

[Draft Speech for Chairman on<sup>1</sup>](#)  
[“ABA conference: Asia’s Turn to Transform”](#)

1. A very Good Morning to all of you! I deem it an honor to deliver the opening address on the 2nd day of 34th Asian Bankers’ Association (ABA) Conference and I hope you had very fruitful sessions yesterday. With Asia at the centrestage to propel the global growth it is indeed the right time for Asia to transform into an economic powerhouse, which will set the example for a prosperous and sustainable Society.
2. When we talk about Asia the first thing that comes to my mind is that Asia is an amazingly diverse continent with each country having its unique beliefs, institutions and systems. Much like the diversity in their geographical features, Asian countries have great diversity in terms of levels of economic development, sizes of GDP, economic and industrial structures, depth and sophistication in financial markets and broad economic and financial institutional frameworks. However the one thing that is common across all the nations is their zeal to improve their economy and build a prosperous society for their citizens.
3. Asian economies have been one of the world’s fastest growing in economic terms, earning Asia the title of the “**growth centre**” of the World. Over the coming years Asian economies are expected to continue to enjoy this title and serve as the engine of the world economy. Even IMF in its latest update has done broad-based revision in the expected growth rates of Asian Economies, where growth outcomes in the first half of 2017 were better than expected.
4. Asian economies have enjoyed rising income levels and have seen the emergence of a middle consumer class. With more than 4.5 billion people, Asia has a robust domestic demand base which has supported the region’s growth and will continue to do so further. The **trade channel** is expected to augment this, given the fact that the global economy is finding its footing once again after prolonged slow-down.
5. The **capital / financial flows channel** has also remained strong for Asian economies. Cumulative portfolio inflows (bonds and equities combined) to major Asian emerging market economies (excluding China) reached \$51 billion in 2016, well above the \$42 billion in 2015.
6. Such capital flows have helped the Asian economies to be better poised to deal with external uncertainties. As a matter of fact, the previous two decades have been a roller-

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coaster ride for the Asian Economies which have witnessed multiple crises and have emerged stronger and better every time. Asian emerging markets now have relatively stronger external buffers, as measured by the level of foreign exchange reserves and lower external financing needs, both of which point to their relatively greater resilience to capital outflows compared to emerging markets in other regions.

7. As I have said before, Asia has diversity in the most extreme sense of the word. But it is this diversity which creates ample opportunities for investment for different types of market players. On the one hand we have the developed economies which provide stable investment avenues and on the other hand there are the rapidly growing emerging economies which hold the promise of higher returns. The attractiveness of Asian economies as investment destinations has further increased with all the efforts that they are putting in introducing structural reforms and increasing their competitiveness.
8. James P. Walsh in his article “ The Future of Asian Finance” says “...*At least some of the savings in Asia’s (demographically) older and richer economies will wind up in Asia’s younger and poorer countries through bank borrowing across borders...*”. In his article he elaborates on the demographic diversity that Asia possesses and how the matching of the different financial resources and needs can lead to effective financing in the region which will help in fueling the rapid growth that is set to take place in Asia.
9. The effective channelization of these opportunities in order to make Asia a powerhouse will depend totally on how much collaboration and communication among the different stakeholders, both within countries and between countries, happen.
10. When it comes to various stakeholders, banks adopt a crucial role as they perform financial intermediation which is essential for financial development. In the area of finance, over the years financial inclusion has risen as a global priority. Extending affordable, effective, and client-centric financial services, especially to low-income populations and small businesses, creates countless opportunities—allowing individuals to put food on the table, afford better health care, start a business, or save for retirement. In Asian economies, the level of financial exclusion is high and this impedes the full scale development of the region. According to a McKinsey Report in 2014, throughout the world, about 2 billion adults did not have a formal relationship with a bank, and more than half these unbanked individuals—about 1.1 billion—lived in Asia-Pacific.

11. India, among the Asian economies, has made a remarkable push towards such financial inclusion. The push towards financial inclusion under the Pradhan Mantri Jan Dhan Yojana / PMJDY has led to a sizeable population getting included in the folds of formal financial system. More than 30 crore accounts have been opened under the PMJDY scheme and Rs 67687 crore have been deposited in these accounts.
12. An analysis of the PMJDY data at the granular level at SBI shows that the States where more number of Jan Dhan accounts were opened, there is a meaningful drop in rural inflation. This suggests that one of the common concerns - that the PMJDY program may have led to substantially higher price level due to a higher circulation of money and creation of additional demand - may be unwarranted at least in the near term and hence dispels the fear that financial inclusion leads to inflation. In fact our research at SBI shows that PMJDY program has led to many positives like increase in bank lending, increase in borrowing and increase in health expenditure in states with more PMJDY accounts.
13. Whilst the PMJDY scheme provided access to formal banking the previously unbanked population, the MUDRA initiative launched after PMJDY has provided loans to 90 million micro entrepreneurs with an estimated Rs 5 trillion / \$ 77 bn disbursement. Indian Banks have shouldered this responsibility with pride and have helped in bettering the lives of many by providing access to finance.
14. Other countries have also made great strides in trying to further financial inclusion. The insights from the implementation of these schemes are tremendous and effective dialogue between banks can help in building better models for financial inclusion. With the focus on making economic growth more equitable and sustainable, financial inclusion assumes an important role and so do banks as banks dominate the financial sector in most Asian advanced and emerging markets.
15. Finally, we are also witnessing the emergence and absorption of new technology in the mainstream every day and the implications of this rapid technological transformation are enormous for the banking sector. Banks have to consciously cultivate the culture of technological innovation in their organizations for cost-effective delivery of products and services. Effective communication and collaboration with their advanced counterparts can help the banking systems of emerging economies to develop the level of sophistication that the advanced countries' banks possess.
16. The World is transforming rapidly and Asia is in the Centre of this great churn. India on its part is committed towards cooperation for promotion of peace, stability and prosperity in an

increasingly inter-connected Asia and World. We have built strong ties with other economies and hope to enter into many more strategic partnerships which lead to knowledge sharing and value creation.

17. Helen Keller once said “***Alone we can do so little. Together we can do so much***”. It is no better occasion than now to follow this principle to realize the full potential that Asia possesses.

18. Thank you for a patient listening.