

## Summary Report on ABA Activities in 2016 THE YEAR IN REVIEW

In 2016, the ABA continued to undertake activities to further enhance the value of the Association to its members and the Asian banking sector as a whole. Many of the members were involved in the conceptualization and implementation of these activities. The ABA wishes to thank them for their kind support and contribution in these efforts. Without their cooperation, the ABA would not have achieved as much as it had in many of the Association's activities and programs last year.

The following is a summary of the ABA activities in 2016.

### I. PREPARATIONS FOR THE 33<sup>rd</sup> ABA GENERAL MEETING & CONFERENCE

#### A. Planning Committee Meeting



1. The 2016 ABA Planning Committee Meeting was held on April 8, 2016 at The Melia Hotel in Hanoi, Vietnam. Presided by ABA Chairman Mr. Daniel Wu, President and CEO of CTBC Financial Holding Ltd. the meeting was attended by 30 representatives of 14 banks from 6 countries, including Iran, Japan, India, Republic of China (Taiwan), Thailand, and Vietnam.

2. The Planning Committee focused its discussions on:

- a. Preparations for the 33<sup>rd</sup> ABA General Meeting and Conference, with the deliberations focusing on the final dates and venue, themes and topics for the seminar, line-up of possible speakers, and suggested format and program, among others.
  - b. The progress of the various activities and projects outlined under the ABA 2016 Work Program and suggestions for their effective implementation.
  - c. The Work Program for 2016 of the ABA Policy Advocacy Committee.
3. Among others, the Planning Committee agreed (after initial consultations between the Secretariat and Vietcombank and subsequent discussions between the two parties following the Committee meeting) that:
- a. The 33<sup>rd</sup> ABA General Meeting and Conference would be held on November 10-11, 2016 at the VinPearl Ha Long Bay Resort;
  - b. The Conference should focus on the theme “Asian Banks: Towards Global Integration”, providing the delegates the opportunity to examine issues that revolve around Asia’s growing influence in and integration with the global economy and its implications for Asian Banks.
  - c. Conference topics would include: (i) *“Global Macroeconomics: Key Factors and Business Strategy Implications for Asian Banks”*; (ii) *“Coping with Changing Regulatory Environment,”*; (iii) *“Digital Banking: Achieving Transformational Change”*.
  - d. The Conference will also feature: (i) CEO Forum under the sub-theme *“Financial Integration: Future Growth Drivers for the Asian Region”* to provide a high-level platform for top bank executives and thought leaders to exchange views on the status of financial integration within Asia and possible factors hindering its progress; and (ii) *“Discover ABA”* session during which country presentations will be made by selected ABA member banks on the financial markets in their respective countries.



4. After the Planning Committee Meeting, members of the ABA delegation led by ABA Chairman Mr. Daniel Wu and ABA Vice Chairman Mr. Nghiem Xuan Thanh made a courtesy call on Deputy Governor Nguyen Thi Hong of State Bank of Vietnam, the country's central bank.
5. The Deputy Governor cited the important role of the ABA in providing a platform for cooperation among banks in the region. She added that under current regional and global

environment, banks are expected to play an even bigger role in economic development of countries in the region. She expressed her hopes that the ABA will serve as an important forum to provide support to Vietnamese banks and for policy advocacy and sharing ideas of common concern. She said she was glad that the Vietnamese Bankers Association had signed an MOU with the ABA in November 2016 during the 32<sup>nd</sup> ABA General Meeting and Conference in Taipei.

6. After the courtesy call on the Deputy Governor, members of the ABA delegation proceeded to Ha Long Bay to conduct an ocular inspection of the meeting facilities and guests rooms of Vinpearl Ha Long Bay Resort. They were accompanied by officers and staff of Vietcombank and representatives of other Vietnamese banks.

## **B. Coordination with Host Bank**

7. Subsequent to the Planning Committee Meeting, the ABA Secretariat coordinated with Vietcombank on preparations for the 33<sup>rd</sup> ABA General Meeting and Conference. Discussions focused on the tentative program, the contents of the brochure, and logistical arrangements for the meeting (e.g., accommodation, meeting venues), among others. A line-up of possible speakers was identified and invited, and subsequent follow ups were made.

## **II. POLICY ADVOCACY**

### **A. Approval of the Policy Advocacy Committee Work Program for 2016**



8. The ABA Policy Advocacy Committee held its first meeting for 2016 on April 8 in Hanoi, in conjunction with the Planning Committee Meeting. During that meeting, which was presided by Chairman Ms. Prudence Lin, Senior Vice president, Global Institutional Credit Risk Management Division at from CTBC Bank, the Committee approved its Work Program for 2016, with the following objectives:

- a. *Achieving transformational change among member banks through cooperation in business process re-engineering initiatives* - Mr. Dilshan Rodrigo, Chief Operating Officer of Hatton National Bank (HNB) had agreed to take the lead on identifying and undertaking activities to achieve this objective.

- b. *Promoting institutional linkages and partnerships to make micro, small and medium enterprises (MSMEs) commercially bankable* - Mr. Chandula Abeywickremna, the ABA Special Advisor on Financial Inclusion, agreed to take a lead in identifying and undertaking activities to achieve this objective.
- c. *Promoting collaboration among members banks in addressing and mitigating the implications of changing regulations* – The CTBC Bank has been taking the lead to drive for the cooperation and consolidation of feedback from ABA members and related bankers association in various countries.
- d. *Promoting financial literacy in the region* - The Policy Advocacy Committee would search for a volunteer to take lead in this topic, or invite member banks to share their own real experiences within their country so other members can learn from these experiences.
- e. *Promoting ABA Informal Workout Guidelines* – The ABA will continue to support efforts of Dr. Shinjiro Takagi in promoting the adoption of the ABA Informal Workout Guidelines in countries around the region during 2016.

## **B. Participation in the Basel Committee's TFSA Meeting in Basel, Switzerland**

9. The ABA has once again been invited by the Basel Committee's Task Force on Standardized Approaches (TFSA) to participate in the TFSA roundtable meeting held in Basel, Switzerland on February 17, 2016. The aim of the roundtable was to provide an opportunity for market participants to further elaborate and highlight key aspects of their comments on the second consultative document on *“Revisions to the Standardized Approach for Credit Risk”*.



10. The ABA was one of the seven industry organizations from major regions around the world that were invited to participate in the Basel Roundtable. Each invited organization was requested to bring up to 8 members to the meeting. A total of 7 representatives from four member banks formed the ABA delegation.

11. During the roundtable meeting, which was held at the Basel Committee's headquarters, the ABA delegation presented its comments and recommendations on four subjects, namely: (a) Overarching issues, (b) Bank Exposure, (c) Retail Exposure; and (d) Treatment of Off-Balance Sheet Items.

12. For this year's Basel Roundtable, the ABA has been able to deliver a stronger voice on Basel regulations on behalf of all of ABA members. The ABA Policy Advocacy Committee plans to continue to co-work with all ABA members to participate and keep such presence in all related international regulatory events.

**C. Participation in the Symposium on Asian Banking and Finance in San Francisco**



13. Ms. Prudence Lin, Chairman of the ABA Policy Advocacy Committee and Senior Vice President at CTBC Bank, represented the Asian Bankers Association at the Symposium on Asian Banking and Finance held on July 11-12, 2016 in San Francisco.

14. Jointly organized by the Federal Reserve Bank of San Francisco and the Monetary Authority of Singapore, the symposium focused on the topic "Financial Reform and Financial Stability: Does One Lead to the Other?", featuring an invitation-only discussion among industry, policy, and regulatory bodies.

15. Participants in the symposium included central bankers and regulators, senior officers of financial institutions, market participants and academics from various countries. Discussions covered issues such as how regional integration may affect financial stability, whether regulatory reform has contributed to this goal, and how technological innovations in banking and finance are leading – or not – to greater stability.

16. Managing Director Ravi Menon of the Monetary Authority of Singapore delivered the keynote address. The other speakers included, among others: Mr. John Williams, President and CEO, Federal Reserve Bank of San Francisco, Mr. Mitsuhiro Furusawa, Deputy Managing Director, International Monetary Fund; Mr. William Coen, Secretary General, Basel Committee on Banking Supervision; Mr. Adam Farkas, Executive Director, European Banking Authority; Mr. Richard Naylor, Associate Director, Banking Supervision and Regulation, Board of Governors of the Federal Reserve System; Mr. Agustin Carstens, Governor, Bank of Mexico; Mr. Shinobu Nakagawa, Deputy Director General, Global Finance, Financial System and Bank Examination Department, Bank of Japan; and Mr. Diwa Guinigundo, Deputy Governor, Bangko Sentral ng Pilipinas.

**D. Promotion of the ABA Informal Workout Guidelines**



17. After the 32<sup>nd</sup> ABA General Meeting and Conference held in Taipei in November 2015, Dr. Shinjiro Takagi, ABA's Advisor on the Promotion of the ABA Informal Workout Guidelines and Model Agreement, undertook/will undertake the following activities:

- (a) attended the Inaugural Conference organized by the newly established Asian Business Law Institute on "Doing Business Across Asia: Legal Convergence in an Asian Century" held in Singapore on January 21-22, 2016 and spoke on the ABA Guidelines;
- (b) spoke at the 2016 Asia Pacific Forum on Financial Inclusion organized by the Asian Development Bank Institute on 7-8 April 2016 in Tokyo recommending more use of the ABA Guidelines;
- (c) chaired one of the sessions of the Annual Conference of the International Insolvency Institute held in Tokyo on June 6-7, 2016 during which several workout schemes in Asian economies including the ABA Guidelines were discussed;
- (d) was a speaker in the First Forum of China Out-of-Court Restructuring held on August 29 in Beijing and introduced the ABA Guidelines. The Forum was hosted by China Banking Law Society and sponsored by Dentons Law Offices (Beijing) and KPMG (Beijing);
- (e) was a presenter at the 3<sup>rd</sup> Regional Insolvency Conference organized by the Law Society of Singapore on September 15-16 in Singapore during which he recommended more use of the ABA Informal Workout Guidelines; and
- (f) will attend the Forum on Insolvency Reform on November 21-22 in Hanoi which will be hosted by Vietnam's Ministry of Law, the World Bank, INSOL, and the APEC Business Advisory Council, among others, and he is going to introduce the ABA Guidelines at the Forum.

### III. TRAINING PROGRAMS

#### A. Short-Term Visiting Programs

18. The ABA Secretariat had been coordinating with member banks in hosting short-term visiting programs for ABA members, as follows:

- a. The Hatton National Bank (HNB) organized a visiting program for ABA members on May 30 – 31, 2016 in Colombo, Sri Lanka. The two-day program covered topics such as the Evolution of Risk Management at HNB; Operational Excellence; Business Process Re-engineering; and Driving the Digital Proposition. Participants also had the opportunity to visit the Central Bank of Sri Lanka, the Credit Information Bureau of Sri Lanka, and the National Cheque Clearing House in Sri Lanka.



- b. Maybank has agreed to conduct another short-term visiting program for ABA members to be held at the Bank's Headquarters in Kuala Lumpur, Malaysia on January 18-19, 2017. The 2017 program will cover topics such as wealth management in Asia, global banking, group compliance, risk culture, transaction banking, and HNW and affluent banking. Participants will also be given a guided tour of Maybank's Banking Hall.



#### B. ABA-Endorsed Seminars and Conferences

19. Since the 32<sup>nd</sup> ABA General Meeting and Conference in November 2015, the ABA had agreed to be Supporting Partner of the following Conferences put together by various event organizers in various countries around the region:

- a. *Cashless Payment Strategy and Security Workshop* organized by Pacific Conferences on January 11 – 12, 2016 in Singapore and on January 14 – 15, 2016 in Hong Kong.
- b. *12<sup>th</sup> Annual Private Banking Asia 2016* organized by Terrapinn Pte Ltd, on March 2-3, 2016 in Singapore.



- c. *Bancassurance Asia Summit 2016* organized by Equip Global, on April 12-14, 2016 in Hong Kong, and
- d. *SME Banking Asia Summit 2016* held on May 17-20 in Singapore.
- e. *2nd Annual Digital Disruption Asia* organized by IQPC on June 21-22, 2016 in Singapore.
- f. *6th Public Private Partnership (PPP's) in Emerging Market*, organized by KW Group on July 11-13 in Bangkok, Thailand.
- g. *4th Symposium on Risk Management*, organized by KORNERSTONE Institute held on August 25, 2016 in Hong Kong.
- h. *6<sup>th</sup> Bancassurance Asia Summit 2016*, organized by Equip Global, an international company specializing in banking and financial summits on 23-24 November in Singapore.



**C. Participation in the ACRAA Workshop in Manila**



20. A total of 22 representatives from ABA member banks from five countries - Bhutan, Iran, Vietnam, Taiwan, and the Philippines - participated in the two-day workshop on “Enterprise-Wide Risk Management” organized by the Association of Credit Rating Agencies in Asia (ACRAA) on July 28-29, 2016 at the Peninsula Hotel in Makati City, Philippines. They joined 18 other participants composed of ACRAA members and associates.

21. The objective of the training workshop was to help the participants develop a framework of thinking when analyzing enterprise-wide risks as they translate to credit risks. It aimed to create a wider understanding of the spectrum of risks encountered by businesses today and develop a deeper and more comprehensive analytical perspective.

**D. TABF and Study Tour to the Philippines**



22. The ABA Secretariat provided assistance to the Taiwan Academy of Banking and Finance (TABF) in coordinating its meetings with the Bankers Association of the Philippines and the Philippine Chamber of Commerce and Industry during the one-week study tour organized by the TABF for Taiwanese bankers and representatives of regulatory authorities to the Philippines. The study tour aimed to learn more about the economic and financial industry conditions in the Philippines and the business opportunities offered by the country.

**IV. PARTICIPATION AT THE 49TH ADB ANNUAL MEETING IN FRANKFURT**

23. The ABA was once again accredited as Guest Association at the 49<sup>th</sup> Annual Meeting of the Board of Governors of the Asian Development Bank (ADB) held on May 2-5, 2016 in Frankfurt, Germany. Representatives of several ABA member banks joined other delegates that included ministers of finance and development, central bankers, private sector representatives, civil society and media as they discussed a broad range of issues linked to ADB's mission to promote economic development and reduce poverty in the region.



**V. MOU SIGNING WITH THE JBA**

24. ABA Chairman Mr. Daniel Wu on March 22, 2016 signed a Memorandum of Understanding (MOU) with the Japanese Bankers Association (JBA) outlining possible areas of cooperation between the two organizations. The signing ceremony was held at the JBA premises in Tokyo.



## VI. PREPARATIONS FOR THE 2017 ABA CONFERENCE

25. The ABA Secretariat coordinated with the State Bank of India (SBI) on its offer to host the 34<sup>th</sup> ABA General Meeting and Conference in Mumbai, India in 2017 and in undertaking initial preparations for the said event.

## VII. 33<sup>rd</sup> ABA GENERAL MEETING AND CONFERENCE



26. Over 200 bankers from Asia-Pacific, the Middle East and other regions - composed mainly of members of the Asian Bankers Association (ABA) led by ABA Chairman **Mr. Daniel Wu**, President and CEO of the CTBC Financial Holding Co. from Taiwan - gathered in Ha Long Bay, Vietnam on November 10-11, 2016 for the 33<sup>rd</sup> ABA General Meeting and Conference. Hosted and organized by Bank for Foreign Trade of Vietnam (Vietcombank) under the leadership of its Chairman **Mr. Nghiem Xuan Thanh**, the Ha Long Bay gathering was held at VinPearl Resort in Ha Long Bay.

27. This 2016 Conference carried the theme “Asian Banks: Towards Global Integration”. Invited speakers from the banking and financial industry, regulatory agencies, and the academe, examined issues that revolve around Asia's growing influence in and integration with the global economy and its implications for Asian banks. Invited as Special Guest of Honor was **H. E. Nguyen Duc Lung**, Chairman of the Peoples’ Committee of Quang Ninh Province, Socialist Republic of Vietnam.



28. The Keynote Speech was delivered by **H. E. Le Minh Hung**, Governor of the State Bank of Vietnam, the country's central bank. In his keynote speech, H. E. Le Minh Hung, Governor of the State Bank of Vietnam, the country's central bank, said that although there are a lot of challenges and difficulties ahead, especially when unexpected fluctuations are seen in both regional and global economy, it is believed that with the cooperation and initiative of its members, ABA continues to be a significant factor in the growth and prosperity of Asia. In regard to Vietnam, the banking sector is committed to continuous improvements in customer service, advanced technology applications and so on, to develop its operation, financial and managerial competencies to be able to adapt and create values to contribute to Asia's prosperity.

29. The Conference consisted of four Plenary Sessions that featured eminent speakers from both government and the private sector shared their views and insights on the following timely and relevant topics:

- a. **Plenary Session One** focused on the topic: ***Global Macroeconomic: Key Factors and Business Strategy Implications for Asian Banks.*** It examined key factors shaping the global economy in the year ahead, the risks and opportunities offered by these factors, and what their implications are for banks and their business strategies.



- b. **Plenary Session Two** addressed the issue ***“Coping with Changing Regulatory Environment”***. Speakers shared their views on where banks are in terms of preparation for new regulations and how the key regulatory measures are impacting banks and forcing the industry to undertake a significant reshaping of business models.



- c. **Plenary Session Three** covered the topic ***“Digital Banking: Achieving Transformational Change”***. It featured speakers who shared their ideas on how to capture the opportunities provided by digitalization through the right investment, careful planning and coordinated decision making spanning the whole bank; how to address the multiple strategic challenges posed by digital advances; and how institutions can position themselves to compete effectively and capture an emerging, long-term growth trajectory.

***“Digital Banking: Achieving***



- d. **Plenary Session Four** was a **CEO Forum on *“Financial Integration: Future Growth Drivers for the Asian Region.”*** Invited CEOs exchanged views on the status of financial integration within Asia and possible factors hindering progress, addressing such questions: Has financial integration in Asia risen? How does it compare with that of other regions? What are the drivers of financial integration? What are the implications for Asian policymakers who want to achieve deeper financial integration within the region?



30. As in previous years, the two-day event also featured the following special sessions

a. **Host Bank session** – Organized by the host organization Vietcombank, this session featured **Mr. Bernhard Kotanko**, Managing Partner, Asia Pacific Region at Oliver Wyman as speaker, who addressed such issues as: why parts of European banking are becoming dinosaurs, losing their anchor and engine role; How Asian banks serve as anchors for societies and economies; what engines shall propel Asian banks into the future; what can events such as the ABA Conference do in providing fuel to all these engines?



b. **“Discover ABA” session** – This special session featured country presentations by selected ABA member banks on the economic conditions and current developments and growth prospects in the banking and financial markets of their respective countries. The country presenters included representatives from Commerzbank, Bank Pasargad, Bank of Bhutan, and Vietcombank.



31. During its Ha Long Bay gathering, the ABA also convened the 52<sup>nd</sup> and 53<sup>rd</sup> ABA Board of Directors' meetings during which they discussed internal policy issues and took action on a number of important matters, including the following:



a. The ABA elected members of the Board of Directors composed of representatives 25 member-banks from 19 countries who would serve for the next two years from 2017 to 2018. The member banks that were voted into the Board included the following:

**Asian-Based Banks**

Bank of Bhutan  
The Bank of East Asia, Ltd.  
State Bank of India  
EN Bank  
Bank Pasargad  
Bank of Tokyo Mitsubishi UFJ Ltd.  
Sumitomo Mitsui Banking Corp.  
Mizuho Bank Ltd.

Bhutan  
Hong Kong  
India  
Iran  
Iran  
Japan  
Japan  
Japan

Malayan Banking Berhad	Malaysia
Bank of Maldives	Maldives
Bank Muscat	Oman
Philippine National Bank	Philippines
Rizal Commercial Banking Corp.	Philippines
International Bank for Economic Cooperation	Russia
DBS Bank	Singapore
Hatton National Bank Ltd.	Sri Lanka
Bank of Taiwan	Taiwan
CTBC Bank	Taiwan
First Commercial Bank	Taiwan
Land Bank of Taiwan	Taiwan
Bangkok Bank, Ltd.	Thailand
The Bank for Foreign Trade of Vietnam	Vietnam

**Multinational Banks with Asian Presence**

Erste Group Bank (HK)	Austria
Commerzbank	Germany

- b. The newly elected Board named **Mr. Daniel Wu**, President and CEO of CTBC Financial Holding Co as Chairman for 2017-2018, making him the first Chairman to be elected for a second term. **Dr. Aliasghar Safari**, CEO of EN Bank was elected Vice Chairman.
- c. The ABA adopted its **2017-2018 Work Program** outlining activities over the next two years in the area of policy advocacy, information exchange, training and professional development, strengthening relationship with other regional and international organizations, and membership expansion.
- d. The ABA also admitted Ayandeh Bank from Iran as its newest regular member.

32. The ABA also convened a meeting of the ABA Policy Advocacy Committee, which discussed policy issues of concern to the banking sector and planned out its activities for the next two years. Among others, as part of its policy advocacy work, the ABA:



- a. Reviewed the activities undertaken to date on the promotion of the ABA Informal Workout Guidelines and the Model Agreement for Company Restructuring that were jointly developed by the ABA and the Asian Development Bank (ADB) and subsequently approved by the ABA Board in 2005.
- b. Considered a paper proposing cooperation among member banks in undertaking business process re-engineering initiatives aimed at achieving transformational change in their respective organizations.



- c. Considered a paper recommending measures and initiatives to be undertaken by ABA and its members aimed at promoting institutional linkages and partnerships to make micro, small and medium enterprises (MSMEs) commercially bankable
- d. Considered a report on the experience and practice of Bank Pasargad in promoting financial literacy in Iran
- e. Exchanged views on possible issues for future policy advocacy work of ABA.

33. The ABA agreed to hold its 34<sup>th</sup> ABA General Meeting and Conference in **Mumbai, India** with the **State Bank of India** as host organization. A meeting of the ABA Planning Committee will be held in early 2017 in Mumbai to discuss the exact date and venue as well as other preparations for the Conference.

