

ABS Annual Dinner

30 June 2015

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

Good evening,

Mr Tharman Shanmugaratnam, Deputy Prime Minister, Minister of Finance and Chairman of the Monetary Authority of Singapore;

Mr Ravi Menon, Managing Director, Monetary Authority of Singapore;

Distinguished guests, fellow council members, ladies and gentlemen.

A very warm welcome to all!

Thank you, Sam, for leading ABS over the past two years. When I last took over as ABS chairman 6 years ago, your predecessor, David Conner, had remarked that I was fortunate to be taking over when the economy and markets were rebounding. Well, let's hope it comes true this time round!

However, the facts are: 6 years after the global financial crisis, heightened volatility and complexity in financial markets remain. The global economy is still trying to find its footing even as geopolitical dynamics are shifting. Even as we are speaking, the situation in Europe and Greece is evolving.

Beyond the cyclical issues, the underlying structural drivers have become more pronounced. Asia is clearly on its way to be a global economic powerhouse. Its rising middle income, intra-regional trade and investments; India's economic transformation; China's rapid growth and increasing influence in the global arena. Much has been said about all of these.

Closer to home, all eyes are on ASEAN as the Asean Economic Community (AEC) takes form by end of the year. The vision of a single market and production base of 600 million consumers. As a bloc, Asean is now 7th largest country in the world and is expected to be the 4th largest by 2030. There are implementation challenges but efforts are underway to address them.

Another clear trend is increasing connectivity, on the physical and digital fronts. Amid the conflicting forces of global inter-dependence and economic nationalism, there are moves to strengthen linkages among countries and regions. AEC is one example.

Then there is China. Its 'one belt one road' and infrastructure connectivity initiatives through vehicles such as the Asian Infrastructure Investment Bank. As for digital, it has no regard for the physical. It is transforming industries and consumer behaviour at a pace and manner not seen before. The notion that the world needs banking but not banks is more real than ever.

We know it took Singapore 50 years to make it to where we are today - a vibrant global financial centre. But it may not even take the next 5 years for the industry to be radically transformed as it adjusts to the forces we are witnessing.

So what do all these mean for us? How does our industry stay relevant?

We have a head start. Given our geography, infrastructure, business-friendly policies and expertise, Singapore banking is well-placed to seize the tremendous opportunities with the rise of Asia. We can continue to play an effective role as a hub and gateway in a world of increasing connectivity and cross-border flows.

But other countries are fast catching up in seizing these opportunities. They are putting in place strategies, policies and infrastructure. Such 'hardware' can always be replicated.

What is more sustainable as a differentiator is the 'software' in terms of our people and culture. How capable, resourceful and adaptable we are in making our eco-system viable and dynamic. And how fast we move. Being small can be an advantage as it allows us to be more nimble in adapting to rapid changes in the world.

In the face of uncertainties, what is certain for now is the robust reputation of Singapore and its financial system. This takes us far. And we, the industry, have a responsibility to uphold it. How do we do it? It's back to the basics, the fundamentals that have brought us to where we are today. Being far-sighted and open-minded. Being enterprising and pragmatic. Ultimately, being committed to build a better future for generations to come. Just as these fundamental principles had driven our success in the past, they will continue to determine our future. And in my view, they are particularly important to our industry at this stage of growth.

First, being far-sighted and open-minded. In the face of major technology and consumer trends, building capabilities and equipping our people for the future are key priorities. And we have to move fast to get ahead. The Government is taking the lead with its SkillsFuture and Smart Nation movements and programmes such as the latest Financial Sector Technology & Innovation scheme. The industry also recognises the need for new expertise and

management capabilities to take us forward. Hence the stepping up of investment in innovation, training and development of our people.

All the while, we are mindful that openness, whether in terms of the economy, industry or people, are key to Singapore's success. If we want to stay relevant in the global arena, we cannot afford to be inward-looking. The competition is out there. We are where we are today because we are a place where talent, wealth and knowledge gather. And in our interconnected world, none of these have boundaries.

So as we build the Singapore core, we must be receptive to, attract and retain, the best ideas, talent and capital, wherever they are from. If we don't, others will.

Second, being enterprising and pragmatic. Enterprise and innovation are key to our future success. These need to be embedded in our culture, which will take time and the collective effort of all stakeholders. Regulations are necessary to ensure the system stays robust. But good governance looks beyond the form. It does not hamper enterprise and innovation, which are at the heart of vibrant, sustainable businesses.

To succeed in this uncertain digital world, there must be room for experimentation, risk-taking and learning from mistakes. We are where we are today, because we have been pragmatic and entrepreneurial. Striking the right balance is essential to ensure the quality of governance and accountability in the industry.

Ultimately, in being committed to building a better future for our stakeholders, we need to do what is right for the long-term. This will in turn reinforce trust and confidence in the industry. It is our responsibility as stewards of the banking industry to do so.

This brings us back to our reason for being, as laid down in the vision and mission statements of ABS. That is: To foster Singapore's reputation as an international financial sector. And to do so by being 'a platform for our members to engage with multiple stakeholders to promote best banking practices in a collaborative, open and transparent manner'. All of us here are stakeholders with this common purpose. I look forward to working closely with all of you, as we chart our future direction together.

Thank you.

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