

ABS Lunar New Year Lunch
Wednesday, 5 February 2020

1. Good afternoon to all of you – our fellow ABS Council Members, Fellow Bankers, our Distinguished Guests from the MAS, and all Colleagues from the ABS. Welcome to our Chinese New Year gathering.
2. This is one of the only two events every year that banking industry practitioners gather together. I understand that we had over 1,000 people registered for today's luncheon. On behalf of the industry, I welcome and appreciate your presence.
3. This is the first time I can remember that the Western New Year is so close to the Chinese New Year. So, let me start off by first wishing everyone a healthy and prosperous 2020, and a successful and rewarding Chinese New Year.
4. Wishing every one of you

事事如意 家家平安 年年有餘 順順利利
鴻運當頭 龍馬精神 步步高升 生意興隆
也 祝願大家 遠离感染 百毒不侵 身體健康 四季平安

5. This is the Year of the Rat. I am happy to see so many of you take time off from the *Rat Race* to come together and celebrate this occasion as colleagues and as friends.
6. The Rat, as many of you know, is the first animal in the 12-year Chinese Zodiac cycle. The last time it was the Year of the Rat, however, was a down period for many of us in the room. It was right in the midst of the Global Financial Crisis.
7. How things have changed since the last time it was Year of the Rat. We have seen an extraordinarily long period of growth almost never seen before in history. The US and many other equities markets continue to break records despite numerous geo-political and social events around the world.
8. But I would advise against excessive exuberance. Many of the old and new risk events are with us. Even though the US and China have signed the Phase 1 trade deal and there is a truce, there's still some way to go for a full conclusion, let alone a comprehensive resolution between the two super economies. Brexit is still "Brexiting". Corona virus has become increasingly threatening. And, there is also simmering tensions in the Middle East.
9. Some say bankers are like farmers and economists – that we worry too much: Too much rain, too much sunshine. Too much liquidity when companies don't borrow, too much leverage when they do borrow. Too much inflation, no inflation

10. However, since we play a critical role in the well-being of the financial system, we need to stay alert to risks and, of course, also to opportunities. We cannot blindly follow the *Pied Pipers* to be drowned. We need to *smell a rat* before the cheese is gone and avoid falling into *rat traps*.
11. Ancient legend has it that the Jade Emperor decreed that he would invite all the animals to a party and the order of the Zodiac Cycle would be decided by the order in which they reached the party. The Rat convinced the Ox to give him a lift to go there. But just as they were about to reach the finish line, the Rat jumped off the Ox and landed ahead of the Ox to become the first to arrive.
12. Now, some would say the Rat was shrewd, but not so ethical. Its action would certainly be frowned upon today by the Culture and Conduct Steering Group and would not meet the standards of the MAS.
13. But there are also good things we can learn from Rats, especially in this digital age where FinTech is help driving our growth and productivity. Rats are *Nimble, Agile, Smart, Alert; they are Opportunistic and Fast* when it comes to navigating landscapes.
14. Co-incidentally, these are also the characteristics we need in the digital world. Banks must constantly stay *Nimble, Agile, Alert, Smart, Fast and Evolve* in the face of technological advances and competition.
15. This time next year, we will welcome our new peers operating under the new digital banking licences. They are certainly *not "lab rats"* for us to observe, but are new species for us to learn from.
16. We are partners and peers. We make financial services more complete. We each fill gaps and not erode the cheese pie. I would expect the conventional model to be supplemented by their internal *Rat Patrol* squads, just like the American TV series in the late 60's and early 70's, to become more penetrating and fast footed. This will put all of us in good stead for the future.
17. Before I close, let me wish you "Be Healthy, Be Safe and Be Strong. In the meantime, ...
 - a. Be prepared with your BCP for the possible further onset of the corona-virus
 - b. Be prepared for the transition of SOR to SORA
 - c. Be prepared for the implementation of the revised MAS 656
 - d. Be prepared for the uplift your AML processes, and
 - e. And, never be too pessimistic, and Be prepared for a V-shape Recovery, as it may come sooner that you think
18. With that, I will not hold everyone back from the sumptuous lunch awaiting us. Let me now scurry back to my seat to allow the feast to begin.
19. Ladies and Gentlemen, 恭喜发财 to All.