

Message from the Secretary Treasurer

Greetings from ABA!

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

Aside from the banner story on the latest developments on the preparations for the 35th ABA General Meeting and Conference to be held on November 15-16, 2018 in Kurumba Resort, Maldives, we would also like to share ABA Members' participation in the 51st ADB Annual Meeting held on May 3-6 at the ADB Headquarters in Manila, Philippines. Other interesting stories in this issue include the "Special Feature" article on India's massive banking network, as well as brief write-ups on the new Chairman of Sri Lanka's Hatton National Bank and the new Head of Asian Operations of MUFG, Japan.

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

ABA Chairman Daniel Wu Enjoins Members to Attend the 2018 Annual Conference in Maldives



Mr. Daniel Wu, Chairman of the Asian Bankers Association (ABA), is inviting ABA members to join him in Maldives for ABA's annual gathering this year in Maldives.

In his message to members, Chairman Wu said: "Following our highly successful annual gathering in November last year in Mumbai, I would

like to once again invite members to extend the same spirited enthusiasm and strong support to the upcoming 35th ABA General Meeting and Conference to be held on November 15-16, 2018 in Maldives."

To be hosted by Bank of Maldives, the Conference this year – which will focus on the theme "Banking in Asia: The Next Frontier" - aims to provide another important venue for our members to exchange ideas on trends and issues that are currently shaping the global financial markets, Mr. Wu said. "With the help of invited experts from the government and the private sector, we hope to take an in-depth look at some timely and relevant topics, including: (a) Technology in Banking: The Next Wave; (b) Risk Management Imperatives in the New World Order; and (c) Sustainable Banking: Challenges and Opportunities."

The ABA Chairman noted that this year's Conference

is also significant as it will be the first time that the ABA will be holding its annual gathering in Maldives. "As some of you may know, Maldives has experienced rapid economic growth and development in recent years, supported by a dynamic tourism sector. The country continues to aim to attract foreign investment, particularly investments which are capital intensive, enhance the transfer of technology, introduce new skills, while remaining environmentally friendly. The vast untapped potential in natural marine resources and the young, energetic and dynamic workforce – along with continued efforts to make the investment environment more predictable and transparent - are additional inducements to invest in Maldives," Chairman Wu said.

Mr. Wu expressed his hopes that members and other guests will join him in Maldives for this year's 35th ABA General Meeting and Conference which he stressed will address important issues that are expected to have a significant impact on our future operations.

"Your presence will also provide you the opportunity to meet with our colleagues from other countries for improved business and stronger relationships across the region. With your support of the upcoming event - as well as future ones - I am confident ABA will continue to play an even more dominant role in the region's banking industry and further serve as the ideal forum for advancing the interest of our members. I look forward to seeing you in Maldives for a fruitful and productive meeting," the ABA Chairman tells members.



News Updates

ABA Members Attend ADB Annual Meeting in Manila



Manila
2018
51st ADB ANNUAL MEETING
3-6 MAY



Representatives from ABA member banks and the ABA Secretariat joined other delegates who attended the 51st Annual Meeting of the Board of Governors of the Asian Development Bank (ADB) held on May 3-6, 2018 at the ADB Headquarters in Manila, Philippines.

Numbering some 4,600, the attendees came from ADB's 67 member countries - government officials, business leaders, academics, journalists, and representatives from civil society and development organizations. The ABA Secretariat was represented by Deputy Secretary Mr. Amador R. Honrado Jr.

During the past 11 years, the ADB has accredited the ABA as a Guest Association in the Annual Meetings of its Board of Directors: in Yokohama, Japan (2017); in Frankfurt, Germany (2016); Baku, Azerbaijan (2015); Astana, Kazakhstan (2014); New Delhi (2013); Manila (2012); Hanoi (2011); Tashkent (2010); Bali (2009); Madrid (2008); Kyoto (2007); Hyderabad (2006); and Istanbul (2005).

HIGHLIGHTS OF THE MANILA MEETING

Focusing on the theme "Linking People and Economies for Inclusive Development," this year's ADB meeting in Manila examined global and regional issues affecting development in Asia and the Pacific, with the delegates and partici-

pants discussing and exchanging ideas on ADB's Strategy 2030 to "achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific."

Various seminars and events were held during the Annual Meeting. Topics include: (a) examining the effect of new technologies and globalization on jobs and how countries can prepare; (b) addressing gender gaps in the region through women's entrepreneurship and economic empowerment; (c) mobilizing private sector resources in meeting Asia's huge infrastructure needs; (d) adapting new technologies in finance; (e) investing in community-led solutions for climate and disaster resilience; and (f) promoting inclusive growth through regional cooperation.

The host country event also featured sessions on: (a) Silk Roads and Beyond; (b) Saving the International Economic Order; and (c) Financial Technology for Inclusion.

SUMMARY REPORTS ON MEETING SESSIONS

Opening Session

In his Opening Address at the Meeting, ADB President Takehiko Nakao said Strategy 2030 will address existing and emerging challenges. "There is still persistent poverty," said Mr. Nakao. "We must address rising inequality, growing environmental pressures, and rapid ur-

banization. Aging in some countries and an increasing youth population in others present opportunities as well as challenges." Strategy 2030 will be aligned with the international agenda, including the Sustainable Development Goals and the Paris Agreement on climate change.



President Nakao highlighted the 10 priorities of Strategy 2030, namely: (1) tackle remaining poverty and increasing inequalities in Asia and the Pacific; (2) accelerate progress in gender equality; (3) scale up support to combat climate change, build climate and disaster resilience, and enhance environmental sustainability; (4) build livable cities that are competitive, green, resilient, and inclusive; (5) pro-

mote rural development and food security; (6) strengthen governance; (7) foster regional cooperation and integration; (8) mobilize private sector resources to meet the region’s huge development financing needs; (9) further strengthen ADB’s role as a provider and facilitator of knowledge; and (10) pursue a stronger, better, and faster ADB.

“We will continue to use our financial resources efficiently and creatively,” Mr. Nakao said. “We will invest in our workforce, promote diversity including gender balance, and ensure a respectful workplace. We will expand our presence on the ground. We will dramatically modernize business processes to speed up our services to clients,” he added.

Seminar Sessions

A number of seminars were held



during the course of the three-day event. These included the following:

a. Tapping Technology to Maximize Longevity Dividend in Asia – The seminar featured panelists who shared their views on how aging societies can explore and harness the potential of new technology, national policy, and regional collaboration options to reap the benefits of longevity.

b. Private Sector Participation

in Asian Infrastructure Development – The panelists discussed factors that drive private sector interest in particular PPP markets, explored steps that developing countries can take to attract private capital, and identify PPP markets in Asia and the Pacific region that are expected to be most attractive for the private sector in the near term.

c. Asia’s Emergence in the New World Order: Growth, Integration, and Resilience – The seminar discussed how economies in the ASEAN + 3 region could unleash their growth potential to enhance their productivity and continue with the rapid pace of catch-up over the past few decades. It also provided an opportunity to better understand the emerging challenges faced by the region, as well as benefits from new opportunities in the new world order.

d. Investing for a Sustainable Future: The Search for Sustainable Long-Term Investment Returns – The seminar featured a panel of experts who reviewed developments in sustainable finance and local currency bonds. They also discussed the need for sustainable long-term investment return to support growing urbanization and trade.

e. The Way Forward on Global Trade Imbalances – The session examined the substantial progress that has been



achieved since the early 2000s in addressing global imbalances and exchange rate misalignment. Panelists also examined rising populism around the works and what steps, if any, need to be taken to further re-balance global trade and promote equitable economic development around the world.

f. Breaking Barriers: Women Entrepreneurs in Asia and the Pacific – The seminar discussed challenges and successes experienced by women’s entrepreneurship in the Asia-Pacific region. Panelists shared their views on: (a) initiatives for overcoming multiple barriers to success faced by women entrepreneurs; (b) key contributing factors related to policy context, financial mechanisms, training, and networking, and (c) steps to accelerate support to women start-ups and entrepreneurs.

g. New Technologies in Finance: Opportunities and Challenges for Asia – The seminar featured panelists who reviewed Asia’s recent progress in financial market development, discussed key issues and challenges for Asia stemming from new technologies in finance, and examined policy options for maximizing their benefits while limiting their disadvantages.

h. Past, Present, and Future of the World Economy – Distinguished speakers looked back to the past with a new understanding, examined the relevance of key structures of the present global financial system, and explored how multilateral institutions and government can adapt by harnessing opportunities while navigating the hazards of a digital future.



i. **CNBC Debate: Technology for Change** – Panelists addressed questions such as where will the next technological advancement come from; how will it benefit society and what investment opportunity does it provide; what investment is needed to make innovation the engine of economic growth.

j. **Governor’s Seminar: Technological Change, Globalization, and Jobs**

in Asia – ADB Governors shared their views on how new technologies and inward-oriented sentiments regarding globalization are affecting the prospects for job creation in developing Asia. Discussions also focused on the policy responses needed for harnessing new technologies and shifting patterns of globalization for shared prosperity.



Launching of the Report on “ASEAN + 3 Regional Economic Outlook 2018



The ASEAN +3 Macroeconomic Research Office (AMRO) launched its “ASEAN + 3 Regional Economic Outlook 2018” report focusing on the region’s economic prospects, and a thematic study

on “Resilience and Growth in a Changing World.” The Report notes that the economic outlook has improved across ASEAN + 3 economies, boosted by favorable global conditions in 2018. However, the

region faces significant external risks such as trade protectionism, a faster than expected tightening in global financial conditions, production networks, technology and demographic challenges.



CTBC Bank Hosts Lunch for Selected Delegates during the ADB Meeting in Manila - Chairman Mr. Chao-Chin Tung of CTBC Bank Co. Ltd. hosted a luncheon on May 4 for some 100 bankers and regulatory authorities attending the ADB Meeting. Among the attendees were high-ranking representatives from ROC’s Ministry of Finance and the Ministry of Foreign Affairs, as well as high-level officials from the Bangko Sentral ng Pilipinas.





Officers of ABA and ACRAA Secretariat Hold Coordination Meeting in Manila –
 ABA Deputy Secretary Mr. Amador Honrado Jr (right) on May 6 met with Atty. Santiago Dumlaog, Secretary-General of the Association of Credit Rating Agencies in Asia (ACRAA) (left) and his Executive Assistant Ms. Mitz Velayo (center), to discuss preparations of the upcoming workshop on “Bank Rating and Analysis” to be jointly organized by the ABA and ACRAA on June 28-29, 2018 in Taipei. They also discussed other future collaborations between the two organizations, particularly in the area of training for their respective members.

Developing Asia will Expand by 6.0% in 2018: ADB



Developing Asia is forecast to expand by 6.0% in 2018, and by 5.9% in 2019. Excluding Asia’s high-income newly industrialized economies, growth should reach 6.5% in 2018 and 6.4% in 2019. This is the assessment made by the Asian Development Bank (ADB) in its latest Asian Development Outlook 2018 published in early April this year.

With oil prices edging up and robust consumer demand continuing, inflation is poised to pick up after dipping slightly last year. Consumer prices are projected to rise by 2.9%

in both 2018 and 2019, or 0.6 percentage points more than in 2017.

Though prospects are firm, risks are clearly to the downside. Protectionist measures and retaliation against them could undermine the recent pickup in trade growth. In response to fiscal stimulus, the United States Federal Reserve may need to raise interest rates faster than currently expected, which could diminish capital flows to developing Asia. Most of developing Asia will pause after a pickup in 2017



Outlook by subregion

As only 14 of 45 individual economies are forecast to see growth accelerate in 2018, aggregate growth rates in most subregions are projected to be unchanged or lower this year. South Asia is the exception, as a rebound in India will lift growth above 7%, making it the fastest growing subregion in developing Asia. Across the region, domestic demand will remain as the key sustainer of growth. Central Asia and the Pacific will bounce back in 2019.

- **East Asia slows on moderating PRC growth and external trade.** Economic growth in East Asia picked up by 0.3 percentage points to 6.3% in 2017 as strong external and internal demand lifted every economy in the subregion. Growth accelerated to 6.9% in the PRC on robust exports and private consumption, and surging coal exports and mining investment lifted Mongolia's growth rate fourfold to 5.1%. Expansion in the PRC should moderate to 6.6% in 2018 and 6.4% in 2019 as economic policy leans further toward financial stability and a more sustainable growth trajectory. Other economies in the subregion will see lower growth as well, mainly on account of moderating export growth. These developments will tamp down East Asian economic expansion to 6.0% in 2018 and 5.8% in 2019. Inflation dipped in East Asia last year, reflecting moderation in the PRC, where food prices fell. It will trend higher from 1.6% in 2017 to 2.3% in 2018 and 2.2% in 2019 as food prices rise, the PRC deregulates prices, and wages improve in most economies.

- **South Asia anticipates revived growth after a 2-year slowdown.** Aggregate growth slipped 0.3 percentage points to 6.4% in 2017. This reflected slackening in India, where growth fell to 6.6% with the lingering effects of demonetization in 2016, businesses adjusting in 2017 to a new goods and services tax, and agriculture subdued. The South Asian giant is expected to bounce back to 7.3% in fiscal 2018 and firm to 7.6% in 2019 as the new tax regime improves productivity and as banking reform and corporate deleveraging take hold to reverse a downtrend in investment. Elsewhere in South Asia, growth will stay robust but generally not improve. The need to carry out revenue-enhancing fiscal reform and to strengthen economic policy will temporarily brake expansion in Bangladesh, Pakistan, and Sri Lanka. Growth in South Asia as a whole is forecast to rise to 7.0% in 2018 and 7.2% in 2019. Very modest food price rises in India following bumper harvests there pushed average inflation in South Asia down to 4.0% in 2017. Inflation is forecast to revive to 4.7% in 2018 and to 5.1% in 2019, mainly on higher oil prices.

- **Southeast Asia is poised to sustain a higher growth path.** Growth accelerated to 5.2% last year, 0.5 percentage points higher than in 2016. A turnaround in exports and robust domestic demand underpinned solid economic performances across the subregion. As export growth moderates from last year's rebound, stronger domestic demand—fueled by ambitious public infrastructure spending, solid foreign direct investment, and robust household consumption—should see the subregion sustain average annual growth at 5.2% this year and next. Growth this year in 8 of the 10 economies is projected to be equal or exceed the 2017 rate, but Malaysia and Singapore are likely to unwind from last year's rapid expansion toward their long-term potential growth rates. Inflation, having edged up 0.7 percentage points to 2.8% in 2017, is seen stabilizing at about 3.0% this year and next, buoyed by strong domestic demand, higher minimum wages, hikes in administered prices, and rising international oil prices. Only Malaysia will see inflation cool in both 2018 and 2019 after changes to the price-setting mechanism for fuel and lubricants spiked transport costs in 2017.

- **Central Asia moderates after a notable recovery in 2017.** Average growth in the subregion rose to 4.3% from 2.7% a year earlier as recession ended in Azerbaijan and expansion accelerated in six other economies, particularly in predominant Kazakhstan. Growth slowed only in Uzbekistan, where sharp currency devaluation to unify the exchange rate and other economic reform forfeited some expansion last year for future growth. Following a strong pickup in growth last year, Kazakhstan is projected to slow to 3.2% in 2018 but bounce back to 3.5% in 2019 as investment quickens. With expansion moderating in most of its economies, Central Asia is projected to slow to 4.0% in 2018 and reaccelerate to 4.2% in 2019 with faster growth in all eight countries. A more stable exchange rate almost halved inflation in Kazakhstan, trimming average inflation in the subregion to 9.2% in 2017 from 10.6% in 2016, even though inflation accelerated in the other seven economies, particularly in Uzbekistan. As recent currency devaluations slip further into the past, inflation is projected to settle at 8.5% in 2018 and 7.9% in 2019.

- **The Pacific will grow more slowly than the other subregions.** Growth at 2.2% in 2017 was determined largely by events in Papua New Guinea, the largest Pacific economy, where growth at a similar rate reflected a slowdown in agriculture and contraction in oil and gas. Elsewhere, performance was mixed, with Palau and Timor-Leste contracting. While



these two economies will bounce back in 2018, all others will either maintain the pace or slow. Following an earthquake in February, growth in Papua New Guinea is expected to falter to 1.8%, but recovery in Timor-Leste is expected to keep growth in the subregion as a whole unchanged at 2.2% in 2018. An expected recovery in Papua New Guinea and continuing strength in Timor-Leste should contribute to aggregate growth of 3.0%

in 2019. Although inflation in the Pacific fell 1.0 percentage point to 3.8% in 2017, prices rose faster in eight economies, half of them escaping deflation in the previous year. As higher global commodity prices will boost inflation in most economies in 2018, subregional inflation is forecast to reach 4.1% in 2018 before tapering to 3.9% in 2019.

Special Feature

India's Little Shops Are a Massive Banking Network in the Making

By Anto Antony and Marcus Wright



Pedestrians pass an EbixCash logo outside Rakesh Sharma's Mayuresh Watches and Trader shop in the Byculla area of Mumbai, on January 29, 2018. / Photographer: Dhiraj Singh/Bloomberg

Indians who still rely on cash are a ready-made financial-services market and a lucrative sideline for the corner store.

It may look like an ordinary watch and mobile phone shop. But for many people in its south Mumbai neighborhood, it's basically the local bank branch. The proprietor, Rakesh Sharma, is one of hundreds of thousands of shopkeepers making money transfers, deposits, and withdrawals on behalf of customers at all hours of the day and even late into the night.

Corner shops, tailors, pharmacies, and even doctors' offices are adding these simple financial services as a lucrative new sideline. Sharma, sitting behind his computer in the Mayuresh Watches & Trader shop founded by his father, says they're his "mainstay income" now. He takes in so much cash from customers—a couple of million rupees every day, the equivalent of roughly \$30,000—that he or his brother must make a run to an actual bank branch almost every other hour to lessen the risk of being robbed.

India's government has been trying to get people to

use digital payments instead of cash. Hundreds of millions of people have been signed up for bank accounts for the first time. And a surprise move in 2016 to invalidate some existing bank notes, forcing people to line up to exchange or deposit them, was seen as a boost for smartphone-based digital-wallet services such as Paytm. But those companies tend to target relatively affluent Indians. Another group of online financial-services providers is reaching the rest—the vast majority of the population that's largely sticking with cash but still needs ways to make small savings deposits, pay bills, send money to family in faraway states, or pick up cash sent by relatives working abroad.

These companies, including EbixCash, Fino PayTech Ltd., and Oxigen Services India Ltd., enroll merchants who can use their software to access their networks. Customers pay fees for remittances and deposits that range from 0.6 percent to 1.5 percent. The systems also help customers purchase train and air tickets, insurance, gift cards, and even gold.

"The financial-services industry is realizing that, in this country, where more than four-fifths of the transactions are still in hard cash, somebody has to hand-hold most of the population to make the shift from physical to digital," says Bhavik Vasa, chief growth officer for EbixCash, which has 250,000 outlets across India. The company, which was purchased in May 2017 by U.S.-based insurance software provider Ebix Inc., counted 35 million customers before the acquisition but no longer discloses its data or transaction volumes. Its rival Fino, with more than 50,000 usage points, claims more than 120 million transactions a year, for about 30 million customers.

The government says it has now provided bank accounts to almost all households in India. It's asked state-owned lenders to open branches in or near every village. However, only 51 percent of adults in the country actively use banks, according to a survey conducted by InterMedia, a firm that pro-



vides financial inclusion data. “Lack of easy access to the bank outlets, poor service standards, and financial illiteracy remain major hurdles for transactions at a bank branch or through digital channels,” says Astha Kapoor, a Delhi-based independent consultant specializing in financial inclusion. In-store cash points “stand a better chance at bringing the people used to cash transactions into the folds of formal banking and digital channels,” Kapoor says.

Banks also have direct partnerships with mom and pop stores, especially in far-flung rural areas. More than 600,000 shop owners or designated independent bank tellers are so-called business correspondents who act as extensions for institutions such as State Bank of India and Axis Bank Ltd. But banks don’t necessarily mind the competition from the new companies. By making accounts easier to access, they can help the banks grow. “Putting branches everywhere is unviable,” says Vishwvir Ahuja, chief executive officer of Mumbai-based RBL Bank, which has 246 branches and an additional 750 business correspondents, but now has 100,000 more customer service points through partnerships with firms including Fino and Oxigen Services. “Quasi bank outlets that provide services through a tablet connected to the internet or micro-ATMs are the way forward.”



A customer enters Poorvi Travels, an EbixCash agent in the Dharavi area of Mumbai, on January 29, 2018. Photographer: Dhiraj Singh/Bloomberg

Sharma’s small watch shop, surveyed by three closed-circuit cameras, services a couple of hundred customers on busy days. At least once a week, he gets a late-night call requesting a money transfer to some remote place in India, often for medical emergencies, he says. Customers are directed to hand over the money at the counter of a nearby restaurant that’s open almost 24 hours, and Sharma then makes the transaction for them from his computer at home. He picks up the money the next day.

He doesn’t mind the sleep interruption, he says. He wants to build a reputation with his customers as someone they can always count on. “They trust me enough to hand over money even without a receipt, and I have never let them down,” he says. One customer, Jalaluddin, a 45-year-old odd jobs worker who goes by one name and comes from Faizabad city in the northern state of Uttar Pradesh, uses Mayuresh Watches to send about 2,500 rupees (\$38.50) home every week to his wife, which costs him about 40 rupees. Previously, he had to take a bus to the bank and line up for an hour, losing half a day’s wage, or about 300 rupees, as well as pay a transfer fee of at least 150 rupees. The convenience and lower cost of using EbixCash changed his life. “I come here, and it’s done in a minute,” Jalaluddin says.

At Dhun Drug House in the northern Mumbai suburbs, pharmacist Pravin Nandu found online sales of discounted medicines cutting into his margins. First, he added a vibrating bed to the shop, which customers believe can shake away spine problems, diabetes, and asthma. When that wasn’t enough, he started offering EbixCash, which now earns him about 20,000 rupees a month in fees.

While the pharmacy is right below a Canara Bank branch and across the street from a Bank of Baroda outlet, customers with bank accounts still come to Nandu to deposit money and transfer funds, even though they have to pay a fee. He keeps his shop open until 11 p.m., and he says the wait is shorter. “Most of these people wouldn’t know how to fill out a form, even if they get to a bank counter,” he says. “Here, they don’t have to do anything, and we are offering ease of doing business.”

Bloomberg



Sharma collects cash from a customer inside his shop. Photographer: Dhiraj Singh/Bloomberg



Member Personalities

Dinesh Weerakkody new chairman of Sri Lanka's Hatton National Bank

Dinesh Weerakkody, former chairman of Commercial Bank of Ceylon, has been appointed chairman of Sri Lanka's Hatton National Bank, a stock exchange filing said. Weerakkody joined HNB's board in 2017 as a non-independent, non-executive director.

He has now been confirmed as an independent, non-executive director by the Board Nomination Committee after a re-assessment of his fitness and propriety to continue as a director of a commercial bank, the statement said.

Weerakkody holds several honorary advisory roles in the present government and is also chairman of National Human Resources Development Council of Sri Lanka.

His appointment as HNB chairman is from 26 May 2018 upon the retirement of HNB chairman Rienzie Arsecularatne on reaching 70 years.

ECONOMYNEXT



MUFG announces a new Head of Asian Operations



Mitsubishi UFJ Financial Group, Inc. (MUFG) Bank has appointed Janice Chua as Managing Director & Head of Asian Operations Division.

Ms Chua is the first female executive to run the bank's Asian Operations Division, reinforcing the ongoing efforts at promoting diversity and inclusion within the bank. As part of MUFG's regional leadership team, Ms Chua will be responsible for enhancing the bank's operational framework in support of the bank's growth strategy in Asia.

MUFG Bank CEO for Asia & Oceania Mr Takayoshi Futae said, "Janice's technical and operational expertise, depth of knowledge of Asia's banking landscape and more importantly, her extensive experience in championing organisational changes will be crucial to our strategic reforms, and we're excited to leverage her perspective and strong credentials to strengthen the foundations for our "One MUFG" approach."

Prior to joining MUFG, Ms Chua was Director and Senior AML Compliance Manager for BAML, where she managed AML Case Analysis for branches and entities outside of the United States.

East & Partners

Among Member Banks

Customer Feedback Terminals in Thimphu and P/ling - The Bank of Bhutan (BoB) installed Customer Feedback Terminals at two of its largest branches, 30 terminals in Phuentsholing and 70 in Thimphu on April 28. The feedback terminals will enable customers to provide instant feedback on the service provided at these branches. The introduction of this facility is an attempt to enhance the customer experience.

The Customer Feedback Terminal is a device provided at all customer-facing counters with options to select varying levels of satisfaction. A customer can select the level of satisfaction on the service received after completing their transaction.

The reports received from the Customer Feedback Terminals will be generated at periodic intervals and will be used as a monitoring tool to access the performance of the employees and help the bank in identifying employees who might need training to improve customer service.

BoB CEO, Pema N Nadik, said that using the Customer Feedback device, the Bank would get more direct feedbacks from the customers at the two main branches than by using other survey methods.

Kuensel



After Tencent and Ctrip, Bank of East Asia eyes more partners for virtual banking - Bank of East Asia, which has teamed up with internet giant Tencent Holdings and online travel provider Ctrip, is seeking more tech partners to develop its virtual banking services, according to deputy chief executive Adrian Li Man-kiu.

Hong Kong Monetary Authority, the city's central bank, which is aggressively pushing the local banking sector to develop fintech, plans to issue its first virtual banking licence in 2018 to allow lenders to offer services purely online without the need to set up a branch network.

"We do not think we will apply for a virtual banking licence as we have already operate a traditional bank that has been around for almost a century," Li said. "We already offer many digital banking services to customers. However, we would actively consider teaming up with a partner who may like to have a virtual banking licence. We have a lot of products and services that can be offered via the platform of this virtual banking partner."

Hong Kong's largest family-owned listed bank, which turns 100 in 2019, has expanded in the mainland via partnerships.

South China Morning Post



Mizuho Securities to enhance services for elderly clients - Mizuho Securities Co. plans to boost the number of consultants for elderly customers to 70-80 within fiscal 2018 from 13 at the end of March 2018, its president, Koichi Iida, has said.

In cooperation with other key units of Mizuho Financial Group Inc., the company is expected to deploy such consultants in stages, mainly at branches in areas with high proportions of elderly residents, including the Tohoku and Shikoku regions.

They provide advice to elderly clients on a wide range of issues, including investment, inheritance and nursing.

Currently, Mizuho Securities has such consultants mainly at branches in Toyama and Gifu prefectures.

"It's extremely important to offer services that meet the various needs of elderly customers in a comprehensive way," Iida said, apparently referring to the rapid aging of customers of securities companies.

Mizuho Securities will utilize the branch network of Mizuho Bank and the know-how of Mizuho Trust & Banking Co., which is strong in inheritance and testamentary trust-related services, he suggested.

Japan News



Among Member Banks

BML Islamic Launches Personal Financing Facility With Flexible Payment Plans - BML Islamic has on May 2 introduced a Personal Financing facility for individuals looking to purchase consumer or home improvement goods up to MVR 100,000 in value. Applications for this facility will be processed within 7 days and customers can conveniently pay for their goods in monthly instalments.



BANK OF MALDIVES

At a ceremony held on the morning of May 2 in Bank of Maldives' Head Office, Zulkarnain Taman, Director of BML Islamic, commented, "We are very pleased to introduce this new product which represents a further addition to our suite of Shari'ah compliant offerings. With this financing facility, our customers will benefit from the most competitive Shari'ah compliant facility in the country."

BML Islamic's offerings are fully Shari'ah compliant and have been developed according to the highest international standards. Customer deposits are maintained in a separate fund that is utilized exclusively for Shari'ah compliant purposes, overseen by the Bank's Shari'ah Advisory Committee which includes internationally renowned Shari'ah scholars in the field of Islamic finance.
Bank of Maldives News Release

Bank Muscat launches attractive Ramadan Sayyarati auto finance - Bank Muscat, the flagship financial services provider in the sultanate, in step with its vision 'To serve you better, everyday' and commitment to partnership in banking convenience, has launched an attractive Sayyarati vehicle finance offer with the best rates in the market.



Coinciding with the Ramadan auto sales season, the Sayyarati offer comes with a low interest rate of 4.99 per cent, guaranteeing the fastest turnaround with no need for post-dated cheques. The feature-rich Sayyarati finance can be obtained within the shortest possible time with the package including options for repayment tenure up to eight years for new and used vehicles, lowest monthly payment option, on-the-spot approvals and motor insurance funding with the lowest monthly payment in the market.

The Sayyarati campaign comes at a time when a large number of young Omanis are taking up jobs and seeking finance for various requirements, including vehicles. The completely hassle-free Sayyarati finance can be obtained from all Bank Muscat branches spread across Oman.

Muscat Daily

RCBC Subsidiary Recognized During Asia Trailblazer Awards - RCBC and its credit card servicing entity, RCBC Bankard, were recently recognized for its key programs during the 2018 RBI Asia Trailblazer Awards.



Retail Banker International (RBI), the global publication for retail banking sectors with a strong focus on Asia-Pacific, recently concluded its 2018 Asia Trailblazer awards. The accolade celebrates the best and most innovative institutions and projects and highlight noteworthy initiatives that have established a strong foothold in the Asia-Pacific region.

This year (2018) saw both RCBC and RCBC Bankard accepting awards at the ceremony in 2018. RCBC received High Commendation for the Bank's Excellence in Internal Communications, Marketing & Communications Category. Meanwhile, RCBC Bankard was recognized during the Product & Service Awards, receiving High Commendation for Best Card Offering. Specifically, the RCBC Bankard Diamond Mastercard was recognized for the world-class privileges and benefits it provides its cardholders while simultaneously being a card that enabled RCBC Bankard clients to provide goodwill to underprivileged Filipino children.

RCBC News Release



Among Member Banks

UOB helps start-ups and SMEs establish themselves in 33 locations across Southeast Asia - United Overseas Bank Limited (UOB) announced on May 2 that its customers – from start-ups to small- and medium-sized enterprises (SMEs) – will be able to establish a presence more easily across Southeast Asia with preferential rental rates at co-working spaces in the region. UOB’s latest initiative addresses one of the top constraints to businesses’ cross-border expansion¹ – managing the set-up costs associated with expanding overseas.



The Bank has signed Memoranda of Understanding with EV Hive (Indonesia), Common Ground (Malaysia), WORQ (Malaysia) and 80RR Fintech Hub SG (Singapore) to offer its customers up to 20 per cent off the rental at any of these companies’ co-working spaces². These tie-ups add to UOB’s existing partnership with Toong in Vietnam, making up a total of 33 co-working spaces located around the region including Jakarta, Kuala Lumpur, Petaling Jaya, Singapore, Ho Chi Minh City and Hanoi.

UOB News Release

CTBC Awarded “Outstanding Support of Startup Companies” and “Elite Credit Manager” for Continuous Support of Taiwan’s SMEs - In recognition of CTBC’s continuous support of local Small and Middle Enterprises (SMEs), the Ministry of Economic Affairs and the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (SMEG) awarded CTBC



“Outstanding Support of Startup Companies” and “Elite Credit Manager” in their 2018 SMEG Outstanding Financial Institute and Credit Manager Awarding Ceremony on March 23rd. The “Outstanding Support of Startup Companies” award is a newly established distinction in which the MOEA and the SMEG applaud financial institutes who have given their support to startup companies, and serves as a nod towards the continuous support that CTBC has shown local SMEs.

Taiwan’s SMEs have always been a key driving force in Taiwan’s economy. In order to provide SMEs with better services, CTBC established a SME Department in 2011, making it the first of its kind. The SME Department not only focused on developing credit risk assessment procedures tailor made for SME clients, but also provided clients with simple, standard, and convenient loan products. This has made CTBC one of the most trusted financial institutions for Taiwan’s SMEs—as of December 2017, outstanding SME loans have reached NTD184 billion, making it one of the top three private banks to provide services to SMEs.

CTBC International Newsletter

Fubon net profit up on investment, interest income - Fubon Financial Holding Co posted NT\$16.5 billion (US\$554.77 million) in net profit for the 1st quarter of 2018, soaring 66.5 percent from the same period in 2017, thanks to fast-growing investment and interest income at its life insurance and banking units.



The result translated into earnings per share of NT\$1.61, helping the firm’s total assets to gain 9.6 percent to a record NT\$6.97 trillion and secure second place among its peers next only to Cathay Financial Holding Co. Fubon Financial chairman Richard Tsai attributed the improvement to steady operations at main subsidiaries Fubon Life Insurance Co and Taipei Fubon Commercial Bank.

Fubon Life reported NT\$31.9 billion in investment income, a 22 percent increase from 2017, even though the New Taiwan dollar’s appreciation eroded profitability, company data showed.

Investment returns averaged 3.68 percent after factoring in hedging costs, lower than funding costs at 3.7 percent, the insurer said.

Taipei Times



Among Member Banks

Bangkok Bank wins ‘Bank of the Year 2018’ award from Money & Banking: its 8th win in 10 years - Bangkok Bank has been named ‘Bank of the Year 2018’ by Money & Banking magazine. This is the 8th win in 10 years, beginning in 2009, due to its outstanding performance and profit growth. The Bank’s net profit in 2017 was the third-highest among Thai banks at Baht 33.0 billion, representing the highest net profit of Baht 17.29 per share and the highest level of assets of Baht 3,076.3 billion. In addition to its high profitability, Bangkok Bank takes a prudential and steady approach in allocating reserves for doubtful accounts, and its total loan loss reserves in 2017 amounted to Baht 137.7 billion, or 6.87% percent of total loans, which was also the highest amount among Thai banks. According to the Bank for International Standards (BIS), Bangkok Bank has a total capital adequacy ratio of 18.17 percent, comprising Tier-1 capital of 16.63 percent and Tier-2 capital of 1.54 percent. The Bank stays close to all its customers to anticipate their needs and provide them with appropriate advice and support, so they can adapt to changing circumstances. In 2018 the Bank is putting its key focus on inspiring success, innovation leadership and inter-connection. *Bangkok Bank News Release*



Banking and Finance Newsbriefs

Hong Kong

Banks Seeking Hong Kong Deposits Push Rates as High as 3%

Competition in Hong Kong’s \$292 billion time-deposit business is intensifying as a surge in short-term borrowing costs forces banks to seek other avenues of funding.

With interbank rates climbing ahead of expected Federal Reserve hikes and a slew of potential initial public offerings, lenders from Standard Chartered Plc to Industrial & Commercial Bank of China (Asia) Ltd. have been raising time-deposit rates to more than 2 percent in some cases. China Citic Bank International Ltd. now pays as much as 3 percent to new savers who transfer their funds into three-month Hong Kong dollar deposits.

“This trend will continue as rates are only going up,” Lawrence Kung, head of the deposits department at Wing Lung Bank Ltd. in Hong Kong, said in a phone interview. “Banks are preparing themselves in terms of funding before the rate-hike cycle.”

Interbank liquidity is set to tighten more as the Fed signals plans to raise rates further and China’s major technology firms are allowed to go public in Hong Kong under a new listing regime, sucking money out of the system. HSBC Holdings Plc on April 30 became the latest lender to promise higher deposit rates, a bid to lock up funding in anticipation of continued loan growth.

Bloomberg

Japan

BOJ’s Kuroda calls on government to step up structural reform

Bank of Japan Governor Haruhiko Kuroda said more work needs to be done to boost the country’s growth potential, making a rare call for the government to deliver on its growth strategy - the third arrow of premier Shinzo Abe’s reflationist policies. Kuroda said the government had made “significant” progress on reforms to fix Japan’s worsening fiscal state, albeit with some delay.

The BOJ also agreed with the government on the need to maintain its ultra-loose monetary policy to lift Japan sustainably out of deflation, he said.

Still, Kuroda said there was more work to be done on deregulation and structural reforms, the third arrow of the premier’s “Abenomics” policies to reflate the economy.

Critics say the Japanese labour market and heavily-protected industries, such as healthcare and the agriculture sectors, are in urgent need of reform.

“It’s true there is some lag before the steps already taken begin to affect the economy. We need to take that into account,” Kuroda told parliament on May 11. *Reuters*

Banking and Finance Newsbriefs

Korea

Bank of Korea Governor Sees Need to Raise Rates When Possible, Yonhap Says

Just hours after the Bank of Korea Governor Lee Ju-yeol said the central bank should raise its benchmark interest rate when it becomes possible to do so, the bank released a statement saying Lee was just speaking in “general terms.”

Lee’s remarks on the need to raise rates were made as he was giving a general explanation on a theoretical situation in which financial imbalances may occur, the statement said. Earlier, Yonhap reported Lee saying “financial imbalances may increase should BOK maintain the current interest rate when Korea’s economy continues 3 percent growth and inflation consolidates at 2 percent.”

Central bank accommodation should be eased when “various conditions match up,” the South Korean news agency reported Lee saying in Manila, where central bank governors held a meeting. Lee also said that he’s paying close attention to consumption, investment, tourist numbers and the country’s employment rate, and not just inflation. The impact of the minimum-wage hike on consumer prices also needs closer examination, he said.

South Korea’s economy expanded 2.8 percent in the first quarter from 2017 and remains on track to grow 3 percent in 2018. *Bloomberg*

Malaysia

Malaysia’s A3 stable credit profile supported by economy, growth prospects

Malaysia’s A3 credit profile is supported by its large and diversified economy, ample natural resources and robust medium-term growth prospects, says Moody’s Investors Service.

The rating agency said on May 4 and pointed out the relatively high government debt burden was balanced by a favorable debt structure and large domestic savings.

“Credit challenges include the implementation of further fiscal consolidation and external vulnerability as indicated by sizeable external debt repayments relative to reserves,” it said.

Moody’s said the stable outlook balances long-standing credit constraints – a high debt burden and vulnerability to external risks – against inherent credit strengths, including resilient economic growth and the presence of sizeable domestic institutions providing stable financing conditions for the government’s debt.

It pointed out that in the absence of further fiscal reform, “we expect only limited improvement on Malaysia’s public indebtedness and debt affordability”.

However, a robust growth path, which provides the base for an expansion in nominal GDP, lends stability to this debt burden. *The Star Online*

Philippines

Philippine economy grows 6.8% in the first quarter

The Philippine economy grew by 6.8 percent in the first quarter, on par with expectations but short of the government’s growth target of between 7 percent to 8 percent for 2018.

“The Philippines remains one of the best performing economies in the region, next only to Vietnam’s 7.4 percent growth, same as China, and higher than Indonesia’s 5.1 percent,” Socioeconomic Planning Secretary Ernesto M. Pernia said during the announcement of the period’s national income accounts data.

“This is the tenth consecutive quarter that the economy was able to achieve an output expansion of 6.5 percent or better. This performance demonstrates that we have firmly laid the groundwork for reforms in some of the sectors of the economy.”

Industry led the growth among major sectors at 7.9 percent for the three-month period ended March 2018, faster than the 6.5 percent clip in 2017, while the services segment expanded by 7 percent from 6.7 percent in 2017. Farm sector output, meanwhile, slowed to 1.5 percent compared with the 4.9 percent recorded in the same period of 2017.

Arab News



Banking and Finance Newsbriefs

Qatar

Listed banking assets grow over 8% in Qatar to \$389.4bn in 2017: KPMG

Total listed banking sector assets in Qatar increased by 8.1% to \$389.4bn in 2017 from \$360.2bn in 2016, driven by growth in corporate lending, cash and equivalents and investment securities, a new report has shown.

This, according to KPMG, was the “highest” asset growth rate among all Gulf Co-operation Council countries in 2017.

This growth can be predominantly attributed to the increase in financing asset balances (70%) and higher investment securities (15%).

In its ‘GCC Listed Banks Results’ report, KPMG said the market is dominated by QNB, which had a market share of 56.3% of total listed banking assets at end-2017, up from 2016, while Islamic banks had a combined market share of 20.8%.

In 2017, profitability for listed banks increased by 5% on average from the previous year. This was mainly a result of higher net interest income, which increased by 3.8% and a further reduction in costs, despite a higher impairment charge on loans.

Listed banks in Qatar continue to have some of the lowest cost-to-income ratios (CIR) in the region, KPMG said.

Gulf Times

Singapore

Singapore and Vietnam regulators foster fintech cooperation

The Monetary Authority of Singapore (MAS) has partnered with the State Bank of Viet Nam (SBV) to encourage fintech innovation between the two markets.

The new memorandum of understanding (MOU) will facilitate joint innovation projects between the two countries, help fintech companies in either country navigate the regulatory regime and opportunities in the other, and encourage the sharing of information on emerging fintech trends and developments.

MAS and SBV also revised their existing MOU on banking supervision to enhance cooperation in crisis management. “The MOU underscores the two regulators’ shared commitment to safeguarding the financial sectors in Singapore and Vietnam,” the MAS said.

East & Partners

Taiwan

Number of bank branches in Taiwan falls to 5-year low

The number of bank branches in Taiwan fell to a five-year low at the end of 2017, amid efforts by the local banking industry to streamline operations in a saturated market, according to the Financial Supervisory Commission (FSC).

As of the end of 2017, there were 3,417 bank branches in Taiwan, the lowest number since the end of 2012 when it was 3,416, the FSC said.

Chuang Shiu-yuan, deputy director of the FSC’s Banking Bureau, told the media that Citibank Taiwan, HSBC and Standard Chartered Bank each closed two branches in 2017.

Meanwhile, Barclays Taiwan Cooperative Bank, First Commercial Bank, Bank SinoPac and United Cathay Bank each shut down one branch in 2017, he said.

Chuang said the FSC will be accepting applications later in May for banks to set up new branches, but they are likely to be fewer than the number closed in 2017.

This restriction is aimed at preventing further saturation of the local banking industry, he said.

Central News Agency



Banking and Finance Newsbriefs

Thailand

Thailand's first crowdfunding platform for startups uses blockchain technology

Thailand's first crowdfunding platform for startups and SMEs developed by The Stock Exchange of Thailand (SET) with support from the public and private sectors – has officially launched.

With eight targeted businesses from various sectors such as mobile application, consumer products and medical equipment, to join while prompting over 50 companies to follow suit amid growing enthusiasm from investors.

SET President Kesara Manchusree said that SET has established Live Fin Corp Co., Ltd. having 99.99 percent of shares held by SET, to operate a crowdfunding platform which provides the Over-the-Counter (OTC) trading service for startups and SMEs to access capital funding.

“LiVE” platform has been developed with the use of blockchain technology as an infrastructure for participating businesses to expand and get connected with future alliances.

Thailand Business News

Vietnam

VN's foreign reserves reach record high of US\$63b

State Bank of Việt Nam (SBV) has continuously bought in hard currencies in the past few months, raising the country's foreign reserves to a record high of US\$63 billion.

Mai Tiến Dũng, Minister and Chairman of the Government Office, announced this at a recent press conference following a monthly Cabinet meeting.

SBV bought in \$32 billion worth of hard currencies in the past more than two years (2016 and 2017), Dũng said.

According to experts, SBV has also changed its way of purchasing foreign currency. Instead of using spot trade, the central bank has used futures contracts for the purchase of hard currencies since February 7, 2018.

Previously, the bank bought foreign currency in spot trade, with volumes reaching \$1-3 billion per day, meaning that an equivalent volume of Vietnamese đồng was pumped into the market in a short time.

But since February 2018, the bank has launched three-month futures contracts to regulate the flow in a more flexible way. Some 40 percent of the foreign reserves have been purchased through futures contracts, helping to balance cash flows to moderate the pressures on interest rates, USD/VNĐ exchange rate and inflation.

Viet Nam News

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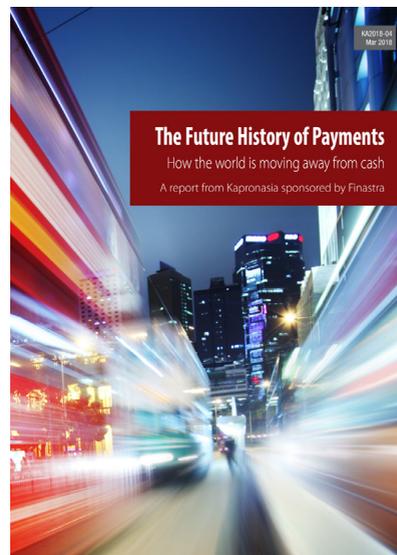
The Future History of Payments

Technological advances such as more affordable smartphones and the growing footprint and speed of mobile telecommunications networks have enabled this shift as have social-economic factors. In China, digital payments have underpinned the development of lifestyle platforms that are used by hundreds of millions of individuals every day. In Africa, digital payments have created security, transparency and economic empowerment for millions of farmers, merchants, and individuals who often live in remote locations.

It is clear that the world is shifting digital, but how and where it is happening is also critical. There are a unique set of circumstances that have enabled change in China. Could those same factors influence change in the United States? Change in Africa was driven by the need to bank the unbanked. Could the African case-study hold lessons for a well-banked European continent?

Contact for details: Kapronasia

Website: <https://www.kapronasia.com/research/reports.html>



2017 Survey of National Development Banks



Published by the World Bank Group and the World Federation of Development Financing Institutions (WFDFI), this paper presents the main findings of the 2017 survey on national development banks that the World Bank conducted in collaboration with the World Federation of Development Financing Institutions. Sixty-four development banks from different parts of the world, mainly from middle-income countries, participated in the survey.

Contact for details: World Bank Documents & Reports

Website: <http://documents.worldbank.org/curated/en/home>

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