

38th ABS Annual Dinner: 28 June 2011

Remarks by Mr Wee Ee Cheong, Outgoing ABS Chairman

Good evening:

Mr Lim Hng Kiang, Minister for Trade and Industry and Deputy Chairman of MAS;

Distinguished Guests;

Fellow Council Members;

Ladies and Gentlemen.

A very warm welcome to all.

Our special thanks to Minister Lim for joining us tonight, as he did four years ago.

That evening, I also addressed the audience as the outgoing ABS chairman.

Today, UOB completes another two-year term of office.

These last two years was the period that saw us out of the global financial crisis, with the Asian economy and banking industry rebounding strongly.

As David Conner had remarked when I became chairman, I was fortunate to be steering ABS through the upturn in the cycle.

And as I pass the baton this evening, I hope the external environment will be even more favourable under our new chairman, Piyush Gupta.

One thing is certain. Our operating environment is becoming more and more volatile and complex.

The West is still struggling with the lack of growth, while the East is grappling with asset inflation risk. In fact, it was this time last year that we were trying to cope with double-dip risk in the US and debt crisis in Europe. And now, these issues have surfaced again.

Post-crisis, the uneven pace of growth in the global economy has led to many policy dilemmas. Policy-makers face challenges in balancing re-regulations and the role of market forces. As Ravi Menon said recently in a speech, "It's not about more regulation and less markets...It's about better regulation and better functioning markets."

In our increasingly inter-connected world, there is the added complexity from the need for cross-border coordination. It becomes more challenging when we have different countries at different stages of development, with different dynamics and needs. In essence, there is no one-size-fits-all.

In Asia, rising affluence, consumer leveraging up and technology are transforming the dynamics of our operating environment. At the same time, the region is experiencing the unintended consequences of loose monetary conditions of the West. If left unchecked, risks can build up rapidly.

History always repeats itself, in one form or another. The Asian crisis of 1998 was the result of excessive corporate leverage. If we are not careful now, consumer leverage may well lead to the next crisis in Asia.

So what does it mean for us as industry players, especially in Asia?

While the new environment poses unprecedented risks, it also opens up unprecedented opportunities.

We know we must continue to grow, to innovate and to build capabilities.

At the same time, in the face of complexity and volatility, we must anchor deep, and focus on fundamentals.

Essentially, banking is about managing risk and the balance sheet.

Integrity, trust and confidence – these are the cornerstones of banking.

Discipline in understanding the customer profile, the risks we take and how they commensurate with returns – these are building blocks for a sustainable franchise.

These “basics of banking” may have been forgotten along the way, as we pursue growth and innovation to enhance shareholder value.

There is a saying, “success is the result of applying the basics, consistently.”

A conducive environment that encourages healthy risk-taking and innovation; a resilient and progressive financial system – these benefit all.

As responsible, long-term industry players, we recognise the importance of strengthening governance, while fostering enterprise.

We all have a role to play, to ensure the continued relevance and competitiveness of Singapore as a financial centre.

And what part, do we at the Association, play in this?

At ABS, we are committed to investing in the long-term robustness and growth of Singapore's financial sector.

- We serve as an active platform for industry collaboration and coordination (made more relevant in these times);
- We raise the industry's standards, resilience and engagement with stakeholders;
- We position the industry for sustainable growth, through capabilities development and training programmes, especially as people are the key resource for our industry and for Singapore.

I won't go into the details of ABS's activities – they're all in our annual report.

But over the last two years, we have done quite a bit to help steer us forward.

- We have kept the customer in focus, building their trust and confidence through measures such as the fair dealing guidelines;
- We strengthened the industry's resilience through steps such as putting in place a more robust market fixing infrastructure;
- We continued to engage the MAS in open, active dialogue; and
- We have positioned the ABS to represent the interests of our industry more comprehensively, in order to serve you (our members) better.

Just this evening, member banks approved our merger with the Singapore Investment Banking Association (or SIBA).

So let me now extend a very warm welcome to new members of our enlarged family, many of whom are here tonight.

Let's embrace our collective future with optimism and vigour.

Together, let's take the industry to even greater heights!

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

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

It is now my privilege to hand over the chair to Piyush.
Congratulations, Piyush. We wish you all the best!
Thank you.

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