

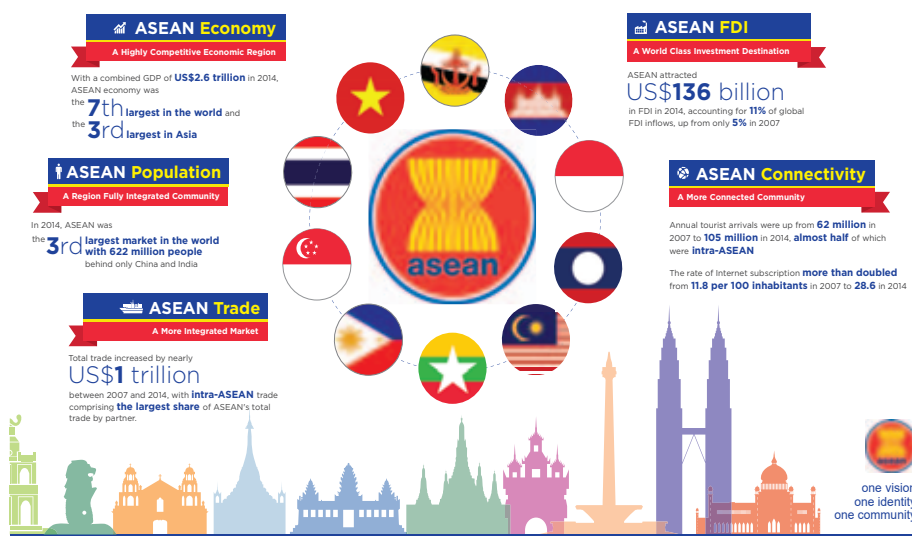


To achieve higher growth through cooperation amongst ASEAN banks



ASEAN BANKERS ASSOCIATION WELCOMES THE ERA OF ASEAN ECONOMIC COMMUNITY - 2015

ASEAN Economic Community at a Glance



The first ASEAN Economic Community (AC) Blueprint, signed in November 2007, has served as a comprehensive master plan to chart the region's journey towards the formal establishment of the AEC on 31 Decembers 2015. Under this Blueprint, the AEC is built on four interrelated and mutually reinforcing characteristics: (a) a single market and production base, (b) a highly competitive economic region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy.

The establishment of AEC brings about opportunities in the form of a huge market worth over USD 2.5trillion. Collectively, the region is the 7th largest economy in the world and, with a population of over 622 million people, represents the 3rd largest

market base in the world, behind only China and India.

ASEC 2015: Key Achievements

Key achievements under the AEC 2015 include the following:

- i) **More liberalised market:** Intra-ASEAN import tariffs have been virtually eliminated and formal restrictions in services sector gradually removed, providing its peoples with greater opportunities in trading and doing business within the region.
- ii) **Reduced trade costs:** Cross border trading processes have been simplified, including in

customs procedures and rules of origin, harmonisation of technical regulations and mutual recognition arrangements.

- iii) **Improved investment regimes:** ASEAN has become a more attractive investment destination for international and domestic investors alike.

- iv) **Enhanced mobility of skilled people:** Cross border movement of skilled people and professionals has been facilitated.

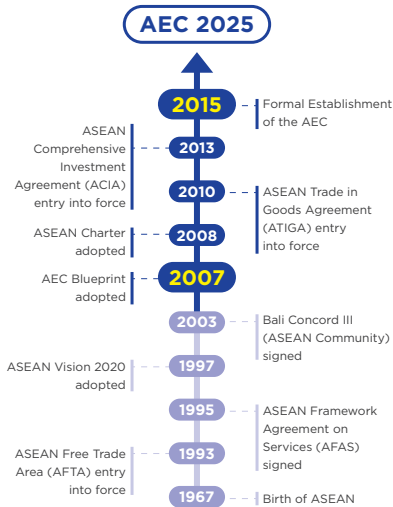
- v) **Free trade and comprehensive economic partnership agreements:** ASEAN businesses are provided with more opportunities to expand their reach in the external markets, and strengthen their role in regional and global value chains.

- vi) **A business friendly and innovation supportive environment:** This is achieved through the adoption of common frameworks, standards and mutual cooperation in various areas, such as agriculture and financial services, and in competition policy, intellectual property rights, consumer protection as well as SME development.

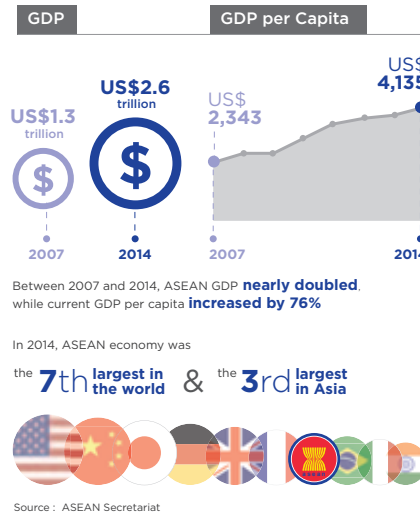
- vii) **Physical improvements in transportation and other infrastructure networks:** These improvements have facilitated cross border transportation and contributed to the reduction of overall costs of doing business, providing ASEAN peoples and business the opportunity to work together more productively.

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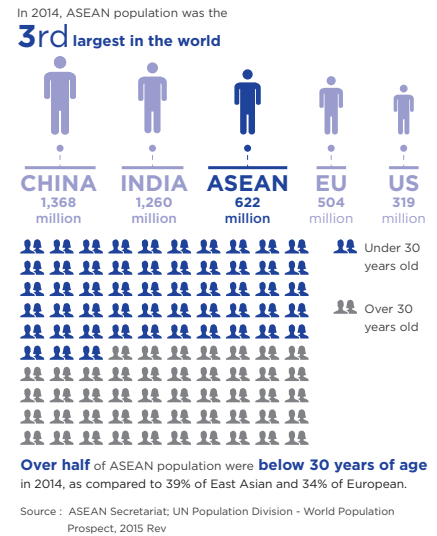
AEC Timeline



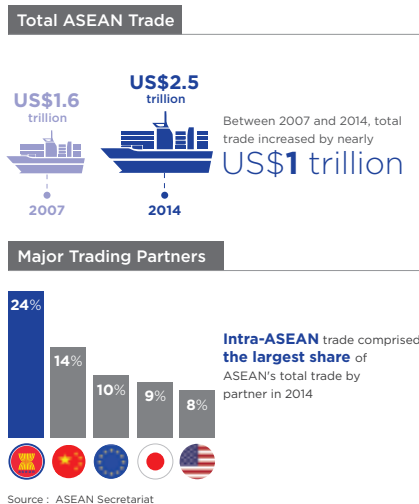
ASEAN Economy



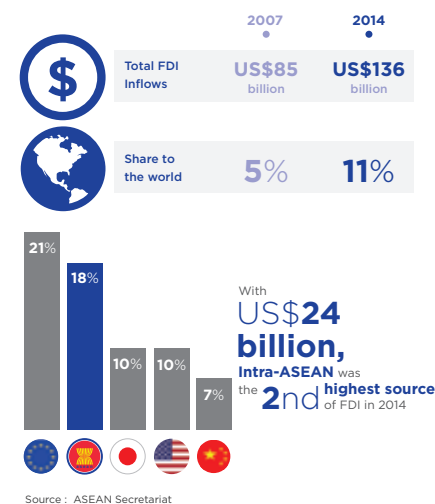
ASEAN Population



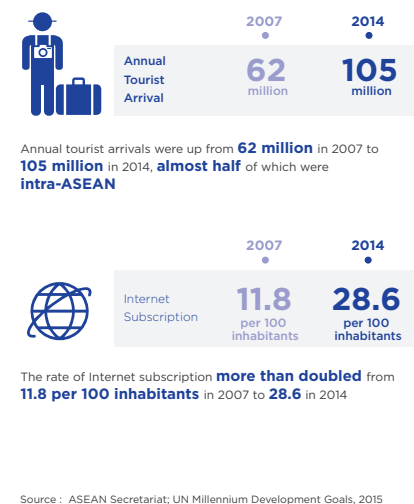
ASEAN Trade



ASEAN FDI



ASEAN Connectivity



viii) Narrowing the development gap:

Along with the process of regional integration, initiatives that help narrow the development gap among and within ASEAN Member States have been put in place.

AEC 2015: The Way Forward

The formal establishment of the AEC in 2015 is not a static end goal, but a dynamic process that requires continuous reinvention of the region to maintain its relevance in an evolving global economy. The AEC Blueprint 2015 has therefore been adopted to guide ASEAN economic integration from 2016 to 2015.

Under the new Blueprint, a stronger AEC is envisaged by 2015 with the following characteristics:

- A Highly Integrated and Cohesive Economy;
- A Competitive, Innovative and Dynamic ASEAN;
- Enhanced Connectivity and Sectoral Cooperation;
- A Resilient, Inclusive and People-Oriented, People-Centred ASEAN; and
- A Global ASEAN

Looking at the decade ahead, ASEAN will strive to build on the early gains from the AEC 2015 as well as be forward looking in anticipating new opportunities and challenges. The post-2015 agenda would thus include a clear strategy to address any unfinished agenda from AEC 2015 which are deemed critical in deepening regional economic integration. Furthermore, efficient institutions, adequate resources as well as effective planning and monitoring are imperative to ensure successful outcomes of the community building process beyond the establishment of the AEC 2015. ■



FROM THE DESK OF THE SECRETARY GENERAL

This year in 2015 marks a significant and historical milestone in the history of ASEAN. The ASEAN Economic Community (AEC) begins to dawn at the end of 2015. Since its declaration in 2007, much work have been done by the Governments of ASEAN, the ASEAN Secretariat and other key stakeholders in the realisation of the dream. The other was our conclusion of a fruitful and successful 45th ASEAN Banking Council Meeting in Singapore, who celebrated her Golden Jubilee. There was also the ASEAN Day track being distinctively featured for the first time at SIBOS global event that was held in Singapore in October 2015.

On the economic front, ASEAN's performance remains relatively stable despite the volatile economic environment such as the significant fall in global oil prices, the normalisation of the US dollar interest rate, the depreciation of the regional currencies against the US dollar and slowdown in China. Its real GDP is forecasted to grow by 4.4% in 2015 with the projection of upper end of 4.9% for 2016. This will be envy to many economies around the world which has experienced

tepid growth. The region is blessed with growing intra-regional trade reaching USD 608.3 billion in 2014, which is about 24.1% of the total trade in the region. This is relatively small in comparison to the European Union where the intra-regional trade is at high fifties percent.

Hence there is significant potential for larger growth and deepening of the intra-regional trade. With the implementation of the AEC and economic activities from increasingly being the production base of the world together with rapid urbanisation and relatively young work force will make this aspiration achievable. We shall *Aspire, Build and Achieve* – ABA. 🇲🇵

On this note, let me also wishes all who are celebrating the Lunar New Year a blessed, prosperous and bountiful year of the Monkey. **GONG XI FA CAI!**



Mr Paul C G Gwee



ASEAN FINANCIAL INTEGRATION: ESSENTIALS FOR THE AEC

On the 8th of December 2015, EuroCham, Singapore, and the EU-ASEAN Business Council organized a joint event on the integration of Financial Services within ASEAN as part of the ASEAN Economic Community: a compelling and ambitious challenge stemming from significant economic and political differences between ASEAN countries.

In a session which was attended by over sixty (60) senior level executives and members of the diplomatic circles, Mr. Almore Rubin de Cervin, Head of International Affairs at DGFISMA (Directorate-General for Financial Stability, Financial Services and Capital Markets Union) was the guest speaker presenting the European experience and drawing some lessons from EU practices and pitfalls for the upcoming ASEAN integration.



Experts from Financial institutions including banks and insurance companies discussed the specific obstacles in advancing financial integration within ASEAN. Panelists addressed the issues relating to what still needs to be done to improve business activity in the region as well as companies' role in the integration

process. Moreover, the key policy priorities for the regional integration were tackled.

The panel discussion offered a view from the industry, with moderator of the discussion being Mr. Donald Kanak, Chairman, Prudential Corporation Asia / Vice-Chairman, EU-ASEAN Business Council

Continued from page 3



Panelists, included:

- Mr. Sandeep Malik, CEO, Asia, Aon Risk Solutions
- Mr. Philippe Van Hoof, Co-Head Financial Institutions Asia, ING
- Mr. Michael Moon, Head of Payments APAC, SWIFT
- Mr. Paul Gwee, Secretary General of the ASEAN Bankers Association
- Mr. Boris Moutier, Regional CIO, AXA Asia

Among the points raised by the speakers, key to the discussion was the free flow of manpower, the free transfer of data within ASEAN, the strengthening of governance architecture, the improvement of market infrastructure and solvency framework as well as the harmonization of regulations for a better protection of corporates within the region. European Chamber of Commerce

In terms of the companies' role in the regional integration process, speakers highlighted several actions by which companies can show engagement with local regulators strengthening further partnerships. Attendees and panellists agreed that companies should act as good corporate citizens and contribute to the integration process by engaging at the top level (CEOs) and bringing concrete studies and research to local regulators.

Concluding, speakers emphasised some key priorities enabling for ASEAN integration. In particular, panellists raised the importance of achieving better communication between legislators, business and people in order to allow for a greater understanding of what it means to be part of an integrated region where there are shared and fair opportunities for personal, business, and community growth. ■



INTRA ASEAN - COLLABORATION

WORKSHOP ON BANKING ASSOCIATION – LAO BANKERS ASSOCIATION (LBA)



The International Finance Corporation (IFC) which is part of the World Bank had extend the invitation to two of our national banking associations – The Thai Bankers' Association (TBA) and The Association of Banks in Singapore (ABS) to participate in the capacity building Workshop for the Lao Bankers' Association (LBA). The objective of the Workshop is for LBA "to learn from other regional banking associations on how they operate, their structure, their role, their activities and how they work with the Central Bank" and other stakeholders.

The Workshop was organised by IFC and held at Settha Palace Hotel, in Vientiane City, the capital of Lao PDR on the 11 December 2015. It was opened by HE Vathnana Dalalay, Deputy Governor, Bank of Lao PDR and was well attended from the members of the LBA. In her opening remarks, HE urged the LBA to take special advantage and opportunity to ask and learn as much as possible from the two more established banking associations. With the implementation of the ASEAN Economic Community (AEC) and the financial integration under the ASEAN Banking Integration Framework (ABIF), there is greater need and role to be played by LBA domestically and regionally with key stakeholders in the midst of challenges of AEC. ■

BILATERAL WORKING VISITS –THE BRUNEI ASSOCIATION OF BANKS (BAB) AND THE THAI BANKERS' ASSOCIATION (TBA)



Group photo of BAB delegates and TBA Members (4 December 2015)



TBA Secretary General, Khun Kobsak Duangdee making a presentation.



BAB Chairman, Mr. Rino Donosepoetro presenting a gift to Don Nakornthab, Senior Director of the Financial Institutions Strategy Department, Bank of Thailand (4 December 2015)



TBA Chairman, Khun Boontuck Wungcharoen presenting gift to Mr. Rino Donosepoetro, BAB Chairman.

The working visit organised by The Brunei Association of Banks (BAB) on the 4 December 2015 to Bangkok, Thailand concluded with further insights on how the banking industry should anticipate the ASEAN Economic Community (AEC) and how the association can further enhance their role in enabling the economic development in close cooperation with the Autoriti Monetari Brunei Darussalam (AMBD). The delegation from BAB consisted of CEOs and senior representatives from all its members.

The BAB met with their industry counterparts in Thailand, the Thai Banker's Association (TBA), as well as the Thai central bank, the Bank of Thailand (BOT). The visit was initiated as part of the wider BAB strategic intent to enhance Brunei's financial sector with the aim to share best practices from both entities as well as to promote investment opportunities in Brunei in light of the AEC.

At the Bank of Thailand, the BAB delegation was hosted by the Senior Director of the Financial Institutions Strategy, Mr. Don

Nakornthab. During the morning session, presentations were made by Bank of Thailand Directors on the 3rd phase of their Financial Sector Master Plan which is to promote inclusive growth through policy frameworks covering digitization and efficiency, regionalization, access and enabling, and topics of Banking Initiatives towards the ASEAN Financial Integration and the Roles and Preparation of the Central Bank and the Commercial Banks on Regional Payments/Settlement.

The Thai Banker's Association (TBA) was led by the Chairman, Mr. Boontuck Wungcharoen who is also the CEO of Thai Military Bank, and attended by CEOs and senior representatives from all the 15 member banks of TBA. In the first session a presentation on Thailand's economic performance was delivered. GDP for 2015 projected at 2.7% growth and 3.5% for 2016. In the afternoon session, the BAB presented the investment opportunities in Brunei and encourage cross border business activities. TBA highlighted that manufacturing, real estate and health are

industry sectors that have seen growth and expansion in Q3 this year.

Rino Donosepoetro, Chairman of the BAB and Chief Executive Officer of Standard Chartered Bank, said:

"The level of collaboration in the formulation of strategic vision for the banking industry that we see between our counterpart, the Thai Bankers Association, and the central bank, the Bank of Thailand, is something that we hope to be able to emulate. It is also clear from our discussions that digital agenda is really front and centre for both the central bank and the banking industry in Thailand, something which we share similarities with in Brunei. After the economies of scale and economies of scope, now is the time for economies of speed with digitisation."

He also added that the Bank of Thailand highlighted the diversity in the Thai banking landscape and that they would welcome any interest from Bruneian banks that may wish to have a presence in Thailand. ■



UPDATES FROM NATIONAL BANKING ASSOCIATIONS

THE ASSOCIATION OF BANKS IN CAMBODIA (ABC)



HE Chea Chanto, Governor, National Bank of Cambodia (NBC) with Top Management of NBC and EXCO members of The Association of Banks in Cambodia.

The Bankers' Annual Dinner was held at the Sofitel Phnom Penh Phokeethra Hotel on the 13 December 2015. The grand event was graced by HE Chea Chanto, Governor of the National Bank of Cambodia (NBC) and attended by over 700 members and guests from The Association of Banks in Cambodia (ABC) and the Cambodia Microfinance Association (CMA).

HE Chea Chanto in his key remarks, noted that "banking and financial sector has continuously developed both scale and scope and contributed to the social and economic growth by acting as a crucial channel to mobilize funds for all sectors development. This continuous growth is reflected by key financial indicators such as growth of total assets to 110% of GDP, growth of deposits by 16.1% and credits by 30.7%, as well as the fast expansion of banking network around the country, the existence of Cambodian banks in foreign countries, new products and services initiatives including internet and mobile banking, deposit taking machines, as well as other modern banking products." In respect of financial inclusion, "more and more people, especially those in the rural areas getting access to financial services with variety of choices and at more reasonable prices. As of the first semester of 2015, 46% of mature population can access to finance (increase by

6%), of which depositors increase by 21% and borrowers increase by 12.3% and clients using remittance services increase by 15% comparing to the same semester of 2014." To support and facilitate further growth and strengthened the financial sector and economy, the NBC has issued three new Prakas (regulations) – (i) National Clearing House Rules, (ii) Emergency Liquidity Assistance for Banks & Financial Institutions and (iii) Home-Host Relation related to Information Sharing. In addition, the setting up of FAST the online banking system and National Share Switch to improve security and effective payment system, continual issuance of NCDs to develop the interbank and money market, improve financial inclusion through financial literacy and improve the use of Riel.

Dr In Channy, Chairman of ABC mentioned that the event was held to enable the "exchange of information and sharing experiences, as well as in strengthening strong solidarity and cooperation between the NBC, the national regulator and the ABC as well as with the CMA and other related sectors." Besides it, to have a "smooth and effective communications and to report on key progress of the results and key activities of the ABC, which were accomplished and implemented within framework at national



UPDATES FROM NATIONAL BANKING ASSOCIATIONS



and regional levels throughout this one year.” He went on to report that at “the national level - (i) Credit Bureau Cambodia, which played a vital role in risk management and mitigation for banks and financial institutions. As of November 2015, this subsidiary controlled a total loan account of 2.54 million; outstanding loan balance is USD10.05 billion; a total client of 1.98 million; and non-performing loan is about 1.20%,” (ii) Code of Banking Practice was developed and implemented in 2015, (iii) Provided inputs and resolutions on issues relating FATCA, CIFRS, doubtful debts taxable profits, in challenges in the New Mortgage/ Real Rights Registration Procedures and Documentation Requirements, other related matters, and etc, and at regional level, ABC “as a Chairman of ASEAN Bankers’ Association (ABA) had led the ABA’s Council and Caucus meetings; and had cooperated with ABA’s Permanent Committee on Cooperation in Finance, Investment and Trade conducted a Workshop on International Financial Report Standards (IFRS) in Cambodia. Since June 2015, ABA’s chairmanship role was rotated to Indonesia for the next two-year term.”

The Chairman of CMA, Dr Bun Mony also reported that the microfinance industry had also performed well during the year. Besides increasing its portfolio outstanding and reaching out to greater number of customers, CMA has strived to provide more “financial literacy education and Client protection principle, most of Cambodian people and stakeholder have recognized that microfinance institutions are very important partner who can improve family living standard as well as promote national economic growth through providing loan, offering public saving service and other necessary financial products for their needs.”

In the closing remarks, Dr In Channy, Chairman of ABC concluded that “**Banks and Financial Institutions are the back-bone of the Country’s Economy**, given so the ABC will continue carrying on its active role in coordinating and strengthening its relationship with the NBC and other related stakeholders in providing a better service quality, enhancing and improving professionalism in financial sector so that it can maintain its sustainable growth while mitigate potential risks, and be prepared towards the smooth integration into ASEAN Economic Community at the year-end of 2015.”

THE ASSOCIATION OF BANKS IN MALAYSIA (ABM)



PERSATUAN BANK-BANK DALAM MALAYSIA
THE ASSOCIATION OF BANKS IN MALAYSIA

1. AmBank (M) Bhd has appointed Dato’ Sulaiman Mohd Tahir as its Chief Executive Officer effective 23 November 2015.
2. The Financial Services (Financial Ombudsman Scheme) Regulations 2015 and Islamic Financial Services (Financial Ombudsman Scheme) Regulations 2015, which provide for approval, oversight and obligations of a Financial Ombudsman Scheme (FOS), came into force on 14 September 2015.



The Regulations pave the way for the establishment of a FOS as part of Bank Negara Malaysia’s efforts to enhance financial dispute resolution arrangements for consumers and to strengthen consumer protection.

Under the FOS, consumers can refer eligible disputes involving financial services providers such as licensed banks and Islamic banks, licensed insurers and takaful operators, prescribed development financial institutions, approved designated payment instrument issuers and designated Islamic payment instrument issuers, approved insurance and takaful brokers, and approved financial advisers and Islamic financial advisers, to the FOS for resolution.

The FOS is expected to commence operations in the first quarter of 2016.

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LIAISON OFFICES

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Mr Rino Donosepoetro, Chairman

Mr Ng Moon Kwee, Vice Chairman

Mr Abdul Razak bin Abdul Malek, Secretary & Treasurer

The Association of Banks in Cambodia

Dr In Channy, Chairman

Mr Pung Kheav Se, Vice Chairman

Mr Charles Vann, Alternate Vice Chairman

Mr Grant Knuckey, Treasurer

The Indonesian Banks Association (PERBANAS)

Mr Sigit Pramono, Chairman

Ms Anika Faisal, Secretary General

Mr Eri Unanto, Executive Director

Lao Bankers' Association

Mr Mr Phoukhong Chanthachack, Chairman

Mr Khamhou Thingthavy, Secretary General

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Mr Nestor V. Tan, First Vice President

Mr Cesar O. Virtusio, Executive Director

The Association of Banks in Singapore

Mr Wee Ee Cheong, Chairman

Mrs Ong-Ang Ai Boon, Director

The Thai Bankers' Association

Mr Boontuck Wungcharoen, Chairman

Mr. Kobsak Duangdee, Secretary General

Vietnam Banks Association

Mr. Nghiem Xuan Thanh, Chairman

Ms Tran Thi Hong Hanh, Secretary General

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:

- to raise the profile of ABA and the ASEAN banking community;
- to strengthen the 'voice' of ASEAN in policy advocacy efforts globally or regionally;
- to contribute to the ASEAN Economic Community (AEC), provide private sector support in alignment with AEC's goal;
- to share banking 'know-how', provide education to promote best-in-class banking practices amongst members countries; and
- 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:

- Permanent Committee on Cooperation in Finance, Investment and Trade (COFIT) chaired by The Association of Banks in Singapore.
- Permanent Committee on Banking Education chaired by the Bankers Association of the Philippines.
- Permanent Committee on ASEAN Inter-Regional Relations (IRR) chaired by The Association of Banks in Malaysia.

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