



Aug / Sep 2018

ASEAN BANKER

MOJ(F) 061/01/2018

To achieve higher growth through cooperation amongst ASEAN banks



WELCOME MESSAGE FROM CHAIRMAN OF THE BRUNEI ASSOCIATION OF BANKS



MR MUBASHAR KHOKHAR

Dear Friends and Colleagues,

The Brunei Association of Banks (BAB) is honoured to host the 48th ASEAN Banking Council Meeting from 7-8 November 2018 at The Emperor Hotel and Country Club, Jerudong, Bandar Seri Begawan, Negara Brunei Darussalam. On behalf of BAB and its members, it gives me great pleasure to invite our honoured guests to this annual landmark event.

This year's meeting takes place in the context of challenging times, especially on the rising global trade repositioning. I am however optimistic that ASEAN as an economic bloc will rise above these challenges as we are blessed with vibrant intra-ASEAN growth and its favourable demographics. This has provided dividends for innovation that will spawn new forms of financial inclusion and financing channels in the midst of diversity. It is hence opportune for Brunei to host this Council Meeting in Bandar Seri Begawan where innovation is being pursued in the areas of information and communications technology to diversify its economy. Bandar Seri Begawan has been identified as agile seedbeds in the discussion paper "Smart Cities in Southeast Asia" by McKinsey Global Institute (July 2018). It also serves as its economic capital, cultural and tourist centre.

With the aim of strengthening cooperation with Associations and Member Banks, this Council Meeting is an excellent opportunity to connect with senior leaders of banks in the ASEAN region. We hope ASEAN banks will exchange best practices as well as progressively build up financial and social infrastructure conducive for enhancing financial inclusion, innovation and the growth of businesses in the region.

I am pleased to also announce that we have secured Yang Berhormat Dato Seri Paduka Dr Awang Haji Mohd Amin Liew bin Abdullah, the Minister of Finance II as the Guest of Honour and also His Excellency Dato Lim Jock Hoi, Secretary General of ASEAN, who are proudly the Bruneians, to grace the occasion and deliver the Keynote Address.

In addition to the main activities of meetings, we have also designed side activities for delegates to experience the unique Bruneian culture, local cuisine, and visit the rainforest, and Brunei Championship Golf Course.

We believe this year's event will continue to strengthen cooperation and the exchange of experiences and ideas amongst ASEAN banking leaders in an integrated world. BAB looks forward to welcoming you to attend the Meeting this November in Bandar Seri Begawan, Negara Brunei Darussalam. ■

MUBASHAR KHOKHAR

Chairman, The Brunei Association of Banks



WELCOME MESSAGE FROM CHAIRMAN OF ASEAN BANKERS ASSOCIATION



MR PHOUKHONG CHANTHACHACK

Dear Friends and Colleagues,

On behalf of the ASEAN Bankers Association (ABA), I extend an earnest welcome to all our friends and colleagues to the coming 48th ASEAN Banking Council Meeting. This year's Council Meeting will be hosted by The Brunei Association of Banks (BAB) from 7-8 November 2018, at The Emperor Hotel and Country Club, Jerudong, Bandar Seri Begawan, Negara Brunei Darussalam.

This year marks the start of a new 10-year rotational cycle by alphabetical order of hosting the annual Council Meetings among the ASEAN countries. As we restart from Brunei, it is fitting that we come together as a community of ASEAN bankers to review our plans and thought leadership process on the consolidation, integration and collaboration to achieve the ASEAN Economic Community goals. One of the priority goals is financial inclusion. We are fortuitous that with the advancement of digitalisation and fintech, such a goal can be more timely realised in the region. In realising this vision, we however need to be mindful of resiliency in our innovation. As we embark collectively, it is an opportune time for the banking community to put up a cohesive front. Tapping on the dynamism and entrepreneurial spirit of our people, with one vision, one identity and as one community, we will together create more opportunities for the ASEAN banking community.

I would like to encourage all members of ABA to participate actively in the forthcoming meetings in Brunei to leverage on the collective wisdom of the senior bankers, regulators and professionals present, to strengthen our own strategic pathways for the banking and finance industry and to complement economic developments in the region. The annual ASEAN Banking Council Meeting also presents excellent opportunities for you to network with your peers and business leaders as well as other thought leaders in the region.

I would like to thank BAB for hosting and arranging an interesting programme with exciting social activities for all participants to have a memorable time in Brunei. I would also like to thank and extend my acknowledgement to His Excellency Dato Lim Jock Hoi, Secretary General of ASEAN, who has very kindly agreed to deliver the Keynote Address at the Council Meeting.

I look forward to seeing all of you at the event and wish you a fruitful and enjoyable time in the beautiful city of Bandar Seri Begawan – Abode of Peace. ■

PHOUKHONG CHANTHACHACK

Chairman, ASEAN Bankers Association &
Chairman, Lao Bankers' Association



HOST OF 48TH ASEAN BANKING COUNCIL MEETING: BRUNEI DARUSSALAM



BRUNEI DARUSSALAM

Known as the Abode of Peace, Brunei is one of only two Sultanates in the world. Situated on the northern coast of Borneo in Southeast Asia it is a land of architectural Islamic grandeur and lush virgin rainforest.

Its capital, Bandar Seri Begawan glimmers with boutiques as well as national treasures such as the gold-domed Sultan Omar Ali Saifuddien Mosque and the Islamic and Malay infused Istana Nurul Iman; the royal residence of His Majesty the Sultan.

With a monarchy stretching back 600 years and relatively new independence, gained in 1984, Brunei is an unique preserve of modernity, royalty and nature.

A haven for the inquisitive, Brunei also reveals the crystal-clear waters of the South China Sea, towering waterfalls in primary rainforests, endangered animals and the Iban, the island's native people and their traditional longhouses. ■



THE EMPIRE HOTEL & COUNTRY CLUB

The Hotel is Brunei's most prestigious and luxurious beach resort. Located by the South China Sea and next to the world's oldest rainforests in Borneo, the hotel offers fantastic views of the ocean, lagoons, the spacious gardens and the resort's golf course. Since it opened on 16 October 2000, The Empire has become synonymous with Brunei: reflecting the country's majestic and cultural heritage.

The Hotel features a Jack Nicklaus designed championship course with a signature 549-yard par five 15th while the 18th green is tucked right up to the cliffs presenting a winning view of the sea and the hotel's six-storey glass atrium. ■



CALENDAR OF EVENTS

PROGRAMME	DATES	VENUE	HOST/ORGANISER
AFIN & Cybersecurity Workshop	15 August 2018	Phnom Penh, Cambodia	The Association of Banks in Cambodia and The Association of Banks in Singapore
Responsible Financing Workshop	12 October 2018	Manila, Philippines	Bankers Association of the Philippines and The Association of Banks in Singapore
48th ASEAN Banking Council Meeting	7 to 8 November 2018	The Empire Hotel & Country Club, Bandar Seri Begawan, Negara Brunei Darussalam	The Brunei Association of Banks and ASEAN Bankers Association



FROM THE DESK OF THE SECRETARY GENERAL

Greetings to all from the Secretariat Office.

The month of August is special in the calendar of ASEAN. It is the anniversary of the founding of ASEAN, 51 years ago. It has since progress significantly and is now one of the premier economic blocs in the global stage.

ASEAN is now the world's sixth largest economy and blessed with a largely youthful and growing population of 625 million that presents plenty of untapped potential for the future. By 2030, it is projected to be the world's fourth largest economy. One of major steps to this long term goal is the ASEAN Connectivity 2025 Masterplan on digital innovation with financial inclusion.

The ASEAN Bankers Association (ABA) is playing its part to continue to push ahead with capacity building and collaboration within the fintech ecosystem to prepare and embrace this next wave of digital innovation and transformation. Following the series of socialisation on fintech and digitalisation workshops across our national banking associations, ABA has since collaborated with International Finance Corporation (IFC)/World Bank and key stakeholders to prototype an ASEAN fintech platform – ASEAN Financial Innovation Network (AFIN). This digital platform will enable

banks and fintechs to connect seamlessly like through an "App Store" to spur innovations and efficiencies that have potentials to drive new forms of financial inclusion and financing channels.

One of the other major highlights during the period is ABA's courtesy call on the new Secretary General of ASEAN, His Excellency Dato Lim Jock Hoi. Chairman ABA, Mr Phoukhong Chanthachack and representatives from PERBANAS (Indonesian Banks Association) reaffirmed our warmth ties and commitment to the ASEAN Secretariat, especially to the goals of the ASEAN Economic Community (AEC).

The ASEAN Banking Council Meeting, our flagship event of the year, is drawing near. Our host, The Brunei Association of Banks (BAB), has been hard at work to make this a memorable and fruitful event. The meeting will be held at the Emperor Hotel and Country Club, on one of the lovely coastal resorts in Brunei Darussalam, from 7 - 8 November 2018. I look forward to your valued presence and participation at the meetings and to a productive get together. 📧

Mr Paul C G Gwee



COURTESY CALL ON SECRETARY GENERAL OF ASEAN – HE DATO LIM JOCK HOI AT ASEAN SECRETARIAT, JAKARTA, INDONESIA



The ASEAN Bankers Association (ABA) paid a courtesy call on the Secretary General of ASEAN, His Excellency Dato Lim Jock Hoi in April at the ASEAN Secretariat in Jakarta. The ABA delegation led by ABA Chairman, Mr Phoukhong Chanthachack comprised Secretary General ABA, Mr Paul C G Gwee and PERBANAS representatives including its Vice Chairman Mr Farid Rahman and Head of Foreign Affairs Mr Irawan Habsjah.

The aim of the call was to reinforce, strengthen and deepen relationship with the ASEAN Secretariat and HE Dato Lim Jock Hoi who assumed office as the new Secretary General of ASEAN

in January 2018. In the dialogue, Mr Phoukhong updated on the progress of ABA and reinforced its commitment to the objectives of the ASEAN Economic Community (AEC) Blueprint 2015 – 2025.

Mr Gwee, also briefed on two current major initiatives of the Association – ASEAN Financial Innovation Network (AFIN) and Cybersecurity. On AFIN objectives, HE Dato Lim noted the alignment to ASEAN's financial inclusion agenda and reiterated the need to spread the benefits of progress to all the citizens in ASEAN. His Excellency also shared about some of the developments in ASEAN.

The dialogue ended with the agreement of continued close collaboration between ABA and the ASEAN Secretariat.

At the invitation of the Chairman of Brunei Association of Banks (BAB), His Excellency agreed to attend our 48th ASEAN Banking Council Meeting in Brunei from 7 to 8 November 2018.

At the close of the meeting, Mr Phoukhong presented a memento HE Dato Lim. 📧



TRANSFORMATION OF ASEAN'S FINANCIAL SECTOR

By Khun Chartsiri Sophonpanich, President of Bangkok Bank Plc



The financial services industry globally is facing one of its greatest-ever challenges with increasing competition from FinTech and the growing use of technologies such as Blockchain or Distributed Ledger, the “cloud” and Artificial Intelligence (AI). In its Global FinTech Report 2017, PwC predicts that FinTech’s growing influence will make the industry unrecognizable within five years.

Fortunately, ASEAN has many advantages which will help us make this great leap into the future. For one, we are already well along the path to transformation, spurred by the formation of the ASEAN Economic Community (AEC) and its commitment to economic and financial integration. Moreover, our fast-growing economies, youthful population (over 50 percent of people are under 30 years of age), and the rapid adoption of technology (including smartphones) will all support the region’s transition to a digital future.

A recent report by AT Kearney, a management consultancy, suggests that although the AEC lags behind other economic blocs in its embrace of the digital economy, it has the potential to enter the top-five digital economies by 2025 thanks to rapid developments in areas such as cashless payments, smart cities, mobile financial services and new-generation manufacturing.

The same report estimates that transforming the AEC into a leading global digital economy would potentially generate an additional \$US1 trillion in GDP over 10 years. As the transaction provider for goods and services, the enabler for wealth management and source of finance for business development, the financial sector will clearly play an

essential role in this transformation. Given that new entrants are challenging traditional providers in all these areas, we must lead the way with better facilitation of goods and services settlement, and provide highly secure and affordable electronic payment systems that are widely accepted across all channels and even across national borders.

Digital financial solutions will also help with the provision of banking services to people who are currently unbanked by providing customer and verification processes which are fast, convenient and low-cost, and which use mobile applications such as e-wallets. Technology can also help SMEs gain much-needed access to credit as potential lenders can more accurately assess business potential and pinpoint risks through the aggregation of digital and alternative data, and advanced analytics.

The first step towards the digital economy is electronic connectivity. However, AEC countries are at very different stages of development in this area. At one end of the spectrum, Singapore is an advanced high-income country which already ranks in the top 10 of the United Nations ICT (Information, Communications and Technology) Index, while others such as Myanmar and Laos are emerging economies still lacking vital infrastructure. This gap is reflected in internet connectivity – Singapore, Brunei, Thailand and Malaysia have internet penetration rates of around 80%, while Laos, Cambodia and Myanmar have rates of less than 50%. However, once infrastructure is available these emerging economies can catch up very rapidly – for example, the number of internet users in Cambodia nearly doubled in 2017!

Most AEC countries are leapfrogging straight to the mobile internet, rather than connecting via PC, which is an advantage as the mobile platform is one of the most dynamic areas for the development of new FinTech services. As we have seen in China, where people are abandoning cash for mobile payments, once people are connected to the internet via their mobile devices, their behavior changes very quickly and this opens many opportunities for different kinds of commerce and new forms of payment. Thanks to the AEC’s youthful population we can expect very fast adoption here also.

As mobile devices become the dominant channel for accessing banking services, this is stimulating demand for biometric systems of customer identification and authorization coupled with e-KYC (electronic Know Your Customer).

Aside from the requirement to provide universal internet access, another important step in the AEC’s transition to a digital economy is the establishment of comprehensive payment platforms that are fast, secure and can be easily used by everyone. Thailand is well advanced in this endeavor, with the government, the central bank (Bank of Thailand) and commercial banks working together to establish a secure and standardized e-payment platform linked to the national ID system.

The centerpiece is a system called “PromptPay” that links bank accounts to mobile phone numbers and/or Citizen ID cards to provide highly secure and extremely low-cost electronic transfers. The Bank of Thailand is also encouraging

Continued from page 4

all businesses, no matter how small, to accept electronic payments as part of its mission to make Thailand a cashless society. The latest innovation is a QR Code system which is standardized across all banks, and which is now being rolled out to market vendors and marketed by banks as the most convenient, secure and easy way to receive payments using mobile devices. The Thai government is also linking the PromptPay system with electronic delivery of tax returns and welfare payments – another important step towards a digital economy.

Moves to encourage a cashless society are also taking place in other parts of the AEC, such as Indonesia, Malaysia and Singapore. The experience of these countries in providing national digital payment systems will provide useful models for others in the region and potentially a base for providing cross-border payments using technologies such as blockchain. The close cooperation between governments, central banks, regulators and private institutions within the AEC should help facilitate this. These institutions also need to work collaboratively on cyber security as the shift to digital financial services is greatly increasing the risk of cybercrime

Another major trend shaping the direction of our region's financial services is the emergence of Fin Tech startups and their innovative new services. At Bangkok Bank, we have first-hand experience of the vitality of this sector through our global Fin Tech accelerator program, Bangkok Bank InnoHub. Members of the initial program come from five countries, and their services include technology solutions for wealth management, mobile security, blockchain-based transfers, SME lending, and P2P invoice trading – all of which point the way to the kinds of innovations we can expect to see in the future.

Meanwhile, commercial banks are adopting new business models. Rather than attempting to provide a full range of services as in the old "financial supermarket" model, they are forming partnerships with FinTech companies and providing services to their customers through Application Programming Interfaces (APIs) whereby the bank connects the customer with a service through an application such as micro-finance for small businesses and robo-advisory.

This trend was reflected in the Global FinTech survey which found 82 percent of financial

providers planning to increase partnerships with FinTech providers in the next five years. Meanwhile 77 percent expected to adopt blockchain for part of their processes by 2020, and 30 percent are investing in AI.

By forming partnerships with FinTech, financial services providers can bring innovative products and services to the market more quickly. With Big Data and AI they can mine their customer data (richer than ever before thanks to mobile banking) to target and tailor services to individual clients, while blockchain will enable them to speed up delivery of transactions, reduce costs and better manage identity verification processes.

Here in ASEAN we could lead the way in the transformation of the financial sector but it will require close cooperation between all parties – governments, central banks, regulators, telecoms, financial institutions and FinTech startups. Let's hope we rise to the challenge! ■



THE ASSOCIATION OF BANKS IN SINGAPORE (ABS) : ANNOUNCES THE LAUNCH OF PAYNOW CORPORATES, A NEW FUNDS TRANSFER SERVICE FOR BUSINESSES & CORPORATES



The Association of Banks in Singapore (ABS) is pleased to announce that PayNow Corporate will be available from 8.00am on Monday, 13 August 2018 to business and corporate customers of seven participating banks - Citibank, DBS Bank/POSB, HSBC, Maybank, OCBC Bank, Standard Chartered Bank, and United Overseas Bank (UOB).

PayNow Corporate will enable businesses/corporates and the Singapore Government to pay and receive Singapore Dollar funds instantaneously with the linking of the Unique Entity Number (UEN) to their Singapore bank account. This will do away with the need to know the bank and account number of the businesses and corporates when transferring funds. The launch of PayNow Corporate follows from last year's successful launch of PayNow and is part of Singapore's Smart Nation drive to adopt digital payments.

Simultaneously when PayNow Corporate is implemented, it will be part of the Singapore Quick Response (SG QR) Code. This will enable retail, businesses and corporates to make instant PayNow transfers by scanning the merchant's or individual's QR via their bank's mobile banking app. Customers will need to update their bank's app to avail of this

function, which is available on both Apple iOS and Android smartphones.

Mrs Ong-Ang Ai Boon, Director of The Association of Banks in Singapore (ABS) said "Last year, ABS launched PayNow – a new peer-to-peer funds transfer service offered by seven banks that enables instant payments in just three steps. Since then, over a million people in Singapore use PayNow and more than \$900 million have been transferred using PayNow. With the launch of PayNow Corporate, both businesses and retail customers can enjoy the same convenience of a simpler way to transfer funds 24/7, 365 days a year. We will continue to work with the industry to promote PayNow as a convenient and secure means to transfer funds."

Please refer to www.abs.org.sg/PayNow for more information on PayNow. ■



ABA-COFITT SUSTAINABLE FINANCE WORKSHOP: MANAGING CLIMATE-RELATED RISKS, CAPTURING SUSTAINABLE FINANCE OPPORTUNITIES



The Sustainable Finance Workshop in Jakarta was organised by The Association of Banks in Singapore in partnership with WWF, IFC/World Bank and KADIN (Indonesian Chambers of Commerce). It is part ABA-COFITT's ongoing efforts to share and promote best practices of sustainable and green financing across ASEAN

The Workshop was hosted by PERBANAS on 4 May 2018 in Jakarta, Indonesia. The Keynote Address was delivered by Mr Imansyah, Senior Advisor, Indonesia Financial Services Authority (OJK). OJK is one of the forerunners in adopting and promoting the Environment, Social and Governance principles in ASEAN.

The Workshop was attended by more than 100 participants from financial institutions in Indonesia and other ASEAN countries as well as subject matter experts, academics and non-governmental organisations, etc. The strong support is a reflection of the growing and interest in sustainable financing. ■



LAO PDR BANKING SYSTEM NEEDS NEW TECH TO BOOST ACCESS TO FINANCE

Extracted from Vientiane Times



Deputy Governor of the Bank of the Lao PDR, Ms Vatthana Dalaloy, addresses a workshop in Vientiane yesterday



The Lao banking sector is positive that the adoption of more technological innovations in banking services will boost access to finance for new start-ups, the business sector and other financial services. Over the years, the government and the Bank of Lao PDR (BOL) have worked hard with various commercial banks to bolster access to finance for the business sector. However, there are still problems, a senior banking official has said.

In her remarks at a workshop in Vientiane on 21 May, the Deputy Governor of the central bank, Ms Vatthana Dalaloy, said several surveys conducted by various bodies have shown that access to finance in Laos has significantly improved over the past few years. "Individually, we couldn't summarise

the figure or indicators of access to finance, but what we know is that the rate of access to finance in Laos remains low, especially when compared to other ASEAN countries," she said.

She said the main causes for this could be attributed to different sectors in relation to policies, regulations and other measures. "The arrival of advanced technology to be used in the financial system, FinTech, is the new face of a modern platform but human resource development is a priority so that people don't miss out on job opportunities," she added.

The day-long workshop, with the theme "ABA COFITT - ASEAN Financial Innovation Network (AFIN) and Financial Inclusion through FinTech Innovation", was co-organised by the ASEAN Bankers Association (ABA) and

The Association of Banks in Singapore (ABS) in collaboration with the Lao Bankers' Association (LBA).

Last year, IFC, a member of the World Bank Group, the Monetary Authority of Singapore and the ABA introduced an Industry FinTech sandbox for financial institutions and FinTech firms as part of the AFIN on the sidelines of the 2017 Singapore FinTech Festival.

AFIN aims to support financial services innovation and inclusion in less developed markets within the ASEAN region, and to provide a platform for collaboration and innovation for financial institutions and FinTech firms.

Continued from page 6

AFIN will also provide an integrated platform for collaboration between ASEAN banks, microfinance institutions, non-banking financial institutions and regional FinTechs.

The platform will facilitate development and experimentation of innovative digital financial products and services. It will support an array of financial service functions and solutions, such as customer on-boarding,

credit scoring, merchant payments and compliance solutions. By providing a structured method for integration and defining relevant standards where necessary to connect the backend systems of banks and FinTechs, AFIN can help banks test solutions in a quick and seamless manner. Regulators across ASEAN are moving quickly to embrace FinTech innovation while ensuring financial stability.

In this context, AFIN will collaborate closely with the Monetary Authority of Singapore and other regulators in the region to provide a practical environment where banks and regulators can gain better insights into the evolving impact on FinTech from key challenges such as security, data privacy and consumer protection. ■



UPDATES FROM NATIONAL BANKING ASSOCIATIONS



សហគមន៍ធនាគារកម្ពុជា
THE ASSOCIATION OF BANKS IN CAMBODIA

CSFI Workshop in Phnom Penh, Cambodia

Cambodia Begins Development of Sustainable Finance Principles

The Association of Banks in Cambodia (ABC) and IFC organised a workshop to kick off the

Cambodian Sustainable Finance Initiative (CSFI) on June 5, 2018. Over 40 professionals representing 25 banks attended the event. This workshop marked the commencement of a process to develop the Cambodian Sustainable Finance Principles, following the commitment made by the ABC and witnessed by the National Bank of Cambodia (NBC) and the Ministry of Environment (MoE) in September 2016 to promote sustainable finance in Cambodia. The workshop was designed to:

- i) make the business case for sustainable finance in Cambodia,
- ii) provide high-level education on environmental and social risk management, and

- iii) identify the way forward to develop a set of principles for the Cambodia financial sector.

The Mongolian Sustainable Finance Association also participated in the session to share Mongolia's experience in developing a sustainable finance industry framework, as well as detailing a range of business benefits experienced by the Mongolian banking sector since the implementation of the principles began in 2016. As an outcome of the workshop, three sub-working groups were established to drive the CSFI development forward, with the aim of officially launching the principles by the end of the year. ■



UPDATES FROM PERMANENT COMMITTEE ON BANKING EDUCATION APPOINTMENT OF NEW CHAIRMAN



Development Bank of the Philippines' (DBP) President and Chief Executive Officer, Ms. Cecilia C. Borromeo, is a consummate development banker. She has extensive experience in the field of

development banking and finance gained from her 28 years stint in the Land Bank of the Philippines (LBP) where she started

her career in 1989 and handled various important positions in lending, corporate, global and investment banking and program management.

Prior to starting her career with LBP, Ms. Borromeo served in different government agencies including the Department of Trade and Industry where she gained her prowess in public service.

Ms. Borromeo finished her Bachelor of Science in Agribusiness from the University of the Philippines (UP) and Master in Business

Administration from the De La Salle Business School. She also took up Advanced Bank Management course at the Asian Institute of Management (AIM) where she was recognised with the following Awards: Superior Performance; Best Presenter of Asset and Liability Case and Most Professional Trader. She also attended the Pacific Rim Bankers Program of the University of Washington Executive Education Foster School of Business and the International Study on Rural Banking and Finance at the Massey University in New Zealand. ■