

ABS 36th Annual Dinner: 26 June 2009
Speech by Mr Wee Ee Cheong (Incoming ABS Chairman)

Senior Minister Goh Chok Tong, Chairman of the Monetary Authority of Singapore;

Distinguished guests;

Fellow Council Members;

Ladies and Gentlemen;

- Good evening and a warm welcome to everyone.
- Thank you, Senior Minister, for gracing this event. It's an honor to have you with us tonight. And we look forward to your insights on the economic and banking landscape.
- What a difference a year makes. I'm sure many of us sitting here will acknowledge this has been the most challenging period in our profession. We are humbled and taken aback by the drastic changes in the banking world.
- ☪ During the year, we also lost a fellow banker, a friend, a leader. Last year, Richard Stanley was with us at this dinner. We miss him here today, and acknowledge this sad loss to the Singapore banking industry.
- ☪ We appreciate that David is back from the U.S. to be with us tonight. We extend to him and his family our deepest condolences on the passing of his wife, Selina.
- ☪ It certainly has been a tough year in many ways.
- Developments in the past 12 months have been dramatic, to say the least.
- ☪ What began as sub-prime mortgage problems in the US evolved into a full-blown global financial melt-down.

- ☞ Singapore has not been spared. GDP contracted 10.1% year-on-year in the first quarter of 2009. And the full-year contraction is expected at 6 to 9%, the worst on record since Singapore's independence.
- ☞ But by all measures, the impact on our local banking system is more manageable than some other parts of the world. In fact, the flight to quality in the midst of this global shake-out has presented opportunities for regional financial hubs such as Singapore.
- ☞ The much spoken-about safe haven flows into the country attests to the stability of this system. And for this, we applaud the MAS, for its prudent and disciplined approach in regulating financial institutions all these years.
- ☞ There have been invaluable lessons learnt. As they say, 'never waste a crisis'. We should emerge stronger to face the future.
- The crisis is a wake-up call for players, not just in banking, but other industries.
- We need to re-focus on the core fundamentals in running a business - the disciplined approach in understanding the profile of customers, the risks we take and if they are commensurate with returns.
- ☞ It is also a stark reminder that trust and reputation are the cornerstone of banking business. No matter how sophisticated, no matter how complex, ours is an industry that is underpinned by the fundamental building blocks of 'confidence, integrity and trust'. These are basic principles in running a bank – principles which may have been forgotten along the way.
- The global banking landscape is being transformed, even as we speak. It may be too early to tell what shape and form it will take. But I'm convinced it will lead to a stronger and more robust industry in the longer-run.
- ☞ On the economic front, there are signs to suggest recovery. But how soon and how strong? No one knows for sure.

- cs What we do know is that the current crisis is very different from previous ones. The creative destruction caused by the shadow banking system clearly requires more than traditional policy measures. And while policy responses are in the right direction, the distressed balance sheets of financial institutions can only be restored over time.
- cs So while we may be experiencing a bottoming-out process, it may be long-drawn.
- Notwithstanding this, the bright spot is that the impact on Asia (where we are situated) is cyclical rather than structural. That also means the region is in a better position to rebound faster when the recovery comes.
 - On the banking front, there is an expected shift towards a 'new financial order', to re-establish 'confidence' in the system.
 - How, then, should we respond, as an industry, and as individual banks?
 - In some countries, there are concerns that the lack of regulatory oversight had contributed to severity of the financial crisis.
 - From the business standpoint, we must guard against the risk of knee-jerk reaction in going overboard with tightening of regulations. A 'pendulum swing' syndrome potentially stifles innovation and enterprise, which drive value creation.
 - The key word here is 'balance'. It's important to have sound regulatory structures in place, and there should also be room for businesses to grow. The system should work well - not just for consumers, but businesses.
 - We have to be pragmatic and market-driven. At the end of the day, we are in a risk-management business. And our collective aim is to ensure the vibrancy and competitiveness of the Singapore financial industry over the long-run.
 - It's also with long-term growth in mind that we, as an industry, must continue to invest in infrastructure and talent.

- Sun Zi, the renowned Chinese military strategist said, “In peace prepare for war, in war prepare for peace”. In our context, times like these are good opportunities to strengthen capabilities to position for the upturn. Because a service & knowledge-based industry like ours can only be as good as its people. For Singapore in particular, human talent is our key resource.
- I urge all players to embrace continuous training and upgrading of skills, through avenues such as the Financial Industry Competency Standards (or FICS).
- As bankers, regardless of the brand name we represent, we need to band together in this financial storm. We need to rebuild banking into a business that instills confidence and inspires vision.
- I’m confident we can come out of this stronger. The fact that we’re still here, means we’ve made it through, some would say, the worst. And enduring such adversities will stand us in good stead as we move forth as a team.
- ABS plays a critical role during this transformational period. I urge all members to continue to proactively leverage on the ABS platform, as we engage the public, regulators and other stakeholders. Collectively, let us build a more robust and resilient industry for years to come.
- Finally, as the incoming chairman, I wish to place on record our appreciation to David for his leadership and achievements of ABS in the past two years.
- I look forward to working closely with you, other council members and of course, our long-standing ABS director, Ai Boon.
- Ai Boon and her dedicated team have been the pillar of strength for ABS over these years.
- Thank you all. And it’s now my privilege to invite our Senior Minister and Chairman of MAS, Mr Goh Chock Tong, to address us.