

ABS Annual Dinner

28 June 2016

**Speech by ABS Chairman Mr Wee Ee Cheong
Deputy Chairman and Chief Executive Officer, UOB Group**

Good evening,

Mr Lim Hng Kiang, Minister for Trade and Industry and Deputy Chairman of the Monetary Authority of Singapore;

Distinguished guests, fellow council members, ladies and gentlemen.

Macro backdrop and technology trends

A very warm welcome to all! This time last year, when I took over the ABS chairmanship, we spoke about the global economy trying to find its footing, even as the situation in Europe was evolving. Since then, markets have become even more volatile and complex. And are expected to remain so.

The world economy is struggling for growth amid changing geopolitical dynamics. The last 12 months have been choppy, marked by tumbling oil prices, concerns over China's slowing economy and sharp movements in currencies.

Just a few days ago, UK voted on its referendum to leave the EU. It's too early to determine the wider impact. But we believe Asia is in a better shape to handle such shocks compared to the previous crises in 1998 and 2008.

The immediate financial impact is on forex and the more flexible forex regimes in most Asian countries means the shocks on domestic economies can be more manageable. We have to watch market developments closely.

This reflects the paradox of our world. Even as countries and people become more integrated and interdependent with globalisation – through policy or technology - the desire for autonomy remains, even intensifying.

In our part of the world, we see increasing connectivity through initiatives such as the ASEAN Economic Community, Trans-Pacific Partnership, Regional Comprehensive Economic Partnership and One Belt One Road. We all know the economic potential of connectivity and an integrated ASEAN, especially with its strategic location and favourable demographics. We also need to be realistic about the practical challenges, especially given the different stages of development, diverse cultures and national priorities. Through continued engagement, a

practical, paced approach and learning from past lessons, we hope to realise the collective potential of the region.

Specific to our industry, the forces of change, especially technology, are bringing people closer together. We are moving fast towards a shared economy, enabled by digital connectivity. Yet our customers want to be treated as individuals. They expect personalised service, to be engaged in real-time, seamlessly and conveniently, and in ways that meet their changing lifestyle needs. These have prompted banks to review critically and to transform their business models, to ride on the forces of change for sustainable growth.

As stewards of the banking industry, member banks are working closely with regulators and other stakeholders to address these opportunities and challenges.

Key initiatives

In the last 12 months, various initiatives and activities were undertaken to ensure our customers have a meaningful and safe banking experience, while preparing the industry for the future.

Customer experience & safeguarding their interests

To increase the adoption of FAST (or real-time fund transfers) for retail and corporate customers, the transaction limit was raised and 5 more banks joined the network, bringing the total number of participating banks to 19.

We are also progressively rolling out unified-points-of-sale at major retail outlets, which will simplify the payment experience for merchants.

Up next is the centralised addressing scheme, which will allow customers to transfer funds using just the recipient's mobile number. This service is expected to be launched by next year.

These are some examples of how we are using technology to improve customer experience, making banking easier and simpler for all.

There is also much talk about how traditional banking is being disrupted by fintech. Areas such as electronic payments, crowd-funding, peer-to-peer lending, robo-advisory, blockchain technology, biometrics and so on.

As an industry, we must keep an open mind and be prepared to adapt our processes and services quickly to meet customers' fast-changing needs. Collaboration and co-creation of innovation solutions with eco-system partners is increasingly seen as the way forward.

In this regard, API adoption is key. In March this year, MAS and ABS jointly organised a conference for subject-matter experts and practitioners to share insights in developing API-friendly services.

We continue with more innovation initiatives leading up to the Fintech Festival in November – the first of its kind in Asia. Among the activities, we will see the world’s best minds come together to co-create solutions for the financial industry, through the global hackcelerator.

We are also encouraged by progressive moves on the regulatory front, such as the recently announced regulatory sandbox, crowdfunding guidelines and, something we always welcome - funding schemes!

These promote innovation while safeguarding the interests of consumers and investors. It demonstrates the commitment to ensure the right balance is struck between encouraging enterprise and ensuring control.

Likewise, as more activities take place digitally, more vigilance is needed to keep cyber-crime at bay. ABS has developed guidelines to strengthen cyber-security, information management and outsourcing.

Other initiatives to safeguard consumer interests during the year include the Repayment Assistance Scheme, ABS code for personal data protection, ongoing efforts in consumer education and raising financial advisory standards.

We made headway too in our efforts to drive responsible financing.

Preparing our people for the future

With the long-term in mind, the industry invested in training to equip our people with skills for the future.

As a member of SkillsFuture Financial Sector Tripartite Committee, ABS worked with MAS and NTUC on various initiatives to help prepare the workforce for the challenges ahead. These are aimed at enhancing versatility, facilitating mobility and building resilience in our people. For instance, the Financial Industry Career Advisory Centre provides career guidance to those interested to enter or to move to new roles within the financial sector.

Our efforts are built on the foundation that ABS has laid over the years in developing a strong local talent pool to serve customers with the highest professional standards.

By promoting best banking practices, we help to reinforce trust and confidence in the industry both at home and overseas.

Staying relevant and ABS' strategic role

ABS plays an increasingly strategic role in bringing together industry players to shape the future of Singapore banking. Especially at a time when the nation and industry are at an inflexion point.

As I mentioned last year, it took Singapore 50 years to make it to where we are, but it may not even take the next five years for the industry to be radically transformed.

We may not know what shape or form the industry will be in by then. What we do know is we have to be open-minded, nimble and enterprising.

This is the same spirit that has driven our success in the past. It is even more crucial now in determining our future. And it plays to Singapore's strength as a small nation in a highly competitive world. Being small allows us to be more agile in adapting to rapid changes in our

As Minister Heng Swee Keat said earlier this year, there is no sunset industry, only a sunset mindset. We need the wisdom to learn, un-learn and re-learn. The courage to take risks, to experiment and to persevere in times of failure. And the imagination to turn disruption into transformation.

This requires the collective effort of all stakeholders – banks, business partners, regulators and customers - for the health of the overall economy is linked closely to the financial sector.

To stay relevant and vibrant, we have to keep attracting and developing talent, business and investments through market-friendly policies and practices. Together, we must continue to uphold the trust and confidence in Singapore banking - our reputation for integrity, efficiency and opportunity - which has been built up over the years.

On behalf of ABS, I look forward to working closely with all of you to ensure our continue success.

On this note, I'd like to thank council members, member banks, the various committees and taskforces, and our partners for your contributions.

My deepest appreciation to Ai Boon and her team at ABS secretariat, for their dedication and support.

Thank you.

It's now my privilege to invite Minister Lim Hng Kiang to address us.