

Message from the Secretary Treasurer

Dear Colleagues,

We are pleased to inform you that preparations are now underway for the 2019 ABA General Meeting and Conference. This year's gathering will be hosted by the Philippine National Bank (PNB) in Makati City, Philippines in November.

The Planning Committee will convene in Manila on May 17 to discuss the program, theme, topics, and other details of the conference with the host bank. We encourage members to take part in the planning meeting by sending their theme suggestions and or speaker recommendations. We look forward to receiving inputs from you for a more fruitful annual conference.

The ABA is also inviting members to several training programs co-organized with partner organizations. A webinar on "Why continuous monitoring is critical for trade-based money laundering" will be held on May 8, while Rizal Commercial Banking Corp. and Rizal Microbank will be hosting a microfinance appreciation course on June 10-11. For more information, please visit the ABA website at www.aba.org.tw

We hope you find the regular features of this newsletter interesting. Do send us an email if you wish to contribute or share your bank's latest news with other members.

Thank you and regards,

Ernest Lin

Secretary-Treasurer



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ABA General Meeting and Conference

Philippine National Bank to Host 2019 ABA Conference in November



The Asian Bankers Association is pleased to inform all its members that this year's 36th ABA General Meeting and Conference is scheduled to take place in November 2019 in Manila, Philippines.

To be hosted by the Philippine National Bank (PNB), the two-day event is designed to provide another valuable platform for ABA members to meet and exchange views with invited experts on current trends and developments in the regional and global markets that impact the banking and financial sector of the region. The Conference also aims to discuss how industry players can address the challenges – and take full advantage of the opportunities – presented by these developments.

The exact dates and venue of the Conference, as well as the Conference Theme and topics, will be decided by the ABA Planning Committee when it meets in Manila on May 17. ABA will send its members the Tentative Program and other relevant information (e.g., hotel accommodation, registration procedure, etc.) – as decided by the Planning Committee – soonest. In the meantime, ABA requests members to pencil in our Conference in your November calendar of events this year.

Once again, ABA is counting on its members' valuable participation for the successful outcome of our annual gathering this year. Should you have questions at this stage, please do not hesitate to write to ABA at aba@aba.org.tw



Trainings & Education

ABA Invited to 2019 Symposium on Asian Banking and Finance



The ABA has once again been invited to send a representative to the 2019 Symposium on Asian Banking and Finance to be jointly organized and hosted by the Federal Reserve Bank of San Francisco (FRBSF) and the Monetary Authority of Singapore (MAS) on June 3-4, 2019 in Singapore.

The 2019 event marks the twelve-year anniversary

of the FRBSF's "Symposium on Asian Banking and Finance" which began in 2007 with a conference to consider the "lessons learned" from the 1997-98 Asian financial crisis. Since then, through the global crisis, FRBSF has continued annually to examine key global developments in banking and finance with the objective of bringing Asian voices to the discussion.

Continuing to explore timely and critical issues facing the financial sector, the 2019 Symposium will feature Ravi Menon, the Managing Director of the Monetary Authority of Singapore, and Mary Daly, President and CEO of the Federal Reserve Bank of San Francisco, among other prominent speakers from Asia, Europe and the United States, representing central banks, regulators and the financial sector.

ABA Invited to 2019 IIF Spring Membership Meeting

The Asian Bankers Association (ABA) has been invited by the Institute of International Finance (IIF) to attend the 2019 IIF Spring Membership Meeting: "The G20 Agenda under the Japanese Presidency" to be held in Tokyo on June 6-7, 2019. Immediate Past ABA Chairman and current Advisory Council Chairman Mr. Daniel Wu, President of CTBC Financial Holding, is expected to represent the Association in the Meeting.

Organized in consultation with the Japanese G20 leadership, the high-level public-private sector event will be held in conjunction with the June G20 Ministerial Meetings and will take place just ahead of the G20 Leaders' Summit of Japan's G20 Presidency.

The 2019 IIF Spring Membership Meeting: "The G20 Agenda under the Japanese Presidency" aims to provide an opportunity for dialogue between senior officials and private sector leaders in the international financial community in a range of issues at the heart of Japan's G20 agenda. The program will offer panel discussions on traditional G20



themes of support for economic growth and sound financial market regulation. Other topics may include addressing global regulatory fragmentation, sustainable finance for high-quality infrastructure and other public goods, harnessing technological innovation, in the financial sector and overcoming challenges related to demographic change (e.g., retirement savings and pension funding).

To be held at the Grand Hyatt Tokyo, the two-day conference is expected to draw over 400 attendees from across IIF's global membership including commercial and investment banks, asset managers, insurance companies and the public sector.

Microfinance Appreciation Course to be jointly hosted by Rizal Commercial Banking Corp. and RIZAL MicroBank on June 10-11



Rizal Commercial Banking Corporation (RCBC) and its microfinance arm RIZAL Microbank are jointly hosting a Microfinance Appreciation Course on June 10-11, 2019 in Makati City, Philippines.

The Microfinance Appreciation Course is being conducted as part of the ABA's Short-term Visiting Program. The primary aim of the Short-Term Visiting Program is to provide participating banks the opportunity to study and undergo training on specific aspects of the operations and facilities of the more advanced host banks. The idea is to enable the visitors to enhance their technical skills and knowledge in specific areas of banking operations in the distinct and peculiar social, economic and business environment of the host country.

It also allows participants to gain first-hand knowledge of the operations, systems and work procedures of the host bank's various line departments covered by the program.

The two-day seminar-workshop is best participated in by senior officers of member-banks and associations who occupy critical roles in strategic initiatives, corporate planning, business and product development, and lending operations.

These participants are in the best position to assess and advise their senior management if the business of microfinance and financial inclusion resonates in the current or future direction of their organizations, and if the same business finds a supportive and enabling environment in the country/region where they operate.

At the end of the two-day workshop, the participants are expected to:

- Gain valuable lessons and insights on how RCBC set-up its microfinance operation and how Rizal MicroBank is succeeding in pursuing its mandated market segments;
- Equip themselves with an understanding of the basic concepts of microfinance and financial inclusion, including global and regional trends;
- Determine readiness of their institution to install a viable microfinance operation and participate in the campaign for financial inclusion.

There is no participation fee for ABA member banks attending the program. However, non-member banks will be charged a minimal fee of US\$200 per participant. All participants shall cover their airfare and hotel accommodation.

The workshop will be held at the the RCBC headquarters. A list of recommended hotels will be sent to participants separately. Interested members may request a confirmation form from the ABA Secretariat via email at aba@aba.org.tw. Registration is until April 30, 2019.

AML/CFT Webinar on May 8



Fintelekt

The Asian Bankers Association would like to invite members and friends to participate in the free webinar on "Why continuous monitoring is critical for trade-based money laundering" to be held on May 8.

The May 8 webinar follows the successful first webinar of 2019 held on February 21st as part of the AML/CFT webinar series 2019.

Given the billions of dollars traded across border, money laundering is a permanent risk throughout the international transaction process. It is essential that bankers understand the money laundering opportunities that arise in this kind of transaction. These are some of the issues that will be



discussed during the 2nd webinar session:

- The complex eco-system involved in trade and the difficulties in detecting TBML for a banker
- Best practices in configuring AML systems to monitor trade transactions
- The importance of training and capacity building among employees
- TBML case studies and examples of recent trends and typologies
- Shirish Pathak, Managing Director of Fintelekt Advisory Services Managing Director will be the host of the 2nd webinar on May 8. The invited professional banker will be announced soon.

The first webinar held in February drew over 100 participants from banks (ABA members and non-members) around Asia-Pacific region. ABA expects that this 2nd webinar will also attract a large international audience and provide a convenient learning opportunity for AML compliance officers from the banking industry in Asia.

Participants will receive further information about the optional test and certificate of participation upon registration. Please contact the ABA Secretariat on registration details. Deadline for registration is on April 30, 2019.

Two other webinars are scheduled to take place after the May 8 offering. They are:

- Webinar 3 – July 10: Customer Due Diligence Challenges and Best Practices
- Webinar 4 – December 4: New Payment Systems and Inherent AML Risks

ABOUT FINTELEKT

Fintelekt Advisory Services (www.fintelekt.com) is a specialist in research, training and advisory on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) in Asia. It produces industry research, fosters dialogue and creates opportunities for knowledge sharing between senior executives from banking, financial services and insurance.

Member Personality

DBS Hires Bank of Singapore Private Banker



DBS has hired Bank of Singapore (BoS) banker Lee Woon Shiu to be the new regional head of wealth planning, family office and insurance solutions at its private bank.

He takes over from Rob Ioannou, who remains at DBS Private Bank. A DBS spokesperson said further details regarding Mr Ioannou's role will be shared at a later date.

Starting March 18, Mr Lee will be responsible for driving the expansion of the bank's wealth planning, family office and insurance offerings, and advising high-net-worth

families.

Mr Lee joins DBS from BoS, where he most recently headed its wealth planning, trust and insurance business. He is an industry veteran with over 20 years of experience advising ultra-high net worth families in Asia-Pacific on estate structuring and succession. He has also worked with multi-generational families to establish and implement family governance and philanthropy strategies.

He will report to Sim S. Lim, the group head of consumer banking and wealth management.

Mr Lim said: "With Asia at the cusp of a significant intergenerational wealth transfer, we are committed to being our clients' partner of choice as we help to grow, manage and protect their family's assets and legacy over time. With his wealth of experience and in-depth understanding of Asian families' needs and priorities, Woon Shiu will be a great addition to our team as we look to strengthen our suite of services and capabilities, and cement our position as a leading wealth manager in the region."

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52nd ADB Meeting to be held in Fiji



Around 3,000 participants, including finance and development ministers, central bank governors, private sector and civil society partners, representatives of academia and the media are expected to attend the 52nd Annual Meeting of the Board of Governors of the Asian Development Bank (ADB).

The meeting will be held in several hotels within Denarau Island, Nadi, Fiji on 1-5 May 2019. This event marks the first time a country from the Pacific will host ADB's Annual Meeting. See information on Fiji.

Since 1970, ADB has been a strong partner in the development of the Fiji. ADB engagement in Fiji focuses on promoting inclusive economic growth and poverty reduction. These goals are being advanced through investments in transport infrastructure, water supply and sanitation, disaster recovery, and public sector management. Fiji's Attorney General and ADB Governor Aiyaz Sayed-Khaiyum currently serves as Chair of the ADB Board of Governors.

The Annual Meeting is the statutory event for Governors of ADB members to provide guidance on ADB administrative, financial, and operational directions. It offers a platform for decision makers to discuss economic, financial, and social policies and programs, including solutions that help shape the future of Asia and the Pacific. This year's Annual Meeting, with the theme "Prosperity Through Unity," will continue the discussion with ADB member countries and

development partners on working toward an inclusive, resilient, and prosperous Asia and the Pacific as outlined in Strategy 2030 by scaling up operations, strengthening finance, and leveraging knowledge.

ABA's Accreditation as Guest Association

ADB has once again accredited the ABA as Guest Association in the 52nd Annual Meeting of the ADB Board of Directors. ABA members are encouraged to attend this important event.

Many ABA member banks may be themselves already accredited guest institutions and may therefore receive a separate invitation from the ADB. For those who do not have the accreditation and would like to participate in the Fiji meeting, please send an email to the ABA Secretariat with the following information on your bank's officer/s who wish to attend: title, name, position, organization, and email address. These information will be forwarded to the ADB with a request to send each of the officer's concerned an invitation letter containing a temporary ID and password to be able to register.

Participation in this annual ADB meeting will provide members an excellent opportunity to take part in the dialogue between leading government and private sector representatives on key development and financial issues shaping the Asia Pacific region.

During the past 14 years, the ADB has accredited the ABA as a Guest Association in the Annual Meetings of its Board of Directors: in Manila, Philippines (2018); Yokohama, Japan (2017); Frankfurt, Germany (2016); Baku, Azerbaijan (2015); Astana (2014); New Delhi (2013); Manila (2012); Hanoi (2011); Tashkent (2010); Bali (2009); Madrid (2008); Kyoto (2007); Hyderabad (2006); and Istanbul (2005).

'Precarious' Global Rebound Expected in Late 2019: IMF's Lagarde

Douglas Gillison, Agence France-Presse

Global growth in 2019 should be even slower than previously expected but a "precarious" rebound later this year is likely, the head of the International Monetary Fund said on April 2.

In a speech ahead of the spring meetings in Washington with the World Bank, IMF chief Christine Lagarde said the world economy was vulnerable to shocks from Brexit, high debt levels

and trade tensions, as well as unease on financial markets.

"The expected rebound in global growth this year is precarious," she said in an address at the US Chamber



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International Monetary Fund Managing Director Christine Lagarde delivers a speech at the US Chamber of Commerce in Washington, US, April 2, 2019. Photo by Kevin Lamarque, Reuters

of Commerce. “This is a delicate moment that requires us to handle with care.”

Lagarde said the IMF was due to cut its global growth forecasts even further than it had in January, with more than two thirds of the world economy likely to see slowing growth.

The meetings -- a twice-yearly conclave of central bankers and finance ministers -- come with the backdrop of fraught negotiations between Beijing and Washington to resolve their eight-month trade war.

Gloom about slowing growth in Asia, Europe and the United States, as well as the protected US-China trade war, have sparked periodic jitters on markets since last year.

At the start of the year, the fund had already lowered its expectations several notches from a prior outlook, calling for global GDP to expand by 3.5 percent this year and next.

Elsewhere on April 2, the World Trade Organization announced in Geneva it was slashing its 2019 forecast for growth in global trade to 2.6 percent, down from the 3.7 percent predicted earlier.

“We had this synchronized acceleration of growth a couple of years ago. Now it’s synchronized deceleration,”

Lagarde said following her speech. “I don’t want to be overly dramatic, because we don’t see a recession.”

‘MONOPOLY PROBLEM’?

But Lagarde pointed to some grounds for optimism, saying major central banks, including the US Federal Reserve, were showing patience about the speed of interest rate increases, while China had moved to stimulate its economy.

She called on member governments to help avert mounting dangers by modernizing tax systems, cutting public debts and reducing wealth inequalities through spending on education, health and infrastructure, recommendations the IMF has made before.

Lagarde repeated warnings about imposing tariffs, saying such barriers to trade were “potentially self-inflicted wounds” that threatened to dent economic growth and leave no winners.

But Lagarde also said governments should address the dangers posed by the concentration of market power in the hands of corporate giants, especially in the tech sector, with major players often able to block out competition and garner the lion’s share of profits for themselves.

While IMF research showed this concentration had so far had little effect on business investment, production and worker pay, according to Lagarde, there was still a danger that it could weigh on all of them.

“I am not saying that we currently have a monopoly problem,” she said. “But I am saying that we should take appropriate measures so that it does not become a problem.”

Speaking to CNBC later, Lagarde also said new IMF research showed that an all-out trade war between the United States and China -- with 25 percent duties on all traded merchandise -- could shave up to 1.6 percent off of annual growth in China and 0.6 percent off US GDP growth.

While there were signs of progress in talks between the United States and China, a deal should be “signed, sealed and delivered” before it can restore certainty to global trade, she added.

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Asean Mulls Paths to Integration

Wichit Chaitrong, The Nation



Customs cooperation and robust financial infrastructure remain the top challenges for Asean in its bid to deepen economic integration and redistribute economic wellbeing.

Asean finance ministers and central bank governors concluded a two-day meeting in Chiang Rai, Thailand on April 5.

One of the major goals for the 10-nation bloc is a faster, efficient and paperless customs-transit system to facilitate more trade and investment among the member-countries. Thailand, sharing borders with Cambodia, Laos, Malaysia and Myanmar, has much to gain.

The Asean Single Window (ASW) is an ambitious project designed to reduce logistics costs, make clearing and transiting border customs checkpoints easier and increase productivity in both the public and private sectors.

The window is supposed to facilitate by electronic means more-convenient customs procedures, goods in transit, tax claims and licensing approval.

“Five or six countries have developed their own national single window and are ready to link with other Asean members,” Thai Finance Minister Apisak Tantivorawong told reporters at the close of the meeting.

Cambodia and Myanmar will be ready to link in a few months, while Laos may be delayed in developing its single window, but Thailand is providing assistance, he said.

“We expect all countries to participate in the ASW by the end of this year,” said Apisak.

Thailand and its neighbours also discussed common inspections of goods at border points to reduce time. Goods are

typically inspected twice – by both the exporting and importing country. Combining the inspections would lower logistics costs for the private sector.

Currently, only Thailand and Laos have implemented joint inspections at the border, Apisak said.

Thailand is also considering issuing bills of lading for goods that foreign ship across the Thai border bound for ports in the Eastern Seaboard. These currently need to go through customs procedures at both the border and the seaport, resulting in wasted time and high logistics costs.

In Asean payment connectivity, the bloc is trying to leverage the digital revolution for deeper economic integration.

Thailand is trying to persuade other countries to adopt the QR-code payment system by which Thailand ties bank accounts to phone numbers and allows people to use a mobile application for financial transactions.

Cambodia, Indonesia and Laos are interested in the concept, said Apisak.

Executives of Chinese e-commerce giant Alibaba Group want to use Thailand’s QR code and will discuss it with the Bank of Thailand soon, he said.

The Thai QR-code system causes no loss of business for other partners because remittances are sent back to their own banks, he said.

Singapore has its own QR-code standard and with Thailand has developed a digital infrastructure for e-payment that accommodates the code. In Thailand it’s called PromptPay and in Singapore PayNow.

An estimated 41 million Thais, from a population

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topping 60 million, have registered with PromptPay, whose user-base is far larger than that of PayNow, said Apisak.

Holders of state welfare cards, estimated to number 14.5 million, contribute to the huge number of PromptPay users.

“This has allowed low-income people to access financial services – I think nearly 100 percent of the population,” said Apisak, who disputes recent financial statistics that suggested a rate of 80 percent.

Credit should be given to the Bank of Thailand, which developed PromptPay and QR-code payments, he added.

Central bank Governor Veerathai Santiprabhob, however, conceded that PromptPay will need an upgrade before it can be linked with PayNow. “The linkage could take place in the second quarter of next year,” he said.

The challenge in financial integration is that each country is at a different stage of development and the scope for connectivity depends on their readiness, Veerathai said.

He and his counterparts in Indonesia, the Philippines and Malaysia agreed to use or expand the scope of local currency use for debt settlements in the region.

Veerathai invited banks and non-banks to demonstrate their digital financial services at the Asean Ministers’ Meeting, seeking to promote Asean payment connectivity and financial integration.

The Asian Development Bank has forecast the

region’s economy to grow 4.9 percent this year, slowing from 5.1 percent last year. It also predicted 3.9 percent growth for Thailand’s gross domestic product this year.

How the money is meant to move

Existing Financial Services under Asean Payment Connectivity

- Cambodia and Thailand: Interoperable |QR payment by Siam Commercial Bank.
- Indonesia and Thailand /Intra-Asean: Letter of credit service on Enterprise Blockchain by Bangkok Bank.
- Laos and Thailand: Cross-border QR |payment by Thanachart Bank and |Laos-based BCEL.
- Real-time international fund transfer for business using blockchain technology by Krungsri Bank.
- Malaysia, Philippines and Thailand: SpeedSend, a cross-border money transfer by CIMB Group.
- Myanmar and Thailand: Remittance |powered by Everex provided by Krungthai Bank and Shwe Bank.
- Singapore and Thailand: BeWallet |interoperable QR payment by Bangkok Bank and UOB.
- Remittance transfer via API by DBS and Kasikornbank.
- Cashless experience through cross-border|QR payment by AIS mPay, Singtel Group and Kasikornbank.

Bank of Thailand

ABA Secretariat Executives Meet with PNB Marketing Division Officers

Officers of the Marketing Services Division of the Philippine National Bank (PNB) led by Assistant Vice President Ms. Leia Michelle Regala-Teodoro (2nd from right, left photo) and Brand Advertising Head Ms. Maria Montessa Forendo (rightmost, left photo), met at the PNB head office on April 5 with ABA Deputy Secretary Mr. Amador Honrado (2nd right, left photo) and ABA Senior Officer Ms. Jacqueline Uy (rightmost, left photo) in preparation for the ABA Planning Committee Meeting to be held on May 17 in Makati City, Philippines. The Planning Committee Meeting will discuss arrangements for the upcoming 36th ABA General Meeting and Conference to be hosted by PNB in November 2019 in Makati Shangri-La Hotel, including the Conference theme and topics, format, and possible speaker line-up, among others.



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ACRAA Officers Meet with ABA Deputy Secretary



Atty. Santiago Dumlao Jr., Secretary-General of the Association of Credit Rating Agencies in Asia (ACRAA) (left) and Executive Assistant Ms. Mildred Velayo (center) on April 5 exchanged views with ABA Deputy Secretary Mr. Amador Honrado Jr. (right) on the possible role that ACRAA can play at the upcoming 36th ABA General Meeting and Conference to be held in November in Makati City, Philippines. Discussion during their Manila meeting focused on session topics that ACRAA may handle by way of inviting speakers and panelists from among ACRAA officers and members.

Special Feature

New Payments Technologies Will Continue to Disrupt ASEAN Banks

BY NICK LORD



A Commentary from Asian Banking and Finance

Along with my colleagues Mark Goodridge and Mulya Chandra from Morgan Stanley's ASEAN equity research department, I have been writing about the potential disruption to ASEAN banks from new payments technologies for much of the last year. We believe it is one of the key structural themes for equity investors in banks to understand as they think about future earnings and dividend streams.

It is important to understand why this is an issue today. In a report we published last July, 'Who will win in

e-payments – banks, independents or telcos?' we identified the main changes that were taking place to stimulate the growth of non-cash payments.

We believe that there are three main enablers. The first is the development of e-commerce – after all, it is difficult to make an online purchase in cash! In addition to this, we are seeing the rapid adoption of new payments technologies, such as the mobile phone (along with increased data coverage, speed and reliability), or the common QR code, which enables traditional merchants to accept cashless payments at low cost. Finally, and often with some encouragement from regulators, we are seeing the introduction of cheap and almost instantaneous money transfers, making e-payments as frictionless as possible.

In addition to these enablers, we see four incentives for adoption. For governments there is the prospect of greater GDP growth from productivity improvements, as well as the potential for increased financial inclusion (especially in the Philippines and Indonesia). For incumbents, there is a need to come up with better products to head off competitive threats from new entrants such as Go-jek or Alipay or even other banks looking to expand into new markets, such as UOB's forays into Thailand with TMRW, CIMB's move into the Philippines and

Vietnam, and DBS’s Digibank rollout in India and Indonesia. Finally, for both incumbents and new entrants there is the prospect of new revenue streams as they look to monetise the data that e-payments generate.

These enablers and incentives are driving big changes in the way that payments are being made. For example, in Thailand, we are seeing big growth in interbank internet and mobile transactions (+215% YoY in 3Q18), whilst ATM and counter transactions are falling. Mulya Chandra, my Jakarta-based colleague, pointed out in a recent report, ‘Indonesian Banks: Fintech continues to lead digital payment market’, that e-money transactions in Indonesia quadrupled in 2018 to US\$3.4b, and now account for 7.3% market share.

This is beginning to impact bank revenues. For example, the popularity of PromptPay (a cheap and real-time money transfer capability promoted by the Bank of Thailand and the Ministry of Finance) led to Thai banks waiving fees on mobile, internet and ATM transactions in 2018, pressuring fee income. We expect revenue pressure elsewhere, for example in Indonesia or the Philippines, where banks still charge for many retail transactions, or in new product areas such as retail forex, as competition expands from vanilla domestic payments. In addition to direct impacts, there are knock-on effects. For example, we expect increased rivalry in wealth management and mass-market consumer lending in Thailand as the large banks look to develop new businesses to offset lost revenue streams.

In our July report, we estimated that ASEAN banks would lose US\$13.1-15.5b of value as a result just of lost payment income by 2022. We thought US\$6.4-9.3b of value would accrue to new entrants (mainly fintechs), with US\$2.0-2.9b going to telcos. The balance would accrue to the consumer through lower costs. Of course revenue loss is just one side of the coin; what will also matter is whether or not banks lose market position, which could open them up to more revenue pressure further down the road, and what they can save in costs.

On the market share point, we think the risks will vary by country, with the existing state of the market and regulatory reaction being the main deciding factors. In Singapore, Thailand and Malaysia, incumbent banks have reacted quickly to customer demands for low-cost and convenient solutions, shutting down the space for new entrants, but in Indonesia and the Philippines this process is taking longer, and with added opportunities for increased financial inclusion, new entrants are more likely to take share. In the Philippines, we believe that the telcos are the likely winners, and in particular Mynt, which is owned by Globe Telecom. In Indonesia, we have undertaken a survey that shows fintechs lead, and this is likely to sustain – 20% of survey respondents prefer fintech e-money as a method of payment, compared to 6% each for e-money from banks,

telcos and e-commerce.

Costs could be the silver lining for banks as we expect they will be able to generate significant savings as they digitise their business. We see local banks generating cost savings valued at US\$20-24b by 2022. Singapore banks are best placed to benefit (gaining US\$5.2-6.4b of net value), followed by those in Malaysia and Thailand.

For bank managements and equity investors alike, the growth of e-payments throws up many challenges. How managements pace investment over the next few years to defend market share, minimize revenue declines in some traditional areas, and expand into new areas of revenue whilst keeping costs under control and maintaining returns will determine the longer-term success of the organisation and investor returns.

Nick Lord is an executive director and the head of ASEAN banks research at Morgan Stanley. He is based in Singapore. Nick is an experienced analyst and since 1995 has covered a variety of banks in the UK and Europe (including HSBC and Standard Chartered), Hong Kong, China, and now ASEAN. From 1998-2003, Nick was part of the highly rated UK and European banks team at Citigroup in London, and between 2003 and 2005 he was at Deutsche Bank, where he co-headed the European banks team. In early 2006, Nick transferred to Macquarie Securities in Hong Kong, where he headed the Asian banks team and focused on covering Hong Kong and China banking. At Morgan Stanley, Nick has been part of the top three Institutional Investor rated Asian banks team for the past four years and is currently part of the top II rated Singapore team. Nick has a BA from the University of Leeds and an MPhil from the University of Cambridge.



ABA Planning Committee Meeting

Shangri-La Hotel

Makati City, Philippines

May 17, 2019






Among Member Banks

BoB Records 1,100 Suspicious Transactions - The Bank of Bhutan (BoB) blocked transactions on all VISA international debit cards after suspicious transactions were reported to the bank on March 22.

The Bank spotted a total of 1,100 successful suspicious transactions after the contact center of the bank received the first complaint around 8am yesterday.

BoB spokesperson, Passang Norbu, said all transactions were done from Point of Sale (POS) and ATM machines in Brazil. The transactions occurred around 2am, local time. "This presented a fraudulent pattern of activity," he said.

According to him, the exact cause of those transactions was not known and that the bank is investigating.

The bank, however, reversed and credited the affected accounts by yesterday afternoon.

One of the affected clients, Damcho Tshering said he was unaware of the transactions until he saw 10 SMS alerts from the bank stating that the money has been debited from his account. "On checking, the transactions happened between 5 and 6am with Nu 131, 000 debited in 16 different transactions."

He said the bank informed him that debited amount would be credited into his account.

The Chief Executive Officer of BoB, Pema Nadik, said that preliminary findings indicate that there had been lapses from the service providers who facilitate banking services.

He added that the banking system has to ride on various systems operated by the service providers and that it might have triggered suspicious transactions.

"BoB is the only bank that has conducted system audit twice to ensure all the loopholes in the system are well taken care of," he said.



Kuensel Online

BEA Launches the BEA 100 FinTech Challenge to Recognise Local Talent and Drive Innovation - As part of its centenary celebrations, The Bank of East Asia, Limited (BEA) has teamed up with Hong Kong Science Park to organise the BEA 100 FinTech Challenge (the "FinTech Challenge"), to foster creativity in the development of FinTech solutions.

Based on the theme of "Intelligent Banking", the FinTech Challenge welcomes new and feasible solutions inspired by emerging technology from teams comprising 4-6 full-time undergraduate or postgraduate students studying at universities in Hong Kong. The objective is to create innovative solutions by the latest technologies that can deliver enhanced banking services and products.

Mr. Vincent Hui, General Manager and Head of Personal Banking Division at BEA, said, "Over the past 100 years, BEA has introduced many innovative banking services that provide greater convenience, flexibility, and security for our customers. As we celebrate the centenary of our Bank's founding, we hope to inspire young people to translate their ideas into innovative products and services, and to join the financial technology and banking industries after they graduate. This process can ultimately enhance the overall quality of Hong Kong's financial services. We look forward to receiving many inspiring ideas from FinTech Challenge entrants."



BEA News Release



Among Member Banks

Erste Group Bank AG joins Conference on Latest Banking Developments in Central and Eastern Europe in Taipei - Executives from Erste Group Bank AG was in Taipei on March 5-6 to take part in the Latest Banking and Developments in Central and Eastern Europe (CEE) Conference organized by the Bankers Association of the Republic of China (BAROC).



The Conference was held on March 5 at the Taiwan Academy of Banking and Finance (TABF) with an audience of more than 200 bankers, regulators, and industry representatives. BAROC Chairman, Mr. Joseph Jye-Cherng Lyu, the Vice Chairperson of the Financial Supervisory Commission (FSC), Mr. Tien-Mu Thomas Huang, and the President of the TABF, Mr. Hank C.C. Huang, opened the event.

For Erste Group, Mr. Jozef Sikela, Member of the Board Erste Group Bank AG, provided an introduction to Erste Group, its DNA, 200 years of history and roots in CEE. Mr. Fritz Mostboeck, Head of Group Research Erste Group Bank AG, presented an economic overview & outlook for CEE. Mr. Stefan Doerfler, Chairman of the Management Board of Erste Bank Oesterreich, joined a panel discussion with representatives of Bank of Taiwan, First Commercial Bank, and Taiwan Cooperative Bank.

Erste Group is the leading financial services provider in the Eastern part of the European Union and committed to support Taiwanese banks and their clients in the region. The central point of contact for interested parties in Asia is Erste Group Bank AG's Hong Kong Branch, headed by Oliver Hoffmann, Managing Director & Head of Asia.



Signing of Cooperation Agreement with Bank of Taiwan

On March 6, a cooperation agreement to enhance the mutual business of Bank of Taiwan and Erste Group was signed in Taipei by Mr. Joseph Jye-Cherng Lyu, Chairman Bank of Taiwan, Mr. Jozef Sikela, Member of the Board Erste Group Bank AG, and Mr. Stefan Doerfler, Chairman of the Management Board Erste Bank Oesterreich.

State Bank of India to Join SWIFT's Global Payment Interface - State Bank of India will soon sign up with the Society for Worldwide Interbank Financial Transactions' Global Payment Interface (gpi), adding to the list of Indian banks that have subscribed to the interbank communication channel's new payment interface which is set to make cross-border transactions much more secure and transparent, a top official said.



"We are in the final stages of approval with SBI and we hope to announce the partnership soon," said Kiran Shetty, CEO Swift India.

India's largest lender will join 11 of its counterpart banks that will have subscribed to this payments platform which comes with features such as end-to-end payment tracking, access to unaltered remittance information, faster and more transparent transactions. These banks are ICICI Bank, Axis Bank, Punjab National Bank, Yes Bank, City Union Bank, HDFC Bank, Bank of India, Federal Bank Limited, Union Bank of India, Indian Bank and IndusInd Bank.

SWIFT said that they want to make gpi a universal payments interface by partnering with all major global banks by 2020. "We want to make each bank gpi-compatible. We are also looking to integrate with different domestic real-time payment platforms across the globe such as FAST in Singapore, NPP in Australia, TIPS in Europe and UPI in India such that gpi becomes the lowest common denominator in all global transactions," said Alain Raes, Chief Executive, EMEA and Asia Pacific SWIFT.

Economic Times India



Among Member Banks

Mizuho Bank Selects smartTrade as its Core Technology Provider for Their Next Generation FX Platform - smartTrade Technologies, a global leader in multi asset, end-to-end trading solutions for the Sell and Buy sides, has been selected by Mizuho Bank Japan to deliver their next generation e-FX platform.



Mizuho required a proven end-to-end FX trading solution to strengthen their leading position via the addition of innovative functionality delivered with a quick time to market. Mizuho's core requirements included an advanced and open out-of-the-box solution allowing them an easy injection of their own intellectual property, advanced algos and AI, whilst supporting them in constantly assessing new technologies to obtain further improvements.

smartTrade's LiquidityFX platform has seen tremendous global growth and adoption in the past few years by providing low latency connectivity combined with sophisticated aggregation, execution, smart order routing, order management, distribution, analytics and risk management. By selecting the LiquidityFX solution, Mizuho Bank will centralise the aggregation process as well as optimising and internalising the management of their very significant FX flows. Not only will this generate considerable cost savings for Mizuho it will also create new opportunities for their clients.

Hiroaki Aoyama, Global Head of FX at Mizuho, commented: "We are pleased to announce that we have selected smartTrade's solution for developing our core e-FX distribution system. The e-FX sphere, today, undeniably plays more than a central role within Mizuho Bank, both internally and through client facing channels. We would like to strengthen our FX business by partnering up with smartTrade and utilizing their LiquidityFX platform."

Associated Press

Sumitomo Mitsui to Unify Career-Track, Clerical Positions - Sumitomo Mitsui Banking Corp. plans to integrate its career-track work positions and clerical positions, which are mainly for administrative duties at branch offices, sources in the bank said March 4.



The core unit of Sumitomo Mitsui Financial Group Inc., will seek talks with its labor union on the plan, aiming to put it into action in January 2020, according to the sources.

This will mark the first move among Japan's three megabank groups to unify career-track and general clerical positions. The other two groups are Mitsubishi UFJ Financial Group Inc. and Mizuho Financial Group Inc.

In the spring 2020 recruitment season, Sumitomo Mitsui Banking plans to hire new graduates only for career-track jobs, the sources said. In spring this year, it will employ nearly 100 graduates for general administrative positions, according to the sources.

Sumitomo Mitsui Banking Corp. is reducing administrative workload by automating operations. Meanwhile, workers at branches are increasingly involved in various duties, such as over-the-counter sales of investment trust funds.

Jiji Press

Maybank Targets 100,000 Take-Ups for MAE - Malayan Banking Bhd (Maybank) expects 100,000 take-ups for its newly launched Maybank Anytime Everyone (MAE) digital account platform by the end of this year.

However, group president and CEO Datuk Abdul Farid Alias is optimistic that the newly launched app will be able to reach all 4.5 million of the group's mobile customers eventually.

"We want all 4.5 million of our mobile customers to go into MAE. However, this (applying for the app) is behavioral so we will have to wait and see," he said at the launch of MAE on March 4.

Farid said online banking transactions have been growing on a year-on-year basis, especially via mobile platforms.

"Digital platforms are cheaper compared with the cash and cheque method and we believe this trend will continue," he said.

The MAE platform is the first ever product that enables users to open an account via their mobile phone.



The Star

Among Member Banks

RCBC Leads Metro Cebu Tollway Project - Rizal Commercial Banking Corporation (RCBC) from the Philippines is taking the lead in funding the P19-billion Cebu-Cordova Link Expressway (CCLEX), one of the country's biggest infrastructure projects.



RCBC is extending P6 billion of the P19 billion project finance facility of CCLEC where a total of six lenders participated.

The project is an 8.5km toll bridge that will connect mainland Cebu and the island of Mactan via Cebu City and Cordova, Province of Cebu. It is envisioned to become an iconic infrastructure project under a Public-Private Partnership arrangement with the local governments of Cebu City and Cordova Municipality.

Proceeds from the facility will partially finance the first public-private partnership (PPP) outside Metro Manila and the first bridge venture of the MPIC Group.

With RCBC Capital as the Co-Lead Arranger and RCBC Trust and Investment group as the mandated Facility Agent and Security Trustee, CCLEX is expected to be completed by 2021 to decongest traffic conditions in the existing bridge connections of Marcelo Fernan and Mandaue Bridges.

With improved traffic flow, the project is seen to spur economic growth in the regions traversed.

"We are excited about this opportunity to be involved in a financially viable project that will bring significant impact in the economy of Cebu," RCBC Deputy CEO Eugene Acevedo said.

Manila Bulletin

PNB Books Higher Net Income in 2018 - Philippine National Bank (PNB) posted a higher net income in 2018 driven by its core businesses.



In a regulatory filing on March 18, the Lucio C. Tan-owned lender said it booked a net profit of P9.6 billion last year, up 17% from the P8.2 billion tallied in 2017.

The lender attributed the growth in its bottom line to "sustained efforts in strengthening the bank's core business."

Net interest income stood at P27 billion, up 23% year-on-year, driven by a 19% expansion in gross loans and the widening of its net interest margin to 3.3%.

Despite seeing "robust" loan growth, asset quality remained strong with a gross non-performing loan (NPL) ratio of 1.76% with NPL coverage of 156.87%.

"Funding efficiencies were achieved behind a 22% increase in low-cost demand deposits which fuelled growth in deposit liabilities," the statement from the bank read.

Business World Online

DBS Bank, SIA Ink Tie-Up Across Multiple Digital Platforms - DBS Bank and Singapore Airlines (SIA) signed a Memorandum of Understanding (MoU) on March 26 to enable a seamless banking and travel customer experience for travellers by enhancing digital capabilities across various platforms.



Under the MoU, the two companies will introduce flight booking and merchandising capabilities on DBS's platforms, a DBS-SIA Rewards Programme on the airline's digital wallet KrisPay, and the expansion of payment options for SIA customers using PayNow, via application programming interface (API) technology.

In a joint statement, both partners said that the MoU is in line with SIA's move to enhance digital capabilities company-wide, and DBS's vision to make payments simple and hassle-free for customers through building integrated digital ecosystems.

As the first bank partner that SIA will connect via API for flight ticket sales and its retail store KrisShop, DBS customers can soon book their holidays on the DBS Travel Marketplace which will allow one to purchase flights, book hotels and buy travel insurance on a single integrated platform.

The initiatives will be gradually rolled out this year, beginning with the DBS Travel Marketplace, with the full suite of updates to be made available by the end of 2019.

Business Times

Among Member Banks

United Overseas Bank Adopts VMware Cloud on AWS in First for Southeast Asia - United Overseas Bank (UOB) has become the first organisation in Southeast Asia to adopt VMware Cloud on Amazon Web Services (AWS) for the bank's hybrid cloud infrastructure.



The Singapore-based business will leverage the offering to support its digital innovation journey as it fast-tracks innovation and application development.

"UOB joins a fast-growing global community of customers migrating VMware-based workloads to the cloud," said Sanjay Deshmukh, vice president and managing director of Southeast Asia and Korea, VMware. "We are confident and committed to support UOB's digital innovation drive.

"VMware Cloud on AWS provides a fast and cost-effective way to migrate mission-critical applications, or even entire data centres, to the cloud.

"Once in the cloud, we provide software-defined data centre capabilities of VMware, coupled with the elasticity, breadth, and depth of AWS infrastructure and services, making it the ideal platform for modern applications."

The new platform has been jointly developed by VMware and AWS in compliance with UOB's strict security requirements, and will enable applications deployed in this environment to benefit from robust disaster protection and optimised access to AWS' wide range of services.

Channel Asia

HNB Crowned best SME Bank at Asian Banker Int'l Retail Financial Services Awards - Reaffirming its leadership role in promoting financial inclusion and entrepreneurship at the grassroots of the domestic economy, Hatton National Bank (SME) was crowned Best Small and Medium Enterprise (SME) Bank in Sri Lanka at the recently concluded Asian Banker International Excellence in Retail Financial Services Awards 2019.



Hosted in conjunction with the Excellence in Retail Financial Services Convention 2019 at Conrad Hotel in Dubai, U.A.E, the awards are among the most rigorous, prestigious and transparent platforms for consumer financial services in the world.

"Sri Lanka's SME sector continues to serve a vital role in the country's economic growth, supporting the creation of livelihood generation and poverty reduction island-wide. Our own experience in supporting this vital sector spans decades, during which we have consistently sought to empower SMEs with personalized financial advisory services. In this manner we ensure that our SME clients are placed on a stable and sustainable path to increasing productivity and unleashing their growth potential," HNB Deputy General Manager - SME & Midmarket, Jude Fernando said.

The bank's winning performance at this year's awards was determined based on its outstanding financial performance within HNB's SME business combined with powerful SME- focused strategies and a value-centric approach to relationship building across the sector.

Daily News Sri Lanka

Cathay United Plans Alipay Scan for Airport MRT Fare - Cooperation with Alipay would enable Cathay United Bank customers to ride on the Taiwan Taoyuan International Airport Mass Rapid Transit (MRT) line by scanning a code with a mobile device, a service expected to launch by the fourth quarter of this year, the bank said on March 25.



The lender is planning to introduce Alipay's "transport code" as its latest effort to grow its business, one manager told the Taipei Times by telephone on condition of anonymity.

Targeting China's public transportation network, Alipay, an affiliate of Alibaba Group Holding Ltd, launched a service that allows users to pay transportation fares by scanning the code as they board public transit, such as buses or MRT trains.

"We hope that we can offer local consumers a more convenient tool for riding on the Airport MRT line by enabling them to pay with a credit card or use an electronic payment method such as the transport code," the manager said.

The bank's board of directors on March 14 approved a proposal to cooperate with Alipay, Cathay United said.

The lender would integrate the technology behind Alipay's transport code into its own system so that the new service could launch in the fourth quarter of this year, he said.

Taipei Times

Among Member Banks

CTBC Bank Recognised as Best Retail Bank in Asia Pacific - Taiwan's CTBC Bank is Asia Pacific's Best Retail Bank at the Asian Banker Annual Excellence in Retail Financial Services Awards Ceremony and Dinner 2019, at Conrad, Dubai. Over 200 senior bankers from across 40 banks Across Asia Pacific, Middle East and Africa gathered to recognise institutional best practices and outstanding achievements in the retail financial services industry. Other winners include Emirates NDB as Middle East's best Retail Bank in the Middle East, Standard Chartered Bank, Greater China and North Asia, for Best Regional Retail Business in Asia Pacific and UOB was awarded Best SME Bank in Asia Pacific.



CTBC Bank operates the largest private banking franchise in Taiwan having the lead market position in credit card, mortgages, SME and wealth management. It is also actively expanding overseas and operates a comprehensive and profitable overseas network with over 260 service outlets in 14 countries and territories that include separate subsidiaries in Japan, US, Canada, Philippines and Indonesia.

The bank accelerated the digital transformation of its services and implemented major digital technology initiatives to bring operational processes and customer satisfaction to the next level. It is also developing innovative digital services for unique customer experiences. It strengthened its big data analytics platform and rolled out new data-driven services to better meet customer needs.

It expanded its mobile digital services through its collaboration with social platform LINE to offer social media related financial services. Leveraging advancements in financial technology, the bank launched a new suite of digital financial services ranging from investment and insurance to loans and personal financial management. For these market-leading initiatives, CTBC Bank emerged as Best Retail Bank in Asia Pacific.

The Asian Banker

Land Bank of Taiwan to Set Up PH Representative Office - The Bangko Sentral ng Pilipinas (BSP) has approved the entry of another Taiwanese bank into the Philippines, marking broader presence of these foreign lenders here.



BSP Deputy Governor Chuchi G. Fonacier said the Monetary Board approved in February the opening of a representative office of the Land Bank of Taiwan.

Ms. Fonacier said the state-owned lender secured the BSP's approval during the Monetary Board's Feb. 14 meeting.

Land Bank of Taiwan was put up in 1946 originally to facilitate land policies post-World War II. Its operations later on focused on real estate and agricultural credit.

The Taipei-based lender also runs seven branches in Singapore, China, Hong Kong, and the United States.

The bank joins 13 other offshore banks running representative offices in the Philippines. This means their operations are limited to marketing the products and services of their home unit, as they cannot offer actual banking services or process transactions for clients based here.

Business World

Vietcombank to Sell Vietnam Airlines Shares - The Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) has offered to sell more than 2.3 million shares it owns of the national carrier Vietnam Airlines.



The deal will be carried out via order-matching transactions on the stock market between March 12 and April 4 so that the bank is able to review its investment portfolio.

A successful deal will cut the bank's stake in Vietnam Airlines to 14.8 million shares, or a 1 percent stake, from current 17.1 million shares (1.21 percent stake).

Vietnam Airlines is trading nearly 1.42 billion shares on the Unlisted Public Company Market (UPCoM) with code HVN.

Vietcombank also sold 7.6 million shares of Vietnam Airlines a year ago to review its investment portfolio.

Vietnam News

Among Member Banks

BBL Offers QR Payments in Japan - Bangkok Bank (BBL) plans to start offering cross-border payments via standardised QR code in Japan later this month and aims to extend digital payment service across Asean in the next phase.

With the service, users would be charged lower fees for foreign currency exchange than credit cards or cash, and it is convenient, said executive vice-president Prassanee Ouyiamaphan.

Japan is the top destination for Thai travellers, so the bank chose the country to roll out the cross-border QR code payment service, she said.

Bank of Ayudhya (BAY), the country's fifth-largest bank by assets, cooperated with its Japanese major shareholder, Mitsubishi UFJ Financial Group, to launch a cross-border QR code system, enabling BAY customers to scan a QR code with any banking app at leading leading shopping malls and popular stores throughout Japan, beginning in December 2018.

Mrs Prassanee said BBL plans to extend the cross-border QR code payment service in Asean countries where it has business operations, but she would not give a time frame or name the next target country for the service.

BBL is positioning itself as a regional bank with a presence in eight other Asean countries: Cambodia, Laos, Myanmar, Vietnam, Malaysia, Singapore, Indonesia and the Philippines.



Bangkok Post

Banking and Finance Newsbriefs

Hong Kong

Hong Kong Hands Out Its First Digital Banking Licences

Hong Kong has issued its first batch of digital banking licences, giving a mix of traditional financial institutions and Chinese companies a chance to compete for a \$15bn pot of retail banking business in the Asian financial hub.

The Hong Kong Monetary Authority (HKMA) issued licences to three companies, including joint ventures involving Standard Chartered, a Bank of China subsidiary and a third led by online insurer ZhongAn Online P&C Insurance.

But observers were surprised that Chinese technology companies Tencent and Alibaba's Ant Financial were left out of the first round of approvals.

The two groups have brought about a revolution in personal financial services and payments in their home market, reducing customers' daily interaction with traditional banks to almost nothing. It is a scenario feared by other banks around the world.

HKMA, which called the licences a "milestone" for the city, said that five more applications were still under consideration and further announcements would come "sooner rather than later."

Financial Times



Banking and Finance Newsbriefs

India

RBI Makes NPA Divergence Rule Easier for Banks

Reserve Bank of India (RBI) has made life a little bit easier for banks by tweaking the bad loan of divergence rule. Banks' disclosure of divergence practice mandated by RBI aims at improving transparency in asset classification and preventing under-reporting of bad loans. The central bank on April 1 appears to have diluted the rule a bit without compromising the intent.

"Some banks, on account of low or negative net profit, are required to disclose small divergences which is contrary to the regulatory intent that only material divergences should be disclosed," RBI said.

It told banks to disclose divergence when the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period, instead of the earlier rule of 15% of the published net profits after tax.

There was no change in the second condition: the additional gross NPAs identified by RBI exceed 15% of the published incremental gross NPAs for the reference period.

"This is clearly in line with substance over form. Some of the state-run banks were needed to report even minor non-material differences primarily because they were making losses of hardly making profit on account of large provisioning pressure. This could have led to conflicting signals to the market. The current notification would obviate the need for the same," said Prakash Agarwal, director financial institutions at India Ratings.

Economic Times

Indonesia

Small Banks Struggle to Survive Amid Tough Competition

The profits of small banks, which are known as Book I and II banks, have grown slowly since 2015 because they cannot compete with large lenders.

According to Indonesia Banking Statistics, Book I banks only booked profits of Rp 700 billion (US\$49.59 million) last year from Rp 116 billion in 2017, Rp 861 trillion in 2016 and Rp 1.57 trillion in 2015. Similarly, the profits of Book II banks declined to Rp 9.18 trillion last year from Rp 10.28 trillion in 2017, Rp 10.32 trillion in 2016 and Rp 9.94 trillion in 2015.

Bank Maspion president director Herman Halim said the shareholders of small banks would likely help their banks survive as long as they were in a healthy condition.

"There are many bank owners who defend their banks [amid the tough competition]," Herman said on March 3 as quoted by kontan.co.id, adding that as long as banks were in a healthy condition they could be maintained.

He said Bank Maspion booked Rp 70.01 billion in profit last year or a growth of 2.18 percent compared to 2017.

The Jakarta Post

Japan

Japan's Big Banks to Slash Hiring of New Graduates in 2020 Due to Automation and Low Rates

Major lender MUFG Bank plans to hire only 530 new graduates next April, down about 45 percent from this year, according to informed sources.

Sumitomo Mitsui Banking Corp. and Mizuho Financial Group Inc. also plan to slash their hiring of new graduates, by about 10 percent and 20 percent respectively, the sources said.

The cutbacks reflect a challenging earnings environment for Japanese banks amid prolonged low interest rates, as well as the progress of information technology-based automation of banking services.

The combined total of new graduates the three major lenders plan to hire at the beginning of the 2020 business years stands at around 1,700, down nearly 30 percent from this year. This is less than one-third of the peak total of some 6,000 new graduates hired at the start of fiscal 2007.

On April 1, the first day of the 2019 business year, 960 new graduates joined MUFG, 667 entered Sumitomo Mitsui and about 700 started working for Mizuho.

Japan Times



Banking and Finance Newsbriefs

Malaysia

Malaysia to See First Neobank by 2020

Financial technology (fintech) industry players are optimistic that Malaysia will be able to kick off its virtual banking revolution and set up its first neo or virtual bank in the third quarter of 2020 at the soonest.

This followed Bank Negara Malaysia's (BNM) recent announcement on the release of virtual banking licence requirements by year-end.

Fintech Association of Malaysia (FAOM) said the optimism was based on the experiences from other jurisdictions, lessons gathered from more than 50 existing virtual banks, as well as the interest from various parties that the industry players had come across.

"We believe that BNM is emphasizing for a banking industry that is modern, innovative and technology-driven, yet mature and managed by experienced resources, as one of the key components for Malaysia digital economy and ingredients for a high-income nation," it told Bernama in an email on March 29.

Asked whether it is timely for BNM to roll out the requirements by year-end, the association agreed with the move as Malaysia needed to step up the pace to catch up with Europe, the United States (US), Australia, and even Hong Kong, which allowed neo banks to be established in their respective jurisdictions.

"Given BNM's maturity and understanding of banking technology, as well as Malaysia's fintech talent capabilities which serve as the much-needed catalyst for our nation's digital economy agenda, yes, it is timely for the central bank to initiate the move.

"In addition, with Malaysia's leading role in the Islamic finance industry, particularly the regulatory maturity in the sector, the country is primed to have the first virtual Islamic bank by next year, as it has the best talents, experiences and resources," it said.

Malay Mail

Philippines

BAP Eyes 2019 Launch of Digital Banking IDs

A digital banking ID registry that will allow for data storage and exchange among members is expected to be launched later this year by the Bankers Association of the Philippines (BAP).

In a statement on March 26, the industry group said the initiative would be spearheaded by its new leadership under Bank of the Philippine Islands (BPI) President and CEO Cezar Consing.

During a recent annual membership meeting, Consing expressed gratitude to his predecessor, Nestor Tan, under whose leadership the BAP developed the foundation for the ID registry and increased its focus on cybersecurity.

"The Philippine banking industry is transforming itself so as to continue to be relevant to one of the world's fastest growing economies. Digitalization, cybersecurity, and financial liberalization are issues foremost on bankers' minds," Consing was quoted as saying.

The BAP said the ID registry would set the foundation for e-KYC or electronic know-your-customer and future use cases.

"This facility, powered by blockchain technology, will make it easier and faster for clients to open accounts and avail of banking services with BAP's member banks," it added.

Several member banks are already developing systems to be able to interface with the ID registry, the BAP continued.

Manila Times



Banking and Finance Newsbriefs

Singapore

Bank of Singapore Officially Launches European Wealth Management Subsidiary

Bank of Singapore, the private banking arm of Southeast Asia's second largest financial services group OCBC Bank, officially launched its wealth management subsidiary, BOS Wealth Management Europe S.A. (BOSWM) that further positions Bank of Singapore to capture opportunities in Europe.

This ushers in a new growth phase to its presence in Europe which has the largest population of ultra-high net worth individuals in 2018 worldwide – 35% of the global population – with an expected increase of 24% over the next five years¹.

Heading the Luxembourg-headquartered subsidiary is Chief Executive Officer Mr Anthony Adriano Simcic. Ms Liz Bottomley is the General Manager of the UK branch of BOSWM, based in London, reporting to Mr Simcic.

BOSWM presently has 30 employees across its Luxembourg and London offices and plans to continue hiring strategically.

On 1 April 2019, BOSWM held the official opening of the business in Luxembourg, officiated by the Finance Minister of Luxembourg Mr Pierre Gramegna. Singapore's High Commissioner to the UK Ms Foo Chi Hsia graced the opening of BOSWM's UK branch in London on 2 April 2019.

Global Banking and Finance

Taiwan

Confidence in Economy Improves in March

Local confidence in Taiwan's economy improved for a second consecutive month in March as optimism over a possible resolution of the U.S.-China trade war offset concerns over disappointing economic data.

In a survey of its clients conducted by Cathay Financial Holding Co. in the first week of March, 26.7 percent of respondents said they expected the economy to improve over the next six months, while 33.8 percent said it would worsen.

The figure translated into an economic optimism index for the next six months of minus 7.1 in March, up from minus 19.2 in a similar poll conducted in February, Cathay Financial said.

The optimism index for current economic conditions, meanwhile, also improved to minus 10.4 in March, up from minus 28.8 in February, Cathay Financial said.

The market is anticipating that the United States and China will strike a deal soon to reduce their trade friction, which has hurt the world economy and depressed global demand, the company said.

Focus Taiwan



Banking and Finance Newsbriefs

Thailand

Thai Central Bank Can Afford to ‘Pause’ on Policy: Governor

The governor of the Bank of Thailand on April 1 downplayed risks to the economy from the country’s disputed recent election and asserted the central bank can afford to take a wait-and-see stance on monetary policy.

While any delay in forming a government following the March 24 election, Thailand’s first since a 2014 coup, could affect investor confidence and some investment projects, it would not have much impact on economic policy, Veerathai Santiprabhob told Reuters in an interview.

“When we made the (2019 growth) forecast of 3.8 percent, we had factored in some effects of the election on the economy,” he said.

The outcome remains uncertain and might not be known until after official results are due, on May 9. Both the Pheu Thai party, which supports ousted former prime minister Thaksin Shinawatra, and the pro-army Palang Pracharat have claimed enough votes to form a government.

“Regardless of which camp will be able to form a government, we don’t see much impact on the major economic policies going forward,” Veerathai said. “The main parties of the two camps are fully aware of the need for Thailand to upgrade infrastructure, for Thailand to have a new growth engine.”

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Reuters

Vietnam

Gov’t Urged to Help Local Banks Lure Foreign Capital

The Government should help Vietnamese banks lure capital and experience from prestigious foreign banks so as to help local firms develop sustainably, experts said.

Under a document sent to Governor of the State Bank of Vietnam Le Minh Hung, the Vietnam Association of Financial Investors (VAFI) said in recent years, State-owned and private banks in Vietnam have made progress in equitisation, listing on the stock market and bad debt reduction.

However, VAFI said, in order to make the domestic banking system truly healthy and sustainable, it was necessary to have a new legal framework to facilitate domestic banks in attracting capital and governance experience from prestigious foreign banks.

Good corporate governance from foreign banks would help prevent bad debts and wrongdoings in the banking system, VAFI said.

To help local banks to attract foreign capital, the Government should drastically change the shareholder structure in both State-owned and private banks, allowing foreign banks to hold larger shares in domestic banks, VAFI said.

Specifically, VAFI said the foreign ownership limit at well-performing banks should be increased from the current 30 percent to 49 percent.

A foreign bank should be allowed to hold a maximum of 40 percent of a local bank’s charter capital for at least five years. If transferred, the stake must be transferred to another prestigious foreign bank, VAFI said.

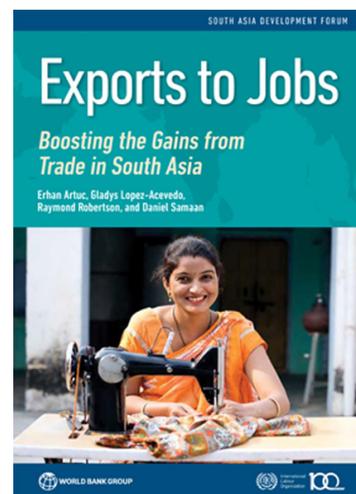
Vietnam News



Publications

Exports to Jobs: Boosting the Gains from Trade in South Asia

South Asia's economy has grown rapidly, and the region has made a significant reduction in poverty. However, the available jobs for the growing working population remain limited. Policy makers are contending with lingering concerns about jobless growth and poor job quality. Exports to Jobs: Boosting the Gains from Trade in South Asia posits that exports, could bring higher wages and better jobs to South Asia. We use a new methodology to estimate the potential impact from higher South Asian exports per worker on wages and employment. We find that increasing exports per worker would result in higher wages, mostly for the better-off groups—like the better-educated workers, men, and the more-experienced workers—although the less-skilled and rural workers would benefit from new job opportunities outside of the informal sector. Our report shows that to spread the benefits from higher exports widely, policies are needed to raise skills and get certain groups, such as women and youth, into more and better jobs. Complementary measures include removing trade barriers and investing in infrastructure, and increasing the ability of workers to find higher-paying jobs. Together, these actions would help South Asian countries spread the gains from being closely integrated into the global economy through exporting. This book, which is the product of a partnership between the International Labour Organization and the World Bank, contributes to our understanding of the impact that growing exports can have on increasing well-being,



and it bridges the gap between academic research and policy making.

Contact for details: World Bank Publication

<https://openknowledge.worldbank.org/handle/10986/31274>

Sri Lanka's Macroeconomic Challenges: A Tale of Two Deficits



ASIAN DEVELOPMENT BANK



This paper provides a narrative of Sri Lanka's history of twin fiscal and current account deficits. It examines the macroeconomic outcomes and policies to deal with the imbalances.

Fiscal dominance has been a persistent feature of Sri Lanka's macroeconomic landscape. This has manifested itself in high macroeconomic volatility and the country has seen frequent balance-of-payments crises. The paper makes policy recommendations to deal with these issues.

Contact for details: ADB Publishing

Website: <https://www.adb.org/publications>



Publications

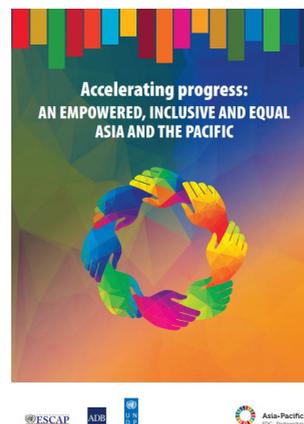
Accelerating Progress: An Empowered, Inclusive and Equal Asia and the Pacific

This thematic report identifies the elements necessary to advance inclusion, empowerment, and equality in the Asia and Pacific region.

These elements include (i) rights and justice, (ii) norms and institutions, (iii) resources and capabilities, and (iv) participation and voice—areas where governments, development partners, and the United Nations system can work with society more effectively. As a thematic report of the Asia–Pacific Sustainable Development Goal Partnership for 2019 that reflects on the theme of the Asia–Pacific Forum on Sustainable Development, it is designed to inform regional and global dialogue on sustainable development as well as national and regional implementation of the 2030 Agenda.

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About ABA

The ABA aims to provide a forum for advancing the cause of the banking and finance industry in the region and promoting regional economic cooperation. Its primary objectives include the following:

- To provide a venue for an exchange of views and information on banking opportunities in the Asia-Pacific region;
- To facilitate the meeting of bankers in the region in an atmosphere of fellowship and friendship;
- To encourage joint activities that would enhance the role of its members in servicing the financial needs of their respective economies and in promoting regional development; and
- To undertake projects that will encourage trade, industrial, and investment cooperation in the Asia-Pacific region.

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