



## 23RD ASEAN BANKING CONFERENCE & 51ST ASEAN BANKING COUNCIL MEETING

HELD FROM 6 TO 8 DECEMBER 2023, IN VIENTIANE CAPITAL, LAO PDR



## The 23<sup>rd</sup> ASEAN Banking Conference

Vientiane Capital, Lao PDR, 6 December 2023



*Guests of Honour, His Excellency Bounleua Sinxayvoravong, Governor of Bank of the Lao PDR and Her Excellency Khankeo Lamaningao Deputy Governor of Bank of the Lao PDR with Heads of Delegate from 10 National Banking Associations*

The 23rd ASEAN Banking Conference and the 51st ASEAN Banking Council Meeting, hosted by Lao Bankers' Association (LBA) and the ASEAN Bankers Association (ABA) at the Landmark Mekong Riverview Hotel, were a great success with a record turnout of more than 370 delegates of banking executives, regulators, professionals and subject matter experts representing all 10 ASEAN countries, including a strong presence from Laotian delegates as well as global speakers and guests from the World Bank and International Finance Corporation (IFC) as well as Asian Development Bank (ADB) and Bank of International Settlement Innovation Hub (BISIH).

The conference theme was **"Digitalisation and Sustainable Growth in Banking Sector of ASEAN: Opportunities and Challenges"** and featured several thought leadership

presentations with several panel sessions that dug deeper into how digital transformation as well as sustainability have impacted the banking and finance sectors 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, amidst the evolving new normal economic and geopolitical landscapes.



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In her welcoming remarks at the conference, Lao Bankers' Association (LBA), Chairperson, Madame Saysamone Chanthachack remarked that "We are faced with not only a rapidly evolving banking landscape driven by technological advancement, changing customer expectations, and an increasingly complex regulatory environment, but also current global geopolitical issues and an economic environment that are adversely affecting the banking industry worldwide," She added, "It is therefore crucial for us, as leaders in the banking industry, to forge closer cooperation and collaboration to find ways to overcome these challenges collectively so that banks operating in the ASEAN region remain highly competitive, resilient, and relevant in the years to come, thus helping to build the ASEAN Economic Community (AEC), spur growth and development and deepen cooperation within the ASEAN banking sector."



The Chairperson, ASEAN Bankers Association, Daw Khin Saw Oo underlined that, "Digitalisation is leading to the unbundling of bank businesses and their transformation across ASEAN and also has enabled banks to leverage the power of data analytics and artificial intelligence (AI) to make better business decisions and offer personalised services to customers." She added, "new technologies continue to transform the banking industry and increase competition within it, as well as with other industries". Despite the downside risks and uncertainties in the global economic environment, ASEAN still remains vigilant and committed to deepen its economic integration agenda. In

advancing this development, it is reassuring to note that our ASEAN Political Leaders have embarked on the development of a "seamless digital ecosystem" across the region. This is through spearheading the establishment of the ASEAN Digital Economy Framework Agreement (DEFA) for the ASEAN Member States (AMS).



Her remarks were echoed by His Excellency, Dr. Kao Kim Hourn, Secretary-General of ASEAN in his keynote speech through video, where HE noted "ASEAN's financial sector, which has undergone a

massive digital transformation, accelerated by the COVID-19 pandemic. With the irreversible offline-to-online behavioral shift, digital payments are already more than 50 percent of financial transactions and are expected to grow 13 percent annually to USD 1.23 trillion in 2025. Digital lending has likewise grown amidst the high interest rate environment and is expected to grow by 29 percent annually and is projected to reach USD 100 billion in 2025. There is no stopping the digital wave as the traditional financial companies are accelerating to digitalise to retain their customers." HE went on to urge members to "champion advanced digital solutions in accelerating cross-border payment connectivity, particularly on digital interoperable standards to enhance cross-border payment systems" and to "fortify partnership for knowledge-sharing and deployment of financial technologies to extend reliable financial support to MSMEs and other underserved groups such as households, rural and remote communities." Besides the need to be instrumental to "making sustainability and transition a worthwhile and attractive for businesses and investments." And encouraging delegates "to drive discussions on minimising trade finance fraud to ensure a steady flow of financial resources to support regional trade", given that "ASEAN relies on robust and sustainable trade for growth."

His Excellency Bounleua Sinxayvoravong, Governor of Bank of the Lao PDR (BOL), set the tone in his keynote address when he reiterated: "It would be a miss if I do not touch on the technology when we are talking about the banking sector." Particularly he added, in "**Digital transformation**", it is crucial for the ASEAN banking community to embrace change and adapt to the evolving needs of our customers. We must be agile, innovative, and forward-thinking in our approach to ensure that we remain competitive and relevant in the global market." And for "**Financial inclusion**", despite the progress we have made in recent years, millions of people across the ASEAN region



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still lack access to basic financial services. By leveraging technology and innovative solutions, we can bridge this gap and empower individuals and businesses to participate in the formal economy". Including, the critical importance of **"Sustainable finance"**, as the world grapples with the challenges of climate change and environmental degradation, the banking sector has a crucial role to play in promoting sustainable development. We could make important contributions to this effort by integrating environmental, social, and governance (ESG) factors into our lending and investment decisions, we can contribute to a more sustainable and inclusive growth trajectory for the region which, in turn, will contribute to making the world a better place to live for us and for the future generations."



Other high-level speakers and subject matter experts touched on broader topics during panel discussions on "Role of Payments in driving Financial inclusion and Financial Integration across ASEAN" in the transformation of the banking and financial services sectors. In particular, Project Nexus on Multilateral Cross-border payments linkages and its related infrastructures by Ms Maha El Dimachki, Centre Head, BISIH and Role of CBDCs and Stablecoins in the future of Money by subject matter expert from Deloitte & Touche Enterprise Risk Services, Mr Andrew

Koay. Including the topics on Sustainability and Responsible Banking Practices, touching on Embedding Climate Risk Management Practices, Funding Climate Transition and Mobilisation of Capital for Monsoon Wind Power Project by subject matter experts from Oliver Wyman, Mr Sam Ridgeway, from IFC, Mr Weichuan Xu and from ADB, Mr Tarang Khimasia, respectively.



After the main conference, the 51st ASEAN Banking Council and related meetings were also successfully concluded with the report on the launch of the ASEAN Interoperable Data Framework (IDF) in March 2023, which was developed by a COFIT taskforce comprising representatives from the 10 ASEAN Banking Associations, and was now being used in support of Project Nexus on cross border payment connectivity by linking up national real-time payment systems through a multilateral network. It was also agreed to establish a taskforce to look into dispute resolution relating to such payments, with a view for the industry to provide appropriate recommendations to regulators. Another milestone is the launch of the ABA Training Portal for all the members of the national banking associations.

On the sidelines of the conference and meetings, delegates enjoyed many activities including a cocktail reception, Gala Dinner, together with Laotian cultural performances, a city tour including a visit, including the first arranged bilateral meetings between national banking associations - 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, payment & credit card providers and fintech/merchants sponsored exhibition booths alongside the main conference hall presented their products and digital services being offered in the Laotian financial markets to the delegates and guests from the region. E

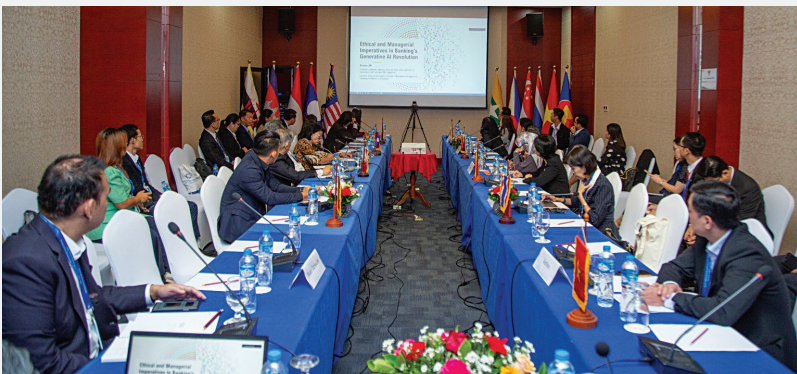


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## THE PERMANENT COMMITTEES IN SESSION – COOPERATION IN FINANCE, INVESTMENT, TRADE & TECHNOLOGY (COFITT)



## THE PERMANENT COMMITTEES IN SESSION - BANKING EDUCATION



## THE PERMANENT COMMITTEES IN SESSION – ASEAN INTER-REGIONAL RELATIONS (IRR)



## THE LAOTIAN CULTURAL PERFORMANCES DURING THE GALA DINNER





# LAUNCH OF CROSS-BORDER REAL-TIME PAYMENT SYSTEMS CONNECTIVITY BETWEEN MALAYSIA AND SINGAPORE



- **Person-to-person (P2P) cross-border fund transfers are now enabled via DuitNow and PayNow**
- **Users can transfer funds instantly between the two countries by using just the recipient's mobile phone number or Virtual Payment Address (VPA)<sup>[1]</sup>**

Bank Negara Malaysia (BNM) and the Monetary Authority of Singapore (MAS) have jointly launched the real-time payment systems linkage between Malaysia's DuitNow and Singapore's PayNow. The initiative follows the QR payment linkage announced on 31 March 2023 which enabled cross-border QR payments to merchants. BNM Governor Datuk Abdul Rasheed Ghaffour and MAS Managing Director Mr Ravi Menon marked the launch by executing live cross-border fund transfers to each other at the Singapore FinTech Festival today.


The DuitNow-PayNow linkage enables instant, secure and cost-effective P2P fund transfers and remittances between the two countries. This real-time payment systems linkage is also the first to include the participation of non-bank financial institutions from both countries, providing access to a broader group of users. Consumers of participating financial institutions<sup>[2]</sup> are now able to send and receive funds of up to RM3,000 or S\$1,000 daily by using the recipient's mobile phone number or VPA.

For users in Malaysia, the service will first be available for all Maybank, CIMB and TNG Digital's users<sup>[3]</sup> with other financial institutions gradually onboarded thereafter. The service will be made available to Singapore customers of Liquid Group, Maybank Singapore, OCBC and UOB under a phased approach,

where these institutions will progressively increase the number of eligible user groups from today until end-January 2024. This is to support customers' familiarisation with the service.

The DuitNow-PayNow linkage is an outcome of extensive collaboration among the central banks, payment system operators,<sup>[4]</sup> scheme owners, and participating financial institutions of both countries. It is an important milestone in improving the cost, speed, access and transparency of cross-border payments. Users from both countries will benefit from the linkage's cost-effectiveness, inclusivity and accessibility. It is also aligned with the objectives of the ASEAN Payment Connectivity Initiative and the G20 Roadmap for Enhancing Cross-border Payments. In 2022, P2P and remittance transactions between the two countries stood at RM7.8 billion/ S\$2.3 billion.

BNM Governor Datuk Abdul Rasheed Ghaffour said, "Cross-border payments that are fast, secure, and cost-efficient can provide immense benefits, especially for individuals and small businesses in countries with very close economic ties such as Malaysia and Singapore. The DuitNow-PayNow linkage enables us to reap these benefits towards our shared growth and prosperity, while laying the foundations for scalable cross-border payment networks across and beyond ASEAN."

MAS Managing Director Mr Ravi Menon said, "The PayNow-DuitNow linkage is the culmination of a shared aspiration by Singapore and Malaysia to facilitate cross-border payments between our two countries. This linkage represents another step toward ASEAN's vision for regional payments interconnectivity." 

[1] A Virtual Payment Address is an identifier used by Singapore non-bank financial institutions which are uniquely linked to a person's bank account. An example of a LiquidPay VPA is +651234567#XNAP.

[2] Participants from Malaysia are CIMB Bank Malaysia Berhad, Malayan Banking Berhad and TNG Digital Sdn. Bhd. (non-bank financial institution). Participants from Singapore are Liquid Group (non-bank financial institution), Maybank Singapore, OCBC and UOB. Malaysia's Hong Leong Bank Berhad and Singapore's DBS will join at a later stage.

[3] For TNG Digital users, the service will be offered on a phased approach with outbound service (i.e., Malaysia to Singapore) to be available immediately and inbound service (Singapore to Malaysia) to be offered in December 2023.

[4] Payments Network Malaysia and Singapore's Banking Computer Services Pte Ltd.



## LAUNCH OF CROSS-BORDER QR PAYMENTS LINKAGE & LETTER OF INTENT (LOI) TO ESTABLISH LOCAL CURRENCY SETTLEMENT FRAMEWORK BETWEEN INDONESIA & SINGAPORE



Bank Indonesia (BI) and the Monetary Authority of Singapore (MAS) launched the cross-border quick response (QR) payment linkage between Indonesia and Singapore. This linkage enables customers of participating financial institutions<sup>[1]</sup> to make seamless cross-border retail payments using their existing mobile banking applications to scan QRIS (Quick Response Code Indonesian Standard) or NETS QR codes<sup>[2]</sup> displayed by merchants in Indonesia and Singapore respectively. BI Governor, Perry Warjiyo, and MAS Managing Director, Ravi Menon, jointly launched the linkage by making live cross-border QR payments at the Singapore FinTech Festival 2023.

This cross-border QR payment linkage is a significant milestone in the efforts by BI and MAS to promote greater integration of the digital economy and financial ecosystem, as well as to boost economic connectivity between Indonesia and Singapore. With greater payment convenience, this linkage can enable micro and small businesses to tap into a new pool of customers in each other's economies. It will also benefit a significant number of travellers between the two countries, with travel rebounding post-pandemic – in the first half of

2023, there were 600,000 arrivals from Singapore to Indonesia, and 1.1 million travellers from Indonesia to Singapore<sup>[3]</sup>.

BI and MAS have also signed a Letter of Intent (LOI) to establish a Local Currency Settlement Framework. When operationalised in 2024, the framework will facilitate the settlement of cross-border payments, including QR payments, trade and investments between Indonesia and Singapore in their respective local currencies. This will help businesses and other users reduce their exposure to exchange rate risks and costs. The LOI follows the signing of a Memorandum of Understanding on a framework for cooperation to promote bilateral transactions in local currency (LCT Framework) by both central banks in August 2022<sup>[4]</sup> and is in line with ASEAN financial integration efforts to facilitate the wider use of local currencies in intra-ASEAN transactions<sup>[5]</sup>.

Mr Perry Warjiyo, Governor of Bank Indonesia said, "Cross-border QR payment linkage between Indonesia and Singapore will promote faster, cheaper, more transparent, and more inclusive cross-border payments, particularly for the benefits

[1] Participating financial institutions from Singapore are OCBC and UOB, with DBS joining at a later stage. Participating financial institutions from Indonesia are PT Bank Central Asia Tbk, PT Bank CIMB Niaga Tbk, PT Bank Pembangunan Daerah Bali, PT Bank Permata Tbk, PT Bank Syariah Indonesia Tbk, PT Bank Mega Tbk, PT Bank Sinarmas Tbk, PT Bank Rakyat Indonesia Tbk, PT Espay Debit Indonesia Koe, PT Netzme Kreasi Indonesia.

[2] QRIS is the national standard of QR code payments in Indonesia. NETS QR is the QR code solution operated by Singapore electronic payment network NETS. QRIS and NETS QR allow merchants to accept payments from customers of different participating banks and e-wallet operators using a unified QR code.

[3] Data of January to June 2023 (source: Statistics Indonesia and Statistics Singapore, 2023).

[4] <https://www.mas.gov.sg/news/media-releases/2022/indonesia-and-singapore-cross-border-qr-code-payments-connectivity-and-use-of-local-currencies-for-bilateral-transactions>

[5] The 10th ASEAN Finance Ministers and Central Bank Governors Meeting in August 2023 endorsed the High Level Principles to guide the development of an ASEAN Local Currency Transactions (LCT) Framework to enhance accessibility and efficiency in local currency transactions and promote its wider adoption by market participants in the region.



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of micro, small, and medium enterprises. The linkage serves as follow-up of the commitment among ASEAN members on Regional Payment Connectivity, and the Indonesian Payment Systems Blueprint 2025. It provides a more convenient and efficient payment method for users. In our ongoing commitment, we are also excited to announce our strategic initiative to promote a wider use of local currencies in bilateral transactions through the LCT framework, which is expected to be implemented in 2024. After LCT Framework implementation, the cross-border QR payment linkage initiative will use direct quotations of local currency exchange rates provided by the Appointed Cross Currency Dealer (ACCD) banks."

Mr Ravi Menon, Managing Director of MAS, said, "The QRIS-NETS QR payment linkage will promote cross-border

e-commerce activities and tourism spending across Singapore and Indonesia, by individuals and small businesses. The upcoming local currency settlement framework by BI and MAS will complement this payment linkage by facilitating the use of Indonesia Rupiah and Singapore Dollar for the settlement of cross-border payments. These initiatives mark another milestone for Singapore's growing cross-border payments linkages with key regional economies."

This QRIS-NETS QR payment linkage has been made possible through strong industry collaboration championed by BI and MAS, alongside close partnerships with the Indonesian Payment System Association (ASPI), RAJA (Rintis, Artajasa, Jalin, and Alto), Network for Electronic Transfers (Singapore) Pte Ltd (NETS) and participating financial institutions. ■

## 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 23rd ASEAN Banking Conference and the 51st ASEAN Banking Council Meeting that took place in Vientiane Capital, Lao PDR in December 2023 have seen resounding and remarkable success, with more than 370 participants attending the Conference, followed with the Council Meeting. This is one of the largest attendances and for the first time that Lao PDR has hosted the ASEAN Banking Conference in its history.

On behalf of ABA, we want to express our heartfelt and deepest appreciation to Lao Bankers Association (LBA) for their whole-hearted reception and warm Laotian hospitality. We are also very grateful to LBA for inviting His Excellency, Bounleua Sinxayvoravong, Governor of Bank of the Lao PDR and His Excellency, Dr Kao Kim Hourn, 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 **"Digitalisation and Sustainable Growth in Banking Sector of ASEAN: Opportunities and Challenges"**.

On the back of this theme, presentations and panel discussions were held around how financial institutions should adapt, embrace and leverage in the digital transformation, including payment connectivity, the future of money, like CBDCs, stablecoins, etc and sustainability and responsible banking practices. These were done with the objectives to innovate and meet new in business needs in sustainable and resilient manner for growing the 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 growing age of bilateral connectivity through Interoperable QR Code for cross border payments in ASEAN, it was agreed to establish a taskforce to look into dispute resolution relating to such payments, with a view for the industry to provide appropriate recommendations to regulators. Another milestone is the launch of the ABA Training Portal for all the members of the national banking associations.

The economic outlook for ASEAN in 2024 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 2024, despite the headwinds from geopolitical and climate changes. 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 ecosystem through the ASEAN Digital Economy Framework Agreement (DEFA).

As we move forward into the threshold of the New Year 2024, let me wish all who are celebrating the Lunar New Year a blessed and bountiful year with good health. GONG XI FA CAI and Happy Tet! ■

Mr Paul C G Gwee





# UNLOCKING GENERATIVE AI'S VAST POTENTIAL IN BANKING

## REFLECTIONS ONE YEAR AFTER THE LAUNCH OF CHATGPT

*Contributed by Zhou Na, Head of Data and Analytics, Asia Pacific;  
and Edmund Lim, Principal, Oliver Wyman. This article was originally  
published on Oliver Wyman's website in December 2023.*

One year ago, OpenAI launched ChatGPT, which captivated the world with its ability to produce remarkably humanlike text responses. The event ignited a surge of interest in generative artificial intelligence (AI), prompting organisations to explore how the technology could transform their operations. Banking executives in particular have come under pressure to incorporate generative AI into business processes. Already, despite skepticism and divisions, many leading firms are actively experimenting and laying the foundations to operationalise and harness its capabilities at scale.

While we are still in the nascent stages of generative AI, three key conditions — technology advancement, customer adoption, and regulatory clarity — indicate that the technology is here to stay. The major tech players are constantly vying for market share, investing heavily in research and development, and rapidly releasing new and improved models and features.

Customer interest and adoption of generative AI have also continued to grow quickly. In Oliver Wyman Forum's recent Global Consumer Sentiment survey, 62% of respondents reported engaging with generative AI within the past three months. Despite concerns surrounding the potential risks, an encouraging 49% of participants expressed a high level of trust in the technology.

Although regulation typically lags behind the innovation curve, there have been significant regulatory developments in the AI landscape. The G7 recently reached a consensus on an AI Code of Conduct, while President Biden signed an executive order mandating a comprehensive framework for safe, ethical, and secure AI advancement. Shortly thereafter, the Bletchley Declaration on AI was announced, with leaders from 28 countries and the EU pledging to establish a global framework for AI safety. Notably, high-risk sectors such as financial services will be required to meet specific technical standards, which will be drafted in the coming years.

### HOW GENERATIVE AI COULD TRANSFORM BANKING

The potential of generative AI seems boundless, but the truly transformative applications in banking are still unknown — but two plausible versions emerge.

On the more radical end of the spectrum, we foresee a potential future scenario where banking value chains undergo a dramatic overhaul. AI-powered agents would assume a central and proactive role in decisions such as authorisation of payments, while investigative processes would become fully automated or replaced.



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The more probable scenario, however, is an evolution rather than a revolution. Banking value chains would remain familiar, but banks would channel their energies into applications, crafting a multitude of innovative generative AI use cases to streamline the user experience for both consumers and employees. In this vision, generative AI would become an integral, largely unnoticed component of daily life where users, recognising the substantial advantages the technology brings, are “trained” to tolerate its limitations.

## WHERE BANKS NOW STAND IN GENERATIVE AI

Most banks are still in the early stage of deploying generative AI and have yet to make significant progress in its adoption. Still, we have seen leading players proactively exploring opportunities. Their immediate-term focus has been on developing lower-risk, internal-facing applications that demonstrate tangible productivity benefits in day-to-day operations.

Early examples of this include generative AI-powered “co-pilot” tools designed to augment employee decision-making processes, particularly within the back- and middle-office functions. Thus far, the preference has been for off-the-shelf solutions with simple contextualisation and customisation options. These solutions are scalable and cater to various departments, ranging from IT for code generation to the legal and compliance teams for policy and regulation summarisation and report drafting.

Companies already have realised significant benefits. For instance, Marsh McLennan deployed a proprietary generative AI assistant called LenAI, and early adopters reported saving an average of eight hours per week when using the tool. Additionally, they reported spending 20% less time on simple,

repetitive tasks, and reallocating that time toward more complex tasks. This, however, merely scratches the surface of the true impact generative AI can achieve. We anticipate mass uptake in key functions in the coming years — both ready-to-use co-pilot tools and more tailored productivity boosters for specific banking functions.

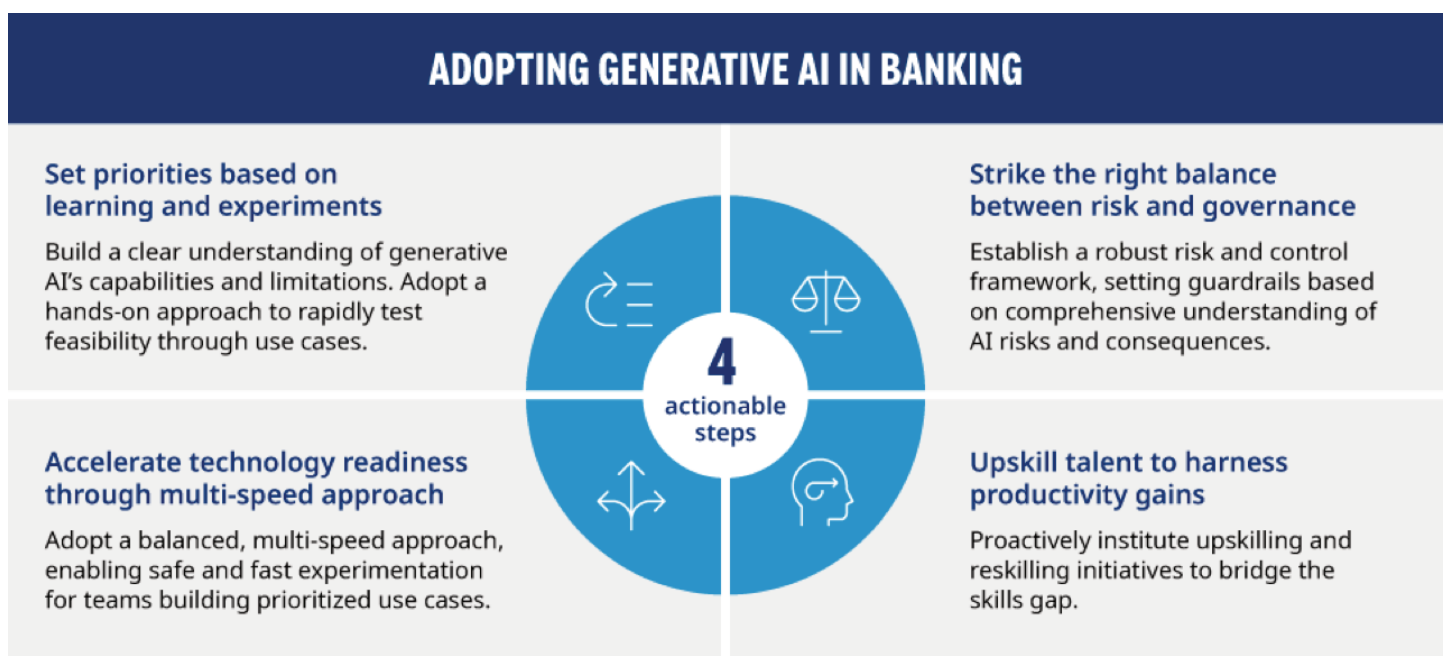
## INTEGRATING GENERATIVE AI WITH OTHER AI TECHNOLOGIES

Leading banks also are looking beyond individual use cases and focusing on big wins that could transform their operating models. We can anticipate the emergence of increasingly sophisticated applications that harness the power of both generative AI and conventional predictive AI/machine learning technologies. This integration will unlock a new realm of capabilities and further propel the potential of AI within the financial industry.

Through Oliver Wyman’s work, we have already witnessed some impactful pilot applications. For instance, one prominent global bank is leveraging a combination of AI technologies to empower its risk and compliance managers. In the face of a rapidly evolving regulatory landscape and a vast amount of information from various data sources, this innovative solution automatically keeps these managers informed about regulatory updates and changes in real-time. Moreover, it extracts key insights in a manner that aligns with the expertise and decision-making processes of a typical compliance officer. In another client example, a bank deployed a surveillance tool that combines generative AI and reinforcement learning. The tool monitors employees’ social media marketing activities, flagging any suspicious or unauthorised behavior that may result in regulatory censures.

## ACTIONS BANKS MUST TAKE IMMEDIATELY TO ADOPT GENERATIVE AI

To secure a competitive edge in the evolving landscape, banks are at a crucial juncture for determining where and how to begin.





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## UNLOCKING GENERATIVE AI'S VAST POTENTIAL IN BANKING

REFLECTIONS ONE YEAR AFTER  
THE LAUNCH OF CHATGPT

Here are four actionable steps for banks today:

### 1 SET PRIORITIES BASED ON LEARNING AND EXPERIMENTS

With the surge in interest in generative AI, banks often find themselves inundated with potential applications. Traditional prioritisation methods, conducted without a practical grasp of the technology, can lead to misguided decisions. To identify truly impactful opportunities, banks must build a clear understanding of the capabilities and limitations of generative AI. They must also adopt a practical, hands-on approach to rapidly test feasibility through actual use case experiments, enabling them to assess risk and validate business cases. This approach ensures that investments are placed strategically.

### 2 STRIKE THE RIGHT BALANCE BETWEEN RISK AND GOVERNANCE

Inaction is not the low-risk option when it comes to generative AI. Banks must establish a robust risk and control framework, setting guardrails firmly grounded in a comprehensive understanding of AI risks and their potential consequences. However, existing risk management processes need an overhaul to effectively manage risks emerging from generative AI. These processes often focus on traditional model risk metrics such as minimizing error rates, an approach that may be myopic. It is essential that organisations recognize the long-term impact of generative AI on their standing and prioritize the management of reputational and legal risks.

### 3 ACCELERATE TECHNOLOGY READINESS THROUGH A MULTI-SPEED APPROACH

To expedite their journey into generative AI, banks must adopt a more balanced, multi-speed approach, facilitating safe and fast experimentation for key teams tasked with building prioritised use cases in the immediate term. Simultaneously, they must ensure that their technology infrastructure and proprietary data is ready for the longer term to power future modelling requirements with the required flexibility, while also prioritising aspects of security and privacy.

### 4 UPSKILL TALENT TO HARNESS PRODUCTIVITY GAINS

The demand for generative AI skills is expected to outpace the available talent pool. To bridge this skills gap, organisations must proactively institute upskilling and reskilling initiatives.

### THE SKILLS LEADERS IN GENERATIVE AI NEED

While the immediate actions described above set the foundation, true leadership in generative AI extends beyond these measures. Leaders need to have a longer-term view by preparing for future disruptive scenarios that the technology could bring. That requires establishing the right organisational environment for innovation.

First, effective leaders articulate a clear vision for AI adoption aligned with their internal risk tolerance and organisational objectives. This strategic clarity becomes a guiding force in helping banks decide their big bets for future growth. Second, these leaders possess the ability to discern emerging trends, both within and beyond the banking industry. They excel in identifying and validating novel business models and product value propositions deeply rooted in the bank's core strengths. Finally, a hallmark of generative AI leadership is the ability to swiftly adapt global innovations to fit local market dynamics. Leaders excel not only in innovation but also in the strategic acquisition of emerging technologies, ensuring relevance in a rapidly changing landscape.

Generative AI has surged in the past year, with tech giants driving innovation and regulators emphasizing safe, ethical, and secure development. The future for banks in generative AI promises transformative potential, necessitating immediate actions. Organisations must identify impactful use cases, balance risk and governance, accelerate technology readiness, and rapidly upskill talent. True leadership requires foresight, trend discernment, and the agility to adapt innovations locally. As generative AI cements its place, organisations need to act swiftly to position themselves at the forefront of this revolution. ■



## CALENDAR OF EVENTS

PROGRAMMES	DATE	VENUE	HOST/ORGANISER/SUPPORTING ORGANISATION
ASEAN Data Interoperable Framework – Workshop & Taskforce Meeting	January – June 2024	Virtual via Teams	The Association of Banks in Singapore – (Chair of COFITT - ABS) and ASEAN Bankers Association (ABA)
ASEAN Central Bank Governors & FI CEOs Dialogue	4 Apr 2024	Luang Prabang, Lao PDR	Bank of the Lao PDR (BOL), Lao Bankers' Association (LBA) and ASEAN Bankers Association

## CHAIRMAN, ASEAN BANKERS ASSOCIATION



**PRESIDENT**  
**BANKERS ASSOCIATION OF THE PHILIPPINES (BAP)**  
**JOSE TEODORO K LIMCAOCO,**  
**PRESIDENT & CEO,**  
**BANK OF THE PHILIPPINE ISLANDS (BPI)**

At the 51st ASEAN Banking Council Meeting on 8 December 2023 following the 8th AGM held in Vientiane Capital, Lao PDR, the President of The Bankers Association of the Philippines (BAP), Mr Jose (TG) Teodoro K Limcaoco assumes the Chairmanship of the ASEAN Bankers Association.

TG Limcaoco was appointed President and CEO of Bank of the Philippine Islands (BPI) on April 22, 2021. He has served as Director and a Member of the Executive Committee since February 2019.

He is Chairman of BPI Wealth – A Trust Corporation, Bank of the Philippine Islands (Europe) Plc., BPI Capital Corporation, BPI/MS Insurance Corporation, and BPI AIA Life Assurance Corporation. He is Vice Chairman of BPI Century Tokyo Lease & Finance Corporation and BPI Century Tokyo Rental Corporation. He is President and Vice Chairman of The Bank of the Philippine Islands Foundation, Inc. He is President of the Bankers Association of the Philippines and Chairman of Philippine Payments Management Inc.

Before coming to BPI, he was the Chief Finance Officer, Chief Risk Officer, and Chief Sustainability Officer of Ayala Corporation, a PSE-listed company. He was also the Chairman of AC Energy International, Inc. (formerly Presage Corporation) and the President and CEO of AC


Ventures Holding Corp. He was also a Director of several Ayala companies, including publicly listed Globe Telecom and Integrated Micro-electronics Inc, and the energy, infrastructure, industrials and healthcare companies of Ayala. He was also a director of the companies that operated G-Cash and Zalora Philippines.

Previously, he served as President of BPI Family Savings Bank from 2010-2015 and President of BPI Capital Corporation from 2007- 2010. He has also served as Officer-in-Charge for Ayala Life Assurance, Inc. and as Director and Chairman of Ayala Plans, Inc.

Mr. Limcaoco joined Ayala Corporation as a Managing Director in 1998. Prior to his appointment as CFO in April 2015, he held various responsibilities including Trustee and Treasurer of Ayala Foundation, Inc., President of myAyala.com, and CFO of Azalea Technology Investments, Inc. He served as the President of the Chamber of Thrift Banks from 2013-2015. He was named as the ING-Finex CFO of the Year in 2018. He has held prior positions with JP Morgan & Co. in Singapore and New York and with BZW Asia.

He is also a Director of Just For Kids, Inc., a family business.

He is a current member of the Management Association of the Philippines, the Financial Executives Institute of the Philippines (FINEX) and the Rotary Club of Makati West (where he is a Past President).

He graduated from Stanford University with a BS Mathematical Sciences degree (Honors Program) in 1984 and from the Wharton School of the University of Pennsylvania with an MBA (Finance and Investment Management) in 1988. 





## EDITORIAL TEAM

### ABA SECRETARIAT

Mr Paul C G Gwee, Secretary General

### LIAISON OFFICES

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Junaidi bin Haji Masri, Chairman

Pengiran Aki Ismasufian bin Pengiran Haji Ibrahim, Vice Chairman

Mr Howard Low Boon Keng, Secretary & Treasurer

#### The Association of Banks in Cambodia

Mr Raymond Sia, Chairman

Dato Mohd Hanif Suadi, Vice Chairman

Mr Han Peng Kwang, Treasurer

#### The Indonesian Banks Association (PERBANAS)

Mr Kartika Wirjoatmodjo, Chairman

Ms Anika Faisal, Secretary General

Ms Dana Afriza, Executive Director

#### Lao Bankers' Association

Ms Samsamone Chanthachack, Chairperson

Mr Inpong Siliphouthone, Liaison Officer

#### The Association of Banks in Malaysia

Dato' Khairussaleh Ramli, Chairman

Ms Kalpana Sambasivamurthy, Executive Director

#### Myanmar Banks Association

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Mr Nay Aung, Vice Chairman

Mr Ung Kyaw Myo, Secretary General

#### Bankers Association of the Philippines

Mr Jose Teodoro K Limcaoco, President

Ms Lynette V Ortiz, First Vice President

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Mr. Kobsak Duangdee, Secretary General

#### Vietnam Banks' Association

Mr. Pham Duc An, Chairman

Dr Nguyen Quoc Hung, 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.

## ADVERTISEMENTS

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