

ABS 50th Annual Dinner

Speech by Mr Wee Ee Cheong, Outgoing ABS Chairman

23 June 2023 at Shangri-La Singapore

Guest of honour, Mr Tharman Shanmugaratnam, Senior Minister, Coordinating Minister for Social Policies and Chairman of the MAS.

Senior officials of the MAS.

Fellow Council Members.

Distinguished guests, ladies, and gentlemen.

A very good evening. I am happy to see everyone together again.

The last time we gathered for this dinner was four years ago, in 2019. Months later, COVID-19 hit. When I took over as ABS chair for the fifth time in 2021, it was done in a much smaller group. We had to be socially-distanced. I am glad that tonight, all of us can be here in full force.

We have emerged stronger from COVID. But before we can catch a breather – new challenges are already here. While Singapore has strong fundamentals, and the public is confident in our banks, elsewhere, the erosion of trust has unsettled the banking sector. Globally it may take some time for things to stabilise. Other challenges also remain – stubbornly high inflation, geopolitical tensions, recession risks to name a few.

And it is now over to you, Piyush.

I have been fortunate in taking over the chairmanship when major storms were over, and things were on the upswing. In the past four rounds, and most recently, in 2021, when we were learning to live and operate in a new normal.

As we all know, there is never an easy year in banking with an ever-changing landscape.

Again, all the best to you, Piyush!

ABS 50 – Tribute

Tonight, we celebrate the 50th anniversary of ABS, our Golden Jubilee, an important milestone for our industry. This is an achievement that we should all be proud of.

Over the years, ABS has become a credible and trusted voice for the industry, representing the collective interests of member banks. It works with various stakeholders (MAS, member banks and industry partners), to help build Singapore into a vibrant financial centre that we see today.

Thank you everyone, for your unwavering support and strong teamwork to make this happen. Special thanks to the permanent secretariat, which had provided continuity all these years. Especially to our key pillar – Ai Boon – thank you for your steadfast commitment over the past 40 years. You are a strong unifying force in bringing us all together. Let us give Ai Boon and her team a round of applause!

Trust and role of banks in the economy

As we celebrate our 50 years, we take stock of what has served us well in the past and will guide us into the future.

At the heart of it all is trust – mutual trust among members and trust in banks by the public and other stakeholders. The trust we have now was built through decades of sound and credible actions by the industry and ABS.

In recent years, ABS has also catalysed and enabled a series of important industry initiatives, such as PayNow, transition to SORA, and the industry's COVID-19 response.

At the industry level, the latest Banking Trust Index for Singapore found that more people believe that banks will do right by them. This is a good sign. Well done, good job, everyone!

Trust is, and will always be, key to the business of banking and for any country, any company. ABS and banks have the responsibility to put customers' interest at the front and centre. Let us all bear this in mind and never take customers' confidence in us for granted.

The fundamental responsibility of banks is to support sustainable economic growth – this is something that we, as bankers, should never forget.

We do this through our many roles – safeguarding depositors' monies, providing credit, creating liquidity, improving customers' lives, and helping businesses and communities grow.

A sound, robust and thriving banking industry uplifts all segments of society – individuals, families and businesses. In the last 50 years, banks here have contributed to Singapore's economic growth – from third world to first – in a single generation.

A strong and resilient banking industry is vital to the economic health of a nation. So, it is our responsibility to ensure that banks remain robust to continue to play our part.

At the same time, we must stay nimble and progressive. At ABS, we strive to keep up with the changing environment.

Embracing digitalisation

Embracing digitalisation is one key area. As an industry, we need to prioritise and focus on what will move the needle, given limited resources. We need a holistic view and steer changes at the industry level, with ultimate objectives in mind.

ABS Digitalisation Standing Committee was formed in 2021 to help strategically coordinate industry initiatives.

Much work has been done in the past two years on the digital front. For example, to achieve standardisation and efficiency, we adopted a single operator approach for all ABS-led industry platforms such as PayNow and eGIRO. Similarly, we started to streamline banks' inter-connections with third parties to a single platform.

We continued to forge ahead in transforming payments and trade finance. In late 2021, we launched eGIRO, which reshapes the paper process into a real-time online service. It was rapidly adopted.

The PayNow lookup service, which allows instant transfers via FAST payment rail, continued to be the preferred mode of e-payment. Registrations and transaction volumes hit new highs last year, with 7.6 million users, and transaction value at 123 billion dollars.

We also established cross-border linkages for PayNow, to Thailand, India and soon, to Malaysia.

On trade finance, ABS is working with the Government to develop the digital Banker's Guarantee platform for government agencies. I'm also pleased to announce the launch of the Trade Finance Registry or TFR, today.

TFR mitigates the risk of multiple financing of an underlying trade by banks in Singapore. With a centralised digital record of trade transactions, it will be easier to flag duplicate transactions. This initiative will help enhance trust and confidence among banks and traders. It will strengthen Singapore's reputation as one of the world's leading centres for trade.

Responsible Innovation – Balancing convenience and security

As we make payments increasingly frictionless and digital, we must weigh the trade-off between convenience and security. We must innovate but do so in a responsible manner. The onus is on banks to ensure that banking services are secure to uphold customers' trust.

Preventing scams is a major priority for all. On our part, banks have stepped up efforts to educate customers against scams, so that they can use our digital infrastructure with confidence. A standing committee on fraud was formed in 2022 to combat scams. We adopted industry-wide tactical measures and rolled out public education campaigns.

But this is not enough. The way scammers operate continues to evolve. According to the police, in 2022, scam cases increased by about 33% year on year. It was not just the elderly who fell prey to scams. More than half of the scam victims were younger people, between 20 and 39 years of age.

We must double down on our efforts to educate and protect customers. This requires a whole ecosystem approach, not just banks, but also the authorities, the telcos, and the merchants. At the same time, bank customers must continue to stay vigilant. Everyone has a part to play.

Sustainability – Banks can lead the charge

The same goes for climate change. It requires efforts from all quarters.

Now, more than ever, investors and consumers are putting pressure on companies to adopt sustainable business practices. Banks play a critical role in the transition to a low carbon economy.

ABS has been working with stakeholders to set industry standards, build capacity, and serve as a collective voice for banks. This includes supporting businesses through providing access to sustainable finance. We work with industry partners to enhance environmental risk management and ESG data collection. We advocate best practices in sustainable investments, so that they are credible and can make meaningful impact. Last year, we launched Guidelines for Sustainable Private Banking and Wealth Management.

Banks have a responsibility to ensure that resources are channeled to where it matters most. We must remain committed to helping our customers and communities on their sustainability journeys.

An evolving job landscape

The job of a banker has evolved with time and has become much more complex. Now, the workforce is more diverse than ever.

The pandemic may be over, but remote, hybrid and flexi working are here to stay. Digitalisation, automation and AI have brought about a big wave of change. These transformations are real and happening right before us.

The beauty of AI is that it helps us scale up and improve productivity. But AI isn't here to replace emotional intelligence, empathy, active listening, and judgment of human beings.

Nonetheless, with technology, the nature of jobs is changing. And we must protect workers. The banking industry needs to think of new ways to bring out the best from our people. Technology is a tool that can help us. But we should not let technology take over us.

Reskilling and upskilling are still our best bets to develop a future-ready workforce. So that people can harness technology to help them do their work better. Instead of letting technology disrupt and displace us, let us use it to add value to our people.

Let us continue to invest in our people, grow our own timber even as we attract bright minds to Singapore.

On the topic of human capital, ABS has also been contributing in a small way to developing the region's talents across various disciplines. ABS has been managing the Dr Goh Keng Swee Scholarship Fund since 1993. Last year, banks topped up \$5m to the Fund, which now stands at \$11m, to enable the Scholarship programme to be sustained. The Board of GKS Fund would like to thank the industry for the generous contribution.

Conclusion

The trust ABS has built up over the past 50 years has given us a strong foundation as we navigate the next 50 years and beyond. Let us continue to build on this trust, to work together closely, to foster a strong, resilient and progressive industry, so that we can fulfil our collective responsibility to drive economic growth and to strengthen Singapore's position as a leading global financial centre.

On this note, I want to thank the following:

Fellow council members, member banks, the various committees and taskforces, and our partners, for all your contributions.

The ABS secretariat, Ai Boon and her team, for your dedication.

And, our guest of honour, SM Tharman, for your strong leadership and support of the financial sector all these years.

Thank you!