Message from the Secretary Treasurer

Greetings from ABA!

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

In this issue, readers would gain first-hand information on our preparations for the 35th ABA General Meeting and Conference to be held on November 15-16, 2018 in Kurumba Resort, Maldives. Furthermore, we include the stories on World Bank's forecast on the global economy in 2018 as well as the regional development of "Regtech" (Regulatory Technology) in Asia. In the section of "Member Personalities," we feature the personnel changes of Maybank and SMBC.

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 Feature "Discover ABA" Session

Maldives ...the sunny side of life

As in previous year's Conferences, one of the highlights of this year's program is a special session entitled "Discover ABA". Scheduled on the morning of November 15, this session will feature special country presentations by member banks from selected ABA member-countries.

The country presentations are intended to provide the delegates the opportunity to obtain more information on the economy and the financial markets in the countries of the presenting banks, or on special programs, projects, products or services of the presenting banks that have benefited their customer base or the community they serve and may be adapted by member banks from other countries.

Several member banks from five countries have already been invited to make separate presentations on the current trends and latest developments in their respective economies and banking sectors, or on other topics of their own preference – e.g., their strategy for future growth; transformational changes in their organization; their new products, services or activities offered to their members that may be of interest to other banks in the region as well.

Each of the country presenters will be requested to use their creativity and resourcefulness to make their presentations as lively, interesting and colorful as possible.

Delegates to this year's Conference can therefore look forward to an interesting, informative and productive gathering in Maldives.

News Updates

ABA Advisory Council Member Chatri Sophonpanich Passes Away

It is with profound sadness that the Asian Bankers Association (ABA) informs all members, associates and friends of the passing away of ABA Advisory Council Member Mr. Chatri Sophonpanich, Chairman of the Board of Directors and Advisor to the Executive Board of the Bangkok Bank. Mr. Chatri died of natural causes on the evening of June 25, 2018. He was 85.

Mr. Chatri was the second son of the Bangkok Bank founder, Chin Sophonpanich. He was appointed chairman and adviser in 1999.Educated in Hong Kong at the Kwang Tai High Accountancy College, he furthered his studies at the Regent Street Polytechnic of London and the Institute of Bankers in England. Chatri joined his father's Bangkok Bank as an assistant accounting manager in 1959, and rose to become its fourth president from 1980-92. He was the second generation management, inheriting the bank from his father and becoming one of the country's most respected bankers.

During his tenure, Bangkok Bank became the leading bank in the country with focus on quality service and technology. He oversaw the introduction of an online network in the banking sector. Chatri stepped down from bank presidency and was succeeded by his own son, Chartsiri, in 1994.

Mr. Chatri had served as member of the ABA Advisory Council, composed of former ABA chairmen and other eminent bankers from the region, since 2007, providing valuable guidance in steering the Association towards its objective of advancing the interest of the banking community in the region. His demise is therefore a great loss to the ABA.

ABA members are requested to join Mr. Chatri's family in prayer for the eternal repose of his soul.

ABA ASIAN BANKERS ASSOCIATION

Global Economy to Expand by 3.1 percent in 2018, Slower Growth Seen Ahead

Emerging, Developing Economies to Accelerate as Commodity Exporters Recover

Despite recent softening, global economic growth will remain robust at 3.1 percent in 2018 before slowing gradually over the next two years, as advanced-economy growth decelerates and the recovery in major commodity-exporting emerging market and developing economies levels off, the World Bank said on June 5, 2018.

"If it can be sustained, the robust economic growth that we have seen this year could help lift millions out of poverty, particularly in the fast-growing economies of South Asia," **World Bank Group President Jim Yong Kim** said. "But growth alone won't be enough to address pockets of extreme poverty in other parts of the world. Policymakers need to focus on ways to support growth over the longer run—by boosting productivity and labor force participation—in order to accelerate progress toward ending poverty and boosting shared prosperity."

Activity in advanced economies is expected to grow 2.2 percent in 2018 before easing to a 2 percent rate of expansion next year, as central banks gradually remove monetary stimulus, the June 2018 Global Economic Prospects says. Growth in emerging market and developing economies overall is projected to strengthen to 4.5 percent in 2018, before reaching 4.7 percent in 2019 as the recovery in commodity exporters matures and commodity prices level off following this year's increase.

This outlook is subject to considerable downside risks. The possibility of disorderly financial market volatility has increased, and the vulnerability of some emerging market and developing economies to such disruption has risen. Trade protectionist sentiment has also mounted, while policy uncertainty and geopolitical risks remain elevated.

A Special Focus cautions that, over the long run, the anticipated slowdown in global commodity demand could put a cap on commodity price prospects and thus on future growth in commodity-exporting countries. Major emerging markets have accounted for a substantial share of the increase in global consumption of metals and energy over the past two decades, but growth of their demand for most commodities is expected to decelerate, the Special Focus section says.

"The projected decline in commodities' consumption growth over the long run could create challenges for the two-thirds of developing countries that depend on commodity exports for revenues," said **World Bank Senior Director for Development Economics, Shantayanan Devarajan**. "This reinforces the need for economic diversification and for strengthening fiscal and monetary frameworks."

Another Special Focus finds that elevated corporate debt can heighten financial stability concerns and weigh on investment. Corporate debt—and, in some countries, foreign currency debt—has risen rapidly since the global financial crisis, making them more vulnerable to rising borrowing costs.

"Policymakers in emerging market and developing economies need to be prepared to cope with possible bouts of financial market volatility as advanced-economy monetary policy normalization gets into high gear," said **World Bank Development Economics Prospects Director Ayhan Kose**. "Rising debt levels make countries more vulnerable to higher interest rates. This underlines the importance of rebuilding buffers against financial shocks."

After many years of downgrades, consensus forecasts for long-term growth have stabilized, a possible signal the global economy is finally emerging from the shadow of the financial crisis a decade ago. However, long-term consensus forecasts are historically overly optimistic and may have overlooked weakening potential growth and structural drags on economic activity, the report cautions.

The report urges policymakers to implement reforms that lift long-term growth prospects. A rapidly changing technological landscape highlights the importance of supporting skill acquisition and boosting competitiveness and trade openness. Improving basic numeracy and literacy could yield substantial development dividends. Finally, promoting comprehensive trade agreements can bolster growth prospects.

Table 1.1 Real GDP[1]
(Percent change from previous year)

							Percentage point differences from January 2018 outlook		
	2015	2016	2017e	2018f	2019f	2020f	2018f	2019f	2020f
World	2.8	2.4	3.1	3.1	3.0	2.9	0.0	0.0	0.0
Advanced economies	2.3	1.7	2.3	2.2	2.0	1.7	0.0	0.1	0.0
United States	2.9	1.5	2.3	2.7	2.5	2.0	0.2	0.3	0.0
Euro Area	2.1	1.8	2.4	2.1	1.7	1.5	0.0	0.0	0.0
Japan	1.4	1.0	1.7	1.0	0.8	0.6	-0.3	0.0	0.0
Emerging market and developing economies (EMDEs)	**3.7**	**3.7**	**4.3**	**4.5**	**4.7**	**4.7**	**0.0**	**0.0**	**0.0**
Commodity-exporting EMDEs	0.5	0.8	1.8	2.5	3.0	3.0	-0.2	-0.1	-0.1
Other EMDEs	6.1	5.9	5.2	5.6	5.8	5.7	0.1	0.1	0.0
Other EMDEs excluding China	5.2	4.9	5.3	5.1	5.1	5.1	0.3	0.0	0.0
East Asia and Pacific	6.5	6.3	6.6	6.3	6.1	6.0	0.1	0.0	0.0
China	6.9	6.7	6.9	6.6	6.3	6.2	0.1	0.0	0.0
Indonesia	4.9	5.0	5.1	5.2	5.3	5.4	-0.1	0.0	0.1
Thailand	3.0	3.3	3.9	4.1	3.8	3.8	0.5	0.3	0.4
Europe and Central Asia	1.1	1.7	4.0	3.2	3.1	3.0	0.3	0.1	0.0
Russia	-2.5	-0.2	1.5	1.5	1.8	1.8	-0.2	0.0	0.0
Turkey	6.1	3.2	7.4	4.5	4.0	4.0	1.0	0.0	0.0
Poland	3.8	2.9	4.6	4.2	3.7	3.5	0.2	0.2	0.4
Latin America and the Caribbean	-0.4	-1.5	0.8	1.7	2.3	2.5	-0.3	-0.3	-0.2
Brazil	-3.5	-3.5	1.0	2.4	2.5	2.4	0.4	0.2	-0.1
Mexico	3.3	2.9	2.0	2.3	2.5	2.7	0.2	-0.1	0.1
Argentina	2.7	-1.8	2.9	1.7	1.8	2.8	-1.3	-1.2	-0.4
Middle East and North Africa	2.8	5.0	1.6	3.0	3.3	3.2	0.0	0.1	0.0
Saudi Arabia	4.1	1.7	-0.7	1.8	2.1	2.3	0.6	0.0	0.1
Iran	-1.3	13.4	4.3	4.1	4.1	4.2	0.1	-0.2	-0.1
Egypt[2]	4.4	4.3	4.2	5.0	5.5	5.8	0.5	0.2	0.0
South Asia	7.1	7.5	6.6	6.9	7.1	7.2	0.0	-0.1	0.0
India[2]	8.2	7.1	6.7	7.3	7.5	7.5	0.0	0.0	0.0
Pakistan[2]	4.1	4.6	5.4	5.8	5.0	5.4	0.3	-0.8	-0.6
Bangladesh[2]	6.6	7.1	7.3	6.5	6.7	7.0	0.1	0.0	0.3
Sub-Saharan Africa	3.1	1.5	2.6	3.1	3.5	3.7	-0.1	0.0	0.1
South Africa	1.3	0.6	1.3	1.4	1.8	1.9	0.3	0.1	0.2
Nigeria	2.7	-1.6	0.8	2.1	2.2	2.4	-0.4	-0.6	-0.4
Angola	3.0	0.0	1.2	1.7	2.2	2.4	0.1	0.7	0.9
Memorandum items:									
Real GDP[3]									
High-income countries	2.3	1.7	2.2	2.2	2.0	1.8	0.0	0.1	0.0
Developing countries	3.7	3.8	4.6	4.7	4.8	4.8	0.0	0.0	-0.1
Low-income countries	4.9	4.8	5.5	5.7	5.9	6.3	0.3	0.4	0.6
BRICS	4.0	4.4	5.3	5.4	5.4	5.4	0.1	0.0	0.0
World (2010 PPP weights)	3.4	3.2	3.7	3.8	3.8	3.7	0.1	0.1	0.0
World trade volume[4]	2.7	2.8	4.8	4.3	4.2	4.0	0.3	0.3	0.2
Commodity prices									
Oil price[5]	-47.3	-15.6	23.3	32.6	-1.4	0.1	23.2	-3.1	-1.6
Non-energy commodity price index	-15.8	-2.6	5.6	5.1	0.2	0.5	4.5	-0.6	-0.1

Source: World Bank.
Notes: PPP = purchasing power parity; e = estimate; f = forecast. World Bank forecasts are frequently updated based on new information. Consequently, projections presented here may differ from those contained in other World Bank documents, even if basic assessments of countries' prospects do not differ at any given moment in time. Country classifications and lists of emerging market and developing economies (EMDEs) are presented in Table 1.2. BRICS include Brazil, Russia, India, China, and South Africa.
1. Aggregate growth rates calculated using constant 2010 U.S. dollar GDP weights.
2. GDP growth values are on a fiscal year basis. Aggregates that include these countries are calculated using data compiled on a calendar year basis. Pakistan's growth rates are based on GDP at factor cost. The column labeled 2017 refers to FY2016/17.
3. The column labeled 2016 refers to FY2016/17.
4. World trade volume of goods and non-factor services.
5. Simple average of Dubai, Brent, and West Texas Intermediate.
For additional information, please see www.worldbank.org/gep.

Regional Summaries:

East Asia and Pacific: Growth in the region is forecast to ease from 6.3 percent in 2018 to 6.1 in 2019, reflecting a slowdown in China that is partly offset by a pickup in the rest of the region. Growth in China is anticipated to slow from 6.5 percent in 2018 to 6.3 percent in 2019 as policy support eases and as fiscal policies turn less accommodative. Excluding China, growth in the region is forecast to moderate from 5.4 percent in 2018 to 5.3 percent in 2019 as a cyclical economic recovery matures. Indonesia's economy is expected to grow 5.2 percent rate this year and 5.3 percent the next. Growth in Thailand is expected accelerate to 4.1 percent in 2018, before moderating slightly to a 3.8 percent rate in 2019. For both commodity exporting and importing economies of the region, capacity constraints and price pressures are expected to intensify over the next two years, leading to tighter monetary policy in an increasing number of countries.

Europe and Central Asia: Growth in the region is projected to moderate to an upwardly revised 3.2 percent in 2018 and edge down to 3.1 percent in 2019 as a modest recovery among commodity exporting economies is only partially offset by a slowdown among commodity importers. In Turkey, growth is forecast to slow to 4.5 percent in 2018 and to 4.0 percent in 2019 as delays in fiscal consolidation and the extension of the credit support program temper an anticipated slowdown following the strong recovery in 2017. Growth in Russia is anticipated to hold steady at a 1.5 percent rate in 2018 and accelerate to 1.8 percent in 2019 as the effects of rising oil prices and monetary policy easing are offset by oil production cuts and uncertainty around economic sanctions.

Latin America and the Caribbean: Growth in the region is projected to accelerate to a downwardly revised 1.7 percent in 2018 and to 2.3 percent in 2019, spurred by private consumption and investment. The cyclical recovery underway in Brazil is projected to continue, with growth forecast to be 2.4 percent this year and 2.5 percent in 2019. In Mexico, growth is expected to strengthen moderately to 2.3 percent in 2018 and 2.5 percent in 2019 as investment picks up. Growth in Argentina is anticipated to slow to 1.7 percent this year as monetary and fiscal tightening and the effects of the drought dampen growth, and to remain subdued in 2019, at 1.8 percent. Growth in some Central American agricultural exporters is expected to pick up in 2018 and 2019, while growth among the commodity importers of that sub-region is expected to stabilize or slow. Economies of the Caribbean are forecast to see a lift to growth in 2018 from post-hurricane reconstruction, tourism, and supportive commodity prices.

Middle East and North Africa: Growth in the region is projected to strengthen to 3 percent in 2018 and to 3.3 percent in 2019, largely as oil exporters recover from the collapse of oil prices. Growth among members of the Gulf Cooperation Council (GCC) is anticipated to rise to 2.1 percent in 2018 and 2.7 percent in 2019, supported by higher fixed investment. Saudi Arabia is forecast to expand an upwardly revised 1.8 percent this year and 2.1 percent next year. Iran is anticipated to grow 4.1 percent in 2018 and by the same amount in 2019. Oil importing economies are forecast to see stronger growth as business and consumer confidence gets a lift from business climate reforms and improving external demand. Egypt is anticipated to grow 5 percent in Fiscal Year 2017/18 (July 1, 2017-June 30, 2018) and 5.5 percent the following fiscal year.

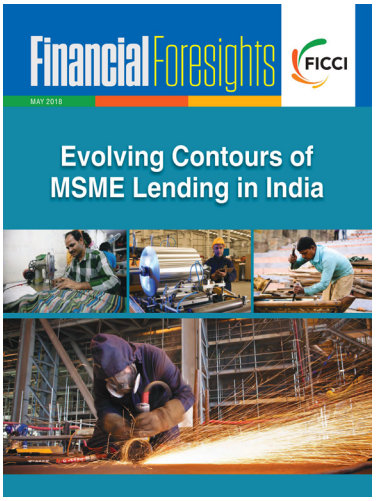
South Asia: Growth in the region is projected to strengthen to 6.9 percent in 2018 and to 7.1 percent in 2019, mainly as factors holding back growth in India fade. Growth in India is projected to advance 7.3 percent in Fiscal Year 2018/19 (April 1, 2018-March 31, 2019) and 7.5 percent in FY 2019/20, reflecting robust private consumption and strengthening investment. Pakistan is anticipated to expand by 5 percent in FY 2018/19 (July 1, 2018-June 30, 2019), reflecting tighter policies to improve macroeconomic stability. Bangladesh is expected to accelerate to 6.7 percent in FY 2018/19 (July 1, 2018-June 30, 2019).

Sub-Saharan Africa: Growth in the region is projected to strengthen to 3.1 percent in 2018 and to 3.5 percent in 2019, below its long-term average. Nigeria is anticipated to grow by 2.1 percent this year, as non-oil sector growth remains subdued due to low investment, and at a 2.2 percent pace in 2019. Angola is expected to grow by 1.7 percent in 2018 and 2.2 percent in 2019, reflecting an increased availability of foreign exchange due to higher oil prices, rising natural gas production, and improved business sentiment. South Africa is forecast to expand 1.4 percent in 2018 and 1.8 percent in 2019 as a pickup in business and consumer confidence supports stronger growth in investment and consumption expenditures. Rising mining output and stable metals prices are anticipated to boost activity in metals exporters. Growth in non-resource-intensive countries is expected to remain robust, supported by improving agricultural conditions and infrastructure investment.

World Bank Press Release

Latest FICCI Financial Insights Focuses on MSME Lending

The Financial Sector team of the Federation of Indian Chambers of Commerce and Industry (FICCI) has issued the latest edition of its quarterly publication - Financial Insights. The issue focuses on "The Evolving Contours of MSME Lending in India", which presents insightful write-ups contributed by industry leaders and experts in this domain.



Micro, Small and Medium Enterprises (MSMEs) are a major engine of growth and employment generation in the country. However, with over 50 million MSMEs in the country we have only 4.5 million unique borrowers from the formal industry. Traditionally public sector banks have been the lenders for formal credit to MSMEs. Private sector banks and NBFCs have been steadily increasing the share in MSMEs financing. However, lately non-traditional (or alternate) lenders have also entered the MSME lending space. These non-traditional lenders are using data and digital processes to transform the lending space. They work with new-economy partners, use non-traditional data sources and have developed new credit rating algorithms enabling smoother straight-through digital processes for loan approvals.

The policy interventions such as demonetization and introduction of GST have led to massive formalization of the businesses of MSMEs. This is generating enormous financial information database of MSMEs' businesses and finances. It is expected that this big data base will be useful for improving financing of MSMEs' capital requirement, including working capital. Further, the proposed on boarding of public sector banks and corporates on Trade Electronic Receivable Discounting System (TReDS) platform and linkage with GSTN would also be beneficial for MSME financing.

This issue of Financial Foresights has attempted to outline reforms for strengthening the MSME lending structure leading to growth of the MSME credit.

Interested parties may download the publication from the following link:

http://ficci.in/SPdocument/22981/Financial_Foresight_May1.pdf

Special Feature

The Evolving Regtech Landscape in Asia

By Wei Ying Cheah, Partner in the Asia-Pacific Finance & Risk Practice at Oliver Wyman

Technology empowers people and businesses to stay constantly "switched on" in a rapidly changing environment, and we are increasingly reliant on it. Increased mobile use, the rise of social media, and growing digitization has led to an exponential increase in the amount of data available. Of the data currently available, more than 90 percent was created in the last five years alone. This has enabled big data analysis and the use of machine learning and artificial intelligence to generate insights that were not previously possible.

In addition, competition in the financial services industry has increased significantly with the rise of financial technology (fintech). Many new business models are emerging from both fintech and incumbent financial institutions to address changing customer preferences.

Meanwhile, banks have faced an unprecedented level of regulatory scrutiny since the global financial crisis. Despite spending billions on regulatory compliance remediation programs, many financial institutions have been fined heavily and are still struggling to comply with regulatory requirements, resulting in the advent of regulatory technology or "regtech." Regtech is defined as "the use of new technologies to solve regulatory and compliance requirements more effectively and efficiently" as per the Institute of International Finance.

Regtech in Asia

The regtech landscape is rapidly evolving and covers a wide range of possible services, ranging from those specific to industries such as financial services and health care, to cross-industry services such as vendor risk management, cybersecurity and identity/background checks.

The regtech industry is still relatively fragmented

globally, with a large number of small-scale players and no dominant player in the market or even the region. While most regtech firms are based in the U.S. and Europe, they are beginning to expand their reach into Asia. For example, American Express plans to export KYC regtech to Asia after its success in Australia, which led to reducing client onboarding times in half after adopting Simple KYC's cloud-based technology platform as reported by The Australia Financial Review.

Motorists stop at a junction as the Raffles Place financial business district is seen in Singapore. The city-state is leading the Asian regtech space and hosts numerous regtech players. Roslan Rahman/AFP/Getty Images

Local players are also starting to appear in Asia. Notable startups include Fintellix, an Indian firm that leverages existing data infrastructures to manage local regulatory reporting rules; Cynopsis Solutions, a startup from Singapore that specializes in transaction monitoring to combat money laundering and terrorism-related financial activities; and KYC-Chain, a blockchain-based customer onboarding platform.

Singapore is leading the Asian regtech space and hosts numerous regtech players such as Datarama, which provides a risk management platform to make compliance-driven due diligence more efficient and affordable. Singapore-incorporated Otonomos uses blockchain technology to change how companies are incorporated, administered, and funded. Separately, the Singapore Exchange (SGX) recently launched a "Members' Surveillance Dashboard," which allows data related to market misconduct to be reported, including details of alerts from SGX's own surveillance system.

Citibank, OCBC and DBS have recently launched chatbots in Singapore. Citibank and DBS each have a chatbot on their Facebook pages that answers customer inquiries, and OCBC has two chatbots—one that does home loans and another for internal human resource purposes.

India is catching up, too. Bangalore-based Signzy, for example, provides an online contracting solution that uses technology, including biometric signature and blockchain, to complete the entire online digital trust system. The India FinTech Forum is currently running an annual competition to recognize emerging fintech innovations in the Indian ecosystem, and a shortlist of 20 fintechs have been chosen to pitch.

Regulatory Approach to Regtech

The rise of regtech in recent years has not gone unnoticed by regulators. The Financial Conduct Authority in the UK was the first to respond by launching the first regulatory sandbox in 2015. The concept of a "sandbox" is to create a safe space for firms to experiment with new technologies before getting final approval from the respective financial regulators or authorities and offering them to customers.

As with the launch of any new business or technology, there are multiple risks in the financial world. Will the new technology work? What are the risks related to client data and confidentiality? How secure is it from cyber risks?

The creation of a regulatory sandbox not only allows firms to experiment freely within a controlled environment, it also allows the regulator to get a better understanding of the new technologies and possible applications. More importantly, it helps the regulator avoid burdening the new business with overly restrictive regulations before an actual launch.

The regulatory sandbox approach is gaining traction and is now spreading globally. It is in various stages of development and implementation in countries such as the U.S., Switzerland, Australia, Hong Kong, Singapore, Malaysia, Thailand and the UAE.

Beyond just setting up regulatory sandboxes, regulators should also consider the possibility of using some of these regtech technologies themselves to potentially supervise the financial sector more effectively. For example, they could apply big data analysis and machine learning to information collected from banks and identify potential emerging risks, or they could create cross-firm data that all firms could leverage.

The Indonesian government is setting an example by opening the country's ID card database to financial institutions for KYC purposes. ID cards in Indonesia are already used as the basis for issuing passports, driving licenses, tax documentation, insurance policies, land rights certificates and for biometric data. Thus far, more than 190 financial institutions and service providers have signed up to access the ID database for KYC purposes.

What Can Organizations Do?

While regtech is rapidly growing, there are a number of key challenges that financial institutions, fintechs and regulators need to overcome with regard to successful implementation.

First, firms need to have a clear strategy with regard to the use and application of regtech and think about digitization more holistically while designing customer journeys and new product offerings, for example. Firms also need to be careful in

evaluating opportunities—efficiency cannot come at the cost of compliance or customer experience. Additionally, they must be aware of new emerging risks as a result of increasing digitization and interconnectedness.

Second, regulators should aim to streamline or simplify rules where possible while ensuring that security is not compromised. Various regulatory jurisdictions have different requirements for data security and privacy, as well as restrictions on the sharing of information across institutions or national borders.

While regulators in the region are encouraging the proliferation of regtech within their respective national borders, they should also look to have regular dialogues across the region to enable the application and adoption of regtech solutions across borders. This will lead to data harmonization and will enable more powerful insights to be generated through greater pooling of available data and applications.

Not addressing these issues will make it difficult for regtech to achieve its full potential. Brink Asia

**A version of this piece first appeared in Banking Insight December 2017 – AICB.*

About the Author

Wei Ying Cheah
Partner in the Asia-Pacific Finance & Risk Practice at Oliver Wyman

Wei Ying Cheah is a partner in Oliver Wyman's finance & risk practice, having spent time in Europe and Asia. Her primary focus is on non-financial risk. She maintains the firm's intellectual capital on a variety of non-financial risk topics spanning from operational risk, cyber risk, financial crime, business continuity management, business risk, reputational risk, conduct risk, compliance & audit.

Member Personalities

Maybank appoints Michael Foong as CEO, International

Maybank has appointed Michael Foong Seong Yew as chief executive officer, International, replacing Pollie Sim who retired on June 1.

The new role will be in addition to Foong's current role as group chief strategy officer, a position he has held since 2014.

Foong first joined the group as chief strategy and transformation officer in 2011.

"As an expert in Strategy Development and Business Transformation, Michael has made contributions to International when he oversaw, with the Group President & CEO, the transformation programmes for Maybank Hong Kong, Maybank Philippines and Maybank Cambodia from 2014.

"In addition, he drove the adoption of new and enhanced digital platforms, partnering with Group Community Financial Services, for International business units since 2016," said Maybank in a press statement.

Foong held various management positions in Accenture prior to joining Maybank, and was last the senior managing director of its management consulting practice in Malaysia.

In the press statement, group president and CEO Datuk Abdul Farid Alias thanked Pollie Sim for her over three decades of service with Maybank. *The Star Online*

Mr. Kenichi Hosomi Named New Representative of SMBC at ABA Board

Sumitomo Mitsui Banking Corporation (SMBC), ABA Board Member from Japan, has appointed Mr. Kenichi Hosomi as its new representative at the Board.

Mr. Hosomi is a Managing Executive Officer, Deputy Head of International Business Unit of Sumitomo Mitsui Financial Group (SMFG). He is also a Managing Executive Officer, Deputy Head of International Banking Unit of SMBC.

Mr. Hosomi joined The Sumitomo Bank, Ltd. (a predecessor bank of SMBC) in 1985. After spending a number of years at Umeda Branch and Corporate Banking Department in Osaka, he was transferred to Japanese Corporate Banking Department, New York Branch in 1993. He was promoted to Head of Marketing Group, San Francisco Branch in 1996. He returned to New York in 1999 as Head of Corporate Banking Department-I, covering all clients across the U.S., and managed over US$ 7 billion in assets and a staff of more than 20 employees.

In April 2017, Mr. Hosomi assumed his current position as Managing Executive Officer, Deputy Head of International Business Unit, Sumitomo Mitsui Financial Group and Managing Executive Officer, Deputy Head of International Banking Unit, Sumitomo Mitsui Banking Corporation.

Born in Hyogo Prefecture, Japan in 1963, Mr. Hosomi holds a B.A. in Economics from the Kwansei Gakuin University (Hyogo Japan) and an MBA with Beta Gamma Sigma honors from The George Washington University (Washington D.C. the U.S.A.).

Among Member Banks

SBI presentation fuels talk of bank mergers - The stage is set for intensification of attempts at public sector bank consolidation after a presentation by State Bank of India (SBI) chairman Rajnish Kumar at a recent meeting of bankers, although it isn't quite clear on who will make the first move.

Bankers and government officials told Times of India that Kumar made a detailed presentation on SBI's experience with the merger of five associate banks, pointing out how there were some initial niggles during the first few months, along with heightened anxiety. But things have settled down smoothly and the positive impact is now visible.

The presentation talked about how there were apprehensions about the impact on stock of bad debt, integration and staff issues. SBI, however, saw it as a move to gain size, something that has eluded Indian banks.

While officials said lenders have started initial discussions on the long-pending consolidation efforts, with the Centre backing these attempts, bankers are awaiting a clearer strategy from the government. "SBI did talk about the pros and cons but the government has to suggest ways," said a bank chief, who was present in the meeting in Mumbai.

Times of India

Among Member Banks

Mizuho set to develop cloud–based market risk management system - As one means of strengthening its response to changes in global financial regulations prompted by the 2008 global financial crisis, Mizuho Financial Group, Inc. (President & Group CEO: Tatsufumi Sakai) and Mizuho Bank, Ltd. (President & CEO: Koji Fujiwara) are planning to develop a market risk management system using a cloud computing environment provided by Amazon Web Services (AWS).

The Fundamental Review of the Trading Book (FRTB) is a global financial regulation introduced by the Basel Committee on Banking Supervision ("Basel Committee") triggered by the global financial crisis. The Basel Committee released its most recent consultative document in March 2018 and is working to finalize revisions to the FRTB. When calculating market risk values under the FRTB, more advanced, complex, and extensive calculations are required than previously, as well as more accurate risk measures based on product type and risk category. In light of this, global financial institutions in particular are being called upon to enhance their market risk management systems.

In order to comply with FRTB implementation requirements by 2022, they are planning to develop a market risk management system that will incorporate calculation logic capable of supporting sophisticated risk management, as well as utilize AWS's cloud services, which have been widely adopted in the financial services industry in recent years.

Mizuho Bank News Release

MUFG blockchain payments platform to process a million transactions per second - MUFG is partnering with US cloud software company Akamai to develop a blockchain service with the ability to process a million transactions per second and finalise transactions in less than two seconds.

The blockchain system will be built on Akamai's cloud service, Akamai Intelligent Platform, with the bank planning to roll out the payment network service by 2019 or early 2020.

"MUFG and Akamai, using Akamai's globally deployed high-speed and high-security platform, will utilize this new blockchain's high-speed processing and secure value transfer abilities to promote pay-per-use, micropayments, and other new IoT generation payment methods," the bank said in a statement.

As Japanese banks face falling loan demand brought about by a shrinking population they are increasingly turning to digital methods to cut costs.

East & Partners

Korea Development Bank Issues Green Bonds - According to the Ministry of Strategy and Finance, the Korea Development Bank issued green bonds to domestic institutional investors on May 29.

The total amount of bonds issued was 300 billion won and the coupon rate stood at 2.53 percent. Maturity is three years.

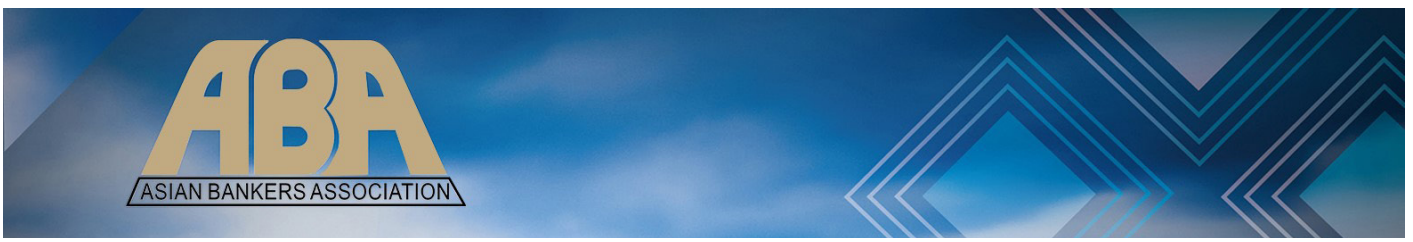
Green bonds are special-purpose bonds with use limited to environmentally-friendly projects. Korean financial institutions had issued green bonds previously on seven occasions, but all were sold to foreign investors and never issued in Korean won.

The capital raised by the bonds will be invested in accordance to relevant guidelines that dictate that funds go towards green energy projects.

Investors will be given a full report on the matter. An official at the ministry said that the issuance of green bonds will bring about a positive effect in the market.

Moreover, "the government will review policy measures that can facilitate future issuance of green bonds," said the official.

Korea Bizwire



Among Member Banks

UOB to hold digital clinics to help small businesses crack the digitalisation code - United Overseas Bank (UOB) is making it easier for small businesses to take the first step towards digitalisation with the launch of monthly digital clinics. Through the clinics, small businesses will learn how they can use technology to improve their processes and receive practical, one-on-one guidance from digitalisation experts on how to implement digital solutions into their operations.

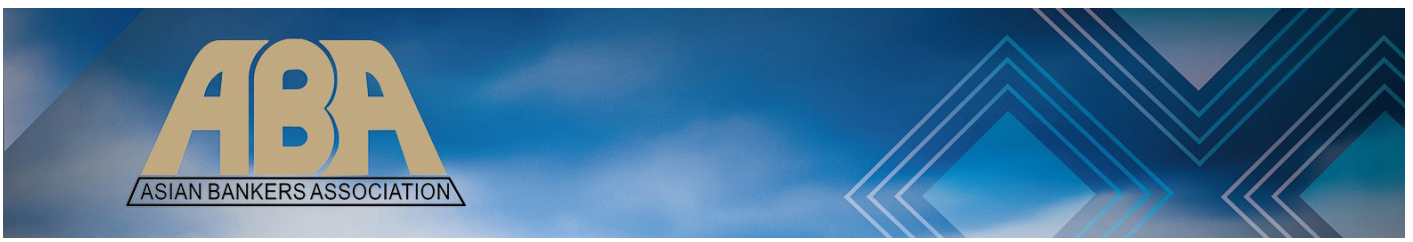
The digitalisation experts will be drawn from UOB's ecosystem of partners, including SAP, HReasily and Enterpryze. Each small business that takes part in the clinic will receive expert advice on the areas in which their company can benefit from digital technology and information on the funding support that is available to them. After the session, the small business will receive a detailed report with recommendations on the next steps they can take in digitalising their business.
UOB News Release

CTBC and ITRI co-create AI Underwriting Service - core product of "CTBC Brain" Plan - CTBC and Taiwan's Industrial Technology Research Institute (ITRI) announced a new unlimited AI Underwriting Service in Taiwan on May 7th, 2018. This project is a core product of "CTBC Brain" Plan, which adopted and implemented deep learning algorithms to improve traditional underwriting process and maximize output and efficiency. The job of an underwriter is to analyze and evaluate the potential risks involved in the process of ensuring applicants and their assets. With the integration of AI technologies like computer vision, advanced analytics, and machine learning, the age of AI underwriting is here.

"Creating value in the Data Economy, the new capabilities required of both data technology and digital transformation. CTBC Bank has been a leading player in providing innovative services and developing Big Data deeply in Taiwan. The CTBC Data R&D Center was founded in January 2018 headed by Mr. Friedman Wang, Executive Vice President of CTBC Bank, bringing together "CTBC Brain" Plan, AI technology, data scientist and other services into an integrated and organized data-driven service for the whole CTBC," said Mr. James Chen, President of CTBC Bank.
CTBC International Newsletter

Taishin FHC's Q1 Profits Achieve 14% Growth YoY Under Active Governance - Taishin FHC (Taishin Financial Holding Co.) held its Q1 analyst meeting on May 7th. The meeting was hosted by President Welch Lin, CFO Carol Lai, CIO Eric Chien, President Oliver Shang of Taishin Bank, and Wholesale Banking Group CEO Sharon Lin of Taishin Bank. Driven by growth in net interest income, net service fee income, and financial transaction income in Q1, Taishin FHC's Q1 net profit grew 14% YoY.

Welch Lin indicated that stable business growth of Taishin FHC and its subsidiaries improved its profitability, and a Q1 net profit of NT$3.8 billion was a 14.4% growth compared with the same period last year. An EPS of NT$0.34 was also 17.2% higher than last year. With regard to main sources of income, net interest income, net service fee income, and financial transaction income grew 9%, 11%, and 40.8% YoY, respectively. Service fee income from our securities grew 5.5% QoQ and reached 241.7% YoY, thanks to the synergistic effects from the merger between Taishin Securities and Ta Chong Securities. Taishin FHC's capital adequacy ratio was 117.9% and the bank's CAR 14.2%, which reflected a healthy capital structure. Furthermore, Taishin Bank continued to maintain excellent credit asset quality with 0.25% non-performing loan (NPL) ratio and 527.7% coverage ratio.
Taishin Financial Holding Co. News Release



Among Member Banks

Taiwan Cooperative profit surges on robust lending - State-run Taiwan Cooperative Financial Holding Co saw a profit increase of nearly 9 percent in the first four months of 2018 on the back of robust loan demand and expects the growth momentum to continue through the rest of the year.

A stable economy at home and abroad should continue to lend support to core businesses at the bank-focused conglomerate, spokeswoman Chen Mei-tsu said.

Cumulative net income rose almost 9 percent to NT$5.16 billion (US$172.05 million), or earnings per share of NT$0.41, ranking it 10th among the nation's 15 listed financial service providers, Taiwan Stock Exchange data showed.

"The improvement was in line with our expectations and should keep pace going forward with no major downside risks in sight," Chen told reporters on the sidelines of a public function in Taipei.

Main subsidiary Taiwan Cooperative Bank generated NT$4.59 billion in profit from January to April 2018, accounting for 89 percent of overall profit, Chen said.

Fee income held steady from the same period of 2017, with sales of mutual funds overtaking those of insurance policies, she said, adding that investors are seeking to take advantage of stock rallies and benefit from interest rate hikes overseas.

Taipei Times

Vietinbank to issue 400,000 bonds in 2018 - Việt Nam Bank for Industry and Trade (VietinBank) plans to issue 400,000 bonds worth VNĐ10 million each to raise its capital by VNĐ4 trillion (US$174.7 million).

These will be non-convertible bonds unsecured by property.

The scheduled date for issuance is June 28, and the deadline for registration and payment is from June 5 to 25.

VietinBank plans to issue bonds to the public for a term of 10 years. After five years, VietinBank can exercise the right to buy back all the above bonds, as it is not allowed to buy a part of the bonds.

The bond interest rate is floating and is determined by the reference interest rate (the 12-month saving deposit rate of Agribank, Vietcombank, BIDV and VietinBank) plus 0.8 per cent. This bonus interest rate is lower than the previous bond issuance (1.2 per cent).

The proceeds are expected to supplement VietinBank's operational capital and improve its financial capacity.

Viet Nam News

Commerzbank demonstrates first German corporate FX deal on blockchain - Commerzbank and Thyssenkrupp have replicated a foreign exchange transaction using blockchain, the first such deal involving a large German company which proponents say could make doing business cheaper and quicker.

The use of blockchain, a transaction ledger that underpins virtual currency bitcoin, could help reduce delays and manual errors, Commerzbank said on May 24.

It will eliminate the need for transaction reconciliation, because the transaction is stored as a single immutable record.

Reconciliation is a major issue for banks when trading forex, Commerzbank manager Nikolaus Giesbert said.

"Significant resources are dedicated to resolving the issues that occur during the matching process. This deal demonstrates how the use of distributed ledger (blockchain) can transform and digitalise the processes in this space," he said in a statement.

The EUR/PLN FX Forward deal, which amounted to 500,000 euros with a one month tenor, was initiated by Thyssenkrupp on May 23 using Commerzbank's FX Live Trader platform.

The deal confirmation was sent to Thyssenkrupp directly via CORDA, a distributed ledger designed for finance by the R3 blockchain consortium.

Reuters

Banking and Finance Newsbriefs

Australia

International banks plan a return to Australia

As Australia's big banks are focused on the Royal Commission, foreign banks are again looking to Australia as resources and infrastructure investment picks up.

Barclays is planning a return to the market only two years after leaving, with ABN AMRO expected to launch onshore banking operations in Australia in the second half. Italy's Intesa Sanpaolo and Paris-based Société Générale are also planning to re-open branches in Australia.

More are expected to follow given the economic growth outlook, an expected pick-up in investment in Australia's resources sector as well as ongoing infrastructure investment.

Peter Davis, executive director for APAC corporate and institutional banking at ABN AMRO said, "We are seeing a lot of European banks who have expertise in new areas such as renewable energy join the market here, whereas initially some of the Australian banks were slow or the return expectations were not to their liking."

Australian regulators are also encouraging the entry of foreign financial firms to facilitate competition and dilute the dominance of the country's large institutions.

East & Partners

India

India's central bank may hike rates in mid-June

India's central bank is getting poised to raise interest rates for the first time since January 2014, analysts say - the question is whether this will happen on June 6 or in August.

The anticipated increase could put a dent in growth, which has recovered after blows from the November 2016 demonetisation and the bumpy July 2017 launch of a national goods and services tax.

India reported stellar 7.7 annual per cent growth for the quarter ended March 31, 2018. But the key concern of the Reserve Bank of India, which has long kept the repo rate at 6 per cent, is the inflation rate, which is widely expected to climb further.

A sharp increase in global oil prices has hit the Indian economy hard and the rupee, among the best performing Asian currencies in 2017, is one of the worst in 2018.

The Business Times

Japan

Japan pushes use of cashless payments as Olympics approach and banks strain

Earnest efforts are underway in both the public and private sectors to promote cashless payments ahead of the 2020 Olympics.

Credit cards, electronic money and other cashless systems account for 20 percent of all consumer payments in Japan, compared with 40 percent to 60 percent in the United States, European countries and China.

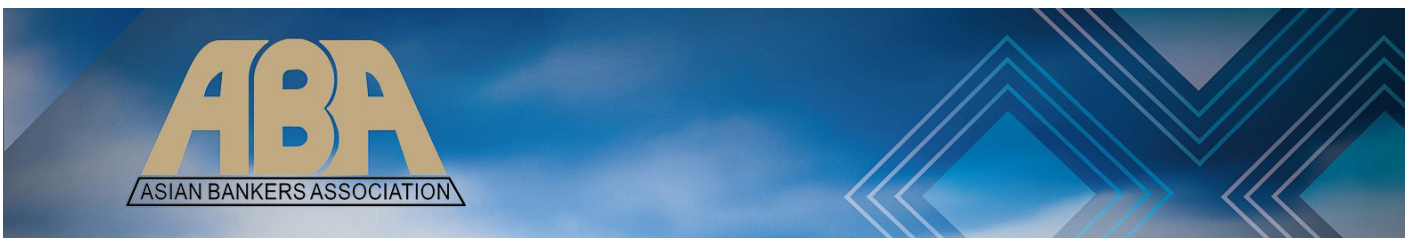
The government and businesses consider it essential to substantially reduce society's reliance on cash to stimulate spending by those expected to visit Japan for the Olympics and other international athletic events.

The long-rooted custom of using checks to pay in North America and Europe meant they smoothly and quickly embraced credit cards and other cashless means of payment.

In Sweden, where transporting cash is difficult in wintertime, most people are said to use a smartphone-based system called Swish, and an increasing number of stores are no longer accepting cash.

In China, mobile payments based on QR (quick response) codes are in wide use due to widespread counterfeiting problems.

In Japan, however, cashless payments are limited by easy access to ATMs and fewer problems with theft and counterfeiting. *Japan Times*



Banking and Finance Newsbriefs

Korea

Govt. to tighten reporting rules on financial transactions

The government has proposed a bill to toughen the rules for reporting on certain financial transactions, the country's top financial regulator said June 3.

The move is part of Seoul's ongoing efforts to better ferret out financial crime and money laundering activities, the Financial Services Commission (FSC) said.

South Korea has tightened regulations on anti-money laundering and possible terrorism financing, targeting some loopholes that may be used by people to conceal their wealth.

The FSC said in a statement that under the proposed bill, "public enterprises and other government-affiliated institutions are to fall under the newly enhanced currency transaction reporting."

"The definition of a one-off financial transaction is to be changed to a transaction performed by a customer that has not established a business relationship with a financial service provider," it said. (Yonhap)

The Korea Herald

Mongolia

Mongolia's central bank launches campaign to increase gold reserves

The Bank of Mongolia said on June 5 it has launched a campaign "National Gold to the Fund of Treasures" within the framework of the "Gold-2" national program.

The five-month campaign is aimed at encouraging gold miners and individuals to sell their gold to the central bank and commercial banks, increasing the gold reserves, intensifying training and promotion on the process of gold purchase among the public and introduce relevant laws and regulations, the Bank of Mongolia said in a statement.

The Bank of Mongolia purchased over 3.2 tons of gold from legal entities and individuals in the first four months of 2018, which is an increase of 257.6 kg from the same period of 2017.

The government of Mongolia has carried out a number of measures directed at enriching the treasury fund and improving the legal environment on foreign exchange over past five years. As a result, gold miners submitted 20.01 tons of gold to the central bank in 2017, contributing 800 million dollars to the state budget.

Annual gold production had not surpassed 20 tons since 2005 when it reached its record high at 25 tons.

Xinhua

Oman

Oman's banking sector posts reasonable growth

The banking sector continued recording reasonable growth rates and supported ongoing economic diversification initiatives, including meeting the credit needs of all economic sectors with more focus on small and medium enterprises (SMEs).

The Central Bank of Oman (CBO) has introduced many amendments to banking sector regulations to raise the available credit liquidity. This led to creating a business-friendly environment that encourages the growth of the economy.

The accumulated figures for the budget of the banking sector, which include Islamic and traditional banks, or what are known as other deposits companies, provides a comprehensive view about the financial brokerage of the banking system in the Sultanate, notes that the credit balance reported by the banking sector stands at OMR24.10 billion at the end of March 2018; a growth of 7.8 per cent compared to the end of March 2017.

Also, the CBO report pointed out that credit made available to the private sector grew by 6.3 per cent to OMR22.4 billion at the end of March 2018.

Times of Oman

Banking and Finance Newsbriefs

Philippines

Big banks ready for new rule – Moody's

Moody's Investors Service believes the biggest Philippine banks will be able to comply with new liquidity requirements set to take effect in 2019.

In a statement on June 7, the debt watcher said that 10 rated Philippine banks would benefit from adoption of the net stable funding ratio (NSFR), recently approved by the Monetary Board as part of ongoing efforts to strengthen the domestic banking industry.

The NSFR, a measure of a bank's ability to fund liquidity needs over a year, is part of the Basel III reform package drawn up by international regulators response to the 2007-2008 global financial crisis.

Beginning January 1, 2019, banks along with select subsidiaries will have to maintain an NSFR of 100.0 percent on both solo and consolidated bases.

Moody's-rated Philippine banks are Land Bank of the Philippines, China Banking Corp., United Coconut Planters Bank, BDO Unibank Inc., Bank of the Philippine Islands, Philippine National Bank, Union Bank of the Philippines, Rizal Commercial Banking Corp., Metropolitan Bank & Trust Co. and Security Bank Corp..

"These banks currently have strong capital profiles and large bases of current and savings account (CASA) deposits, which are among the most favorable funding sources under NSFR rules, and low reliance on short-term confidence-sensitive wholesale funding," the credit rater noted.

The Manila Times

Singapore

MAS partners IFC to spur green bond market in Asia

The Monetary Authority of Singapore (MAS) and International Finance Corporation (IFC), a member of the World Bank Group, are teaming up to boost the growth of the green bond market in Asia.

In a memorandum of understanding signed on June 7, the two agencies said that would encourage green bond issuances by financial institutions in Asia by raising awareness and knowledge of finance professionals on green finance issues. They also plan to promote the use of internationally recognised green bond standards and frameworks.

The signing of the agreement took place on the sidelines of the IFC - Environmental Finance Green Bonds Asia Conference in Singapore.

"Addressing climate change will require innovative, high-impact financial solutions that mobilise the private sector," said Vivek Pathak, IFC's director for East Asia and the Pacific in a media statement.

"Through this collaboration with MAS, we hope to strengthen financial institutions' awareness of green bond issuances and help build capacity for decision-makers and banks. We believe Singapore, as the rising financial hub of Asia, is well placed to catalyse the funding of low-carbon investment and financing in the region and be at the forefront of this growing asset class."

The Straits Times

Banking and Finance Newsbriefs

Uzbekistan

Uzbekistan set to develop Islamic banking system

Uzbekistan is joining the rising number of Central Asian nations to develop a Shariah-compliant banking system given its large Muslim population and rising demand for financial services aligned to Islamic beliefs. In May 2018, the Uzbek government issued a draft resolution to create infrastructure for Islamic banking and finance in the country, as posted on the official government website. The aim is to create alternative financing opportunities in the former Soviet republic, expand the range of banking and financial services and open the doors for Islamic investors from the Middle East and possibly Southeast Asia.

To that end, the central bank has been tasked with developing a legal and regulatory framework not just for Islamic banking, but also for takaful and securities trading, as well as financing for small and medium enterprises and halal microfinance. The government also wants to set up a Shariah-compliant development bank in co-operation with and support from Saudi Arabia-based Islamic Development Bank.

Thus, the framework will include the launch of the Islamic Development Bank of Uzbekistan (IDBU), which will provide standard retail banking services, trade financing, property and commercial real estate financing, as well as leasing, takaful and securities services. *Gulf Times*

Vietnam

Vietnam determined to reduce number of commercial banks

Vietnam will attempt to further reduce the number of commercial banks according to Vice Chairman of the National Assembly Economic Committee, Nguyen Duc Kien.

The banking system saw many acquisitions and merger cases from 2011 to 2015. For example, Dai A Bank merged into HDBank and Sacombank merged with Southern Bank. The State Bank of Vietnam took three ailing banks, Ocean Bank, GP Bank and Vietnam Construction Bank into public ownership. Vietnam currently has four state-owned banks and 31 commercial banks.

Kien said that restructuring of the banking sector with more acquisitions and mergers was intended for Vietnam to have several major banks in the South East Asia by 2021.

"They can negotiate and decide that a merger is not worth it or if the transactions don't necessarily represent market valuations. The point is the number of banks must be reduced and bankruptcy and closures are also solutions," he said.

Former deputy head of National Financial Supervisory Commission Le Xuan Nghia said many foreign investors showed interests in the local banks but it was not easy to reduce the number of banks. Banks themselves needed to want to buy or merge. Moreover, local investors don't have the finance, he said.

VietNamNet Bridge

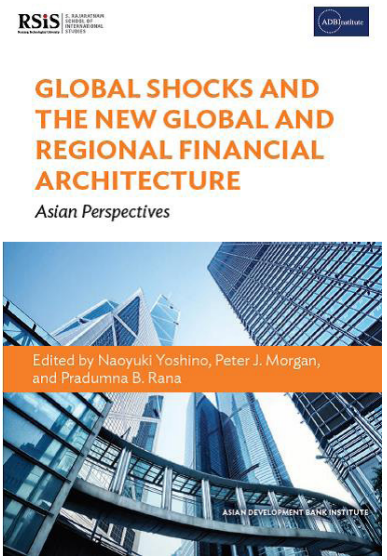
Publications

IMF Financial Operations 2018

IMF Financial Operations 2018 provides a broad introduction to how the IMF fulfills its mission through its financial activities. It covers the financial structure and operations of the IMF and provides background detail on the financial statements. It reviews the IMF's three main activities: lending, surveillance, and technical assistance.

Contact for details: IMF Bookstore
Website: https://www.bookstore.imf.org/

Global Shocks and the New Global and Regional Financial Architecture: Asian Perspectives



In light of the evolving global economic order and the experiences of the global financial crisis of 2008–2009, this book addresses the important question of how Asia's regional architecture for economic and financial surveillance, financial safety nets, and crisis management can be strengthened and meshed with those of the International Monetary Fund (IMF) and the Financial Stability Board to establish an effective mechanism for dealing with economic and financial shocks. This includes shocks emanating from both within the region and those transmitted via contagion from other regions.

It assesses the capacity of regional institutions for surveillance and financial safety nets, focusing on the ASEAN+3 Macroeconomic Research Office (AMRO) and the Chiang Mai Initiative Multilateralization (CMIM). It also reviews the potential scope for developing coordinated regional financial regulation in Asia, taking into account the European Union experience with regard to financial supervisory and regulatory architecture and its relevance for Asia. Finally, it examines how the IMF, as a provider of global financial safety nets, can work with regional financing arrangements, including both the CMIM and bilateral swap arrangements.

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