marginal," he said. "However, further monitoring of phishing attempts is needed, particularly through social media."

*Bangkok Post*

## Vietnam

**Digital Banking Essential for Vietnam's Financial Sector**

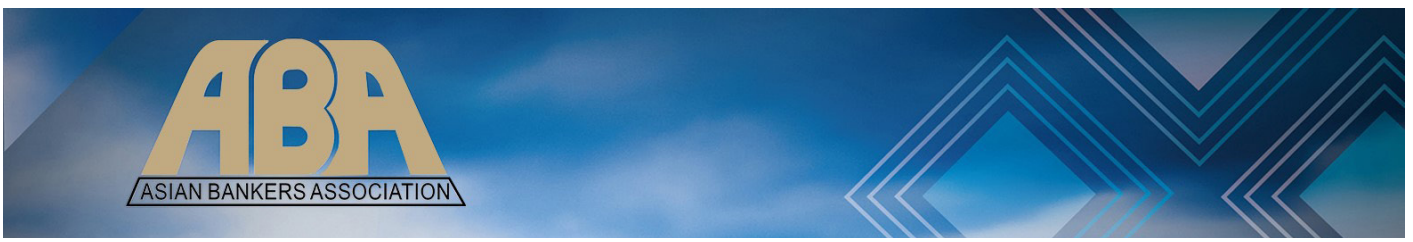
Embracing the digital transformation is critical for Vietnamese bankers in the era of Industry 4.0, experts said during the 2019 Asian Banker Conference in Hanoi on January 10.

The event, themed "Future of Finance Vietnam", was organised by Singapore-based The Asian Banker, a provider of strategic business intelligence to the region's financial services community.

The event brought financial institutions, regulators, policymakers and service providers together to share professional insights, work on detailed solutions and discuss the latest trends in the banking industry.

"We are living in an era of technological revolution which brings both new opportunities and challenges," said Huynh Buu Quang, CEO of the Vietnam Maritime Commercial Joint Stock Bank (Maritime Bank). "Currently, 59 percent of Vietnamese people have bank accounts, 67 percent use the internet and 70 percent use smart phones, but less than 20 percent make online banking transactions and digital payments."

*Vietnam Net*



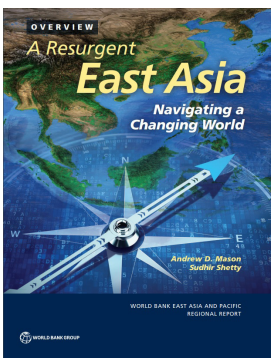
# Publications

## Realizing the Potential of Public–Private Partnerships to Advance Asia's Infrastructure Development

This publication shows how public–private partnerships (PPPS) can be effective to meet Asia's growing infrastructure needs.
It shows how governments and their development partners can use PPPs to promote more inclusive and sustainable growth. The study finds that successful PPP projects are predicated on well-designed contracts, a stable economy, good governance and sound regulations, and a high level of institutional capacity to handle PPPs. It is the result of a collaboration between ADB, the Korea Development Institute, and other experts that supported the theme chapter "Sustaining Development through Public–Private Partnership" of the Asian Development Outlook 2017 Update.


*Contact for details: ADB Publishing*
*Website: https://www.adb.org/publications*

## A Resurgent East Asia: Navigating a Changing World




East Asia, according to this publication by World Bank, has been a paragon of global development success. The dramatic transformation of the region over the past half century—with a succession of countries having progressed from low-income to middle-income and even to high-income status—has been built on what has come to be known as the "East Asian development model." A combination of policies that fostered outward-oriented, labor-intensive growth while strengthening basic human capital and providing sound economic governance has been instrumental in moving hundreds of millions of people out of poverty and into economic security. Yet East Asia's economic resurgence remains incomplete.

More than 90 percent of its people now live in 10 middle-income countries, many of which can realistically aspire to high-income status in the next generation or two. But these countries are still much less affluent and productive than their high-income counterparts. Even as the region's middle-income countries attempt to move up to high-income status, they confront a rapidly changing global and regional economic environment. Slowing growth in global trade and shifts in its patterns, rapid technological change, and evolving country circumstances all present challenges to sustaining productivity growth, fostering inclusion, and enhancing state effectiveness. A Resurgent East Asia: Navigating a Changing World is about how policy makers across developing East Asia will need to adapt their development model to effectively address these challenges in the coming decade and sustain the region's remarkable development performance.
*Contact for details: World Bank Publication*
*Website: https://openknowledge.worldbank.org/handle/10986/30858*

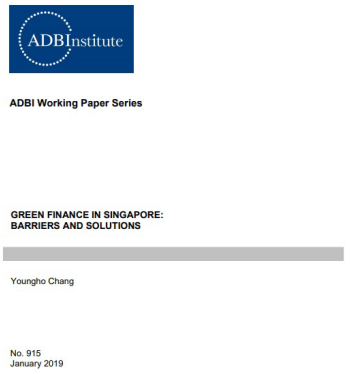
# Publications

## Green Finance in Singapore: Barriers and Solutions

Green finance, or the issuance of green bonds, has gained strong momentum around the world.

Some Asian countries such as the People's Republic of China and Japan are very active in green finance. This study prepared by the Asian Development Bank (ADB) reviews how green finance in Singapore is working, examines existing barriers, and suggests some solutions. Singapore, a well-established financial hub in Asia, aims to be a hub for green finance in Asia. The Monetary Authority of Singapore (MAS), the central bank of Singapore, has formed a network with seven other central banks in the world called the Central Banks and Supervisors Network for Greening Financial System, which intends to promote sharing of experience and best practices in green finance with other countries. Along with forming the network, the MAS has established a Green Bond Grant scheme to promote and ensure the issuance of green bonds in Singapore.

In parallel, the Association of Banks in Singapore published Guidelines on Responsible Financing to promote and support environmental, social, and governance (ESG) disclosures. The Singapore Exchange asks its member firms to strictly comply with the ESG disclosures. At an individual firm level in Singapore, City Development Limited (CDL), a real estate development company, and Development Bank of Singapore Limited (DBS), a commercial bank, issued Singapore's first and second green bonds in 2017. The proceeds of the CDL green bond are allocated to finance retrofitting and upgrading of a commercial building in Singapore, while the proceeds of the DBS green bond are to be invested in renewable energy and climate change adaptation, among other uses. How successful the two green bonds are in meeting their pronounced goals and how well and effectively they contribute to the diffusion of renewable energy remains to be seen.


ADBInstitute

ADBI Working Paper Series

GREEN FINANCE IN SINGAPORE:
BARRIERS AND SOLUTIONS

Youngho Chang

No. 915
January 2019

## About ABA

The ABA aims to provide a forum for advancing the cause of the banking and finance industry in the region and promoting regional economic cooperation. Its primary objectives include the following:

- To provide a venue for an exchange of views and information on banking opportunities in the Asia-Pacific region;
- To facilitate the meeting of bankers in the region in an atmosphere of fellowship and friendship;
- To encourage joint activities that would enhance the role of its members in servicing the financial needs of their respective economies and in promoting regional development; and
- To undertake projects that will encourage trade, industrial, and investment cooperation in the Asia-Pacific region.

**Published by the Secretariat, Asian Bankers Association**
**Ernest Lin, Secretary Treasurer; Amador R. Honrado, Jr., Editor, Jacqueline Uy, Associate Editor**
**Wendy Yang, Contributing Editor; Teresa Liu, Assistant Editor**
**7F-2, No. 760, Sec. 4 Bade Road, Taipei 10567, Taiwan; Tel: (886 2) 2760-1139; Fax: (886 2) 2760-7569**
**Email: aba@aba.org.tw; Website: www.aba.org.tw**