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22ND ASEAN BANKING CONFERENCE & 49TH ASEAN BANKING COUNCIL MEETING

HELD FROM 25TH TO 27TH NOVEMBER 2019, IN PHNOM PENH, KINGDOM OF CAMBODIA

Heads of Delegates with Guests of Honour, His Excellency Chea Chanto, Governor of the National Bank of Cambodia and His Excellency Dr Aladdin D Rillo, Deputy Secretary General of ASEAN

The 22nd ASEAN Banking Conference and the 49th ASEAN Banking Council Meeting, co-hosted by The Association of Banks in Cambodia (ABC) and the ASEAN Bankers Association (ABA) at the Sokha Phnom Penh Hotel, were a great success with a record turnout of more than 500 delegates of banking executives, regulators, professionals and subject matter experts representing all 10 ASEAN countries, including a strong presence from Cambodian delegates as well as global guests from the World Bank and International Finance Corporation (IFC).

The conference theme was **"ASEAN Connectivity 2025: A Brave New World of Digital Innovation for One ASEAN Banking Sector"** and featured several thought leadership presentations with panel sessions that dug deeper into how digital transformation has impacted the banking and finance sector and what greater challenges as well as opportunities that are evolving in the eco-system. This event served as a platform to explore the strategic enablers and emerging trends that are within the ASEAN context and identify areas of mutual collaboration. It is also a forum to share and promote best practices and experiences as well as to further enhance cooperation among members of ASEAN Bankers Association (ABA) and act as one of the catalysts towards the realisation of the ASEAN Economic Community (AEC) agenda.

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In his welcoming remarks at the conference, The Association of Bank in Cambodia, Chairman Dr In Channy reflected on Cambodia's approach to FinTech, noting that **"We haven't just watched the growth of major regional companies which are leading the field in making disruptive technology normal. We have learned from them and we are developing our own disruptors...who are bringing their regional knowledge here for the benefit of our people. Of course, we have welcomed many regional FinTech companies to operate here but we are proud that we have the skills and the passion to create and grow local competition for these major regional players"**

Dr In Channy Chairman, The Association of Banks in Cambodia

Mr Phoukhong Chanthachack Chairman, ASEAN Bankers Association

The Chairman, ASEAN Bankers Association, Mr. Phoukhong Chanthachack underlined the sheer scale of what was at stake in his opening remarks when he said: **"Studies have shown the potential economic impact of digital innovation and transformation is significant. It will be worth up to US$625 Billion by 2030 or about 8% of ASEAN's GDP in that year. This digital innovation is also a very critical part of the five pillars in the ASEAN Connectivity 2025 masterplan, where the vision is 'to achieve a seamlessly and comprehensively connected and integrated ASEAN that will promote competitiveness, inclusiveness and a greater sense of Community."**

His remarks were echoed by His Excellency, Dr Aladdin D Rillo, Deputy Secretary-General of ASEAN for ASEAN Economic Community in his keynote speech, who told delegates **"The digital transformation and development of fintech in the ASEAN banking sector is helping to rapidly expand the reach of financial services, generating tremendous macroeconomic benefits across Southeast Asia. One of the key benefits is financial inclusion as more people are being brought in to the formal finance sector daily - notably through their smartphones."**

His Excellency Dr Aladdin D Rillo, Deputy Secretary General of ASEAN

His Excellency Chea Chanto, Governor, National Bank of Cambodia

His Excellency Chea Chanto, Governor of the National Bank of Cambodia (NBC), set the tone in his keynote address when he remarked: **"Development in technology has significantly contributed in expanding and strengthening the banking sector in Cambodia as well as in the ASEAN region. Along these lines, banks and financial institutions have increased the use of technology and invented new financial products and services in order to offer more convenience to the daily lives of their customers through the reduction of cost and time spent by both the institutions and their customers, which would support the growth of economic activities as well as financial inclusion."**

Other high-level speakers touched on broader topics during panel discussions on digitalisation and fintech, cybersecurity and blockchain and digital transformation of the banking and financial services sector. In particular on Foundational Digital Infrastructure by Mr Sponendu Mohanty Chief FinTech Officer, The Monetary Authority of Singapore, Blockchain Technology to Transform Cambodia into Cashless Society – "Bakong Project" by Her.Excellency Chea Serey, Director General of the NBC and Technology Banking Business by Mr Justo A Ortiz, Chairman, Union Bank of Philippines.

After the main conference, the 49th ASEAN Banking Council and related meetings were also successfully concluded with progress made in enabling the interoperability of QR codes for ASEAN, promoting educational initiatives for stakeholders in the banking sector and furthering the trade digitalisation of cross-border trade within ASEAN.

On the sidelines of the meeting, delegates enjoyed many activities including a cocktail reception, Gala Dinner, together with Khmer cultural performances, a city tour including a visit to the Maybank Silk Centre, a Corporate Social Responsibility project by Maybank (for more details on this project, please see next section) in Takeo Province and a golf tournament at the world-class Vattanac Golf Resort - all of which offered great opportunities to network with senior bankers and colleagues from around the region in a relaxed setting.

This year is the first time, where several financial institutions and fintechs sponsored exhibition booths alongside the main conference hall presented their products and services in the Cambodian financial markets to the delegates from the region.

The 22nd ASEAN Banking Conference in session with Guest of Honour, His Excellency Chea Chanto (front centre of picture)

The Permanent Committees in session – Cooperation in Finance, Investment, Trade & Technology (COFITT), ASEAN-IRR and Banking Education, respectively

The 49th ASEAN Banking Council Meeting in session

The Khmer Cultural performances during the Gala Dinner

Golf challenge at the world class Vattanac Golf Resort

CORPORATE SOCIAL RESPONSIBILITY PROJECT (CSR) **"MAYBANK SILK WEAVING TRAINING CENTRE"**

The Maybank Silk Weaving Training Centres, are situated in Slar Village, Takeo and Ou Tateung Village, Siem Reap Province, Cambodia.

These Centres provide vocational training and employment opportunities to poor young women who could otherwise be tempted to go aboard to find a job where they could fall victim to human trafficking, sexual assault, or harsh labour conditions.

The trainees, all from poor families with very low-incomes, are selected from rural villages in Takeo and Siem Reap Provinces.

Experienced weavers teach them the subtleties of the silk weaving process. They learn the skills of creating patterns and the mixing of beautiful colour in order to create astonishing results. Once they graduate, these young women are ready to become micro-entrepreneurs, under the guidance of Color Silk Enterprise. To achieve this goal, three programs have been established: Sericulture, Weaving Training and Workshops to teach tailoring skills.

As recognised by the ASEAN Secretariat, the Maybank Women Eco-Weavers programme was initiated to support economic independence and financial inclusion for women weavers and to preserve our region's weaving heritage.

The ancient art of weaving touches the cultural, social and economic lives of women in every corner of our region.

The Maybank Women Eco-Weavers programme is steadily growing, bringing positive results for weavers and farmers in Cambodia, Indonesia and Laos.

Central to the ecosystem in Cambodia, the initiate is a first-of-it-kind training centre for a new generation of weavers.

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Social activities – Visit to Maybank Silk Weaving Training Centre, Slar Village, Takeo.

CALENDAR OF EVENTS

PROGRAMMES	DATE	VENUE	HOST/ORGANISER/SUPPORTING ORGANISATION
ASEAN Central Bank Governors' & FI CEOs' Dialogue	26th March 2020	Quang Ninh, Vietnam	The Vietnam Banks' Association (VNBA) and ASEAN Bankers Association (ABA)

FROM THE DESK OF THE SECRETARY GENERAL

The bi-annual Conference of the ASEAN Bankers Association (ABA) is one of the capstone events in its calendar. This year's event, the 22nd ASEAN Banking Conference and the 49th ASEAN Banking Council Meeting that took place in Phnom Penh, Kingdom of Cambodia in November 2019 has seen resounding and remarkable success, with more than 500 participants attending the Conference, followed with the Council Meeting. This one of the largest in its history.

On behalf of ABA, we want to express our heartfelt and deepest appreciation to The Association of Banks in Cambodia (ABC) for their reception and whole-hearted Khmer hospitality. We are also very grateful to ABC for inviting His Excellency, Chea Chanto, Governor of National Bank of Cambodia and His Excellency, Dr Aladdin D Rillo, Deputy Secretary General of ASEAN to grace this event and shared their strategic thoughts in their key note speech and address, respectively around the theme of the Conference **"ASEAN Connectivity 2025: A Brave New World of Digital Innovation for One ASEAN Banking Sector"**.

On this backdrop, presentations and panel discussions were held around how financial institutions should adapt, embrace and leverage in the digital and FinTech eco-system, facilitate more regional trade and investment by going digital and adopt the framework of sustainable finance. These were done with the objectives to innovate and meet new business needs in the growing ASEAN Economic Community (AEC).

At the Council Meeting, the three Permanent Committees provided their reports and updates from their meeting sessions and agreed on key actions to be taken. In this age of connectivity through the Digital eco-system, agreement was made to deepen the digital experience though having an Interoperable QR Code for ASEAN for all our financial institutions. At the same time, we will also continue to explore the expansion of intra ASEAN trade through digital trade connectivity. A study tour to Jakarta is being planned for the coming year. Efforts are also being made to identify areas in banking to harmonise standards of skills for cross-border accreditation acceptance. This will be done in consultation with their respective regulators/responsible bodies.

The economic outlook for ASEAN in 2020 will be underpinned by mediocre global economic growth and heightened policy uncertainty associated with tendency towards protectionist economic policies in advanced economies. Nonetheless, within the ASEAN bloc, the expected growing public and private consumption, strong spending on infrastructure, intra ASEAN trade and easing of fiscal policy will help ASEAN economies to stay resilient in 2020. ASEAN banks must however persevere in seizing growth opportunities and embracing technological advances in the ONE ASEAN spirit towards realising the ASEAN Economic Community goals by leveraging the power of digital eco-system in Industry 4.0.

Moving forward into the threshold of the new and digital decade in the New Year 2020, let me wish all who are celebrating the Lunar New Year a blessed, prosperous and bountiful year. GONG XI FA CAI!

Mr Paul C G Gwee

NEW REPORT BY WWF FINDS THAT ASEAN FINANCIAL REGULATORS ARE STRENGTHENING THEIR EXPECTATIONS ON SUSTAINABLE BANKING

By Sylvain Augoyard, Vice President, Asia Sustainable Finance, WWF Singapore

WWF-Singapore issued a new report on ***Sustainable Banking Regulations in ASEAN – Raising the Bar***. Based on a newly developed framework, the report provides a comparative analysis of regulations and guidelines pertaining to sustainable banking currently in place in five ASEAN countries (Indonesia, Malaysia, Singapore, Thailand and Vietnam) as well as China.

In this report, WWF also looks at how banks are aligned with the expectations set by the regulator (or banking association), using the results of WWF's annual assessment of banks' environmental & social (E&S) integration practices using the Sustainable Banking Assessment (SUSBA) tool.

ASEAN financial regulators are increasingly aware of the climate and environmental emergency, which is particularly acute in Southeast Asia. They are significantly strengthening their expectations for banks to integrate E&S considerations into banking activities, either through the publication of their own regulations, or by actively supporting guidelines issued by national banking associations.

Remarkably, in all five countries, banks are now expected to include oversight of their sustainability strategy implementation in the responsibilities of the board, and to dedicate staff and resources backed by appropriate training. In four of the five countries, banks are now expected to develop policies covering specific E&S issues or industry sectors. While all but two of the 29 ASEAN banks assessed by WWF in these countries refer to sustainability in their strategy, most banks will need to improve their practices to meet these new expectations.

In recognition of the systemic threat to financial stability posed by climate change, regulators in Malaysia and Singapore have announced that banks will need to start assessing their exposure to climate-related risks, while the Responsible Lending Guidelines recently released by the Thai Bankers' Association (back by the Bank of Thailand - BOT) expect banks to "identify and seek to manage" their exposure to E&S risks at the portfolio level. According to WWF analysis, only two of the 29 ASEAN banks have started to perform this type of assessment, leaving the financial sector exposed to risks caused by climate change and environmental degradation.

But the transition to a low-carbon and sustainable economy also brings about significant business opportunities. Regulators can develop further measures to fully mobilize private capital, such as robust standards and incentives for green financial products, as well as consistent and science-based 'green' and 'brown' taxonomies.

National banking associations across ASEAN are particularly well positioned to build the capacity of their member banks on sustainability and E&S integration, to foster the emergence of a level playing field and to promote best practices. In that respect, the ASEAN Bankers Association's Permanent Committee on Cooperation in Finance, Investment, Trade and Technology (COFITT) plays a key role in promoting sustainable finance across the ASEAN banking sector, with joint workshops already held with WWF in Cambodia, Indonesia, Myanmar, and the Philippines.

The expressions of support received from BOT, the Monetary Authority of Singapore (MAS) and the Association of Banks in Singapore (ABS) for this new WWF report show that multi-stakeholder approaches add value and are essential if we are to enhance the financial sector's resilience and ensure it meaningfully contributes to the sustainable development of the ASEAN region.

More about the report:

The underlying framework reflects WWF's insights on what constitutes a good foundation of regulatory practices, and is based on 25 indicators structured around 6 pillars: (1) scope, (2) strategy & governance, (3) policies & processes, (4) portfolio risks & impacts, (5) disclosure & transparency, and (6) enabling environment. The report also issues key recommendations that regulators can build on to enhance the resilience of the ASEAN banking industry, and to support the achievement of the Paris Agreement objectives and UN Sustainable Development Goals. The report will be updated as and when new regulations or guidelines are issued, such as the upcoming sustainable finance framework from Bangko Sentral ng Pilipinas (BSP) and environmental risk management guidelines from MAS.

For further information, please refer to the report, press release, and SUSBA tool.

OVERVIEW OF THE BAKONG PROJECT IN CAMBODIA

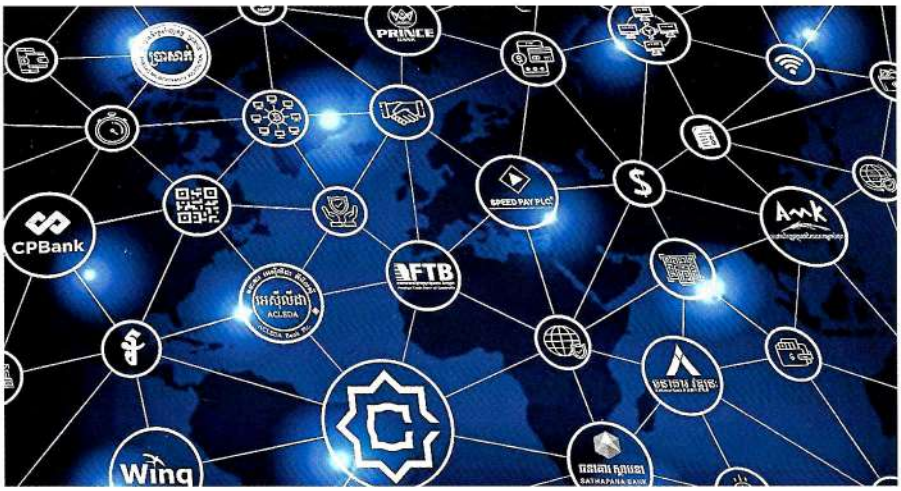
By NATIONAL BANK of CAMBODIA

The Cambodia National Bank (NBC) is capitalising on blockchain technology to transform the country into a cashless society. It recently launched its "Bakong Project" and this will serve as:

- the backbone for real-time retail payment in Cambodia.
- the connection amongst FIs and payment providers together.
- the enabler for participants to provide service to their end users directly from payment gateway/client module.
- the platform to allow end users to make transactions (send, pay, deposit, and receive) through NBC generic app or/and participants existing apps

Bakong Project is initiated and sponsored by the National Bank of Cambodia to promote an efficient payment system and financial inclusion in the Kingdom. The project aims to offering banking transaction to the unbanked population, especially in the rural areas.

Bakong is the next generation of payment system in Cambodia that connects banks, financial institutions and payment service providers to enable interoperability and cross institutional real time fund transfer. Bakong allows customers to transfer funds or make payments in both currency (KHR and USD) from their mobile phones to any member bank in most convenient manner by being fast and secure.



It will simplify the life of end-users with Cambodia's only all-in-one mobile payment and banking apps. Bakong redefines mobile payment and banking by combining e-wallets, mobile payments, online banking and financial applications within one easy-to-use interface for any preferred bank account.

Users can stop switching between apps today and enjoy unrivalled simplicity, convenience and security with Bakong.

The name Bakong is noteworthy as well; in a LinkedIn post, Her Execellency. Chea Serey, General Director, National Bank of Cambodia explained that "Project Bakong is named after Bakong Temple, the first temple mountain of sandstone constructed by rulers of the Khmer empire in the 9th century. The design of Bakong logo follows the structural layout of the temple. Cambodia's Independence Monument built in the capital city is modelled from this temple. Bakong as such is a symbol of national pride, independence and sovereignty!"

Currently, Bakong has 10 members namely ACLEDA Bank, Wing, FTB, Cambodia Post Bank, Vattanac Bank, Prince Bank, Sathapana Bank, Prasac, AMK and Speedpay. Users can send, receive and make payments to any of Bakong members through the mobile app anytime anywhere and enjoy the most effortless experience with Bakong, Cambodia's Next Generation of Payment System.

UPDATES FROM NATIONAL BANKING ASSOCIATIONS

CHAIRMAN, ASEAN BANKERS ASSOCIATION

DATUK ABDUL FARID ALIAS

Chairman, The Association of Banks in Malaysia & Group President and Chief Executive Officer/ Executive Director, Maybank

At the 50th ASEAN Banking Council Meeting on 27 November 2019 in Phnom Penh, Kingdom of Cambodia, the Chairman of The Association of Banks in Malaysia (ABM), Datuk Abdul Farid Alias assumed the chairmanship of the ASEAN Bankers Association.

Datuk Abdul Farid Alias is currently the Group President and Chief Executive Officer (CEO)/Executive Director of Maybank. He is the President Commissioner of PT Bank Maybank Indonesia Tbk as well as a member of the Board of Directors of Maybank Singapore Limited, Cagamas Holdings Berhad (Malaysia's National Mortgage Corporation), Payments Network Malaysia Sdn Bhd, STF Resources Sdn Bhd and Asian Banking School Sdn Bhd. He is the Chairman of The Association of Banks in Malaysia, Vice Chairman of the Asian Institute of Chartered Bankers (AICB) and Fellow, Chartered Bankers of AICB and the Chartered Banker Institute (CBI) in the United Kingdom (UK).

In addition, Datuk Abdul Farid is a member of the Asian Bankers Association (ABA) Policy Advocacy Committee and Emerging Markets Advisory Council (EMAC) of The Institute of International Finance based in Washington, DC, a Lee Kuan Yew Exchange Fellow under the Lee Kuan Yew Exchange Fellowship Programme of Singapore and more recently was appointed as Panel of National Trust Fund.

Datuk Abdul Farid holds Masters in Business Administration (Finance) from University of Denver, United States of America (USA) and Bachelor of Science in Accounting, Pennsylvania State University, USA. He attended the Advanced Management Program at Harvard Business School.

EDITORIAL TEAM

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Mr Paul C G Gwee, Secretary General

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Mr Wang Xiaolin, Vice Chairman
Mr Sulaiman bin Isa, Secretary & Treasurer

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Mr Bun Yin, Vice Chairman
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Ms Sengdavone Bangonesengdeth, Secretary General

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LETTERS TO THE EDITOR

As part of our aim to promote regional exchange of ideas and information, ASEAN Banker hopes to open a dialogue on issues of importance to our readers. We invite your comments on the stories presented in these pages and welcome articles of relevance to ASEAN Banking. All letters must be signed and include an address with contact telephone or fax number. Letters may be addressed to Mr Paul C G Gwee, Secretary General of ABA.

For advertisement bookings and correspondence, please contact

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ABOUT ASEAN BANKERS ASSOCIATION

The ASEAN BANKERS ASSOCIATION was founded in 1976. From the original five members, namely Indonesia, Malaysia, Philippines, Singapore and Thailand, it became six when Negara Brunei Darussalam joined as a member in 1984. In 1995, Vietnam was admitted into ASEAN as the seventh member and in May 1999, Cambodia was admitted as the eighth member. In July 2001, Myanmar was admitted as the ninth member. In 2004, Lao Bankers' Association was admitted as the tenth member thus making the constituent membership of the Association complete.

TODAY THE MEMBERS ARE:

The Brunei Association of Banks
The Association of Banks in Cambodia
Indonesian Banks Association (PERBANAS)
Lao Bankers' Association
The Association of Banks in Malaysia
Myanmar Banks Association
Bankers Association of the Philippines
The Association of Banks in Singapore
The Thai Bankers' Association
Vietnam Banks' Association

OBJECTIVES OF THE ASSOCIATION ARE:

a) to raise the profile of ABA and the ASEAN banking community;

b) to strengthen the 'voice' of ASEAN in policy advocacy efforts globally or regionally;

c) to contribute to the ASEAN Economic Community (AEC), provide private sector support in alignment with AEC's goal;

d) to share banking 'know-how', provide education to promote best-in-class banking practices amongst members countries; and

e) to promote active collaboration of ASEAN banking institutions, foster friendship and cooperation amongst bankers.

PRINCIPAL ORGANS OF THE ASSOCIATION

ASEAN BANKING COUNCIL (ABC). The Council, being the executive arm of the Association, meets annually to formulate policies and coordinate activities of the Association which are carried out and implemented through the various Committees.

THE THREE PERMANENT COMMITTEES

which discuss ideas and make recommendations to the Council are:

a) Permanent Committee on Cooperation in Finance, Investment, Trade and Technology (COFITT) chaired by The Association of Banks in Singapore.

b) Permanent Committee on Banking Education chaired by the Bankers Association of the Philippines.

c) Permanent Committee on ASEAN Inter-Regional Relations (IRR) chaired by The Association of Banks in Malaysia.

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