

**The Association of Banks in Singapore**  
**36<sup>th</sup> Annual Dinner**  
**Speech by Mr David Conner, Outgoing ABS Chairman**  
**Friday, 26 June 2009**

Mr Goh Chok Tong, Senior Minister and Chairman of the Monetary Authority of Singapore,  
MAS Officials,  
Fellow ABS Council Members,  
Distinguished Guests,  
Ladies and Gentlemen.

A very warm welcome to you all, and in particular, to our Guest-of-Honor, Senior Minister Goh Chok Tong. SM Goh, thank you for gracing tonight's dinner.

Before I start my speech, please allow me to thank all those who have offered their condolences on the passing of my beloved wife, Selina, last week. My family and I have been comforted by the countless heartfelt messages we received and want everyone to know that we are most grateful for the sincerity and warmth extended to us in this time of grief. We are truly blessed to be members of the Singapore community. Thank you.

So much has happened between mid-2007, when I took over as ABS Chairman, and now. The last 24 months saw tremendous upheavals in the global economy in general, and the banking and financial industry in particular. With Singapore solidly plugged into the international markets, there was no way for us to escape the fall-out. Spurred by the UK and the US, unprecedented rescue and stimulus packages were implemented by numerous governments, including across Asia, and Singapore. In short, the response from the governments of affected nations has been extraordinarily comprehensive, swift and substantive.

Singapore broke new ground when the government brought forward its 2009 Budget and dipped into the country's reserves to deliver a \$20.5 billion resilience package. The spending package, designed to support employment, lending to SMEs, and the economy as a whole, was welcomed by employers and employees alike, and certainly all of us in

banking and finance. I am pleased to report that the banks have responded to the challenge to lend to SMEs, with some \$2.8 billion of Spring Singapore loans having been approved for disbursement as of the latest available statistics.

Measures that helped support the financial industry, in particular, included the government's guarantee of non-bank deposits placed with licensed deposit taking institutions here. While I think all of us would agree that Singapore's banks are well capitalized and not in need of government support, the swift implementation of this deposit guarantee helped preserve Singapore's competitiveness as a leading financial center when a number of other countries announced similar guarantees.

Other measures that were significantly helpful to the financial sector included enhanced training and hiring support under the MAS Financial Sector Development Fund. These were threefold;

- first, increases in the co-funding amounts under the Financial Training Scheme, particularly for Financial Industry Competency Standards accredited programs,
- second, broadening of approved masters degree disciplines under the Finance Scholarship Program and,
- third, funding support for hiring fresh local university graduates under the Graduate Immersion Program.

These incentives have been most welcome as they have encouraged the industry to continue investing in training and hiring despite the uncertainties ahead.

So, allow me to thank Senior Minister Goh and the MAS for the measures taken by the government to mitigate the effects of the current international financial crisis. I know I speak for all ABS members when I say we pledge to do our part to continue the effective working relationship between the Singapore government and the banking industry going forward.

Unfortunately, events continue to indicate the road ahead is likely to be challenging. In spite of the recent rally in equities, sentiments remain that a sustained turnaround is still far from certain as demand for Asia's exports in North America, Europe and Japan is not likely to recover soon. Therefore economic recovery for Asia, when it begins, may very well be slow and prolonged. The uncertainty is further compounded by the H1N1 flu

outbreak, North Korea's underground nuclear bomb test and missile launches as well as spreading unrest in the Middle East. In short, continued vigilance for the banking industry is very much in order.

Turning now to ABS activities over the past year, I am pleased to report that ABS has successfully achieved many of the tasks it had set for itself. Details of the Association's work in the last two years can be found in the annual reports for FY 07 and 08.

Let me summarise for you some of the more salient achievements in the past 12 months:

#### 1. Exercise Raffles II

A highlight of 2008 was the successful industry-wide business continuity management (BCM) exercise code-named "Raffles II". This exercise, which was jointly staged by ABS, MAS and the Ministry of Home Affairs, adopted a flu pandemic scenario in view that a global outbreak was regarded as an ongoing threat. Feedback from participants was that they came out of the exercise with a better understanding of their own level of preparedness in coping with a flu pandemic. Equally important, it also allowed the financial sector to integrate their contingency plans with those of Singapore as a whole, as led by the Singapore Government.

The exercise proved timely. Many lessons learned during Raffles II were subsequently put into practice when the H1N1 virus surfaced in April this year. The insights derived from the exercise had without doubt prepared participating banks to respond swiftly at the inception of the virus outbreak, and ABS also played an active role in discussions with the banking community on the industry's response.

I'd like to thank all of you involved in the exercise for making Raffles II a resounding success.

#### 2. Consortium for Countering the Financing of Terrorism

The threat of terrorism continues to remain very real and banks must play their part to counter terrorism financing. In this regard, ABS signed a tripartite MOU last year with the S.Rajaratnam School of International Studies and the Ministry of Home Affairs to establish the Consortium for Countering the Financing of Terrorism. The Consortium, together with the

ABS' annual seminar on Countering Financing of Terrorism, will help raise awareness of terrorism financing and provide banks with updates on developments to enhance their preventive measures.

### 3. Service Standards

In 2008, ABS was into its second year administering the Excellent Service Awards (EXSA) for the banking sector. I am pleased to report that the award has attracted growing support, reflecting the banking community's greater emphasis on service excellence.

In 2008, we received a total of 1,655 nominations for the awards from 10 banks and financial institutions. This represented a surge of 150% over the 627 nominations received in 2007. I commend all the banks involved for their commitment to upholding high service standards and rewarding their service champions.

### 4. Consumer Related Activities

One major priority for the banking industry remains, particularly in difficult times, and that is maintaining a high level of confidence in the industry in the minds of our customers. How a bank treats its customers can make or break its reputation, and this was made painfully clear to many member banks after the collapse of Lehman Brothers, when numerous investors incurred losses from various Lehman linked notes and structured products, leading to hundreds of complaints and claims for compensation from those institutions which distributed such products.

To address the gaps in some of the banks' sales processes, MAS drafted a set of guidelines last year, focusing on fair dealing by financial institutions so that customers can have confidence that their interests are treated as paramount when they deal with banks. ABS provided significant input in the framing of the fair dealing guidelines, which were released this year.

In addition, MAS circulated a Consultation Paper on possible changes to the current regulatory regime, including the Financial Advisors Act, governing the sale and marketing of unlisted investment products, so as to further safeguard consumer interests and promote higher industry standards. ABS responded with a detailed submission of the industry's perspective, concerns and suggestions on the proposed changes.

In conclusion, I have been encouraged by the enthusiastic participation of ABS member banks in these various initiatives to actively shape the future of our industry.

Ladies & Gentlemen, I wish to also put on record the sadness the Association, the banking industry and I personally felt at the untimely death of our friend and colleague, Richard Stanley, the late CEO of DBS Bank in April. I know I speak for all who knew Rich that Singapore was deprived of an exceptional banking talent and fine man.

It leaves me now only to say: Thank you, council members, member banks, the various standing committees and taskforces, for your generous support in helping me discharge my responsibilities as Chairman. Thanks too to Mrs Ong-Ang Ai Boon and the ABS secretariat for the sterling work they have done for the banking community over the years.

It is now my pleasure to pass the ABS Chairman's baton over to Wee Ee Cheong and to wish him all the best. In doing so I want to point out that each time I have taken over as ABS Chairman, both in 2002/3 and then in 2007, the stock and property markets have taken a tumble. The good news is that when I handed over to Ee Cheong in 2003, the markets and the economy rebounded quite quickly. Let's all hope he can pull off another rebound soon!

Congratulations, Ee Cheong! And thank you all!