



## WELCOME MESSAGE FROM CHAIRMAN OF THE ASSOCIATION OF BANKS IN CAMBODIA



### DR IN CHANNY

Dear Friends and Colleagues,

The Association of Banks in Cambodia (ABC) is honoured to host the 22nd ASEAN Banking Conference and 49th ASEAN Banking Council Meeting from 25th to 27 November 2019 at Sokha Phnom Penh Hotel, Phnom Penh, Kingdom of

Cambodia. On behalf of ABC and its Board, it gives me great pleasure to invite our honoured guests and members to this annual landmark event and the Conference. It is indeed an inordinate privileged for Cambodia to host this featured Conference for the first time in its history.

This year's event takes place in the context of growing uncertainties and challenging times, especially on global trade repositioning, geopolitical tensions and signs of slower growth. I am however sanguine and optimistic that ASEAN as an economic bloc will rise above these challenges as we are blessed with vibrant intra-ASEAN growth, diversion of trade supply chain to this region and its favourable demographics

This Conference and Council Meeting will be an excellent opportunity to reconnect with senior leaders of banks in the ASEAN region as well as strengthening the collaboration and sharing within National Banking Associations and Member Banks. We trust that our 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 this digital eco-system in the region.

I am pleased to also announce that we have secured His Excellency Chea Chanto, Governor, National Bank of Cambodia and His Excellency Dato Lim Jock Hoi, Secretary General of ASEAN, to grace the occasion and deliver their keynote speech and address, respectively.

In addition to the main activities of the Conference and Council Meetings, we have designed side activities for delegates to experience the rich and unique Cambodian culture, local cuisines, visit historical sites, and of course our much talked about golf courses.

We believe this year's event will continue to strengthen cooperation and the exchange of experiences and ideas amongst ASEAN banking leaders and subject matter experts in an integrated digital world. ABC looks forward to welcoming you to attend the Meeting this November in Phnom Penh, Kingdom of Cambodia. **E**

### Dr In Channy

Chairman, The Association of Banks in Cambodia

## 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 22nd ASEAN Banking Conference and the 49th ASEAN Banking Council Meeting. This

capstone event in our ASEAN Banking calendar will be hosted by The Association of Banks in Cambodia (ABC) from the 25th to 27th November 2019, at the Sokha Phnom Penh Hotel, Phnom Penh, Kingdom of Cambodia.

The Organising Committee at ABC has been working tirelessly to assemble subject matter experts to deliberate, provide insights and thought leadership on the highly relevant topics in the new normal economic situation, banking industry and regulatory environment and particularly in the ASEAN region. I congratulate The Association of Banks in Cambodia (ABC) on selecting this year's theme "ASEAN Connectivity 2015 – A brave New World of Digital Innovation for ONE ASEAN Banking Sector". This is timely in the line of the rapid adoption and embedding of digital lifestyle in all of our daily lives. Studies have also shown that ASEAN has the fastest penetration and adoption of mobile/smart phones in this community. I would like to urge all members of ABA to participate in this prestigious event and to use the conference as an avenue to share your views and comments during the scheduled Conference and Council meetings. This will strengthen and help to shape our own strategic pathways for the banking and finance industry and complement the economic developments in this region. This event will also present great opportunities for you to network with your regional peers and business leaders as well as others thought leaders outside the region.

I would like to thank ABC for hosting and arranging a list of interesting programmes and exciting social activities for all participants to have memorable time in Phnom Penh, Cambodia. I am also grateful to His Excellency Chea Chanto, Governor, National Bank of Cambodia, and His Excellency Dato Lim Jock Hoi, Secretary General of ASEAN, who have very kindly agreed to deliver their keynote speech and address, respectively for this Conference.

I look forward to seeing you all at the event and wish you a rewarding and memorable time in Phnom Penh, Kingdom of Cambodia. **E**

### Phoukhong Chanthachack

Chairman, ASEAN Bankers Association & Chairman, Lao Bankers" Association



## HOST OF 22ND ASEAN BANKING CONFERENCE & 49TH ASEAN BANKING COUNCIL MEETING: KINGDOM OF CAMBODIA VENUE: SOKHA PHNOM PENH HOTEL

### Kingdom of Cambodia

The Kingdom of Cambodia is also known as the Kingdom of Wonder. Cambodia is the tenth member of ASEAN, which shares its borders with the Kingdom of Thailand in the West, the Lao People's Democratic Republic in the North, the Social Republic of Viet Nam in the East and in the southern coast bordering the idyllic South China Sea. After full independence from French colonisation in 1953, victory over genocide in 1979 as well as conducting the free election in 1998, Cambodia has truly become a peaceful country with a flourishing economy.

The capital city of Kingdom of Cambodia is Phnom Penh. Here you will discover many wonderful places such as the Royal Palace, the Independence Monument, the National Museum, Central Market, and Wat Phnom and other historical attractions. At the same time, you will be able to enjoy the large variety of delicious traditional Khmer dishes as well its world famous Kampot pepper.

### Sokha Phnom Penh Hotel & Residence

Sokha Phnom Penh is strategically located on Chroy Changvar peninsula, opposite to the Royal Palace and approximately 13 km from Phnom Penh International Airport. Offering breath-taking view of the majestic Royal Palace, Chaktomuk River and a wide sweeping view of the untouched greenery rural beauty opposite of Phnom Penh capital, Sokha Phnom Penh provides the peaceful, less busy side of the congested capital. 🇰🇲



### ROYAL PALACE PHNOM PENH (CAMBODIA)

Gleaming in gold, the Royal Palace is one of Phnom Penh's most splendid architectural achievements. It is home to His Majesty Preah Bat Samdech Preah Norodom Sihanouk and Her Majesty Preah Reach Akka-Mohesey Norodom Monineath. The palace was built in 1866 by His Majesty Preah Bat Norodom, great grandfather to Cambodia's current King. The Royal Palace is built on the site of the old town. This site was especially chosen by a Commission of Royal Ministers and Astrologers because it had great geographical significance in relation to the King, who was regarded as a direct descendant of the gods, whose role it was to live and govern on earth under the influence of heaven.

The Royal Palace contains some spectacular buildings. Not least of which is the Throne Hall, situated to the left of the main entrance. It boasts a 59-meter tower. The tower roof is beautiful, having been decoratively tiered with golden coloured tiles. This building is used for high official celebrations, coronations and audiences with foreign dignitaries and government officials. 🇰🇲

## ASIA'S TRADE WARS: THE ECONOMIC IMPACT ON ASEAN

By Rajiv Biswas, Asia-Pacific Chief Economist, IHS Markit

### Trade Wars Hit ASEAN Trade Flows

The export sectors of many ASEAN nations have faced strong headwinds during the first half of 2019 from the transmission effects of the US-China trade war as well as the continued slowdown in the global electronics sector. The short-lived truce in the US-China trade war that was agreed by President Trump and President Xi at the G20 Summit in Osaka in late June ended at the beginning of August, when President Trump announced new tariffs of 10% on

an additional USD 300 billion of Chinese products. The new tariffs, combined with existing US tariff measures previously imposed upon Chinese products and retaliatory Chinese tariffs on US products, will continue to act as a drag on bilateral trade as well as impacting negatively on the Asian manufacturing supply chain to China's manufacturing sector.

Further stoking regional trade tensions, escalating trade frictions between Japan and South Korea since the end of the G20

Summit have added to the downside risks facing the Asian trade outlook. Several ASEAN central banks, including Bank Indonesia, Bank Negara Malaysia and Bangko Sentral ng Pilipinas have lowered policy rates in recent months, reflecting concerns about weakening exports and industrial production. Singapore has been at the forefront of the regional trade slowdown, with its heavily export-driven economy experiencing a deep slump in exports during recent months, which has been a significant drag on GDP growth.



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## Trade Diversion and Reconfiguring Manufacturing Supply Chains

The protracted US-China trade war has reinforced trade diversion effects among Asian economies. Trade data for the first half of 2019 show that US buyers are shifting their purchasing orders away from China to other manufacturing hubs, while manufacturers are restructuring production across global supply chains to reduce their exposure to the US tariffs. Some emerging ASEAN manufacturing hubs are gaining export orders from the US as a result. Vietnamese exports to the US surged 36% year-on-year in the first five months of 2019. Trade data for the first five months of 2019 show some other ASEAN economies, including Thailand, are also benefiting from some trade diversion effects, with exports to the US rising significantly during the first five months of 2019.

The latest IHS Markit ASEAN Manufacturing Purchasing Managers Index survey for July 2019 showed that the manufacturing sectors in Vietnam, Philippines and Myanmar continued to show strong expansion. Moreover, new export orders for the ASEAN manufacturing sector strengthened in July.

However, with President Trump recently criticizing Vietnamese trade practices and the US Treasury having included

Vietnam in May 2019 on its list of countries being monitored for potential currency manipulation, concerns have been rising among Vietnamese exporters that Vietnam may become a target for US trade measures.

Southeast Asian low-cost manufacturing hubs, notably Vietnam, are already benefiting from stronger foreign direct investment (FDI) inflows as multinationals diversify their global supply chains away from China. Vietnam's Foreign Investment Agency has reported a 69% year-on-year rise in foreign direct investment in the first five months of 2019. While the US-China trade war has intensified this diversification, this shift of manufacturing supply chains had already been underway since 2012 because of rising Chinese manufacturing wage costs and concerns about potential supply chain disruptions due to a concentration of production in mainland China.

A March 2019 survey of Taiwanese firms with production in mainland China or Hong Kong indicated around 42% were considering shifting some production back to Taiwan, with 49% considering increasing production in the ASEAN region. Meanwhile, approved FDI commitments into Malaysia's manufacturing sector surged 127% in the first quarter of 2019. According to the Malaysian Investment Development Authority, much of the

increase is coming from the US and focused on the electronics sector.

Recent trade frictions between Japan and South Korea are also likely to trigger some reconfiguration of supply chains for South Korean multinationals, as they try to reduce their vulnerability to imports of Japanese intermediate materials and components. ASEAN nations may therefore also benefit as South Korean companies adjust their global supply chains.

## ASEAN trade outlook

The export sectors of many ASEAN nations are expected to continue to face headwinds in the near term because of the combined impact of the ongoing US-China trade war, the global electronics cycle downturn, and moderating growth in the key US and EU export markets. Meanwhile escalating trade frictions between Japan and South Korea have added new downside risks to Asia's trade outlook.

However, some ASEAN nations are benefiting from trade diversion effects as companies reconfigure their global supply chains to reduce their vulnerability to China and diversifying their production towards ASEAN. Over the medium term, this could provide a significant boost to foreign direct investment into the manufacturing sectors of low-cost ASEAN manufacturing hubs such as Cambodia, Vietnam, Myanmar and the Philippines. ■

## FROM THE DESK OF THE SECRETARY GENERAL

Greetings to all from the Secretariat Office.

In this season of August and September, ASEAN will be celebrating its birthday as it turns 52 on the 8th August, ahead of the national and independence days of Indonesia, Malaysia and Singapore. From its humble and fragmented beginnings, it is now an enlarged and premier economic bloc in the global stage. This is largely due to the unceasing efforts as well as farsighted determination of our forefathers and its people.

Thanks to them, ASEAN is now the 3rd largest economy in the Indo-Pacific and the 5th largest in the world. At a projected annual growth rate of 5.5% per year, ASEAN will overtake the economies of EU and Japan to become the 4th largest in the world by 2050, blessed with a favourable demographics of largely youthful and growing population of 650 million. The middle class in ASEAN is expected to more

than double in size to 334 million by 2030(i). This youthful and increasingly middle-class population is expected to drive the region's digital economy and making it one of the world's largest social media markets.

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 economy through innovation and transformation. It has partnered and collaborated with International Finance Corporation (IFC)/ World Bank and other key stakeholders by establishing the ASEAN fintech platform – APIX (APIExchange). 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 at lower capex. In this forthcoming Conference in November, we have also aptly focused on the theme of digitalisation - "ASEAN Connectivity 2015 – A brave New World of Digital Innovation for ONE ASEAN Banking Sector".

Our host, The Association of Banks in Cambodia (ABC) for this year's Conference and Council Meeting has been hard at work to make this a memorable and fruitful event. The meeting will be held at the Sokha Phnom Penh Hotel, Phnom Penh on a small island at the confluence of the Tonle Sap and Mekong Rivers, from 25th to 27th November 2019. I look forward to your valued presence and participation at the meetings and to a productive get together for the advancement of all our members and stakeholders in ASEAN. ■

**Mr Paul C G Gwee**

## CALENDAR OF EVENTS

PROGRAMMES	DATE	VENUE	HOST/ORGANISER/SUPPORTING ORGANISATION
Workshop on Interoperable QR Code for ASEAN	23rd August 2019	Best Western Plus Wanda Grand Hotel, Bangkok, Thailand	ASEAN Bankers Association (ABA) and The Thai Bankers' Association (TBA)
ABA-ASEAN Inter-Regional Relations (IRR) – Study Tour to Bangkok, Thailand”	4th to 5th September 2019	Novotel Bangkok on Siam Square Hotel, Bangkok, Thailand	The Association of Banks in Malaysia (ABM) and The Thai Bankers' Association (TBA)
TB-CERT “ASEAN Banking Cybersecurity Conference 2019”	6th September 2019	Crystal Hall, 3rd Floor, The Athenee Hotel, a Luxury Collection Hotel, Bangkok, Thailand	The Thai Bankers' Association (TBA) and Thai Banking Sector CERT (TB-CERT)
22nd ASEAN Banking Conference & 49th ASEAN Banking Council Meeting	25th to 27th November 2019	Sokha Phnom Penh Hotel, Phnom Penh, Kingdom of Cambodia	The Association of Banks in Cambodia (ABC) and ASEAN Bankers Association (ABA)

## UNDESRTANDING ASEAN’S DIGITAL DATA GOVERNANCE

Extracted from the ASEAN Secretariat – “ASEAN FOR BUSINESS – Bimonthly Bulletin July 2019



In a globalised world, many interactions span national borders, making cross-border data flows a critical enabler of economic and social activity. Today's trade and production activities are heavily dependent on moving, storing and using digital information (data), increasingly across borders. Data enables the co-ordination of international production processes through global value chains, helps small firms reach global markets, becomes an asset that can be traded, or a conduit for delivering services, and a key component for automation in trade facilitation. At the same time, cross-border data flows raise questions about how to achieve important public policy objectives, such as protecting personal

data, in the new digital landscape. To cope with the rapid changes in the digital landscape and advance regional integration, ASEAN needs to harmonise its digital data governance framework so that it can enable more seamless cross-border data flows within the region, which in turn could also promote the growth of intra-regional trade. For this purpose, ASEAN has developed the ASEAN Framework on Digital Data Governance (the Framework) as an initiative to enhance data management, facilitate harmonisation of data regulations among ASEAN Member States and promote intra-ASEAN data flows.

The Framework's strategic priorities and initiatives

The Framework sets out the strategic priorities, principles and initiatives to guide ASEAN Member States in their policy and regulatory approaches towards digital data governance. The Framework identifies four strategic priorities, namely: (i) Data Life Cycle and Ecosystem; (ii) Cross Border Data Flows; (iii) Digitalisation and Emerging Technologies; and (iv) Legal, Regulatory, and Policy. Each strategic priority is supported by one initiative to support its realisation as follows:

### I. ASEAN Data Classification Framework

The ASEAN Data Classification Framework will set out common categories of data, descriptions of what each category



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entails and the security requirements based on the characteristics of the data. Each category of data will include recommended measures or protections that should apply to that specific category of data. These include steps that can be taken to allow data to be processed, shared or transferred across country borders. The factors that could be considered for the development of the data classification framework include data sensitivity, risk assessment, cost of acquisition, storage requirements, and applicable industry regulations and standards.

## II. ASEAN Cross Border Data Flow Mechanism

The ASEAN Cross Border Data Flow Mechanism aims to enable cross-border data flows within the region by creating regulatory certainty for the private sector on the application of data protection regimes across jurisdictions. The Mechanism will be built on the following five guiding principles, namely (i) driven by consensus developed using a bottom-up approach; (ii) MSME-friendly; (iii) inclusive for all ASEAN Member States to participate; (iv) interoperable with other regional/multilateral data transfer frameworks (i.e. APEC Cross Border Privacy Rules); and (v) ethical. The mechanism is proposed to be realised by adopting the dual-track approach, i.e., through a third party certification model and the use of ASEAN model contractual clauses.

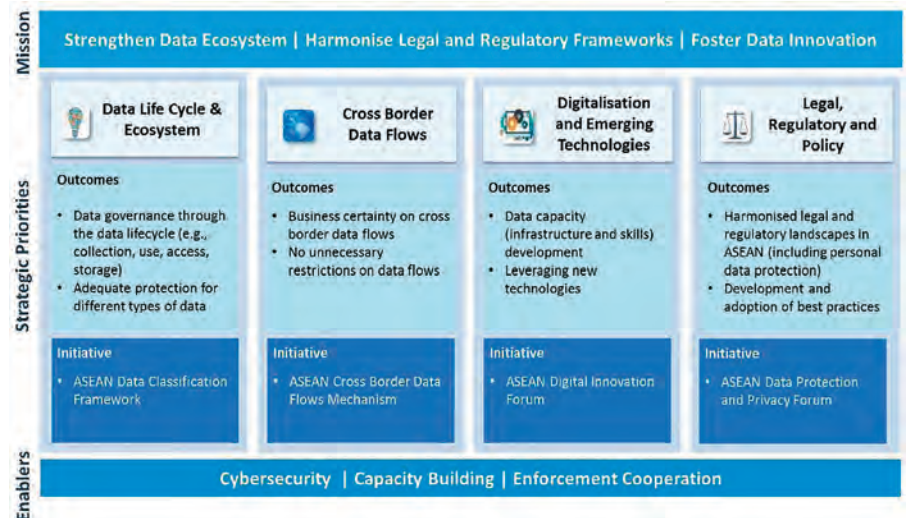
## III. ASEAN Digital Innovation Forum

The ASEAN Digital Innovation Forum will serve as a public-private platform in which the public and private sector can exchange information and insights on emerging digital trends, latest technological developments, and the relevant regulatory issues. The Forum also aims to encourage collaboration between technology firms and other private and public sector organisations, promote data-driven innovation, and improve awareness on key issues such as cybersecurity in ASEAN.

## IV. ASEAN Data Protection and Privacy Forum

The ASEAN Data Protection Forum aims to facilitate the sharing of knowledge and

Figure 1. ASEAN Framework on Digital Data Governance



operational know-how by policy makers and regulators, among others, to help ASEAN Member States which do not have personal data protection authorities in setting up their respective authorities. One of the possible issues to be discussed in the forum includes the enforcement cooperation, more specifically when dealing with cross-jurisdictional issue of data protection enforcement.

### Working group to implement the Framework and how to engage them

To oversee the implementation of the Framework, a working group called the Working Group on Digital Data Governance (WG-DDG) was established in June 2018. The WG-DDG implements the ASEAN Framework on Digital Data Governance with a view for the Framework to provide direction and guidance in strengthening the data ecosystem, achieving legal and regulatory convergence, and fostering data innovation in ASEAN.

To effectively engage the WG-DDG, the recommendations or proposals for collaborations should ideally be aligned with the initiatives to support the realisation of the Framework's strategic priorities. One suggestion is for the private sector to undertake study/survey related to data governance in ASEAN and share the result with the WG-DDG to provide insights and reality check on what are the challenges and barriers for doing cross-border data transfer in the region. Approaching WG-DDG will be the best option for the private sector to discuss technical recommendations on data governance. The other suggestion

is for the private sector to join the ASEAN Digital Innovation Forum as well as the Digital Data Protection Forum to provide insights and discuss issues related, but not limited, to data-driven innovation, cybersecurity, and data and privacy protection.

The next step will be to be mindful of the WG-DDG meeting schedules, which are held at least twice a year from 2018 to 2019 and at least once a year from 2020 onwards. In order to facilitate the engagement with the private sector, a formal request needs to be submitted to the Chair of WG-DDG. Furthermore, the private sector also needs to pay attention to the schedule of the ASEAN Digital Innovation Forum and ASEAN Data Protection and Privacy Forum. On these matters, the private sector might want to consult the ASEAN Secretariat (ASEC) through the email addresses provided on the first page.

Public-private sector collaboration is crucial to realise all of the strategic priorities of the ASEAN Framework on Digital Data Governance. The public sector as the key policy makers and regulators could benefit from industry insights and inputs since the private sector is usually more up-to-date with regard to the latest technological development, and given their practical experience operating businesses on the ground and across jurisdictions. It is hoped that such close collaboration will bring about policies that are relevant and can cope with the rapid changing nature of the digital economy. ■

# THOUGHT LEADERSHIP

## FOUR WAYS TO WIN THE FOURTH INDUSTRIAL REVOLUTION

By Klaus Schwab, Founder and Chairman of the World Economic Forum (WEF)

We've just concluded a year in which countless events demonstrated how rapidly and profoundly new technologies are changing our world—in ways both promising and threatening.

In recent months, to give just a few examples, Alphabet's Waymo division launched America's first commercial self-driving taxi service; China's Xinhua News introduced the world's first A.I.-powered news anchor; and Lockheed Martin began 3D-printing parts for its F-35 fighter jets.

At the same time, social media companies came under scrutiny, as bad actors misused their platforms to hijack elections and incite violence. Some of the world's largest consumer-facing companies fell victim to data breaches affecting hundreds of millions of customers. And as new technologies helped the world's richest people become wealthier than ever, inequality increased, and a disaffected "precarious"—racked by economic and social insecurity—turned its back on elites.

These events remind us that the changes we're experiencing go beyond business as usual. Indeed, they represent a Fourth Industrial Revolution.

This revolution is transforming the world as thoroughly as the 19th- and 20th-century Industrial Revolutions did. Back then, the cutting-edge technologies were steam technology and electricity, trains and cars. Beginning in the 1960s, we saw a third such revolution, with computing at its center. From the first two revolutions, which led to the Gilded Age in America, we know that truly transformative technologies are far more than sets of machinery or tools. They are powerful actors that can change the very core of society.

In hindsight, one can see those transformative eras as smooth evolutionary journeys and forget the rough and even violent disruptions that came with them. But each revolution generated pain and conflict along with progress, and the Fourth Revolution will do the same. The changes it is creating are fast-moving and global, and they will affect governments, civil society, and huge swaths of the population.

Going into 2019, it is in businesses' self-interest and for the greater good that we

### HOW TO LEAD A BUSINESS IN A REVOLUTIONARY ERA

#### COLLABORATE ON NEW RULES

Much of the public fears that companies have a Wild West mentality on such issues as consumer-data sharing and the use of artificial intelligence. Business can restore confidence by collaborating on norms that protect privacy and recognize customers' rights.

#### SHORTEN THE CYCLE

New tools like machine learning and 3D printing can help business leaders more quickly develop and test products, services, and business models—while familiarizing them with the potential and pitfalls of leading-edge tech.

#### PLAN FOR YOUR IMPACT

Powerful technologies usually have a profound environmental and social impact. Companies must get better at planning for such an impact—and mitigating it when it's harmful. The recent move toward 100% carbon neutrality on the part of some industrial companies is an example worth emulating.

#### MAKE NEW ALLIES

Governments, civil-society groups, and workers are all stakeholders when it comes to adaptation to new technology. Business is better off treating them as partners than as adversaries.

shape this Fourth Industrial Revolution more actively. Left unmanaged, technologies will shape us, and in the age of A.I. and malicious "lone wolves," the risk of harm is greater than ever. To counteract it, I propose four points of action.

First, businesses must proactively collaborate to create new norms around technology. Whether in forming agreements about customer-data ownership, the right way to unleash driverless cars in city streets, or rules around A.I., gene editing, or intellectual property, businesses must engage with other stakeholders. Principles of freedom and autonomy can underpin those norms: Users should own their data and be able to transfer it without restrictions, for example, and A.I. and ad targeting should respect certain privacy boundaries.

Companies that fail to act risk shooting themselves in the foot. Already, governments and civil society are showing they will no longer accept business behavior that treats the Fourth Industrial Revolution as a latter-day Wild West. Expect more regulation if companies don't move to sensible self-regulation. That said, state actors and private individuals have important roles to play. Only legislatures, for example, can enact laws that ensure a fairer redistribution of the riches new technologies bring. Workers and employers together need to find the balance between implementing tech that displaces jobs and investing in retraining for new ones.

Governments and international organizations also need to reinvent the United Nations and Bretton Woods framework that shaped the world we live in. Much of that international rules-based order needs a reboot. This will be a major topic at the annual meeting of the World Economic Forum (WEF) in Davos, later in January.

Cooperation doesn't absolve companies of the need to compete, innovate, and evolve. Hence, my second point of action: Now's the time for business leaders of all stripes to experiment more and

faster. Companies have a tremendous opportunity to continuously test and adapt new products and technologies because they can utilize data and feedback gathered in real time—with the help of new tools like machine learning and 3D printing.

Third, businesses need to adopt adequate strategies to respond to technology-driven risks. The WEF's Global Risks Report has shown time and again that widespread cyberattacks are both likely and very impactful, for example, but most companies aren't well equipped to handle them. In 2019, companies may well regret it if they don't address such risks in a thorough, structural way.

Last, business leaders must do more to understand the wider context in which they operate and the unintended consequences their actions may have, and revise their strategies accordingly. No longer can businesses act as if externalities such as environmental damage or social unrest don't exist or aren't their responsibility.

Through it all, we should understand that the Fourth Industrial Revolution will affect not just our industries but also society and the lives of people everywhere. Businesses need to make sure society benefits from technological innovations. Let 2019 be a new dawn on this front. Let this be our joint pledge for a new era. ■

*A version of this article appears in the January 2019 issue of Fortune with the headline "Why Business Must Step Up To Shape The Next Industrial"*



## CAN HACKER-POWERED SECURITY HELP BANKS BUILD DIGITAL TRUST?

Contributed by Hackerone - [www.hackerone.com](http://www.hackerone.com)

According to a new Forrester Research study, seventy-seven percent of banking customers in Asia Pacific prefer digital channels over physical ones when interacting with financial service providers, especially in mobile-first markets like China, India, Thailand, and Indonesia.

As regional and global banks race to satisfy this surging demand for digital banking, Forrester also found that global technology companies are very much in the hunt for this business. When asked who they trust to act in their best financial interests, Indian consumers rank Google first, and tech companies like Amazon, Apple, Samsung, and WeChat vie for other top-five spots across the region.

Delivering any service over the internet is complicated, and cybercriminals are continuously looking for new ways to exploit cracks in digital infrastructure and steal data. Not surprisingly, banks and financial services firms represent one of the most enticing targets. According to Forbes, cybercriminals target banking and financial services companies 300 times more frequently than other industries.

### Hacker-Powered Security Helps Build Trust

Hacker-Powered Security refers to goal-oriented techniques that utilize the ethical hacker community around the world to find unknown security vulnerabilities and reduce cyber risk. Common examples include private bug bounty programs, public bug bounty programs, time-bound

bug bounty programs, hacker-powered penetration testing for compliance, and vulnerability disclosure policies. With hacker-powered security testing, organizations can identify high-value bugs faster with help from the results-driven ethical hacker community.

As one of the top hacker-powered pentesting and bug bounty platform, HackerOne and its nearly 500,000-strong hacker community are trusted by more Forbes Global 1000 enterprises to help them operate safely in a dangerous internet ecosystem.

### Customers Recognize the Power of Hackers To Safeguard Their Data

In another research report, Forrester's consulting arm interviewed several companies that switched from traditional pen testing firms to hacker-powered security to comply with regulations like PCI DSS. Not only did they find more vulnerabilities and achieve better compliance results due to the switch, but they also said that their customers trust them more because they work with hackers.

*"Better compliance is the crown jewel. That is how you establish trust with people."*

*"Trust is a very big factor because we handle customers' operations. Challenges increase the trust level of our customers."*

In an interview with Wall Street Journal, Matt Levine, Global Head of Technology Risk Advisory at Goldman Sachs describes their experience working with hackers as follows:

*"With scanning tools, false-positives are through the roof. A human researcher, however, can provide more information and context about a vulnerability, often leading to Goldman fixing the problem quickly. We don't want problems to sit around."*

Many of the world's most sensitive and security-conscious organizations harness the power of ethical hackers to improve their security and reduce cyber threats and risk. Through pioneering work in partnership with the US Department of Defence and the Singapore Government Technology Agency, the right hackers with the right skills and backgrounds are always available. For some organizations, this means only inviting background-checked and ID-verified hackers into their program. Others leverage our virtual private network technology for complete visibility into, and control over, their hacker-powered security programs.

With or without these optional safeguards, hacker-powered security provides global scale and cutting-edge expertise in an affordable, pay-for-performance model. The net result is more secure digital operations that help you win over tech-savvy consumers and avoid costly breaches. ■

## UPDATES FROM NATIONAL BANKING ASSOCIATIONS



### THE ASSOCIATION OF BANKS IN SINGAPORE (ABS)

#### CHAIRMAN MR SAMUEL N TSIEN

Group Chief Executive Officer and Director, OCBC Bank

At the ABS 46th Annual General Meeting on 28 June 2019, OCBC Bank, represented by Mr Samuel N Tsien assumed chairmanship of The Association of Banks in Singapore.

Mr Tsien is the Group Chief Executive Officer and Executive Director of Oversea-Chinese Banking Corporation Limited (OCBC). He joined OCBC Bank in July 2007 as Senior Executive Vice President and Global Head, Global Corporate Bank overseeing the corporate and commercial banking business at OCBC Bank. Prior to joining OCBC Bank, he was

the President and Chief Executive Officer of China Construction Bank (Asia) when China Construction Bank acquired Bank of America (Asia). From 1995 to 2006, he was President and Chief Executive Officer of Bank of America (Asia), and Asia Consumer and Commercial Banking Group Executive of Bank of America Corporation.

Mr Tsien He is concurrently Chairman of OCBC Wing Hang Bank (China) Ltd and a Commissioner of PT Bank OCBC NISP Tbk. He serves on the boards of major OCBC Group companies, including Great Eastern Holdings Ltd, Bank of Singapore Ltd, OCBC Wing Hang Bank Ltd and OCBC Bank (Malaysia) Berhad. He is also a Director of Mapletree Investments Pte Ltd and International Monetary Conference. His other principal commitments include serving as the Chairman of the Association of Banks in Singapore and Vice Chairman of the IBF Council, a member of the Monetary Authority of Singapore (MAS) Financial Centre Advisory Panel and a member of the MAS Payments Council. Mr Tsien holds a Bachelor of Arts with Honours in Economics from the University of California, Los Angeles. ■



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Mr Paul C G Gwee, Secretary General

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Dr Nguyen Toan Thang, 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, Trade and Technology (COFITT) 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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