New Year's Message from the ABA Chairman

I am greatly pleased to convey my sincerest greetings and best wishes for the New Year to all ABA members and readers of the ABA Newsletter.

The year 2019 promises to be another exciting period not only for me as I take on my new role as ABA Chairman for the next two years, but also for the Association as we gear up for an even more active role in the Asia Pacific region and globally as well. Our recent 35th ABA General Meeting and Conference in Maldives underscored the many formidable challenges, as well as opportunities, for the banking community in the year ahead. It is my ardent hope that, as we usher in the New Year, we will have the ability to manage business with care and caution, and to plan well in our work and finances.

I am confident that the ABA, with the varied expertise and resources of its members, will remain in an ideal position to serve as a dominant voice of the banking sector in regional affairs. I believe that our Association's strength comes from its diversity. By sharing our diverse ideas, our diverse experiences, and our diverse background, we should be able to develop new and effective strategies to achieve regional growth and cooperation, thereby making ABA a truly regional organization.

I therefore look forward to seeing all of you again during the 36th ABA General Meeting and Conference later this year, for another opportunity to dialogue with one another on how best we can help our region achieve an even more rapid and sustainable growth.

I wish you the best of health, prosperity and happiness in the New Year!

Jonathan Alles

ABA Chairman

ABA ASIAN BANKERS ASSOCIATION

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ABA
ASIAN BANKERS ASSOCIATION

General Meeting and Conference

ABA Policy Advocacy Committee convenes in Maldives

ABA Policy Advocacy Committee Chairman Ms. Prudence Lin chairs the meeting.

The Committee discuss position papers and recommendations for the 2019-2020 future policy advocacy works.

The ABA Policy Advocacy Committee convened in Maldives on November 15 last year on the sidelines of the 35th ABA General Meeting and Conference.

The committee, led by CTBC Senior Vice President Ms. Prudence Lin, discussed and approved the following four position papers:

1. "South/Southeast Asian Business Society Models" focusing on sustainable SMEs – presented by Mr. Chandula Abeywickrema, Chairman of Lanka Impact Investing Network and Chairman and CSR lanka.

2. Report on the experience of Hatton National Bank on its security measures to help prevent, detect or disrupt a cyber-attack on its operations – presented by Mr. Dilshan Rodgrigo, COO of Hatton National Bank

3. Bank experiences on AML/CFT compliance across regions in South and Southeast Asian countries – presented by Mr. Shirish Patak, Managing Director of Fintelekt Advisory Services.

4. The last paper on "Bank's experience in Islamic Banking" provided by Mr. Michael Foong, CEO International of Maybank, was distributed to all members prior to the Policy Advocacy Committee, however, Mr. Foong was unable to join the Committee. The Committee will assist to provide members' feedback to Maybank in due course.

The committee also discussed members' recommendations for the 2019-2020 future policy advocacy works on the following subjects:

1. Set up an IT sub-committee under Policy Advocacy Committee to facilitate more frequent dialogue among ABA members, considering the importance of growing trend of digital banking and the regulatory policy & procedures to accelerate bank transformation

2. Promote more active engagement from regulators across countries to facilitate more discussion on Cyber Security, Digital Banking, EKYC, and Compliance issues

3. Establish and promote "research capability" under Policy Advocacy Committee

4. Continue to make research and studies on risk management and AML/CFT compliance issues

The ABA Policy Advocacy Committee had successfully addressed almost every policy work program that was proposed in 2017. Committee Chairman Ms. Lin extends her sincere appreciation to all the supportive Board Members for their strong support and contribution during the past 2 years.

Trainings & Programs

Fintelekt Advisory Services to host Short-Term Visiting Program in Mumbai on March 7-9

ABA member banks are invited to participate in the Short-term visiting program on "Best Practices in AML/CFT Governance and Operations" that Fintelekt Advisory Services (Fintelekt) will host in Mumbai, India on March 7-9, 2019.

The objectives of this program are to:

- provide a strategic overview of AML/CFT governance standards and operations across different types of banking business models
- understand critical success factors in the journey to AML/CFT compliance
- benefit from the experiences learnt by banks in India
- overview and learnings from some of the nation-wide initiatives adopted such as Aadhar, the national identification program, and the national common KYC registry
- new trends and advancements in AML/CFT technology

The program will consist of site visits to the following banks and institutions which follow or provide advanced standards of AML/CFT processes:

- Axis Bank (www.axisbank.com)
- HDFC Bank (www.hdfcbank.com)
- Deutsche Bank India (www.deutschebank.co.in)
- TSS Consultancy (www.tssconsultancy.com)

The goal of the above visits is to enable the participants to: (i) enhance and upgrade their management skills and knowledge in the area of anti-money laundering and countering the financing of terrorism, and (ii) gain first-hand knowledge of the procedures and learnings of the host bank's AML/CFT compliance department.

NO PARTICIPATION FEE

There is no participation fee for bank members. However, participants shall cover their airfare, hotel accommodation, airport transfers and meals (some meals will be hosted by Fintelekt; details are in the program agenda).

PROPOSED VENUE

The first two days of the program will be held at the facilities of Axis Bank, HDFC Bank, Deutsche Bank India and TSS Consultancy. The third day is optional and includes a visit to the museum followed by a traditional Indian lunch hosted by Fintelekt.

ACCOMMODATION

It is recommended that participants stay at any of the Hotel Grand Hyatt Mumbai, Bandra Kurla Complex Vicinity, Santacruz, Mumbai. You may book with the hotel directly through https://www.hyatt.com/en-US/hotel/india/grand-hyatt-mumbai/mumgh, or use a travel portal such as www.booking.com. Participants are advised to book hotel rooms inclusive of breakfast, wi-fi and airport transfers.

LOCAL TRANSPORTATION

Fintelekt will arrange for transportation of all participants for the bank and institution visits. Participants will be picked up from the hotel in the morning and dropped off at the hotel in the evening.

ABOUT FINTELEKT

Fintelekt (www.fintelekt.com) specializes in research, consulting and education in banking, financial services and insurance, across India, Sri Lanka, Nepal and Bangladesh

Fintelekt

and other countries in South East Asia. It produces industry research, fosters dialogue and creates opportunities for knowledge sharing between senior executives from banking, financial services and insurance.

REGISTRATION

To register, please email the ABA Secretariat aba@aba.org.tw and request for a confirmation form. Please note that only 12 participants will be accommodated for the program. Hence, registration will be on a first-come, first-served basis. Registration is until February 7, 2019. In addition, to ensure diversity of the group, only one person from each member bank shall be admitted.

PROGRAM ITINERARY

Wednesday, March 6
Arrival into Mumbai, India

Thursday, March 7
8.30 am
Pick-up from hotel lobby

9.45 am to 12.30 pm
Meeting at Axis Bank Boardroom
Opening remarks by Shirish Pathak,
Managing Director, Fintelekt
Presentation by Sharad Nair, Head of Anti-Money Laundering

12.30 pm to 1.30 pm
Working Lunch Hosted by Fintelekt

2.00 pm to 4.30 pm
Meeting at HDFC Bank Boardroom
Presentation by Ravi Lahoti, Principal Officer & Head of Anti-Money Laundering

5.30 pm
Arrival at hotel lobby

Friday, March 8
8.30 am
Pick-up from hotel lobby

9.45 am to 12.30 pm
Meeting with Deutsche Bank India
Presentations by
Theresa Karunakaran, Director – Regulatory Affairs
Nitin Kataria, Director - Head Financial Crime, South Asia

1.00 pm to 2.15 pm
Working Lunch Hosted by TSS

2.00 pm to 4.30 pm
Meeting at TSS Boardroom
Presentation by Sagar Tanna, Director

6.00 pm to 8.00 pm
Cocktail Session Meeting with Fintelekt Advisory Board Members
Hosted by Fintelekt

8.30 pm
Arrival at hotel lobby

Saturday, March 9 (Optional Program)
8.30 am
Pick-up from hotel lobby

9.30 am to 12.30 pm
Visit to Prince of Wales Museum
Hosted by Fintelekt

1.00 pm to 2.00 pm
Traditional Indian Lunch
Hosted by Fintelekt

3.30 pm
Arrival at hotel lobby

ABA and Fintelekt to Jointly Organize AML/CFT Webinar Series 2019

As part of its Professional Development Program for 2019, the ABA is pleased to announce the holding of the AML/CFT Webinar Series 2019 by Fintelekt Advisory Services, in collaboration with the Association, over the next four quarters this year.

The four webinars – lasting one hour each – will address key AML/CFT challenges within Asia. It will feature practitioners as well as subject matter experts and provide a convenient virtual learning opportunity for AML compliance officers from the banking industry in Asia.

The webinars are scheduled as follows:

Webinar 1:
The Role of AML Compliance in Correspondent Banking
February 21

Webinar 2:
Why Continuous Monitoring is Critical for Trade-Based Money Laundering
May 8

Webinar 3
Customer Due Diligence Challenges and Best Practices
July 10

Webinar 4
New Payment Systems and Inherent AML Risks
December 4

For more information on the webinar's content and for registration, please visit http://fintelekt.com/webinars

Fintelekt (www.fintelekt.com) specializes in research, consulting and education in banking, financial services and insurance, across India, Sri Lanka, Nepal and Bangladesh and other countries in South East Asia. It produces industry research, fosters dialogue and creates opportunities for knowledge sharing between senior executives from banking, financial services and insurance.

The ABA encourages member banks to take advantage of this opportunity to learn from Fintelekt's knowledge and experience in addressing key AML/CFT challenges within Asia.

Should you have further questions, please reach out to the ABA Secretariat at aba@aba.org.tw

News Updates

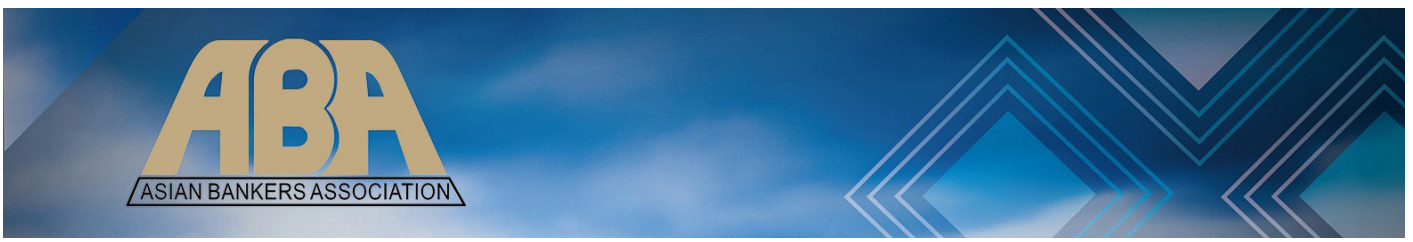
Look Back on the year that was with 2018 ABA Year-End Review

The ABA invites members and readers to view a summary of the Confederation's activities over the past year. You may download a copy of the year-end review on the link below.

https://www.dropbox.com/s/5ywxpk0urh1k5jw/ABA-2018-TheYearinReview-withPhotos-3.pdf?dl=0

The ABA would like to take this opportunity to thank you for the cooperation and assistance you have extended in undertaking the Confederation's projects and programs in 2018. Without your help, the Association would not have accomplished what we had set out to do for the year.

ABA looks forward to your continued support this new year, and we hope to see you and your colleagues in our gatherings in the year ahead.



World Bank President to Resign Effective Feb. 1

World Bank President Jim Yong Kim

CNBC News

§ World Bank Group President Jim Yong Kim will resign effective Feb. 1, more than three years ahead of the expiration of his term in 2022.
§ Kim announced that he will immediately join a firm and focus on increasing infrastructure in developing countries.
§ Kristalina Georgieva, the World Bank's chief executive officer, will assume the role of interim president when Kim departs.

World Bank Group President Jim Yong Kim, who was at odds with the Trump administration's policies on climate change, will resign effective Feb. 1, more than three years ahead of his term's expiration, the multilateral lender said on Monday.

Kim, 59, a physician and public health advocate, was nominated by former U.S. President Barack Obama for a first and second term. Kim had pushed financing for green energy projects and largely dropped support for coal power investments, but had avoided public clashes with the Trump administration.

Two people familiar with Kim's announcement to the World Bank executive board said he was leaving of his own accord and was "not pushed out" by the Trump administration. President Donald Trump however, will wield strong influence in choosing Kim's successor as the United States holds a controlling share of the World Bank's voting rights. The bank president has traditionally been an American chosen by the U.S. administration.

Kim intends immediately to join a firm to focus on increasing infrastructure investment in developing countries, the bank said, without providing further details on the position.

Kristalina Georgieva, who in 2017 became the World Bank's chief executive officer, will assume the role of interim president when Kim departs. Georgieva, a Bulgarian national, had previously held senior European Union posts after serving 15 years at the World Bank, starting as an environmental economist in 1993.

The World Bank said Kim had emphasized that infrastructure finance was one of the greatest needs in the developing world and had pushed the bank to work with a new cadre of private sector partners on "sustainable, climate-smart infrastructure."

"The work of the World Bank Group is more important now than ever as the aspirations of the poor rise all over the world, and problems like climate change, pandemics, famine and refugees continue to grow in both their scale and complexity," Kim said in a statement. "Serving as president and helping position the institution squarely in the middle of all these challenges has been a great privilege."

ASEAN Publishes Annual Investment Report 2018

The ASEAN Investment Report 2018 has been released. It examines ASEAN's rapidly growing digital economy backed by fast expanding digital networks.

This year's report also offers a dedicated chapter that examines the increasing trend of Australia's Foreign Direct Investment (FDI) and Multinational Enterprise (MNE) activities in the region, highlighting Australia as a key partner of ASEAN.

On its 50th anniversary last year, ASEAN has shown that it remains an investment destination of choice. FDI flows in the region reached an all-time high of US$137 billion, up by 12% from 2016. The robust inflows also increased ASEAN's share of global FDI to developing economies. Wholesale and

retail trade emerged as the largest industry recipient, overtaking finance and manufacturing sectors, which are traditionally the major FDI recipients. There is also growing interest in health care, research and development activities and e-commerce, including fintech.

Internet transactions, estimated to be worth US$50 billion in 2017, may potentially reach US$200 billion by 2025.

The digital revolution is disrupting and transforming industries and businesses as well as the way goods and services are delivered. The digital economy has also generated opportunities to accelerate development by increasing business efficiency and productivity, widening access to existing or new markets, and facilitating participation in the global value chains. ASEAN countries are actively promoting investment in the digital economy, including through further cooperation on digital connectivity. However, policy and institutional challenges remain.

The ASEAN Investment Report is prepared under a technical cooperation arrangement between the ASEAN Secretariat and the United Nations Conference on Trade and Development, with inputs from members of the ASEAN Coordinating Committee on Investment and supported by the ASEAN-Australia Development Cooperation Program Phase II (AADCP II).

The report can be downloaded at:
https://asean.org/?static_post=asean-investment-report-2018&preview=true

Member Personality

State Bank of India Names New Representative to the ABA Board

Mr. Shrirang Prabhakar Ketkar is State Bank of India's (SBI) new representative to the ABA Board of Directors.

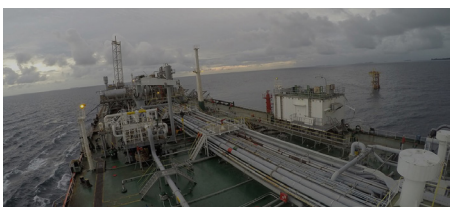
Mr. Ketkar, recently-appointed as Country Head and Chief Executive Officer of the Hong Kong operations of SBI takes over the position from Mr. Surendra Reddy from January 2019.

Mr. Ketkar is a career banker and is with SBI since June 1994 when he joined as junior management grade officer. Prior to his posting to Hong Kong, he was Deputy General Manager in Indore, dealing in mid-size industrial credit. He held several postings in India, many of which were related to credit and foreign exchange operations. He has done several assignments as branch manager, and as a relationship manager in mid-corporate branches in important industrial centres in India like Mumbai, Pune and Indore. Mr. Ketkar holds a Master's Degree in Mathematics from Nagpur University and is a certified associate of the Indian Institute of Bankers, Mumbai.

Special Feature

Storm Clouds Are Brewing for the Global Economy

By the World Bank



Global economic growth is projected to soften from a downwardly revised 3 percent in 2018 to 2.9 percent in 2019 amid rising downside risks to the outlook, the World Bank's Global Economic Prospects says.

The outlook for the global economy in 2019 has darkened.

International trade and investment have softened. Trade tensions remain elevated. Several large emerging markets underwent substantial financial pressures last year.

Against this challenging

backdrop, growth in emerging market and developing economies is expected to remain flat in 2019. The pickup in economies that rely heavily on commodity exports is likely to be much slower than hoped for. Growth in many other economies is anticipated to decelerate.

In addition, risks are growing that growth could be even weaker than anticipated, the World Bank's January 2019 Global Economic Prospects reports.

Advanced-economy central banks will continue to remove the accommodative policies that supported the protracted recovery from the global financial crisis ten years ago. Also, simmering trade disputes could escalate. Higher debt levels have made some economies, particularly poorer countries, more vulnerable to rising global interest rates, shifts in investor sentiment, or exchange rate fluctuations.

In addition, more frequent weather events raise the possibility of large swings in food prices, which could deepen poverty. Because equitable growth is essential to alleviating poverty and increasing shared prosperity, emerging market and developing economies need to face this challenging economic climate by taking steps to sustain economic momentum, readying themselves for turbulence, and foster long-term growth. Rebuilding budget and central bank buffers; nurturing human capital; promoting trade integration; and addressing the challenges posed by sometimes large informal sectors, are important ways to do this.

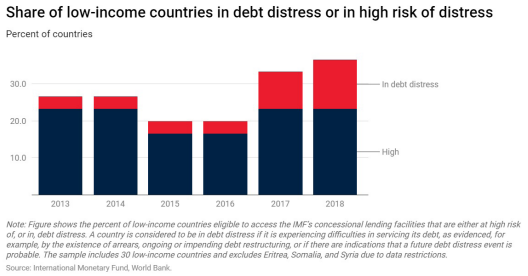
"At the beginning of 2018 the global economy was firing on all cylinders, but it lost speed during the year and the ride could get even bumpier in the year ahead," said World Bank Chief Executive Officer Kristalina Georgieva. "As economic and financial headwinds intensify for emerging and developing countries, the world's progress in reducing extreme poverty could be jeopardized. To keep the momentum, countries need to invest in people, foster inclusive growth, and build resilient societies."

The World Bank produces the GEP twice a year, in January and June, as part of its in-depth analysis of key global macroeconomic developments and their impact on member countries. Promoting equitable and sustainable economic growth is central the World Bank's goals of ending extreme poverty and boosting shared prosperity. The GEP provides invaluable intelligence in support of achieving these aims and is a trusted resource for clients, stakeholders, civil organizations and researchers.

Burdened by debt

Addressing high levels of debt looms as an increasingly important concern.

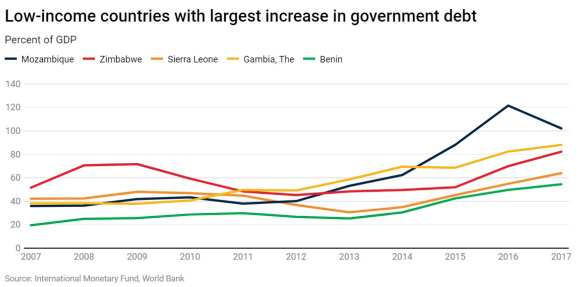
In recent years, many low-income countries have gained access to new sources of finance, including private sources and creditors outside the Paris Club of major creditor countries. This has allowed countries to fund important development needs. However, it has also contributed to growing public debt.



Government debt levels among low-income countries have risen from debt-to-GDP ratios of 30 percent to 50 percent over the last four years. Low income countries are using an increasing proportion of government revenues to make interest payments. Such debt service pressures will only grow further if borrowing costs rise as expected in coming years.

Under these circumstances, were financing conditions to tighten abruptly, countries could experience sudden capital outflows and struggle to refinance debts.

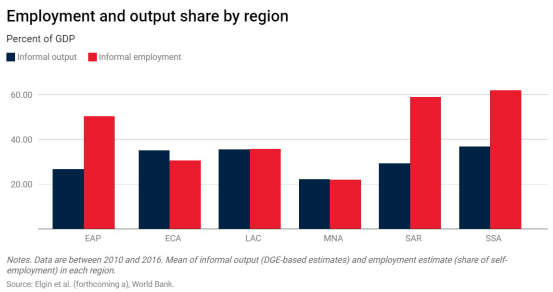
Ideally, public debt should be sustainable and serviced under a wide range of circumstances at reasonable costs. By increasing the effectiveness of resource mobilization, public spending, as well as strengthening debt management and transparency, low-income countries can reduce the possibility of costly debt stress, support financial sector development, and reduce macroeconomic volatility.



When informal is normal

Another avenue toward stronger economic performance may lie in addressing the challenges associated with a large informal sector.

Employment and business outside regulatory, legal and financial structures is widespread in many emerging market and developing economies.



About one-third of GDP in emerging market and developing economies comes from the informal sector, and about 70 percent of employment in these economies is informal. In some countries in Sub-Saharan Africa, informal employment accounts for more than 90 percent of employment and informal sector produces as much as 62 percent of GDP. The livelihoods of the poor often depend on informal activity.

The informal sector thrives in certain environments: high prevalence of informality is associated with economic under-development, high levels of taxation and heavy-handed regulation, and corruption and bureaucratic inefficiency. Yet, while sometimes offering advantages in terms of flexibility and employment, a large informal sector is often associated with lower productivity, reduced tax revenues, and greater poverty and inequality.

Informal firms are one-quarter as productive as companies in the formal sector. In fact, firms in the formal sector that face informal competition are only three-quarters as productive as those that do not, new World Bank research shows. Workers in the formal economy earn on average 19 percent more than those in the informal economy. Countries with the largest informal sectors have government revenues that are 5 to 10 percentage points of GDP lower than those with the lowest levels of informality.

Policymakers can design comprehensive development strategies that, as a collateral benefit, reduce informality. In addition, they must take care to avoid unintentionally moving workers to the informal sector.

The right policy mix would balance reforms such as improving tax administration, making the labor market more flexible, and strengthening regulatory enforcement with improved provision of pubic goods and services alongside more robust social security systems.

Commodity of errors

Seeking to shield vulnerable populations from food price spikes may require a shift in policy emphasis away from trade policies.

Authorities have in the past intervened with trade measures to dampen the impact of fluctuations in the prices of key food commodities, including rice, wheat and maize.

But while individual countries can succeed in the short term at buffering domestic markets from price fluctuations, collective action around the world can exacerbate food price volatility and push prices higher – hurting those with the thinnest margins of security. Policies introduced in 2010-2011 may have accounted for 40 percent of the increase of the world price of wheat and one-quarter of the price rise for maize. It is estimated that the food price jump of that period pushed 8.3 million people into poverty.

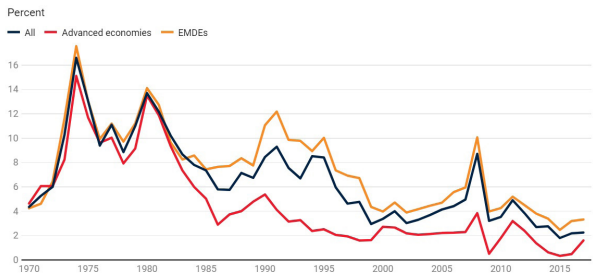
While food prices have declined since peaks at the turn of the decade, world hunger and food insecurity have risen between 2014 and 2017. The number of undernourished people rose 5 percent to 821 million during that period, and food security challenges have recently been recognized as an urgent priority by the G20.

Further, food price spikes of the kind experienced in 2010-11 could occur again as extreme weather events raise the possibility of disruption to food production.

Instead of interventions such as export bans or the reduction of import duties, effective approaches to soften the blow of higher food prices include better safety nets such as cash and food transfers, school feeding and public works programs. It is important for countries to have a strategy in place to respond to food crises and to provide adequate resources for these programs.

End of an era?

Even as policymakers and their constituents seek to maintain and accelerate growth in a period of waning momentum, they cannot take for granted a feature that has played an important role in stimulating activity in recent years: a long period of low and stable inflation.



Low and stable inflation is associated with greater output and employment stability, higher growth and better development results. In contrast, high inflation erodes growth by sapping investor confidence and undermining incentives to save. Some notable exceptions notwithstanding, emerging market and developing economies have achieved the remarkable

feat of lowering inflation from the double digits in the 1970s to about 3.5 percent in 2018.

However, the maintenance of low inflation is not guaranteed, and a number of factors may conspire to push inflation higher in coming years. A decade after the global financial crisis, many economies are operating at or close to full employment. The pace of global economic integration could slow or be reversed. Hard-won central bank independence and transparency could erode in the face of pressures to finance government. Mounting debt could weaken commitment to strong fiscal and monetary regimes.

If global inflationary pressures rise, policymakers can protect their constituents by redoubling their support for central bank independence, building fiscal frameworks to ensure debt sustainability and maintaining adequate buffers to ride out economic downturns.

As the global economic outlook darkens, the imperative of sustaining economic momentum will require making the most out of growth opportunities, avoiding pitfalls, and building buffers against possible shocks. Lessons from the past about debt, faith in public institutions, food security, and price stability can offer guidance in an increasingly challenging environment.

Among Member Banks

BEA Celebrates 100th Anniversary in Style - The Bank of East Asia, Limited ("BEA") on January 2 hosted a cocktail reception to celebrate its centenary and long list of achievements and contributions to the development of Hong Kong's banking industry.

Held at the Hong Kong Convention and Exhibition Centre, the cocktail reception was officiated by the Guest of Honour, The Hon. Mrs. Carrie Lam Cheng Yuet-ngor, Chief Executive of the Hong Kong Special Administrative Region ("Hong Kong SAR"), and Vice Chairmen of the National Committee of the Chinese People's Political Consultative Conference, The Hon. Tung Chee-hwa and The Hon. Leung Chun-ying. The evening was also attended by Dr. Wang Zhimin, Minister of the Liaison Office of the Central People's Government in the Hong Kong SAR; Commissioner Xie Feng, Commissioner of the Ministry of Foreign Affairs of The People's Republic of China in the Hong Kong SAR; and key officials of the Hong Kong SAR Government including The Hon. Matthew Cheung Kin-chung, Chief Secretary, The Government of the Hong Kong SAR, The Hon. Paul Chan Mo-po, Financial Secretary, The Government of the Hong Kong SAR, and Ms. Qiu Hong, Deputy Minister of the Liaison Office of the Central People's Government in the Hong Kong SAR.

Welcoming the guests at the reception were Dr. David K. P. Li, Chairman & Chief Executive of BEA together with Deputy Chairmen Professor Arthur Li and Dr. Allan Wong and other directors of the Bank.

The reception featured an exhibition of items from the Bank's archives and the premiere of BEA's new TV commercial, which highlights major milestones in the Bank's history.

BEA News Release

MUFG Picks Core Bank Unit Head as CEO in Management Reshuffle - Mitsubishi UFJ Financial Group (MUFG) said on December 25 it picked Kanetsugu Mike, the head of its core commercial banking unit, as its next president and CEO as Japan's largest lender accelerates efforts to expand overseas.

Mike will also continue to serve as chief of the commercial banking unit, MUFG Bank, while current CEO Nobuyuki Hirano will become chairman, the company said in a statement. The changes will take place in April.

Joining what is today's MUFG in 1979, Mike, 62, has spent about half of his career outside Japan. He became CEO of MUFG Bank last year after his predecessor resigned suddenly on health grounds.

The company also said Chief Information Officer Hironori Kamezawa will become deputy president.

Hirano, who has led the banking group since 2013, has been credited with growing MUFG in a tightly controlled manner. He expanded the Japanese lender's successful tie-up with Morgan Stanley after MUFG invested $9 billion in the Wall Street bank in 2008. MUFG has a 24 percent stake in Morgan Stanley.

Reuters

Among Member Banks

Japan's SMFG Names Finance Chief Ota as Bank's New CEO - Sumitomo Mitsui Financial Group Inc (SMFG) on December 14 named finance head Jun Ota as chief executive, at a time when Japan's third-largest bank draws growing attention for possible merger-and-acquisition activity given a buildup of cash.

Ota, 60, has widely been seen as successor to CEO Takeshi Kunibe, who will become chairman. The change will take place in April, SMFG said.

"We are facing an environment that's set to dramatically change. Ota has an ability to read these changes and adapt to them," Kunibe told a news conference, citing trends such as digitalization.

The smallest of Japan's three mega banks with 207 trillion yen ($1.82 trillion) in assets, SMFG is the most profitable as measured by return on equity, due in part to an emphasis on higher-margin borrowers such as small and mid-sized businesses.

Reuters

Maybank Islamic Plans Overseas Branch to Tap US$6.4tril Global Halal Economy - Malaysia's biggest Islamic bank is setting up its first overseas branch to meet the demand for financing in the US$6.4 trillion global halal economy.

Maybank Islamic Bhd. expects to get regulatory approvals to set up its Dubai branch in the first half of next year, Chief Executive Officer Rafique Merican said in an interview in Kuala Lumpur.

The bank is also looking into boosting its wealth management business by making use of its parent Malayan Banking Bhd.'s presence in Singapore, he said.

The size of the world's halal economy, which caters to Muslims by complying with the religion's tenets, has nearly tripled from 2012.

But the amount of similar financing hasn't caught up, Rafique said. Islamic funds remain small, with 73 percent having less than $25 million under management, compared with the $394 million average for non-Islamic holdings, he said.

The Star

PNB Names Wick Veloso as President - Tycoon Lucio Tan's Philippine National Bank said it had named a new president, veteran banker Jose Arnulfo "Wick" Veloso.

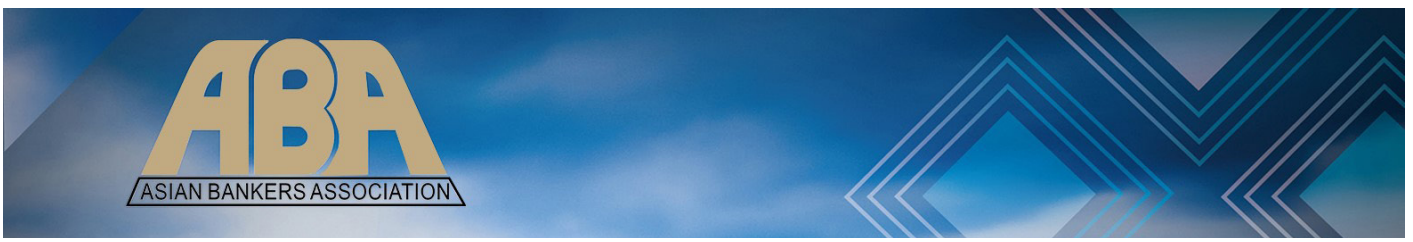
Veloso, the CEO of HSBC Philippines, replaced outgoing PNB president Reynaldo Maclang, who retired on Nov. 15.

The incoming PNB president is the first Filipino to lead the Philippine operations of Hong Kong's HSBC.

"We shall draw strength from our legacy of stability and excellence as we face challenges brought about by emerging technologies, non-conventional competitors, and fast-evolving market needs. The appointment of Mr. Veloso signifies PNB's commitment to rise to this challenge," said PNB chairman Florencia Tarriela.

PNB is the country's fifth largest lender by assets, according to the Bangko Sentral ng Pilipinas.

ABS-CBN



Among Member Banks

RCBC appoints CEO-in-waiting - Veteran banker Eugene Acevedo has been named deputy CEO of the Rizal Commercial Banking Corp. effective the first working day of 2019 in preparation for the retirement of the bank's present chief in mid-2019.

In a statement, RCBC said Acevedo will take the helm of the Yuchengco-controlled financial institution when current president and CEO Gil Buenaventura retires at the end of his three-year contract on June 30, 2019

The bank's CEO-in-waiting – a 30-year banking veteran – will have the task of growing the bank which was at the center of the $81-million Bangladesh central bank cyberheist, the aftermath of which Buenaventura was brought in to manage.

Previous to his appointment, Acevedo earned his banking experience gained from local and multinational banks including the Union Bank of the Philippines, Philippine National Bank, Citigroup, Citibank N.A. Philippines, Citibank N.A. Singapore, and Citibank N.A. Hong Kong.

"Buenaventura joined RCBC at the height of the Bangladesh cyber heist issue with a mandate to stabilize and improve its operations, strengthen its internal systems and procedures, and meet regulatory requirements that would allow the bank to provide more competitive products and services," the bank said.

"Buenaventura was able to maintain the bank's profitability despite the challenges in the market and regulatory environment," it added.

Philippine Daily Inquirer

DBS Launches SME Portal - SMEs who are trying to keep pace with the technological shifts in the local and global economy can access accounting, HR and payroll, digital marketing, ecommerce, and cybersecurity solutions to give them a leg up, DBS Bank announced in a media statement on January 9.

"We want to provide a greater selection of solutions that will help them build their foundational digital capabilities. With our partners and the DBS SME Connect portal, we hope to make banking simpler and more seamless for our customers," Joyce Tee, Group Head of SME Banking, said.

In addition, new-to-bank SME customers can also open an account with the bank instantly without having to visit a branch or meet with a relationship manager. With this fully automated process, DBS estimates that over 80 percent of new accounts will be opened through this channel this year.

The DBS SME Connect portal is the latest addition to DBS' digital suite of services for SMEs that span real-time digital cross-border payment tracking to corporate multi-currency account services. In November, the bank also launched DBS MAX, Singapore's first mobile-based QR payment collection solution that improves cash flow for SMEs.

Finews Asia

Hatton National Bank Wins Two Silver Awards - HNB PLC won two awards at CA Sri Lanka's Annual Report Awards. It won a Silver Award in the Banking Institutions category and a Silver Award for Corporate Governance Disclosure.

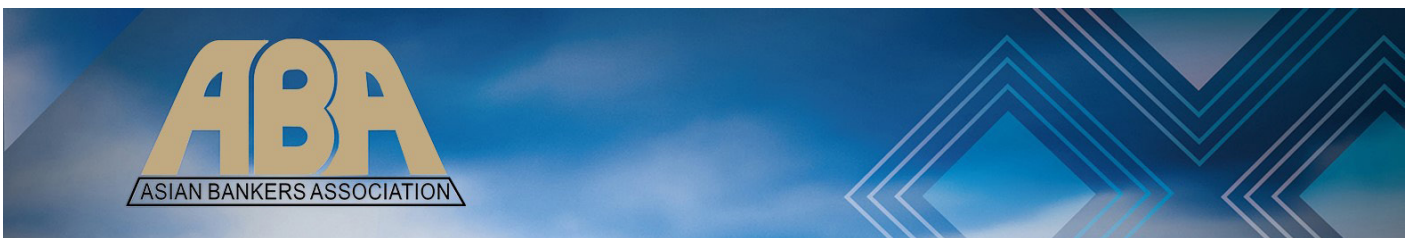
HNB Chief Financial Officer, Anusha Gallage said, "As one of Sri Lanka's most successful banking institutions, HNB remains firmly committed towards driving the highest standards of financial reporting.

"The disclosures made in our annual report are vital to providing all stakeholders with a clear and accurate snapshot of HNB's performance, and we are once again honoured to have been presented with such prestigious accolades at this year's awards," she said. This year's awards were held under the patronage of Central Bank of Sri Lanka Governor, Dr. Indrajit Coomaraswamy.

As in previous years, the awards attracted participation from among the very best of Sri Lanka's corporate sector, with over 130 entities – from blue- chips to small non-profit organisations - vying for recognition across every sector of the domestic economy.

The awards are hosted with the aim of promoting transparency, accountability and social responsibility in financial reporting with winners being selected based on their ability to produce cohesive, clear and customised annual reports that best reflect the operational and financial performance of each company.

Sunday Observer Lanka



Among Member Banks

First Bank Leads Cabbage Campaign in Taiwan - First Financial Holding Co and First Commercial Bank chairman Ray Dawn, fourth right, holds up a cabbage along with the company's management team at a news conference in Taipei on December 14 to encourage the public to buy and eat more cabbages.

Taiwan's Fubon Purchases German Landmark - Fubon Life Insurance, a subsidy of Fubon Financial Holding, has purchased its fifth property in Europe, the iconic Eurotower building in Frankfurt, Germany.

The financial investment company bought the Eurotower for around €575 million (NT$20 billion), according to a statement released on December 23. It said Germany's status as the largest economy in Europe lent the investment great potential.

Frankfurt is also a major financial hub which may gain even more significance once the UK withdraws from the European Union, Fubon added.

Eurotower is a 40-storey skyscraper completed in 1977 and was initially occupied by the Bank fur Gemeinwirtschaft. It was later used by the European monetary Institute; a forerunner of the European Central Bank.

It is the fifth European property to be acquired by Fubon following the company's purchase of the Brussels Ellipse building in 2016 and three London buildings. Fubon first announced its intention to invest in real estate abroad in 2014.

Taiwan News

Bangkok Bank Opens Digital Wallet Service - Bangkok Bank has joined Lazada Thailand to launch a top-up service from its accounts to the Lazada Wallet.

This provides a secure and convenient payment channel to Lazada shoppers and supports the move towards a cashless society and e-commerce in Thailand. Customers who link their Bangkok account to the Lazada Wallet and top-up funds of Bt300 will receive cash back of Bt100 per account from today until January 31. The cash back funds will be credited to the customers' account within 14 days from the top-up date and must be spent within 30 days. Lazada is an e-commerce company under the Alibaba Group.

The Nation

Among Member Banks

Vietcombank to Sell Shares to Fund Capital Hike - Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) will sell shares worth US$270 million to foreign strategic investors to increase its charter capital.

After getting approval from the State Bank of Vietnam (SBV) in December 2018, Vietcombank also got the nod from the State Securities Commission to sell some 3 per cent of its charter capital to the Singaporean government's investment fund GIC Private Limited (GIC) and Japan's Mizuho Bank.

On December 12, SBV approved Vietcombank's proposal to sell shares to GIC and Mizuho. Under the proposal, GIC is expected to hold 2.55 per cent of shares while Mizuho – which is Vietcombank's largest current foreign investor – will buy the remaining shares to maintain its holding of 15 per cent at Vietcombank.

After completing the sale, the shares will not be transferable for one year.

With the sale, Vietcombank will complete the capital hike to meet a capital adequacy ratio (CAR) of at least 8 per cent as per the SBV's Basel II norms, starting in 2020.

After three years of restructuring, Vietcombank's business performance took a leap in 2018. Its pre-tax profit hit a record high of VN?18 trillion (US$769.3 million) last year, up 60 per cent against 2017 and nearly triple that of 2015 – the year the bank started its restructuring.

Vietnam News

Banking and Finance Newsbriefs

Hong Kong

Hong Kong Financial Secretary says no plan to relax property cooling

The Hong Kong government has no plan to ease property-cooling measures, including the stamp duty on second homes or for overseas buyers, as many residents still can't afford to purchase homes in the city, Financial Secretary Paul Chan said in a blog on January 6.

The government also doesn't plan to lift the special stamp duty, which levies home owners who sell property within three years of purchasing, Chan wrote in his weekly blog in Chinese. The goal is to fight short-term speculation, he said.

Chan said he was open to looking into ways to help those who find it difficult to make a down payment, with current rules requiring home buyers to pay a substantial deposit. The government would consider factors including the extent and speed of the decline of house prices, the transaction volume, the future supply of residential estates and the overall economic situation, he said.

After an almost 15-year bull run that made Hong Kong's property market the world's least affordable, home prices have fallen for 13 straight weeks since August, the longest losing streak since 2008, figures from Centaline Property Agency show. Concerns about higher borrowing costs and a looming vacancy tax have contributed to the slide.

Straits Times

Banking and Finance Newsbriefs

India

India's Rupee Slides as Central Bank Chief Quits

India's rupee plunged on Dec 11 after the country's central bank chief quit following a dispute with the government that analysts say raises fears about its independence.

Urjit Patel stood down as governor of the Reserve Bank of India (RBI) on December 10 evening following months of tensions with Prime Minister Narendra Modi's government over interference in policy.

Patel cited "personal reasons" for his decision but experts and media reports have said he was annoyed by New Delhi's repeated efforts to impose its influence.

The rupee sank more than one percent against the dollar, with speculation swirling that an RBI intervention kept it from falling further.

Indian stocks saw volatile trade, with the benchmark Sensex in Mumbai falling sharply at the opening bell before rebounding to sit slightly higher in the afternoon.

Analysts say Patel's departure, extremely rare for a central banker before the end of his term, is evidence that the RBI's autonomy is under threat.

"This is a clear signal of an eminent institution being attacked and its independence being chipped away one step at a time by the government," independent economist Ashutosh Datar told AFP.

Channel News Asia

India

Iran's Economy to Shrink, Before Ascending in 2020: World Bank

Latest World Bank projections show Iran's gross domestic product will continue to contract in 2019, before reversing gear in 2020.

According to WB's latest "World Economic Prospects" report published after the New Year, Iran's GDP is bracing for further contraction in 2019 to reach -3.6% after experiencing an estimated -1.5% in 2018 before stabilizing in the positive territory at 1.1% in 2020 and 2021.

The estimates for 2018, 2019 and 2020 show -5.6%, -7.7% and -3.1% changes compared to World Bank's June 2018 projections.

The main contributing factor to contraction of Iran's economic growth goes back to US sanctions imposed against the Islamic Republic last year.

US President Donald Trump announced on May 8 his withdrawal from the nuclear deal Iran had signed with world powers in 2015 and rolled out a new sanctions regime against Tehran, described as "toughest ever" in the following months.

Financial Tribune

Banking and Finance Newsbriefs

Japan

Business Confidence Among Japanese Hits Six-Year Low: BOJ survey

An index gauging business confidence among people in Japan has fallen to a six-year low, a Bank of Japan quarterly survey for December showed January 9.

The diffusion index for business confidence deteriorated to minus 32.0, hitting the lowest level since minus 33.1 logged in the December 2012 survey, the BOJ said.

The index represents the percentage of people who see business conditions improving a year later minus those feeling the opposite.

The index fell by 14.9 points from the previous September survey, marking the steepest drop since the 17.1-point decline in the September 2013 survey.

The deterioration may have been affected by worsening prospects for incomes and the growth potential of the Japanese economy as well as stock price falls in October last year, a BOJ official said.

The December survey also showed that the index for current business confidence compared with the level a year before stood at minus 14.3, against minus 13.3 in the previous survey.

The latest survey was conducted between Nov. 9 and Dec. 5 last year, with 2,113 people giving valid responses.

Japan Times

Malaysia

No Banking Mergers This Year: Analysts

Banking analysts do not see any potential mergers and acquisitions (M&A) within the banking sector this year due to both valuations and political reasons.

Nomura Research head of equity research Tushar Mohata said that the listed banks, namely Maybank Group, CIMB Group, Public Bank Bhd, AMMB Group Bhd, and RHB Bank Group will all be focusing on their respective return of equity (ROE).

"Valuations play a big part in any potential merger and as of right now it makes more sense for the banks to work on bringing their ROE up, respectively in order to to push up their valuations," he told NST Business.

"This is especially as Malaysia have seen some less than satisfactory corporate earnings growth for the last several years. We really do expect that it will be business as usual (BAU) for the banks this year."

Kenanga Investment Bank Bhd analyst Ahmad Ramzani Ramli believes it is too perilous for banks to embark on any attempts to a merger now, as any cost rationalisation undertaken for a potential merger exercise would be made apolitical.

New Straits Times

Philippines

Philippine Central Bank Further Eases Forex Rules

The Philippine central bank on January 10 announced revised rules aimed at liberalising access to foreign exchange from banks and streamlining procedures for FX transactions.

The new rules, part of a wider programme of foreign exchange liberalisation that the Bangko Sentral ng Pilipinas has rolled out in the last few years, will allow for easier flows of foreign investments in and out of the economy.

"The reforms will give investors greater flexibility to manage their investments and cash flows," it said in a statement.

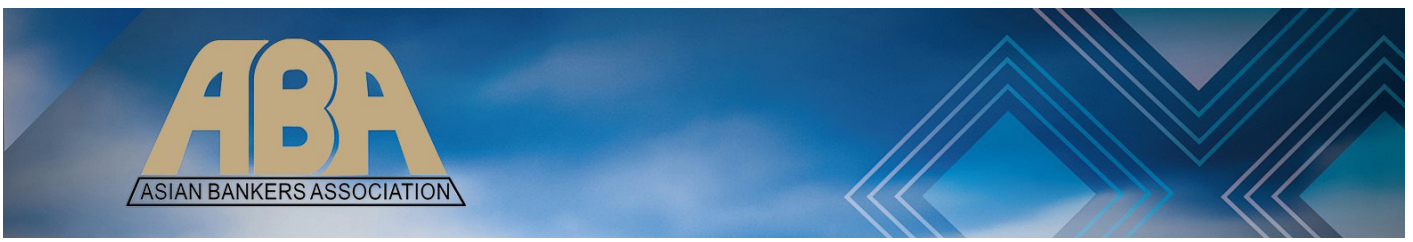
The amended rules lifted prior central bank approval requirement for purchase of foreign exchange beyond the threshold amount.

They also expanded the definition on banks that are eligible to register investments on behalf of the central bank.

The BSP also simplified paperwork of banks by allowing them to submit supporting documents electronically.

The new rules will take effect 15 banking days after publication in a newspaper with general circulation, the central bank said in a statement.

Reuters



Banking and Finance Newsbriefs

Singapore

Singapore Bank Lending Flat in November: MAS Data

Bank lending in Singapore registered flat growth in November from a month ago, reflecting weakness in business lending, preliminary data from the Monetary Authority of Singapore showed on December 31.

Loans through the domestic banking unit – which captures lending in all currencies, but reflects mainly Singapore-dollar lending – stood at S$672 billion, unchanged from a month ago.

Business lending was flat at S$406 billion in November from October, compared to the 0.5 per cent rise the previous month.

Total consumer loans were up 0.1 per cent to S$266 billion in November, the same pace of growth registered in the previous month.

From a year ago, total lending rose 2.8 per cent, weaker than the 3.4 per cent gain posted in October.

Business Times

Taiwan

Taiwan Banks Unveil ATMs with Biometric Security Features

Several banks on December 7 introduced automated teller machines (ATMs) equipped with facial recognition, palm scanners and anti-crime software at FinTech Taipei, but one said differentiating between identical twins remains a challenge.

CTBC Bank Co in July introduced facial-recognition technology to one of its ATMs in President Chain Store Corp's second unstaffed 7-Eleven in Taipei, but the ATM is only available to the bank's staff due to risk concerns, retail banking department vice president Anne Chou said.

"Next year, we will allow our clients to use the ATM and might expand its use to other banks' clients after a trial period," Chou said.

The bank has spent eight months developing the anti-crime software for the ATM and held several meetings with the National Police Agency, she said.

"We do not want the ATM to be a tool of crime," Chou said.

The software, combined with facial recognition, can issue warnings on the machine's screen to verify with customers if they are being manipulated; for example, if it sees them using the keypad while talking on the phone, CTBC Bank data research and development center manager Jiro Lee said.

Focus Taiwan

Thailand

Thailand's future monetary policy tightening would be gradual: central bank

Thailand's monetary policy committee (MPC) expects any future policy tightening would be gradual after the central bank's first rate hike since 2011 in December, minutes from its last policy meeting showed on January 2.

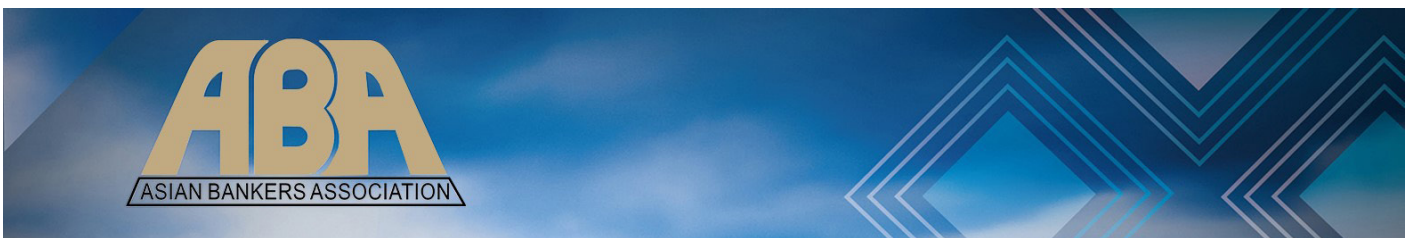
The Bank of Thailand's policy committee voted 5-2 to raise the one-day repurchase rate by 25 basis points to 1.75 per cent, to curb risks to financial stability.

After the increase, the rate is still only 50 basis points above its all-time low.

The committee viewed that "accommodative monetary policy would remain appropriate in the period ahead, and that the policy rate increase would be gradual and not in a continuous manner as in the past", the minutes said.

The MPC will next review policy on Feb 6, and most analysts expect no policy change.

Business Times



Banking and Finance Newsbriefs

Vietnam

State Bank of Vietnam prioritizes Macroeconomic Stability in 2019

Prime Minister Nguyen Xuan Phuc on January 10 told the State Bank of Viet Nam (SBV) to take measures to ensure macro-economic stability, inflation control and growth in 2019.

Addressing a conference held in Ha Noi to review the operations of the banking sector in 2018 and set tasks for 2019, PM Phuc said the targets were tough and would require effective and timely management from the central bank.

"SBV must continue making its monetary policy in a flexible, cautious and effective manner, and enhance measures to limit adverse impacts due to worldwide uncertainty," Phuc noted, adding the monetary policy should be balanced with other macro-economic policies.

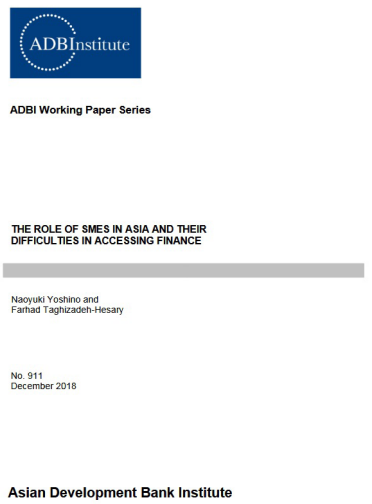
The Prime Minister also directed the banking sector to take the lead in the Fourth Industrial Revolution by embracing e-payment, a move that would boost the whole economy.

Vietnam News

Publications

The Role of SMEs in Asia and Their Difficulties in Accessing Finance

Small and medium-sized enterprises (SMEs) make up more than 96% of all Asian businesses, providing two out of three private-sector jobs on the continent. Therefore, it is vital for Asian economies' economic success that they have fully functioning support measures for SMEs. However, SMEs face major challenges in accessing cheap finance, mainly because of the asymmetric information problem between suppliers and demanders of funds and the high transaction costs. These lead to more collateral requirements for lending to SMEs with higher lending interest rates, which hinder their growth. As most Asian countries are bank-dominant economies, capital market financing is not a realistic option for SMEs. Therefore, we need to look for solutions that make bank lending to SMEs easier. This study will highlight the difficulties SMEs face in accessing finance and provide measures for mitigating them. The remedies proposed in this study are the development of credit information infrastructures for SMEs and the utilization of credit-rating techniques for SMEs. These approaches can help to address the asymmetric information problem and development of a sustainable credit guarantee scheme to solve SMEs' collateral challenge, easing their access to finance.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THE ROLE OF SMES IN ASIA AND THEIR DIFFICULTIES IN ACCESSING FINANCE

Naoyuki Yoshino and
Farhad Taghizadeh-Hesary

No. 911
December 2018

Asian Development Bank Institute

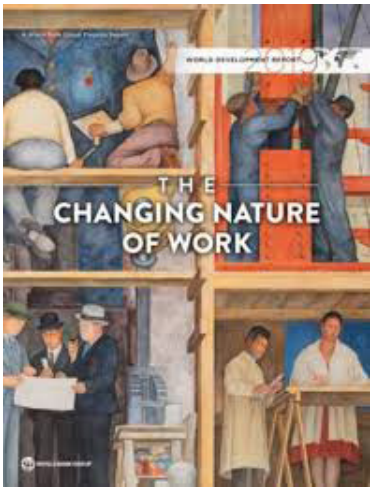
Contact for details: ADB Publishing
Website: https://www.adb.org/publications

Publications

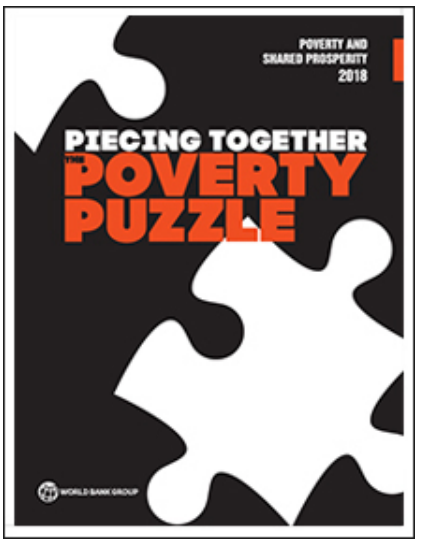
World Development Report 2019: The Changing Nature of Work

The World Development Report (WDR) 2019: The Changing Nature of Work studies how the nature of work is changing as a result of advances in technology today. Fears that robots will take away jobs from people have dominated the discussion over the future of work, but the World Development Report 2019 finds that on balance this appears to be unfounded. Work is constantly reshaped by technological progress. Firms adopt new ways of production, markets expand, and societies evolve. Overall, technology brings opportunity, paving the way to create new jobs, increase productivity, and deliver effective public services.

Contact for details: World Bank
Website: http://www.worldbank.org/en/publication/wdr2019



Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle



The Poverty and Shared Prosperity series provides a global audience with the latest and most accurate estimates on trends in global poverty and shared prosperity. The 2018 edition — Piecing Together the Poverty Puzzle —broadens the ways we define and measure poverty. It presents a new measure of societal poverty, integrating the absolute concept of extreme poverty and a notion of relative poverty reflecting differences in needs across countries. It introduces a multi-dimensional poverty measure that is anchored on household consumption and the international poverty line of $1.90 per person per day but broadens the measure by including information on access to education and basic infrastructure. Finally, it investigates differences in poverty within households, including by age and gender.

Contact for details: World Bank
Website: http://www.worldbank.org/en/publication/poverty-and-shared-prosperity

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