

Message from the Secretary Treasurer

Greetings from ABA!

I am pleased to present the May 2018 issue of the ABA Newsletter to all our colleagues in the banking and finance sector.

This issue features updates on the preparations for the 35th ABA General Meeting and Conference to be held on November 15-16, 2018 in Kurumba Resort, Maldives. In addition, we would also like to share with you the launching of ABA's official Facebook Page where members can facilitate timely interaction with ABA and learn about our latest news, as well as the "Special Feature" article which focuses on the story on climate finance in Asia-Pacific prepared by Ms. Takako Morita from ADB. In this issue, readers can also find articles regarding the recent policies of central banks and cyber risk exposure, latest news on ABA members as well as highlights on the banking industry in the Asia-Pacific region.

We hope that you will find the articles included in this Newsletter of great value, and look forward to your contribution to and comments on the future issues of the Newsletter.

Best Regards.



Ernest Lin

Secretary-Treasurer



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General Meeting and Conference

Maldives Conference To Carry the Theme “Banking in Asia: The Next Frontier”



The 35th ABA General Meeting and Conference that will take place on November 16-17, 2018 in Maldives will carry the theme “**Banking in Asia: The Next Frontier**”.

To be hosted by **Bank of Maldives**, the two-day event is designed to provide another valuable platform for ABA members to meet and network with each other, as well as to exchange views with invited speakers on: (a) current trends and developments in the regional and global markets that are expected to have a significant impact on the banking and financial sector of the region, and (b) how industry players can address the challenges - and take full advantage of the opportunities - presented by these developments.

Experts from the banking sector, government, multilateral and regional organizations, and the academe will be invited to share their views on three important topics, namely: Technology in Banking: The Next Wave; Risk Management Imperatives in the New World Order; and Sustainable Banking: Challenges and Opportunities.

In addition, the Maldives Conference will also feature three other special sessions, namely:

1. **Discover ABA Session** – Brief country presentations will be made by selected ABA member banks on the economy and the financial markets in their respective countries, or on special programs, projects, products or services that have benefited their customer base or the community they serve and may be adapted by member banks from other countries.

2. **Host Bank Session** - Bank of Maldives will organize a special session on a topic which it deems of current interest to ABA members and the region’s banking industry).

The Latest Conference Program and other relevant information (e.g., hotel accommodation, registration procedure, etc.) will be sent to all members very soon. In the meantime, interested are requested to already block the dates in your calendar of events this year.

The ABA is counting on members’ valuable participation for the successful outcome of the annual gathering this year. For more information, please contact the Secretariat via e-mail at aba@aba.org.tw.



News Updates

ABA Introduces Its Official Facebook Page



The Asian Bankers Association (ABA) is pleased to inform members that it has set up an official Facebook Page which can be viewed at the following link: <https://www.facebook.com/aba.org.tw/>.

This Facebook Page aims to serve as ABA’s new platform to commu-

nicate with ABA members. Allowing quick and easy interaction, the ABA Facebook Page will also enable member banks to cross-post and promote their news or activities.

Members may also leave comments and suggestions on the posts, or contact the ABA directly through its

messenger function. It will be updated regularly and maintained by the ABA Secretariat.

Members are invited to visit and “Like” the Page to see the latest on ABA’s activities and upcoming events.

Education and Training

ABA and ACRAA to Hold Workshop on Bank Rating and Analysis on June 28-29 in Taipei



The Asian Bankers Association (ABA) is inviting intermediate to senior level executives – in particular, those who have a basic understanding of banks and bank credit risk and a working knowledge of bank financial statements – to participate in the “Bank Rating and Analysis” Workshop scheduled on June 28-29, 2018 at the Grand Hyatt Hotel in Taipei, Taiwan.

To be held in cooperation with the Association of Credit Rating Agencies in Asia (ACRAA) (www.acraa.com),

this training workshop will generally address how Credit Rating Agencies (CRAs) conduct and assign their credit ratings on banks, to guide banks improve and maintain their investment grade ratings and their credit standing in the financial markets.

The two-day workshop will also examine and analyze the latest Basel II and Basel III-related prescriptions for banks including IFRS9, so that the participants can have a better understanding of the fast-evolving bank regulatory environment, and so better navigate through the various compliance requirements. The hoped-for outcome: a more solid knowledge base for bank management and rating analysts alike.

More information about the workshop can be accessed in the ABA website at <https://www.aba.org>.





tw/2018/03/22/workshop1, including the following:

1. Workshop Notes describing the Training Workshop Program: course objectives, course contents and topics, and Facilitators/Resource Speakers, as well as the level of knowledge expected of participants.

2. Proposed Program of the two-day workshop.

3. Speakers CV and Resource speaker's CV.

Participation fee is **US\$500** for ABA & ACRAA members, and **US\$600** for non-ABA & non-ACRAA mem-

bers.

Participants who pay before May 15, 2018 will receive US\$100 discount.

All Participants are expected to cover their airfare and hotel accommodation.

ABA is also offering a complimentary half-day tour of Taipei city to all participants.

Interested parties may contact the ABA Secretariat through aba@aba.org.tw.

Special Feature

Time to dismantle legal barriers to climate finance in Asia-Pacific

By Takako Morita, Senior Counsel, Office of the General Counsel, ADB

Most developing countries that signed the 2015 Paris Agreement on climate change have indicated in their Nationally Determined Contributions (NDCs) that their commitments are conditional on receiving international financial support.

The critical question is, how “ready” are the legal frameworks in developing countries to handle the influx of international climate finance?

The urgency of legal modernization to support the low-carbon transition is greatest in Asia and the Pacific, where climate change can affect virtually every aspect of people's lives. Solutions for legal modernization to improve access to climate finance depend on the unique country context, and need to be tailored to each country.

A legal barrier to climate finance in one country may be as fundamental as its legal system not being aligned with the requirements of the provider/s of climate finance. Another constraint can be discrepancy between the country's emission targets and the existing legal and regulatory scheme.

For example, a country may have an ambitious emission reduction target but its legal framework may continue

to give preferential treatment to grid-based large-scale utility energy generation, or subsidies for fossil fuels. Further legal barriers can include restrictions on foreign ownership, or trade limits for low-carbon technology.

ADB provides technical assistance to help its developing member countries identify legal barriers to accessing climate finance such as those mentioned above, find opportunities for legal reform to address those legal barriers, and recommend ways to address interlinked regulatory, institutional, and administrative impediments to climate finance.

Let's take a look at two case studies that demonstrate steps to strengthen legal readiness for climate finance in the Lao People's Democratic Republic (Lao PDR) and Republic of Fiji.

In 2014, the Lao PDR government started preparing a legal framework for climate change adaptation and mitigation. The draft climate change decree clarifies the legal mandates and establishes the reporting lines among relevant ministries and different administrative bodies, which is critical for the future implementation of the decree.





The Lao PDR government is preparing a legal framework for climate change adaptation and mitigation.

It also identifies the sources of climate finance, and how such funds should be managed. These details will improve transparency and help create the necessary enabling environment for further climate investment.

Recognizing the importance of a clear and adequate legal and governance structure to attract more international climate finance, the Government of Fiji supported by ADB, has been undertaking a comprehensive assessment of its legal and regulatory framework and institutional and administrative arrangements. The goals are to identify legal and regulatory barriers, as well as opportunities for reforms.

To identify potential legal gaps, the assessment looks at key laws, regulations, decrees, and orders relevant to climate change mitigation and adaptation across key sectors of the economy. It also includes an in-depth sector analysis for the energy and transport sectors to prioritize legal and regulatory reforms required for Fiji to transition to a low-carbon economy.

Legal readiness for climate finance will become increasingly critical as developing countries start to translate their NDCs into specific actions on the ground.

The international community, in particular multilateral development banks like ADB, can play a greater role in ensuring that their support to developing countries not only includes general capacity development, but also focuses on identifying and addressing legal barriers to climate finance.

Lao PDR and Fiji are taking different approaches to modernize their legal systems. The former is developing an umbrella legal framework to create an enabling environment for climate investment, and the latter identifying legal barriers and developing solutions to address such barriers.

Their efforts can serve as models for other developing countries, since an appropriate legal framework that encourages climate finance flows will be a key factor in ensuring NDC implementation and a zero-emission pathway.

ADB Blog

Takako Morita

Senior Counsel, Office of the General Counsel, ADB



Takako is implementing technical assistance for legal readiness in climate finance as part of the ADB Office of the General Counsel’s Law and Policy Reform program. She specializes in international finance and covers the Pacific, South, Southeast and East Asia regions. Prior to joining ADB, Takako worked at regional law firms in the US

state of California, specializing in project finance with a particular focus on climate change, renewable energy and land use. She was also a project officer with UNDP Indonesia, specializing in climate change and green economy.



Member Personalities

Bank Muscat Chief Executive Mr. Abdul Razak Ali Issa Re-elected as Chairman of Oman Banks Association

Oman Banks Association (OBA) held its Annual General Meeting (AGM) in late March 2018 at Bank Muscat’s Head Office.

The Board elections took place at the AGM, and the newly elected Board of Directors held its meeting following the AGM, appointing Mr. Abdul Razak Ali Issa as the Chairman of the Board of Directors, who also holds the position as Chief Executive of Bank Muscat.

At the Meeting, The Oman Banks Association 2017 activities and 2018 plan were presented, and the members passed resolutions approving 2017 audited financial statements, 2018 budget, and the appointment of external auditors, along with their fees, for the next financial year.

The OBA is a non-profit professional association created to represent the banking sector, to promote Omani banking activities, coordinate with the Regulators on matters of policy and strategy, and to support banking excellence in Oman.

Oman Banks Association News Release



Oman Banks Association’s Annual General Meeting 2018 where Mr. Abdul Razak Ali Issa (4th from the right) is re-elected as Chairman of the Association

Bangkok Bank Appoints New Representative in ABA Board



Bangkok Bank has appointed Mr. Chaiyarit Anuchitworawong, Senior Executive Vice President of the Bank, as its representative in the ABA Board.

Mr. Chaiyarit Anuchitworawong is the Senior Executive Vice President and Co-Head of International Banking Group at Bangkok Bank. He is also currently responsible for Investor Relations. His previous responsibilities at the Bank included being the Manager of the Office of the President and the General Manager of the Bank’s Hong Kong Branch.

He graduated with a Master of Art in Banking and Finance from University College of North Wales, Bangor, UK and holds a Bachelor of Business Administration in Management (honors) from Assumption University, Thailand.



Among Member Banks

BEA Named Best Retail Bank in Hong Kong - The Bank of East Asia, Limited (“BEA”) has been named The Best Retail Bank in Hong Kong and operator of The Best Distribution Network of the Year at The Asian Banker Excellence in Retail Financial Services International Awards 2018. BEA received the awards in recognition of its strong financial performance over the years; its best-in-class digital products, services, and programmes; and its success in increasing its brand value while maintaining a healthy risk profile.



The Retail Financial Services International Awards are held by The Asian Banker every year to recognise outstanding achievements and innovations in the region’s financial services industry. Accepting the award on behalf of the Bank at a ceremony held in Kuala Lumpur on 22nd March, 2018, Mr. Vincent Hui, General Manager & Head of Personal Banking Division said, “BEA has enjoyed great success over the past year as our ambitious digitalisation drive has begun to bear fruit. A digital-first commitment that started several years ago has culminated in a fully digitalised branch network; a popular, sophisticated mobile app; and a wide range of digital services available at every touchpoint.”

BEA News Release

Dimension Data powers 60 digital branches for State Bank of India - In yet another step in its digital transformation journey, State Bank of India has enabled 60 digital branches pan India offering advanced banking services such as instant loan approvals, assistance in choosing investment portfolios, access to latest mutual funds etc.



Dimension Data, a \$8 billion global technology integrator and managed services provider, enabled the transformation.

Currently in the pilot phase, the solution implemented in the sbiINTOUCH branches are spread across 21 states and 60 sites, some of which are in Ahmedabad, Bangalore, Mumbai, Delhi, Indore, Shimla, Pune and Patna to name a few. It brings together leading technologies in the areas of telepresence, collaboration and customer experience. This, in turn, will help the Bank expand its reach along with increasing profitability by intelligently connecting the Bank’s experts with the customers.

The Economic Times

‘MUFG Bank’ is the New Global Brand for MUFG’s Core Commercial Banking Subsidiary - Mitsubishi UFJ Financial Group, Inc. (MUFG) announced on April 1 that its core commercial banking subsidiary, The Bank of Tokyo-Mitsubishi UFJ, Ltd., has changed its name to MUFG Bank, Ltd., as of April 1, 2018.



Bank of Tokyo-Mitsubishi UFJ

The name MUFG Bank aligns with MUFG Group brand and also reflects the significant steps the Group has taken to provide its customers with a broader and more integrated range of financial services. MUFG Bank’s President and CEO, Kanetsugu Mike, said the bank’s business has successfully expanded globally, thanks to the trust and enduring client relationships developed over decades.

“Although the bank’s name has changed, it’s important to understand that our dedication to serving customers, and our unyielding focus on lasting relationships, will continue even as we seek to expand our client base worldwide,” Mr. Mike said. “Our goal is to build on MUFG Bank’s proud heritage as a trusted global bank while seamlessly providing innovative solutions to customers in a rapidly changing financial landscape.”

MUFG Bank News Release

KEB Hana arranges \$280 mn loan to Ritz-Carlton New York’s top owner - KEB Hana Bank has arranged a \$280 million syndicated loan to the biggest owner of the Ritz-Carlton hotel in Manhattan from a pool of South Korean financial institutions and a Japanese bank, as Korean financial institutions are seeking to fill the void left after China and Japan slowed down investment in the United States.

KEB Hana, part of South Korea’s Hana Financial Group, signed a credit agreement with New York-based Westbrook Partners to extend the five-year senior loan secured on the property on April 3, according to the Maeil Business Newspaper on April 5.

A source with knowledge of the matter confirmed the report.



Westbrook owns 51% of the hotel, while Korea Investment Corporation, a sovereign wealth fund, holds the remaining 49% after buying the equity interests in 2016.

A pool of South Korean banks, brokerage firms and insurance companies participated in the syndicated lending group, including KEB Hana Bank, Mirae Asset Daewoo Co. Ltd., Samsung Securities Co. Ltd., Kyobo Life Insurance Co. Ltd. and Hana Life Insurance Co. Ltd.

Korean Investors

Maybank Islamic to grow trade financing biz - Malaysian Islamic banks are boosting their trade financing market share with various measures.

Maybank Islamic Bhd Chief Executive Officer Datuk, Mohamed Rafique Merican, said the bank intended to grow its trade facilities in line with growing demand for Islamic finance in Malaysia and the ASEAN region as well as the phenomenal growth of global halal industry.

To date, Maybank Islamic has about one-third share in terms of trade facilities done under Islamic banks, he said.

He said as of 2015, only 3.4 per cent were conducted through Islamic banks out of total international trade of US\$50 billion (US\$1 = RM3.86).

“For us in Maybank Islamic, we want to continue to maintain our market share (for trade) as well as to grow in line with the industry.

“We also have the ASEAN footprint and the broader footprint globally, for example, in China, UK and the Gulf Cooperation Council. We want to actually promote not just Islamic trade facilities but also other broader Islamic financing as well as capital markets,” he said.

The Edge Markets



PNB improving liability management strategy - Lucio Tan group-led Philippine National Bank (PNB) is setting up a \$2-billion euro medium-term note program (MTN) for better liability management.

In a disclosure to the Philippine Stock Exchange on April 5, PNB said its board had approved the creation of the MTN program.

MTN is a type of medium-term, flexible debt program that allows an issuer like PNB to tailor its debt issuance to meet its financing needs. A euro MTN is traded and issued outside of the United States and Canada.

The board had given authority to any two of its senior officers to select the arrangers, lead managers, bookrunners and comanagers as well as determine and negotiate the terms of the MTN issuance.

PNB posted consolidated net profit of P8.2 billion in 2017, 14 percent higher compared to the level in 2016, on the back of growth in core operating income.

The bank’s net interest income increased by 13 percent from 2016, driven mainly by the 17-percent expansion in its loan portfolio to P502.1 billion. Total deposits, on the other hand, rose by 12 percent to P637.9 billion.

Philippine Daily Inquirer



Doha Bank signs up to UN Global Compact - Reinforcing its commitment to sustainability, Doha Bank has become the first Qatari bank to sign up to the UN Global Compact, a UN policy initiative encouraging businesses worldwide to adopt sustainable and socially responsible policies.

“Doha Bank is known as one of the most active advocates of corporate social responsibility (CSR), owing to the numerous green initiatives that we organise and support, including the Al Dana Green Run, ‘ECO-School Programme’, and beach cleaning and tree planting initiatives, among others.

“Climate change represents a real challenge for the modern world, and organisations have an important responsibility at hand to support the change towards a low-carbon emission future. We have recently published our annual Sustainability Report, as we have since 2009. Emphasising our dedication to implementing responsible business practices and supporting the Qatar’s environment commitments, we are proud to be a signatory to the UN Global Compact,” said Doha Bank CEO Dr R Seetharaman.

Gulf Times



DBS launches online remittance service for non-customers - DBS launched SmartSend, its online remittance service that allows non-DBS customers to make secure, same-day money transfers to eight markets around the world. “SmartSend mirrors the ease of use and convenience that DBS customers currently enjoy with DBS Remit, which allows them to transfer money online anytime, anywhere via DBS/POSB digibank,” it said in an announcement.



SmartSend enables customers to make same-day overseas money transfers via a two-step process. “Once they confirm the recipient details, customers then complete their order via a FAST transfer from their bank account. Customers are then notified via SMS once the transaction is completed,” the bank said.

SmartSend currently supports outbound money transfers to eight markets, namely Australia, Hong Kong, India, Indonesia, Malaysia, Philippines, the UK, and the US.

Singapore Business Review

CTBC Bank is honored the award of “Best Private Banking Services Overall” by Euromoney for the 14th consecutive year - According to Private Banking and Wealth Management Survey 2018 conducted by Euromoney, CTBC Bank is awarded with “Best Private Banking Services Overall”. As a result of its excellent service and strong management team, CTBC Bank simultaneously wins other 13 prizes in this Survey, becoming the only Taiwanese financial institution to receive 14 awards in this survey.



Euromoney’s Private Banking and Wealth Management Survey 2018 was an online survey voted by global financial institution professionals and global banking customers with 2,395 valid responses.

In the year of 2018, CTBC Bank is honored “Best Private Banking Services Overall” in Taiwan for the 14th consecutive year. In the meantime, CTBC Bank wins first place in 14 categories, including “Ultra High New Worth Clients”, “Asset Management”, “Investment Banking Capabilities”, “Commercial Banking Capabilities”, “Family Office Services”, “Succession Planning Advice and Trusts”, “Innovative Technology-Client Experience”, and also other 6 important prizes.

CTBC International Newsletter

Vietcombank offloads 6.67 million shares in OCB - The Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) will auction off its 6.67 million shares of the Orient Commercial Bank (OCB).



The stocks will be sold at a starting price of 13,000 VND (0.57 USD) per share, according to the Hanoi Stock Exchange.

The northern bourse said that OCB’s charter capital has reached 5 trillion VND (220 million USD) with more than 110 units nationwide.

In 2017, the bank earned 816 billion VND (35.9 million USD) in after-tax profit, double the amount in 2016. Its total assets increased 32 percent to 84.3 trillion VND (3.7 billion USD). Meanwhile, lending surged 25 percent to more than 48.1 trillion VND (2.11 billion USD).

Offloading holdings at OCB is one of Vietcombank’s moves to comply with the central bank’s Circular 36, which only allows commercial banks to hold shares in a maximum of two other credit institutions, with the stake in each not exceeding five percent of the total equity of that institution.

VIETNAMNET Bridge



Banking and Finance Newsbriefs

Hong Kong

Hong Kong Monetary Authority buys HK\$3.26 billion to support local currency

Hong Kong's de facto central bank said it had sold HK\$3.26 billion of US dollars in a bid to prop up the local currency after it slumped to the weakest level in 35 years and breached the lower limit of its trading band for the first time.

The Hong Kong Monetary Authority (HKMA) stepped in to buy the local dollar and sell the American currency in two separate transactions, one during European trading hours yesterday and one before the close of New York trading, according to deputy chief executive Howard Lee.

The move marks the latest step in tightening Hong Kong's monetary conditions, sparking concerns among homeowners about possible interest rate rises which will increase their mortgage repayments.

At an HKMA press conference on the morning of April 13, Lee said that while property prices are determined by a combination of factors, and not just mortgage and interest rates, debtors should be mindful of their repayment capabilities.

The intervention by the regulator came after the Hong Kong dollar slipped to 7.8500 against the greenback on April 12, a level that compels the HKMA to take action in the market.

South China Morning Post

India

India defers new accounting rules for banks cheering investors

The Reserve Bank of India on April 5 deferred until 2019 a new accounting standard for the country's banks that would have led to higher bad-loan provisioning requirements.

The move comes as a relief to Indian lenders battling near-record bad loans and spurred a rally in bank shares in late trading on April 5.

The regulator, which had earlier ordered the banks to move by April 1 to the Ind AS accounting standard, a variant of IFRS, said on April 5 pending rule changes it had decided to delay the implementation of the new accounting system.

"Many of the banks are still not prepared ... so we thought that we should defer this by one year," said N.S. Vishwanathan, an RBI deputy governor at a news conference after the announcement of the bi-monthly monetary policy in which the central bank held key rates.

The announcement is a relief to investors who had feared that under the new accounting rules, among other things, banks' loan-loss provisions would shoot up as they will have to set aside funds based on expected credit losses, compared with the current practice of provisioning after a loan turns sour. *Reuters*

Japan

Japan's regional banks warned of 'grave' situation

Japan's 105 regional banks are approaching "grave conditions" as loan demand remains weak, competition intensifies and the country enters its third year under a negative interest rate policy, the new head of the Japan Bankers' Association has warned.

In his first interview as chairman of the JBA, Koji Fujiwara predicted an increase of mergers and alliances as a wave of defensive tactics reshaped a crowded banking sector suffering from thin profit margins. The structure of those partnerships, he added, would become more inventive as Japan's conservative financial industry embraces digital technology.

The JBA head's comments join a rising chorus of alarm bells on Japan's regional banking sector from both private and public sector analysts.

Those include the Bank of Japan's recent declaration that the country's shrinking demographics burdened financial institutions with a common "chronic stress" and that its latest survey of the sector found "a considerable number of financial institutions had not objectively examined whether efforts to raise profitability were producing the expected results".

Financial Times



Korea

Korean banks' real interest rate in minus territory: BOK

Real interest rates offered by South Korean lenders fell into minus territory 2017, with people effectively losing money if they make deposits, central bank data showed on April 8.

The Bank of Korea said the average annual interest rate for savings accounts stood at 1.56 percent, compared with inflation that reached 1.9 percent, resulting in a real interest rate of minus 0.34 percent. It said average interest rate numbers for 2017 were the second lowest in history and marked the first time in six years that they fell into the negative rate range. The country's rise in consumer prices hit the second-highest level since 2012, when they grew 2.2 percent.

The numbers of 2017 are in direct contrast to 10 percent rates offered by commercial banks for deposits in the mid-1990s, when the real interest people received for parking their money with lenders actually reached 5-6 percent.

The BOK said low interest rate trends started to take hold following the global financial crisis, with real interest dropping to 1.43 percent in 2013 and dipping to 1.04 percent in 2015 before it hit zero percent in 2016.

The Korea Herald

Malaysia

Malaysia should leverage on growing halal industry globally

The global halal industry is likely to grow between US\$3 trillion and US\$4 trillion in the next five years, from the current estimated US\$2 trillion, backed by continued demand from both Muslim and non-Muslim majority countries.

Bank Negara Malaysia (BNM) assistant governor Marzunisham Omar said Malaysia should leverage on its first mover advantage in being a global halal hub.

"Malaysia certainly has the potential to expand globally because the halal market is huge. As a Muslim country, Malaysia has the infrastructure readied, especially in terms of halal certification, which is well-accepted internationally," he told NST Business in an interview in April.

Currently, there are about 1.84 billion Muslims globally, making up about 24.4 per cent of the world's population. By 2030, the number is expected to reach 2.2 billion.

The growing Muslim population worldwide presents exciting opportunity for Islamic economies like Malaysia, to commercialise halal products internationally.

New Straits Times

Philippines

More reforms underway to strengthen Philippine banks

The Bangko Sentral ng Pilipinas (BSP) is set to pursue major reforms to sustain the strong position of Philippine banks.

BSP Deputy Governor Chuchi Fonacier said the regulator would continue to craft meaningful and proactive reforms that are aligned with best practices and international standards, and at the same time sensitive to local conditions.

"By way of background, the Philippine banking system is currently in a position of strength. This is largely due to BSP's sustained implementation of proactive and meaningful reforms for the banking sector and banks' commitment to these reforms as manifested through their prudent risk-taking behavior," she said.

Fonacier said the BSP has charted a three-pronged approach through a strategic reform agenda that would be dynamic, digital and developmental.

"With the evolving trends and practices, as well as changing preferences in financial services delivery, we have to be dynamic in order to be at pace with these changes," she said.

The Philippine Star



Singapore

MAS urges banks in Singapore to be vigilant against cyber threats

The Monetary Authority of Singapore (MAS) has issued an advisory to remind financial institutions to remain vigilant, following recent reports of cyber incidents overseas where attackers attempted fraudulent fund transfers using the Swift system.

MAS' chief cyber security officer Tan Yeow Seng said: "The recent cyber incidents present yet another reminder of the constant cyber threats to our financial sector. It is important for all financial institutions to be vigilant."

The advisory from MAS reminds financial institutions to continue to strengthen measures to safeguard themselves.

These include implementing a layered security approach to protect IT environment as well as appropriate measures to secure Swift payment terminals, employing strong access controls to restrict the usage of administrator-level system accounts on Swift servers, and performing payment reconciliation or monitoring of Swift messages to detect any fraudulent payments in a timely manner.

"MAS has been working with financial institutions in Singapore on a number of initiatives to continuously deepen the sector's cyber capabilities, taking into account the rapidly changing cyber threat landscape," Mr Tan added.

The Straits Times

Sri Lanka

Sri Lanka's central bank to trim policy corridor

Sri Lanka will narrow its policy corridor further giving tighter control over short term rates to the rate to the Central Bank to control benchmark interest rates, rate setting monetary board, Deputy Governor Nandalal Weerasinghe said.

"When we move into an inflation targeting regime we would like to have a narrower band to manage interest rates," Weerasinghe said.

"So whenever there is an opportunity for us to revise the rates, we would be revising with that in mind."

The gap between Sri Lanka ceiling policy rate at 8.75 percent and the floor at 7.25 percent was narrowed to 150 basis points with a 25 basis point cut on the ceiling rate on April 04.

Sri Lanka's active policy rate until late March was the floor rate with market rates halted from falling further by the standing deposit rate window.

Whenever credit slows and the central bank buys dollars generating liquidity (also sterilizes the forex purchases mopping up excess liquidity) overnight money market rate tends to move towards the floor without an overt rate cut.

ECONOMYNEXT

Thailand

BoT spreading PromptPay reach

The Bank of Thailand is in talks to link the country's PromptPay with Singapore's PayNow to allow users in both countries to send money to each other using mobile phone numbers.

The cross-border fund transfer is a next step for PromptPay, a cheap fund transfer service using only mobile phone numbers or citizen IDs, said Finance Minister Apisak Tantivorawong.

Since the service was launched in early 2017, there have been 97 million PromptPay transactions, with 370 billion baht transferred and 37 million savings accounts used to sign up for the service, of which 25 million were opened with citizen ID numbers and the rest with mobile phone numbers, said permanent secretary for finance Somchai Sujjapongse in early February.

PromptPay is part of the national e-payment scheme, designed to move Thailand towards a cashless society in tandem with the government's Thailand 4.0 model.

Bangkok Post



Turkey

Turkey plans to establish ‘national credit rating agency’ in 2018: Watchdog

Turkey plans to set up a “national credit rating agency” in 2018, the head of the country’s banking watchdog has stated. Banking Regulation and Supervision Agency President Mehmet Ali Akben said works are currently underway to clarify the organizational structure of the agency.

“We want to achieve progress in this area in 2018. We plan to establish Turkey’s national credit rating agency in 2018,” Akben told reporters in Istanbul on March 12, as quoted by state-run Anadolu Agency.

“Banks may establish this agency together or a private company may do it ... A partnership among banks may clinch this deal on the condition that none of the banks take a share over 10 percent,” he added.

Akben suggested that the establishment of this agency would “positively affect the debt costs of Turkey’s lenders.”

“What is important here is to set up a structure that knows the Turkish system and companies,” he added.

Hurriyet Daily News

Publications

Financial Inclusion: New Measurement and Cross-Country Impact Assessment

A new measurement is used to assess the impact of financial inclusion on poverty and income inequality of 151 economies.

Financial inclusion—one of the pillars of the global development agenda—aids inclusive growth and economic development. This paper introduces a new index of financial inclusion for 151 economies using principal component analysis to compute weights for aggregating nine indicators of access, availability, and usage. It then assesses the impact of financial inclusion on poverty and income inequality.

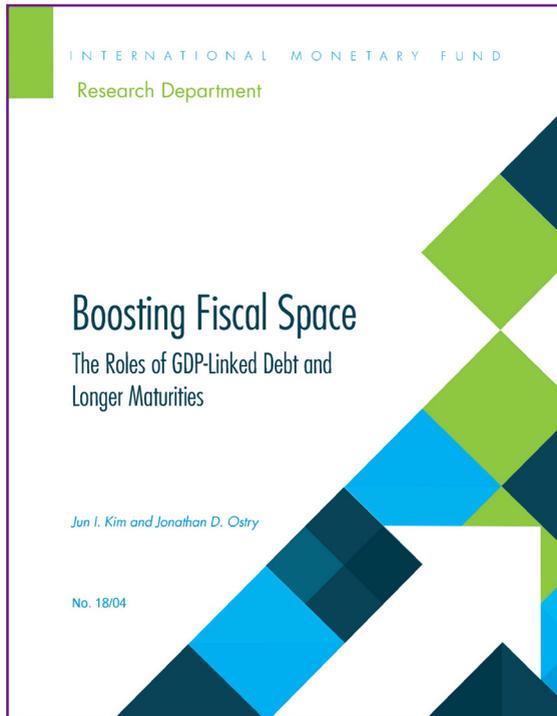
The results indicate that high- and middle-high-income economies with high financial inclusion have significantly lower poverty, while no such relation exists for middle-low and low-income economies. The nonlinearities in the cross-country determinants and impacts of financial inclusion on poverty and income inequality across income groups are important to choosing appropriate policies for achieving inclusive growth in different development stages.

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Boosting Fiscal Space



Can debt management policy provide a way to increase fiscal space for a given path of primary fiscal balances? This note explores the role of two such policies: issuance of state-contingent debt; and issuance of longer maturity debt. New analytical models determine the debt limit and the default risk under uncertainty, and undertake numerical simulations to gauge the practical significance of the effect of debt management policies on fiscal space.

The results suggest that, by managing debt along these two dimensions, economically salient gains in fiscal space are plausible for advanced and emerging markets.

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