



สมาคมธนาคารไทย
THE THAI BANKERS' ASSOCIATION

PRESS RELEASE

The 21st ASEAN Banking Conference and the 46th ASEAN Banking Council Meeting were successfully held from 27th to 30th November 2016 in Bangkok, Thailand. The theme of the conference hosted by The Thai Bankers Association was **“Enhancing and Strengthening the Roles of Regional ASEAN Banks in the context of growing the ASEAN Economic Community (AEC)”**.

This year’s conference held four topical panel discussions on the digital and fintech age, regional trade and investment, sustainable finance and regional infrastructure financing. The commitment of all ASEAN countries was represented by more than three hundred banking executives and experts from prominent banks across ASEAN.

His Excellency Dr Veerathai Santiprabhob, Governor of the Bank of Thailand, gave an inspiring keynote speech. He shared his thoughts on the upcoming challenges for the ASEAN banking industry. The global economic environment is in a state of multiple “lows” – low-growth, low-investment, low-trade volume, low-interest rate, low commodity prices, and low-inflation. The “new mediocre” is not only impacting the stability of the financial system and economic growth but is also catalysing social tensions and geo-political changes. Fast changes in technology can also be a source of stress as current business models are rapidly rendered obsolete by new business models. Going forward, he sees 5 imperatives for the ASEAN banking sector:

- 1) Innovative technology is fast changing financial business landscape and banks have to be proactive in embracing technology.
- 2) There has to be sufficient immunity against the boom and bust of financial cycle. Buffers such as provisions and capital have to be built up by banks during good times to absorb losses during rough times.
- 3) Behaviour and culture within financial institutions must gear towards good governance, soundness and sustainability to pre-empt unwarranted risks. Excessive risk-taking behavior was one key driver during the last Asian and global financial crisis. For ASEAN banks, the newer and younger generation of bankers may not fully appreciate the lessons from the Asian financial crisis.
- 4) Financial institutions need to embrace sustainable banking to ensure sustainable success. This encompasses wide ranging areas from codes of business conduct, responsible lending, environmental policy and financial literacy as well as financial inclusion.
- 5) Finally, ASEAN banks need to intensify their commitment to strengthening regional financial connectivity. ASEAN banks need to increase the usage of cross-border financial services by introducing proper infrastructure platform and fee structure.



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The Chairman of the ASEAN Bankers Association, Chairman of The Indonesian Banks Association (PERBANAS) and President Director and Chief Executive Officer of PT Mandiri (Persero) Tbk, Mr Kartika Wirjoatmodjo, in his opening remarks expressed that this year's conference theme is very apt and timely as 2016 is the inaugural year of the AEC. He stated that in 2016 and going forward, as ASEAN governments focus on completing the remaining AEC 2015 measures and initiate new actions under the AEC Blueprint 2025, it is imperative that the ASEAN financial community take proactive steps to participate in this collaborative process to realise the benefits of greater regional economic integration. Although the journey ahead will certainly not be smooth sailing, he is confident with the ASEAN spirit of being ONE VISION, ONE IDENTITY and ONE COMMUNITY, we will be able to overcome challenges and attain the desired outcome.

It is a milestone for The Thai Bankers Association (TBA) to host the 21st ASEAN Banking Conference and the 46th ASEAN Banking Council Meeting. Mr Pradee Daochai, Chairman of TBA and President of Kasikornbank PLC welcomed all the excellencies, distinguished delegates and guests to the Land of Smiles in the beautiful city of Bangkok, Thailand. Mr Daochai shared the view that the ASEAN financial and banking sector is currently in transition to the new normal economy - the transformation of economic eco-system, and the technology-based competition in financial sector such as fintech, and new regulations and requirements applied to financial institutions. The gathering of bankers and financiers from ASEAN members at this forum is vital, as an approach to strengthen the regional financial sector through collaboration and stride forward with one common goal in enhancing the banking capability to better support regional trade and exports. ASEAN's total trade is currently worth US\$2.27 trillion, with ASEAN attracting as much as \$1.3 billion in foreign direct investment.

Mr Mark Young, Managing Director of Financial Institutions, Fitch Rating, presented an overview and future outlook of the banking sector. A panel dialogue on how banks should adapt in the digital and fintech age was facilitated by Mr Jatin Pant, Partner of McKinsey & Company and discussed extensively by Mr Sopnendu Mohanty, Chief FinTech Officer of the Monetary Authority of Singapore, Mr Teeranun Srihong, Chairman of KASIKORN Business-Technology Group, Mr Korn Chatikavanij, President of the Thai FinTech Club, Mr Mohit Mehrotra, Strategy Consulting Leader, Southeast Asia of MonitorDeloitte and Mr Dilip Rao, Managing Director of Asia-Pacific of Ripple Asia-Pacific. Following this, a panel moderated by Dr Arak Sutivong, Chief Strategy Officer of Siam Commercial Bank, deliberated on how banks can facilitate more regional trade and investment. Panelists were Mr Hendra Lembong, Group Head of Transaction Banking of CIMB group, Mr Charles Vann, Executive Vice President & Executive Director of Canadia Bank, Mr Piyalbutr Cholvijarn, Vice Chairman of The Thai Chamber of Commerce and Dr Julius Caesar Parrenas, Senior Advisor of Nomura Institute of Capital Markets. The afternoon session began with a discussion on how banks can adopt the framework of sustainable finance moderated by Mr John McGinley, Managing Director of Mekong Strategic Partners. Panelists were Mr Frankie Phua, Managing Director and Head, Credit and Country Risk Management Division of United Overseas Bank, Mr Kanoksak Makkamakkul,

Executive Vice President of Bangkok Bank, Mr Shabih A Mohib, Program Leader for Equitable Growth, Finance and Markets of The World Bank and Ms Alison Kennedy, Managing Director of Accenture Strategy. The Conference ended with a panel discussion of how banks can help to develop regional infrastructure moderated by Mr John Ott, Partner of Bain & company. Panelists were Mr Kiatchai Sophastienphong, Vice Minister of Finance of Ministry of Finance, Mr Vijay Pattabharama, Managing Director and Chief Investment Officer of JP Morgan, Mr Wei Cheong, Managing Director of Macquarie Infrastructure & Real Assets, and Mr Tan Chong Huat, Managing Partner of RHTLaw Taylor Wessing.

Following the conference, there was a meeting of the three permanent committees of the ASEAN Banking Council: Cooperation in Finance, Investment and Trade (COFIT), Banking Education and ASEAN Inter-Regional Relations (IRR). Each of these meetings was attended by representatives of the ABA members.

The 46th ASEAN Banking Council Meeting held on 30th November 2016 endorsed the following: -

1. Committee on Cooperation in Finance, Investment and Trade (COFIT) :

In the Digital and Fintech space:

- a) To consider collaborations and shared infrastructure in areas such as KYC, cybersecurity and connectivity standards/open APIs to reduce costs, promote innovation, enhance productivity and customer experience across the region. The Association of Banks in Singapore (ABS) had produced an API Paybooth in October 2016 and Cloud Computing Implementation Guide. ABS will organize a workshop hosted by The Thai Bankers Association (TBA) in Bangkok in Q1 2017 to share experiences and deep dive into API and its potential applications for banks.
- b) With new interest in Blockchain and its applications to FX, cash management and trade finance, another workshop will be organised by ABS to be hosted by PERBANAS in Jakarta in Q2 2017. Blockchain has the potential to drive significant incremental revenue, improve productivity and enhance risk management. Although this technology is still in a nascent stage, payment, FX and clearing appear to be more advanced in adopting it with live or near-live blockchain products being rolled out for these business areas.
- c) Cognisant of the need for Sustainable Financing, ABS and The Association of Banks in Cambodia (ABC) had each issued their countries' respective guidelines on responsible financing. A workshop will be held in Q2 2017, organised by ABS and hosted by ABC in Cambodia in Phnom Penh to share information on responsible financing in each ASEAN country with environment and social considerations.

2. Committee on ASEAN Inter-Regional Relations (IRR) :

The IRR has identified Shanghai, China as its itinerary for the 2017 study tour. Areas of interest will be fintech and more specifically how regulators and banks



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in China adapt to the advent of the fintech opportunities and threat as well as cybersecurity.

3. Committee on Banking Education :

An ASEAN banking education network will meet periodically to discuss efforts to achieve certain minimum standards of skills and best practices in specific areas of banking. Each national banking association will defer to its regulator/responsible body on which areas of banking the latter would be open to harmonise and accept accreditation by cross-border bank associations and authorities.

The 47th ASEAN Banking Council Meeting will be held in Danang, Vietnam in the last week of November 2017 and hosted by the Vietnam Banks' Association.

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The Thai Bankers' Association

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About the ASEAN Bankers Association

The ASEAN Bankers Association (ABA) aims to strengthen the voice of the ASEAN banking community in policy advocacy efforts globally and regionally. ABA promotes active collaboration between ASEAN banking institutions and the national association of banks of the ASEAN countries to provide private sector support in alignment with the goals of the ASEAN Economic Community ("AEC"). Since its establishment in 1976, ABA has provided a platform to share banking knowledge and provide education to promote best-in-class banking practices among the ASEAN member countries.

Further information on ABA is available on the website: www.aseanbankers.org

About the Thai Bankers' Association

The Thai Banker's Association (TBA) was established in September 1958. The main objective is to support the Thai member banks with operation procedure enhancing



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Banks business and investments with co-operation with Thai Government to build the strong economy and future growth. Its key missions are: -

1. To be a platform for member banks collaboration to improve performance capacity, efficiency, and enhance competitiveness to support steady and sustainable growth of economy.
2. To strengthen good recognition in both local and international through active engagement and participation.
3. To work with stakeholders, regulators, and government agencies to improve public awareness and understanding of the industry's contribution to the economy and to ensure the banking customers continue to benefit from a reliable, competitive and accessible banking industry.

Further information on the TBA is available at www.tba.or.th