Finance Sector in ASEAN: "Implications of the Liberalisation of Financial Services for Labour in the Region"

By Nguyen Xuan Huong Mai, UNI Global Union - Asia & Pacific
(UNI Apro) and graduate of National University of Singapore

Abstract

This paper is part of the FES-ASETUC[1] research project that seeks to understand and map out the current phase and pace of the ASEAN Economic Integration plan (under the ASEAN Economic Community Blueprint). In this section, the sector in focus is on the ASEAN Framework Agreement on Services (AFAS) in particular on the liberalization of financial services in the region. By giving an appreciation to the scheme of integration in financial services, it then attempts to highlight the implications, consequences and issues that are confronting the workers and trade unions in ASEAN.

Scope of the Paper

As mentioned above, the scope of discussion in this paper will focus mainly on the liberalization of financial services under AFAS. It, however, acknowledges that the ASEAN Economic Community Blueprint would include a more extensive discussion on the finance sector that will only be mentioned briefly in this paper.

Secondly, it investigates only eight out of the ten ASEAN countries as it is in these countries where the UNI Global Union – Asia & Pacific Regional Organization (UNI Apro), one of the GUFs active in ASETUC and one of the movers of this research project, has developed a membership base. The "UNI Apro countries" are Indonesia, Malaysia, Philippines, Singapore, Thailand, Cambodia, Laos, and Vietnam. Some brief analyses of Brunei and Burma are also presented in this paper for reference.

The paper is divided into three main parts. **Part One** presents facts, figures and trends pertinent to the general **finance industry in Southeast Asia**. It is further divded into several sections. Section 1 discusses country-level economic indicators over a fifteen-year period (1994 to 2008). These indicators are deemed important in determining the level, extent, and trends of economic activity in the region's finance sector before, during, and after the 1997 Asian financial crisis and the recent global financial crisis that started in the United States. Section 2 is essentially a mapping of major banks that are operating in the region. Aside from revealing who the key industry players are, the map signals the level of their activity and points further to the significance of the sector to the region. Section 3 is an addendum to the previous section: it

[1] This study is commissioned by the global union federations (GUFs) that have organized the ASEAN Service Employee Trade Union Council (ASETUC) and by the Friedrich Ebert Stiftung (FES), a solidarity support organization.

presents the level of organization of bank employers in the Southeast region accredited to ASEAN.

Part Two maps out the current situation in ASEAN's economic integration plan by drawing a **brief overview of the financial architecture** plan for ASEAN and ASEAN plus Three based on the various documents retrieved online via the ASEAN Secretariat website. Special attention will be given to the discussion pertaining to the various packages of **commitments for the liberalization of financial services**.

Part Three focuses on the responses gathered from **banking and insurance/ financial services employees in Southeast Asia.** This part is also divided into several sections. The first_section presents some facts and figures on the finance sector labor market in each of the ASEAN countries. Two key issues faced by finance workers are then presented in the succeeding section. The third section lays out recommendations proposed by the ASETUC Bank Unions Council (ABUC).

PART ONE

Section 1: Finance Architecture of ASEAN countries

After the Asian financial crisis 1997-1998, 3 ASEAN countries were the most affected: Thailand, Malaysia and Indonesia. Each country took their own approaches in restructuring their economies in the post-crisis period, but all 3 approaches are interconnected. ASEAN Economic Integration has provided the platform for ASEAN countries to restructure their finance sectors and move forward to better cooperation among economies. There are 2 factors for consideration. The internal restructuring of the finance sector has direct impact on employees through the merger and acquisition process. The external factor in the form of the region helps facilitate the movement of investment. Once it is easier for capital to flow among ASEAN, investment banks will come into play to facilitate more investment in various industries, which also facilitates the development of commercial banks in the region. Before the recent financial crisis, ASEAN countries were export-oriented economies. However, they are looking into developing domestic markets and creating more demand in the region in the post-crisis period. Hence, commercial banks have better opportunities to grow and can play the role of the facilitator of the local market. This helps create even more jobs in the region, especially in the rural area and in the infrastructure.

As the architecture of the finance sector has been changing throughout ASEAN countries, it becomes the important platform to determine the level, extent and trends of economic activity in the region. Statistics[2] have shown that financial services continue to contribute more to the GDP of ASEAN countries, and account for more growth and opportunities. The following part will give an overview of how the finance sector has transformed in each ASEAN country from the post-crisis period to now.

[2] See Annex A

Burma[3]

The Government of the Union of Myanmar started the process of financial liberalization in the early 1990s, allowing private sector participation in financial activities. Necessary amendments to the existing laws were made and new laws were promulgated in banking, customs, taxation and insurance areas. In 1996, the Myanmar Economic Bank and Japan's Daiwa Institute of Research Ltd. established a joint venture — the Myanmar Securities Exchange Centre Co., Ltd (MSEC) — to help develop an organized capital market in Myanmar. Legal infrastructure is also being improved, including enactment of the Myanmar Companies Act and Myanmar Companies Rules. The Ministry of Finance and Revenue (MFR) and the Attorney General's Office are jointly drafting a Myanmar Securities Exchange Law.

Myanmar has a state bank called the Central bank of Myanmar (CBM). There are 4 main state-owned banks in Myanmar. The Myanmar Foreign Trade Bank has correspondent relationship with first-class International Banks established in 58 countries, enabling transactions to be made with almost any country in the world. The Myanmar Economic Bank was established in 1975 for the purpose of developing commercial and industrial banking. It also acts as a fiscal agent of the state, providing nationwide commercial banking with 314 branches throughout the country. The Myanmar Agriculture and Rural Development Bank have a country-wide network of 14 regional offices, 164 branches and 48 agency offices. It was transferred from the Ministry of Finance and Revenue to the Ministry of Agriculture & Irrigation in 1996 to give more emphasis to agriculture development. The Myanmar Investment and Commercial Bank now has a branch which has been extended to Mandalay for banking facilities.

The Myanmar Insurance and Myanmar Small Loans Enterprise (MSLE) also belongs to the state-owned financial institutions. The MSLE is the sole insurance institution that underwrites various kinds of insurances. There are 16 insurance agents companies in Myanmar. In accordance with new banking law, licenses are given to seventeen domestic private banks to operate and permits are given to 46 foreign banks to open their representative offices in Myanmar[4].

The financial system in Myanmar also includes commercial banks, investment banks, development banks, finance companies and credit societies.

Brunei

Brunei Darussalam does not have a central bank. The Ministry of Finance (MoF) exercises most of the functions of a central bank through the Treasury, the Brunei Currency and Monetary Board (BCMB), Financial Institutions Division (FID) and the Brunei Investment Agency (BIA). The progression of financial institutions in Brunei Darussalam has been marked by significant growth over the last decade. This is demonstrated by the presence of a number of financial institutions of international standing and reputation, the advent of new financial instruments, the extensive nature of the financial transactions that are entered into and the numerous financial services that

[3] Myanmar Bank Information. Retrieved 8th October 2009 from http://www.etrademyanmar.com/Bank/Bank2.htm#Myanmar_Investment_and_Commercial_Bank_
[4] The Finance Sector Development in Myanmar. Retrieved October 8th 2009 from http://missions.itu.int/~myanmar/t&b/finance.html

are provided. The relaxation of exchange controls and the development of Islamic institutions have also played their part in making the financial scene in Brunei Darussalam vastly different from what it was at the time the Banking Act (Chapter 95) was passed in 1956. The financial sector is based on a dual system, whereby both conventional and Islamic financial products are readily available. Despite the small number of players in the Islamic financial sector, the growth of the sector has been rapid. The domestic financial system can be divided into two categories:

(i) Banking System: Commercial Banking and Brunei Currency and Monetary Board (BCMB).

(ii) Non-Banking Financial Institutions: Finance Companies, Insurance Companies, Money-Changer & and Remittances Business, Employees' Trust Fund (TAP), Islamic Trust Fund of Brunei (TAIB).

Brunei Darussalam's development as an international financial centre began with the establishment of the Brunei International Financial Centre (BIFC). The BIFC is the licensing agency for off-shore companies including financial institutions such as banks, insurance companies and securities companies.

Cambodia[5]

The Government of Cambodia has undertaken comprehensive economic and structural reforms, beginning in 2001 when it adopted a Financial Sector Blueprint for 2001–2010. The strategy outlines the sequence of policy reforms, including plans for the establishment of a securities exchange in 2007, and the legal and regulatory framework for a market infrastructure. It also outlines the development of money market instruments, treasury bills, and the need to establish a bond market. Currently, Cambodia is in the second phase of implementation of the Financial Sector Blueprint. Private Sector and SME development is a priority for the government of Cambodia. The government has launched a SME development framework and has approved a Financial Sector Development Strategy 2006-2015. Cambodia's financial sector has a low penetration rate. Only 6 percent of the total population of 14.5 million, or about 2.9 million families, uses financial services from banks and microfinance institutions. However, it experienced dramatic growth for the period 2005 - 2007. The figure is still low when compared to the GDP. It was about 20 percent in 2007. Cambodia is dominated by private micro, small and medium enterprises (MSMEs) and the largest numbers of these are found in the rural areas. Money/ Interbank markets do not exist. In 2005, Cambodia enacted a law on negotiation instruments and payment transactions, but there is no wholesale electronic payment system. Most payments are made in cash, which is not secured and difficult to handle in large volumes.

The National Bank of Cambodia (NBC) as supervisory body has addressed many aspects of banking operations, but there are still gaps. Core international principles have not been fully complied with. Its supervisory functions are still weak due to a lack of human resources and infrastructure, including IT systems and the bank needs to improve its consistency and quality.

---

[5] Pak Sereivathana, Hourn Thy, Margarete Biallas (2008). Cambodia Financial Sector Diagnostic. International Finance Corporation, World Bank Group. Retrieved October 8th 2009 from http://www.ifc.org/ifcext/mekongpsdf.nsf/AttachmentsByTitle/Financial-Diagnostic-CAM/$FILE/Financial-Diagnostic-CAM.pdf

The insurance industry also did well in 2007. Gross premiums increased by 44 percent compared to 12 percent in 2006. The number of insurers rose from 4 in 2006 to 7 in 2007 with a total of 29,124 policies. Currently, services are limited to non-life insurance products. Life insurance is not available in the market. In the last few years, the Cambodian banking system has grown dramatically with the number of banks increasing from 17 in 2004 to 24 in 2007. A few Korean banks were established to support the increasing number of Korean investors in Cambodia, especially in real estate development and construction. Several foreign banks also planned to enter the market in 2008. The strong growth of the banking sector was spurred by the economic growth and the continuing improvement of the regulatory and supervisory body, which leads to increased public confidence in the banking sector. Although the number of banks has increased, outreach is still low with only 456,000 deposit accounts for the whole nation. Financial services are limited and only available in urban areas. In addition to banks, microfinance institutions (MFIs), have also grown very rapidly despite the constraints on the availability of local currency for their operations. Their loans in 2007 reached 600,000 borrowers with the total outstanding loan of US$155 million.

Number & Type of Financial Institution in Cambodia:

TABLE 3	2004	2005	2006	2007
Number of Banks	17	19	20	24
Private Local Banks	12	15	16	20
Foreign Banks	3	3	3	3
State-Owned Banks	2	1	1	1
Licensed MFIs	13	16	16	17
Leasing Companies	0	1	1	1
Insurance Companies	4	4	4	7

The banking sector consists of 24 banks including 17 commercial banks and 7 specialized banks, with 320 branches and offices throughout the country. The sector has experienced rapid growth in assets, liabilities and equity and is becoming more competitive and innovative. Since 2005 all major banks have begun to introduce electronic banking services, ATMs and POS. As of 2007, banks have issued 150,546 debit/ATM cards, 4,953 credit cards and installed 177 ATM terminals in the major cities. But according to NBC data, about 66 percent of the terminals and 82 percent of the cards were owned or issued by two banks: ANZ Royal and Acleda. It should be noted that not all ATM terminals are for bank links, and customers cannot withdraw cash by using other banks' ATM machines. Specialized banks are generally small and limited to one business loan product. They are mainly owned and operated by Cambodians who lack banking skills and experience. They lend based mainly on their capital and therefore their growth is slow. Commercial banks are now more dynamic. They have moved from a traditional strategy of targeting only corporate clients, to more diverse clients including households. New banking services have been introduced to respond to market demand, but a set of common issues applicable to the banks can be identified:

(i) Corporate governance: Many banks have weak corporate governance because they do not have effective boards that adhere to a professional code of ethics.

(ii) Human Resource: The recent increase in the number of banks has worsened the existing shortage of banking professionals. The supply of human resources in banking is limited, as Cambodia does not have an institution providing professional training in banking.

Some basic banking subjects have been introduced in universities, but the current practice is for banks to recruit fresh graduates and provide on-the-job training.

(iii) Products and services: A few major banks are expanding services to include such products and services as electronic banking, foreign exchange, risk management services, consumer finance.

(iv) Number of branches: Competition has led banks to expand their branches and offices, but most branches are either in Phnom Penh or major provincial towns. Only 6 banks have more than 10 branches; others have between 1 and 4 branches. The exception is ACLEDA with about 212 offices in all provinces.

(v) Interbank/ Money Market: An interbank market does not exist due to lack of a payment system and trust. The payment system is underdeveloped because of a lack of infrastructure, limited financial instruments in the market, and a weak regulatory framework and supervisory body.

(vi) Local currency transactions: Cambodia is a dollar-based economy with approximately 95 percent of transactions in US dollars. About 97.8 percent of total banks' assets are foreign currency (mainly US dollar). All bank lending is in US dollars.

Although the leasing law has not yet passed, a few companies offer leasing products. The two known companies offering leasing services are Devco Capital and ANZ Royal Bank, however transactions are limited, as it is at the early stage. Leasing is considered a "banking operation" under the banking law. Anyone conducting a leasing business must obtain a bank license.

The Cambodia insurance industry is in its nascent stage, and the insurance law was only promulgated in 2001. Among the 7 companies, only one, Cambodia Re, is still owned by the government. Caminco, the state-owned company has been privatized recently, and changed its name to Viriyah BVB Cambodia Insurance Plc. The new major shareholder of the company is Viriyah Company in Thailand, and the Ministry of Economics and Finance (MEF) still hold 25 percent of the company. Insurance companies are young and unsophisticated from an international perspective. The number of policy holders is small, at only 29,124, and the products sold are basic and limited. The main products are commercial fire, motor vehicle and a miscellaneous category that makes up about 70 percent of the total industry. There is no life insurance. A joint venture of private insurance companies and government is expected to open Cambodia's first life-insurance company, but they have not yet obtained a license from the MEF.

There are many donor organizations: ADB, Korea, IMF, KFW, AFD, JICA, USAID, UNDP, Belgium, several NGOs.

DONOR INVOLVEMENT	IFC	WB	ADB	IMF	KFW	AFD	Others
Banking							
Investment	X				X		X
Guarantee						X	X
NBC		X	X	X		X	X
AML			X	X			X
Credit Bureau	X		X				
Payment system			X	X			
Secured transaction			X				
Capacity building	X				X		
Micro Finance							
Investment	X					X	X
Saving product			X				
Capacity Building	X		X			X	
Insurance							
Product Development	X						X
Laws and regulations	X		X				X
Leasing							
Law and regulation			X				

***Indonesia*[6]**

The economic and financial crisis that hit Indonesia in mid-1997 caused the structural change of Indonesia's macro-economy. The impact of the economic crisis on the banking sector was manifested in the cost of bank restructuring. When bank-restructuring costs are so high, recovery is very slow. The process of transformation of the banking system can be summarized as the change from a system that consisted of central banking and government control of credit through state-owned banks to a modern system based on market mechanisms. The new banking sector has fewer banks, more stringent capitalization requirements and tighter bank supervision, especially of lending practices. These changes, based on international best practice, should provide firm foundations for the future. The Government's determination to repair and reform Indonesia's financial sector and ensure the economic recovery continues is generating opportunities for foreign financial institutions and service suppliers.[7]

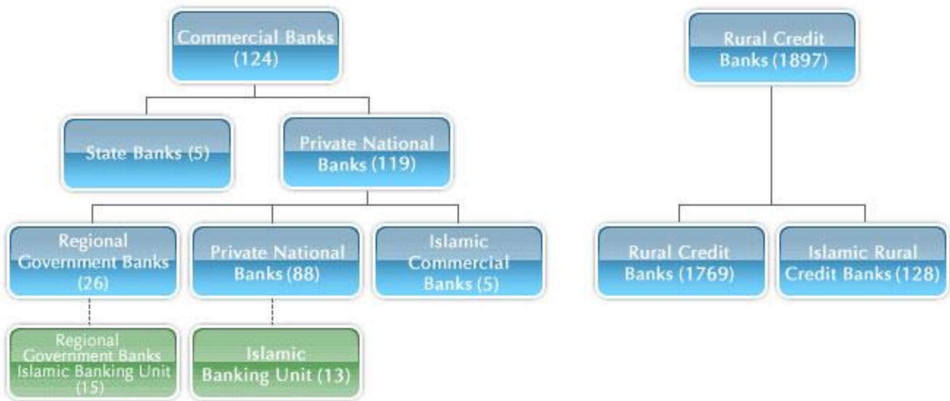
Bank Indonesia is the country's central bank. Pursuant to the Central Bank Act of 1968, its major functions are to issue currency, devise and implement the monetary policy, act as the government's banker, and supervise and regulate financial institutions. Thus, it is the sole issuer of the country's currency, i.e. the rupiah. It holds the official international reserves of the economy. It regulates the liquidity position of banks by adjusting the minimum liquidity ratio and the minimum reserve requirements that all deposit-money banks are required to maintain. It is the banker of last resort in the domestic banking system.

The functions of banks in Indonesia are basically as financial intermediaries that take deposits from surplus units and channel financing to deficit units. According to Indonesian banking law, Indonesian banking institutions are typically classified into commercial and rural banks.

[6] Dr. Rina Oktaviani, Dr. Iman Sugema, Dr. Anny Ratnawaty (2003). Bank Restructuring and its Implication on Indonesian Macro Economy and Agricultural Sector. Retrieved October 8th 2009 from http://www.aares.info/files/2003_oktaviani.pdf

[7] Indonesia – Facing the Challenges: Indonesia Financial Restructure and Reform. Retrieved October 8th 2009 from http://www.dfat.gov.au/publications/indonesia/Ind_chp7.pdf

Commercial banks differ with rural banks in the sense that the latter do not involve directly in payment system and have restricted operational area. In terms of operational definition, bank in Indonesia are classified into non-syariah and syariah-based principles commercial banks[8]. One positive move taken by the government to freeze, merge and nationalize 11 of the country's weakest banks was lauded by the IMF. Four state banks were merged into Bank Mandiri: Bank Exim, Bank Bumi Daya, Bank Dagang Negara and Bapindo. The government would also submit a law to parliament, eliminating existing restrictions on foreign ownership of banks. The banking institution in Indonesia can be captured as below:



The number of state-owned banks shrank from the previous five (5) banks authorized to handle foreign exchange to only two (2) BNI (Bank Negara Indonesia), the largest of the banks in terms of assistance, and BRI (Bank Rakyat Indonesia), since BDN (Bank Dagang Negara), BBD (Bank Bumi Daya) and Bank Exim (Bank Eskpor and Import) have been merged into Bank Mandiri. In addition the country also has a savings bank, Bank Tabungan Negara (BTN) and Bapindo (also merged into Bank Mandiri) and 27 Regional Development Banks, with thousands of bank offices. A number of private ailing banks have been liquidated, nationalized and/or put under the supervision or management of Indonesian Bank Restructuring Agency (IBRA). There are also several foreign banks operating in Indonesia, including Bank of America, Hong Kong and Shanghai Bank, Bank of Tokyo, Bangkok Bank, Chase Manhattan Bank, Swiss Bank, ABN-AMRO Bank etc. The Indonesian Banking Architecture (API) is a comprehensive basic framework for the Indonesian banking system, outlining the direction, outline, and structure of the banking industry for the next five to ten years. API serves the need for a long-term direction and development strategy for the banking industry which has become a global trend and this process is well advanced in other countries such as Malaysia, Thailand, Singapore, and Hong Kong.

Laos PDR

With a population of nearly 7 million, of which the urban population accounts for 31 percent, Lao PDR has a large percentage of its labor force in agriculture - 80 percent and 20 percent working

[8] Banking Institution in Indonesia. Retrieved October 8th 2009 from http://www.bi.go.id/web/en/Perbankan/Ikhtisar+Perbankan/Lembaga+Perbankan/

in industry and services. However, the GDP composition by sector is distributed as follows: agriculture - 39.2 percent, industry - 34.4 percent and services - 26.5 percent (2008 est.)[9].

There are more than 20 banks in operation in Laos. In March 1988, the Council of Ministers issued an agreement No. 11/CoM on the reform of the banking system which separates commercial bank functions from central bank functions. The State Bank transformed a mono-banking system into a two tiered banking system, namely: the Central Bank and the Commercial Bank. The Central Bank is the mother bank which plays the role of macroeconomic management in regards to economics of currency and credits. In June 1990, the Central Banking Law was passed, changing the State Bank to the Bank of the Lao People's Democratic Republic, or Central Bank which is a legal entity, a member of the Government and is equivalent to a ministry in rank[10]. Under this law, the Central Bank assumes responsibility for regulation and supervision of commercial and regional banks; maintenance of foreign exchange reserves; issuance and supervision of money for circulation; licensing, supervision, and regulation of financial services; and management of the monetary and credit system. The Central Bank has about 19 regional branches; as of 1991, the government was considering separating these branches into three regional banks, serving the southern, northern, and central regions. The commercial banks function at the micro-level, assuming the duty of providing services directly to clients in providing loans, accepting deposits, money withdrawals, transfer, payments, guaranty and other services under the supervision and control of the Bank of the Lao P.R.D.. These banks became financially independent and autonomous entities. They do not receive subsidies, although they do render 60 percent of their profits to the government. Each commercial bank has its Board of Director and its Deputies. Joint state-private, local and foreign private commercial banks have burgeoned, such as: Lao - Thai Joint Development Bank (Thai investors - 70 percent and Bank of Laos - 30 percent), Bangkok Bank, Krungthai Bank, Thai Farmers' Bank, Bank of Ayuthaya and Siam Commercial Bank. The Government founded an Agricultural Promotion Bank to specifically serve agricultural production and later a number of foreign commercial banks bound for establishment of their branches followed suit, such as: Public Bank, Standard Charter Bank, Lao - Vietnam Joint Business Bank established in the year 2000. Since the period of implementing the New Economic Mechanism, a number of banks have opened up to participate in extensive external cooperation, mainly with the IMF, ADB and the World Bank. In particular, the state commercial banks have been unified from 7 into 2, namely the Lao Mai Bank Ltd and Lane Xang Bank Ltd which have their headquarters in Vientiane, the capital city, with their branches dispersed throughout the country. After the completion of the reform (1997 – 1998), banks in Laos have seen unceasing progress. The State Bank of Vietnam has provided effective support and assistance during the periods of struggling for national independence, the return of peace and the reforming period. More staff now have the opportunity to upgrade their knowledge locally or overseas.

However, partly due to the absence of laws governing banking activities and to the relatively small size of the economy, foreign bankers do not express much interest in these ventures.

---

[9] CIA, the World Factbook: Laos. Retrieved October 8th 2009 from https://www.cia.gov/library/publications/the-world-factbook/geos/la.html

[10] Background and Evolution of the Bank of Lao PDR since its establishment to date. Retrieved October 8th 2009 from http://www.bol.gov.la/english/ehistory.html

The Foreign Trade Bank (Banque pour le Commerce Extérieur Lao-- BCEL), a subsidiary of the Central Bank, is the country's foreign exchange and foreign trade bank. BCEL was granted autonomy in November 1989. BCEL had arrangements with 100 banks internationally. However, soon after 1991, all commercial banks were authorized to carry out foreign exchange transactions themselves, which removes BCEL's monopoly on such activities[11].

The new bank, to be named ACLEDA Bank Lao Ltd. (ABL) was established in Vientiane, July, 2008 with 106 employees[12] and additionally launched two branches at the same time in Savannakhet and Champasak provinces in October, 2008. It was formed as a separate incorporated entity with its initial shareholders comprising ACLEDA Bank Plc. of Cambodia subscribing 47.5 percent whilst the remainder is taken up by three leading Dutch institutions, Nederlandse Financierings Maatschappij voor Ontwikkelingslanden N.V. ('FMO') — 30 percent, and the remaining 22.5 percent held by the Triodos Group including Stichting Triodos Doen and Triodos Fair Share Fund in equal parts[13].

The country's financial sector infrastructure is the decisive factor in improving access to finance in Lao PDR. With the passage of key legislation concerning the leveling of the playing field for private, state-owned and foreign commercial banks, a major step forward has been taken to extend the outreach and availability of financial services to the business community. However, to enhance the ability of commercial banks to lend, a clearer regulatory framework with regard to the pledging, registration and repossession of collateral is needed. The issuance of implementing regulations to the Secured Transactions Law and the development of a pledge registration system will enhance the ability of commercial banks to use movable and intangible property as collateral. Improving the enabling legal framework for leasing is also necessary to diversify the financial products available in the market. With the development of this legal infrastructure, financial institutions will be better able to provide the financing needed to support businesses to expand, add jobs and create wealth for the country[14].

Malaysia

The Malaysian financial sector[15] has undergone significant transformation and progress since the launch of the Financial Sector Masterplan in 2001. This is particularly most evident in the banking sector which has undergone restructuring, consolidation, and rationalization. Gradual deregulation and liberalization has also altered the financial landscape, bringing with it improved performance and enhanced resilience. This has further matured the banking sector and paved the way for new areas of growth. Besides these tangible results, structural changes have also taken

---

[11] Laos: The Banking system. Retrieved October 8th 2009 from http://www.photius.com/countries/laos/economy/laos_economy_the_banking_system.html

[12] Acleda Bank Lao: Annual Report 2008. Retrieved October 8th 2009 from http://www.acledabank.com/Assets/pdf+zip/ACLEDA_AnnRept2008_la.pdf

[13] Official website of Acleda Bank Lao Ltd. Retrieved October 8th 2009 from http://www.acledabank.com/LA/BP_history.asp

[14] Major Steps towards Improving the Legal Infrastructure of the Financial Sector in Lao PDR. Retrieved October 8th 2009 from http://www.ifc.org/ifcext/mekongpsdf.nsf/AttachmentsByTitle/BIB-5-Eng-Lao/$FILE/BIB-5-Eng-Lao.pdf

[15] Zeti Akhtar Aziz (2007). Malaysian financial sector development. Retrieved October 8th 2009 from http://www.bis.org/review/r071112b.pdf

place in the form of the emergence of new entities, the increased presence of new international players and more diversified and developed financial markets. The advancement of deregulation and liberalization has also increased competition which has in turn resulted in further new business opportunities. Within the context of these developments, the banking sector has become an important pillar of strength of the economy of Malaysia.

One dimension that is growing rapidly in the context of these developments is the rise of consumerism. The improvement in the quality of life, the rising affluence and better education has resulted in a new generation of consumers whose financial requirements are becoming increasingly more sophisticated. This has resulted in a major reorientation of the banking industry to become consumer driven and more focused on consumer needs. This has brought new financial products and services for consumers. The rise of consumerism demands that products and services can no longer be generic but must now be tailored to meet consumers' evolving needs.

Bank Negara Malaysia, the central bank of Malaysia, was established on 26 January 1959 under the Central Bank of Malaysia Act 1958 (Revised -1994). The Bank reports to the Minister of Finance, Malaysia and keeps the Minister informed of matters pertaining to monetary and financial sector policies. The central bank launched a Financial Sector Master plan in 2001 to revamp the finance sector following the Asian Financial Crisis. The master plan calls for emphasis on Islamic Banking[16]. In the system of financial institutions registered in Malaysia, there are 22 commercial banks, 17 Islamic banks, 2 international Islamic banks, 15 investment banks, and 61 others (including insurance companies)[17]. The six anchor banks that have completed their merger process are Bumiputra-Commerce Bank Bhd, RHB Bank Bhd, Hong Leong Bank Bhd (KLSE:KLBB), Multi-Purpose Bank Bhd, Southern Bank Bhd (KLSE:STBB) and EON Bank Bhd, the central bank said in a statement. In the recent financial crisis, Citibank Malaysia, Citigroup has slightly cut the staff numbers around 7 branches. United Overseas Bank (Malaysia) (UOB), one of the smallest foreign-owned banks in Malaysia also eliminated up to 1/5 of its staff strength .

The services sector has played an important role in the growth and development process of the Malaysian economy. In line with its increasing share in total output, the services sector contributes significantly to total employment in the country. In the period 1980-2005, total employment in the services sector increased by 4.6 per cent per year (manufacturing: 6.1 per cent) from 1.8 million in 1980 to an estimated 5.4 million in 2005 (Table 4). As a result of this growth, employment in the services sector as a proportion of total employment in the country rose from 37.4 per cent in 1980 to an estimated 49.8 per cent in 2005, contributed by the increasing share of employment created by the private sector's services such as utilities; wholesale and retail trade, hotels and restaurants; finance, insurance, real estate and business services; and transport, storage and communication (Table 5)[18].

---

[16] Economy of Malaysia: Finance and Banking. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Economy_of_malaysia#Finance_and_banking

[17] List of licensed institutions. Retrieved October 8th 2009 from http://www.bnm.gov.my/microsites/financial/0201_fi_list.htm

[18] 2005. Economic Review: Services Sector in Malaysia, Part 1. Public Bank Berhad Economic Division. Retrieved October 8th 2009 from http://ww2.publicbank.com.my/econreview77-aug05.pdf

Table 4
Malaysia: Growth of Employment by Sector, 1980-2005e

Sector	Average Growth Rate (%)			
	1980-1989	1990-1999	2000-2005e	1980-2005e
Manufacturing	5.31	7.31	5.25	6.06
Services Sector	5.98	3.78	3.82	4.64
Private services	*7.44*	*4.65*	*4.45*	*5.68*
- Transport, Storage and Communication	*4.60*	*4.76*	*4.63*	*4.67*
- Finance, Insurance, Real Estate and Business Services	*6.56*	*6.56*	*6.26*	*6.49*
- Other Services	*29.14*	*4.32*	*4.06*	*13.81*
Government services	*3.18*	*1.29*	*1.47*	*2.06*
Other sectors	(0.28)	(0.03)	0.39	(0.03)
Total Employment	3.13	3.36	3.40	3.28

Note: e Estimate
Source: Economics Division database

Table 5
Malaysia: Employment by Sector, 1980-2005e

Sector	Share of Employment (%)			
	1980	1990	2000	2005e
Manufacturing	15.7	19.5	27.6	29.3
Services	37.4	46.2	48.6	49.8
Private services	*23.7*	*33.7*	*38.0*	*40.1*
- Transport, Storage and Communication	*4.4*	*4.4*	*5.0*	*5.3*
- Finance, Insurance, Real Estate and Business Services	*1.6*	*3.8*	*5.5*	*6.3*
- Other Services^	*17.7*	*25.5*	*27.5*	*28.5*
Government services	*13.7*	*12.5*	*10.6*	*9.7*
Other sectors	46.9	34.3	23.8	20.9
Total	100.0	100.0	100.0	100.0

Notes: e Estimate
^ Include electricity, gas and water, wholesale and retail trade, hotels and restaurants and other services

Source: Economics Division database

The Philippines

The financial industry consists of many players in Philippines and reflects a pluralistic nature. Over a period of time, the banking industry of the Philippines has seen a transformation with the reforms being carried out by both the banking regulator and the government. The reform process has resulted in an improved banking industry, with industry income reaching new heights in 2007. Moreover, the Philippine banking industry has been undergoing consolidation that will further strengthen its position as new entities will increase the competition level.

The Bangko Sentral Pilipinas (BSP) is the central bank of the Republic of the Philippines. It was established on 3 July 1993 pursuant to the provisions of the 1987 Philippine Constitution and the New Central Bank Act of 1993. The BSP took over from the Central Bank of Philippines, which was established on 3 January 1949, as the country's central monetary authority. The BSP regulates approximately 20000 financial institutions, out of which universal and commercial banks represents about 4000 institutions. It has 3 regional offices and also 18 BSP branches[19]. The majority of the commercial banking operation is concentrated in urban areas in the hands of

[19] Overview of the Bangko Sentral ng Pilipinas. Retrieved October 8th 2009 from http://www.bsp.gov.ph/about/overview.asp

few private business conglomerates. As of October 2007, there are 364,000 employees in the finance sector[20].

The BSP monitors and compiles various indicators on the Philippine banking system. The Philippines banking system is composed of universal and commercial banks, thrift banks, rural and cooperative banks. Universal and commercial banks represent the largest single group, resource-wise, of financial institutions in the country. They offer the widest variety of banking services among financial institutions. The thrift banking system is composed of savings and mortgage banks, private development banks, stock savings and loan associations and microfinance thrift banks. Rural and cooperative banks are the more popular type of banks in the rural communities. Their role is to promote and expand the rural economy in an orderly and effective manner by providing the people in the rural communities with basic financial services. Non-banks with quasi-banking functions consist of institutions engaged in the borrowing of funds from 20 or more lenders for the borrower's own account through issuances.

Inward remittances from the Overseas Filipino Workers, contributes heavily to the national income, approximately about 12 Billion US Dollars per year. Most banks are keen to handle this business in order to mobilize savings. However, whether the commercial banks are channeling sufficient investments to the rural economy for development needs to be analyzed.

Singapore[21]

The Monetary Authority of Singapore (MAS) is the central bank of Singapore. Its mission is to promote sustained non-inflationary economic growth, and a sound and progressive financial centre.

Singapore's banking system is among the strongest in the world. The banking sector is engaged in a wide range of financial services including traditional lending and deposit-taking functions as well as corporate and investment banking activities. The Asian Dollar Market (ADM) is an offshore banking sector whose transactions are primarily US$ denominated. The ADM is an important feature of Singapore's financial landscape that has played a significant role in Asia's economic development. Through the ADM, financial institutions play a key role in channeling surplus funds from regional and international financial markets to finance development projects in the region. Singapore has the fourth largest foreign exchange market in the world after London, New York and Tokyo, and is widely recognized for its strength as a forex trading hub. Its daily trading volume in 2004 averaged about US$156.6 billion. The bond market in Singapore has grown significantly since 1998 when several new initiatives were introduced. The Singapore Exchange (SGX) is the first demutualized, integrated securities and derivatives exchange in the Asia-Pacific. SGX's derivatives exchange is one of the largest in Asia and is consistently ranked as the "Derivatives Exchange of the Year" by various leading financial journals. Singapore is acknowledged as a premier Asian asset management centre, with more than 200 international asset management firms, including 30 of the top 50 US and European fund

---

[20] Philippines National Statistical Coordination Board: Labor and Employment. Retrieved October 8th 2009 from http://www.nscb.gov.ph/secstat/d_labor.asp

[21] Shane Lim (2005). The Banking and Finance Industry in Singapore. Issue 7, Career Central Magazine. Retrieved October 8th 2009 from http://financeconnectsingapore.com/article/5.pdf

houses, serving the Asia-Pacific market. Many asset management companies have expanded services in Singapore to include more than just portfolio management, and have now set up research arms, regional trading desks, as well as centralized middle and back offices functions. Many of the world's leading names in insurance broking, captive management and risk management are present in Singapore, with numerous re-insurers and captive insurers using Singapore as a base to underwrite risks from the region, in addition to meeting the needs of the domestic market. The offshore insurance business has become a major component of the industry, accounting for more than half of the total general insurance business.

Against the backdrop of the financial crisis, the Singapore economy was hit hard. Singapore's DBS Group, Southeast Asia's biggest bank by assets, had to reduce the size of its workforce by 6 percent of its work force, or 900 employees, by the end of November 2008.[22]

Thailand

The Bank of Thailand (BOT) is the central bank of Thailand. It was first set up as the Thai National Banking Bureau. The Bank of Thailand Act was promulgated on 28 April, 1942, vesting upon the Bank of Thailand the responsibility for all central banking functions. The Bank of Thailand started operations on 10 December 1942. Financial institutions registered with BOT are: 14 Thai Commercial Banks, 3 retail banks, 1 subsidiary, 15 foreign banks, 4 finance companies, 3 credit fanciers, 25 foreign bank representatives, 19 assets management companies (AMC), 8 specialized financial institutions, 1 Thai Asset Management Corporation (TAMC), 1 National Credit Bureau Co., Ltd., 12 Credit Card Company, 26 Personal Loan Company[23].

Dangerous levels of nonperforming assets at Thai banks helped trigger the attack on the Thai baht by currency speculators that led to the Asian financial crisis in 1997–1998. By 2003, nonperforming assets had been cut in half to about 30 percent. Despite a return to profitability, Thailand's banks continue to struggle with the legacy of the financial crisis in the form of unrealized losses and inadequate capital. Therefore, the government is considering various reforms, including establishing an integrated financial regulatory agency that would free up the Bank of Thailand to focus on monetary policy. In addition, the Thai government is attempting to strengthen the financial sector through the consolidation of commercial, state-owned, and foreign-owned institutions. Specifically, the government's Financial Sector Reform Master Plan, which was first introduced in early 2004, provides tax breaks to financial institutions that engage in mergers and acquisitions. The reform program has been deemed successful by outside experts. In 2007, there were three state-owned commercial banks and five state-owned specialized banks, 15 Thai commercial banks, and 17 foreign banks in Thailand. The Bank of Thailand sought to stem the flow of foreign funds into the country in December 2006.[24]

---

[22] 2008. Southeast Asia's biggest banks Singapore DBS cuts 900 jobs. Retrieved October 8th 2009 from http://www.gmanews.tv/story/132088/Southeast-Asias-biggest-bank-Singapore-DBS-cuts-900-jobs
[23] Bank of Thailand: Institution listing. Retrieved October 8th 2009 from http://www.bot.or.th/English/FinancialInstitutions/WebsiteFI/Pages/instList.aspx
[24] Economy of Thailand: Banking and Finance. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Economy_of_Thailand#Banking_and_finances

There are 18 commercial banks incorporated in Thailand, 4 of which have more than 10,000 employees:

Bangkok Bank	21,192 employees
The Siam Commercial	19,640 employees
Krung Bank	16,689 employees
Kasikornbank	13,560 employees

And 13 of which have more than 1000 employees.

There are 16 commercial banks incorporated abroad, 2 of which have more than 1000 employees:

Citibank N.A.	2,410 employees
The Hongkong and Shanghai Banking Corporation Limited	1,006 employees

Thailand's Services Sector is the country's most important contributor to the economy representing 47 percent of GDP and 37 percent of the labor force, employing 12 million people[25].

Vietnam

Finance Sector Architecture

The credit institution system in Vietnam includes[26]:

- 5 State-owned Commercial Banks (SOCBs)
- Social Policy Bank
- Vietnam Development Bank
- 34 Joint stock Commercial Banks (Urban & Rural Joint Stock Commercial Banks)
- 5 Joint Venture Banks
- 41 Foreign Bank Branches in Vietnam
- People Credit Fund System: Central Peoples Credit Fund and 24 branches and 996 local credit funds.
- 9 Finance Companies (of which 5 belong to General Corporations)
- 12 Leasing Companies (of which 6 are affiliates of SOCBs)

The State Bank of Vietnam (SBV) is the central bank of Vietnam. It covers all aspects of functions in finance and banks in Vietnam such as: monetary policy, banking strategy development, international cooperation, foreign exchange, credit institutions management, account and finance, banking supervision, and such. Its organization includes a large variety of units. The main units are: Issue & Vault Department, Banking Information Technology Department, Administration Department, International Credit Project Management Unit, Payment & Settlement System Department. Besides that, they also cover 64 municipal & provincial branches, representative office in Ho Chi Minh City (HCMC), Banking Times & Banking Review as the main magazines, Banking Institute, HCMC Banking University, Credit Information Center, Vault Security Service Center, Anti-money Laundering Information Center and SBV Training Center.

[25] Executive Summary. Retrieved October 8th 2009 from http://www.bbc.in.th/archive/2007/archive/teams/attach_file/Dec131525433.pdf

[26] State Bank of Vietnam: Annual Report 2007. Retrieved October 8th 2009 from http://www.sbv.gov.vn/vn/Baocaothuongnien/pdf/Report2007.pdf

Vietnam's banks suffer from low public confidence, regulatory and managerial weakness, and high-levels of non-performing loans (NPL), non-compliance with the Basel capital standards, and the absence of international auditing. Since 1992, Vietnam's banking system has consisted of a combination of state-owned, joint-stock, joint-venture, and foreign banks, but the state-owned commercial banks are dominant and suffer from high levels of NPL, most of them to state-owned enterprises. Consequently, in September 2005 Vietnam decided to equitize all five state-owned banks—a change from previous plans to equitize only two of them. In addition, Vietnam plans to boost the transparency of its financial system by establishing a credit-rating agency and performance standards for joint-stock banks. Although Vietnam is a cash-based society, 300 to 400 automated teller machines (ATMs) have been installed, and about 350,000 debit cards are in circulation.

In order to prepare for the accession to WTO and the second year of the 5-year 2006-2010 socio-economic development plan, the SBV also embarked on implementing roadmaps of international integration of the banking sector, joining international conventions, regional and international forums on monetary and baking issues; developing bilateral and multilateral relations to take full advantages of foreign capital, technology and management skills; and coordinating with financial supervision authorities to identify, prevent and resolve banking risks.

In terms of labor employment, demand for labor increased both in domestic and foreign-invested enterprises. There is an observation that state-owned banks are losing their experienced workers to joint-stock and foreign bank branches due to the inflexible human resource policies.

Section 2: Mapping of Employers' Organizations in the Finance Sector in Southeast Asia

Overview of banking sector[27]

ASEAN countries are diverse in nature, with different paces of development and various models of development. The CMLV countries are in the process of building up their financial infrastructure and catching up with the rest of the region. A clearer picture of the state of financial infrastructures can be observed in Indonesia, Malaysia, Philippines, Singapore and Thailand.

Singapore has the most complete and well-developed framework for its banking industry, which is supported by the strong economy. The combination of conditions such as a pro-business environment, sound economic fundamentals, a strong regulatory and supervisory framework, excellent infrastructure and a highly skilled cosmopolitan workforce has brought Singapore the credibility necessary to be a global and regional financial centre. A picture of the state of the banking industry could be drawn from the effects of the Asian financial crisis 1997-1998. Thailand, Indonesia and Malaysia suffered significant losses, while Singapore as well as the rest of Southeast Asia countries was not adversely affected. Restructuring the finance sector was the

[27] 2008. Banking in Southeast Asia: Strong Players. Strong Econmies. FinacleConnect – Quarterly Journal from Finacle, Infosys. Retrieved October 8th 2009 from http://www.infosys.com/finacle/finacleconnect/finacleconnect_jan08/kaleidoscope.asp

common solution in post-crisis. Thailand's finance sector, which was affected the most -- not only by the financial crisis but also by the unstable politics -- has experienced slow growth. The restructuring of the finance sector was done by following IMF guidelines. On the other hand, Indonesia and Malaysia have benefited considerably from restructuring initiatives launched by their respective governments in order to shore up their banking industries in the post-crisis period. Indonesia's central bank launched a consolidation program, Indonesian Banking Architecture initiative, to improve the capital structure of the banking industry, while the Malaysian government has focused both on consolidation and on reducing non-performing loans within the banking sector. Like these countries, the Philippines banking industry is also on an upswing. Over the past three years, the financial industry has been the main driver of growth in the services sector, buoyed by strong performance by banks and the stock market.

Some key trends and characteristics evident within the Southeast Asian banking system are: the consolidation of banks, the emergence of Islamic Banking, regional/ multi-entity banking, regulation-oriented banking and banking technology development.

Consolidation

In the post-financial crisis, governments in Southeast Asian countries have encouraged bank mergers and acquisitions to help strengthen the domestic banking industry to enable them to compete against foreign entrants. This has led to tremendous consolidation in the banking industry in the region and more is likely to come. In Indonesia, the number of banks has been reduced from 164 in 1999 to around 130, with the government aiming to have this further reduced to 60-70 banks of greater health. In Singapore, too, while consolidation has led to three main banking groups in the country: DBS, UOB and OCBC, experts maintain that the country's banking sector would be much more competitive if there were only two entities. Malaysia underwent a first round of consolidation at the beginning of this century when 54 banks and financial institutions were reduced to 10 'anchor' bank groups. It is now undergoing a second round of consolidation which was kicked off by CIMB, a unit of banking group Bumiputra-Commerce Holdings acquiring smaller rival Southern Bank. This was followed by ANZ Banking Group purchasing a majority stake in Malaysia's fifth-largest lender, AMMB Holdings. More examples can be found in the Annex Research Annex SEA M&A.

Islamic Banking

Islamic banking has taken off in the Southeast Asian region in a big way in recent years, especially in Indonesia - a country with the world's largest population of Muslims. Banks in Malaysia and Singapore are offering Islamic banking in an effort to differentiate themselves. New Islamic banks have been established and foreign banks are offering Islamic banking products and services. The fact that Islamic banking is growing faster than conventional banking in many cases only adds to its overall attractiveness. Moreover, this trend is being encouraged by the authorities as well. In Indonesia, Bank Indonesia, the central bank, issued a "blueprint" for Islamic banking in September 2002, forecasting growth for the sector to reach 5 percent of total banking assets by 2011. In Malaysia, the government and the central bank, Bank Negara Malaysia, have a stated target that Islamic banking should account for 20 percent of all banking assets by 2010, up from 10 percent in 2006.

Regional, multi-entity banking

In a bid to increase their size and profitability, many leading banks in the region are expanding their operations beyond national borders to become regional banks. Prime examples of this trend are Maybank of Malaysia and DBS Bank of Singapore. DBS is the largest bank by assets in Singapore offering the full gamut of financial services and it has made its intent of being a regional player very clear. Through acquisitions such as Bank of Southeast Asia in the Philippines and Thai Danu in Thailand, it has established its presence across all key markets in Asia.

Focus on regulation

Basel II and Anti-Money Laundering have assumed high priority in the Southeast Asian banking industry. Unwilling to repeat the fiasco of the financial crisis of the late nineties, central authorities are very particular about risk management and other regulatory requirements. Banks in the region are therefore actively investing in ensuring that they effectively meet regulatory requirements in these areas. In the area of Basel II compliance for instance, the central banks in the regions have stipulated individual timelines for banks in their respective countries to adhere to Basel II. In Indonesia, banks are expected to implement the Basel II Capital Accord by 2008, while Bank of Thailand intends to have banks adopt Basel II in full by 2009. Bank Negara Malaysia, on the other hand, intends banks in the country to adopt Basel II in full by 2010.

Banking technology development

Technology is a key element of the banking industry in Southeast Asia. In most of the leading economies in the region, several major banks have deployed first generation core banking platforms which are not able to meet their ambitious expansion plans. Moreover, these platforms are often not flexible nor agile enough and do not have the required functionality to meet the ever increasing set of regulatory requirements. These banks therefore require upgrading of their legacy systems. Additionally, in emerging economies, many banks are taking their first step towards automation of their core banking system.

The prospect for the banking industry in Southeast Asia is promising for growth. The process of reforms in most of the economies afflicted by the East Asian financial crisis have significantly helped transform their banking industries, making local players stronger and much more competitive. The process of consolidation is expected to continue as banks and governments try to create healthier banking entities. The coming years will see the continued growth of Islamic banking and also see more banks trying to become pan-Asian players. All these trends, along with the need to meet regulatory compliance requirements, will result in continued investment in open solutions and new generation technologies.

Regional Big Banks

Maybank

Maybank[28] was incorporated on 31 May, 1960, and commenced operations on 12 September 1960. Maybank[29], a trade name for Malayan Banking Berhad, is the largest financial services group in Malaysia. Its extensive products and services include commercial banking, investment banking, Islamic banking, offshore banking, leasing and hire purchase, insurance, factoring, trustee services, asset management, stock broking, nominee services, venture capital and Internet banking.

The Maybank Group has over 450 offices in 14 countries throughout the network of branches, subsidiaries, associates and representative offices in Malaysia, Singapore, Philippines, Brunei Darussalam, Indonesia, Vietnam, Cambodia, Papua New Guinea, Hong Kong SAR, People's Republic of China, Bahrain, Uzbekistan, Pakistan, Great Britain and the United States of America. They also have correspondent banking relationships with 700 foreign banks throughout the world.

In 2008, Maybank completed the acquisition of 15 percent of An Binh Bank (Vietnam), 20 percent of MCB Bank Ltd (Pakistan) and 97.5 percent of Bank Internasional Indonesia (BII). In addition, Maybank won Malaysia's Most Valuable Brand (worth RM9.3 billion) for the second year, and Deal of the Year - Insolvency & Restructuring Deal of the Year at the 2008 ALB SE Asia Law Awards. As of December 31, 2008, Maybank is the largest Malaysian bank, boasting group assets worth RM301 billion (USD$87 billion), placing it among the top 120 banks worldwide. Malayan Banking is also a listed corporation on Bursa Malaysia.

DBS Bank

DBS Group Holdings (DBS)[30] is one of the largest financial services groups in Asia. DBS Bank Limited[31] is a bank incorporated in Singapore. It was previously known as The Development Bank of Singapore Limited, before its present name was adopted in July 2003 to reflect its changing role as a regional bank. The bank was set up in 1968 as a development-financing institution led by the Singapore government. With operations in 16 markets, the bank has a regional network spanning more than 200 branches and over 1,000 ATMs across 50 cities, having more than 14,000 staff, representing over 30 nationalities. DBS Bank is the largest bank in South East Asia by assets and among the larger banks in Asia. It has market-dominant positions in consumer banking, treasury and markets, asset management, securities brokerage, equity and debt fund-raising in Singapore and Hong Kong. In 1998, DBS Bank merged with POSBank, giving it a dominant market share with over four million customers.

DBS' primary operations are in Singapore and Hong Kong, two of Asia's best regulated markets, which contributed 65 percent and 19 percent of net profit in 2008 respectively. The bank operates two brands in Singapore - DBS and POSB. DBS is the first Singapore bank to incorporate in China in May 2007, and has 7 branches and 6 sub-branches across the country. In

[28] Official website of Maybank. Retrieved October 8th 2009 from http://www.maybank2u.com.my

[29] Maybank. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Maybank

[30] Official website of DBS. Retrieved October 8th 2009 from http://www.dbs.com/dbsgroup/about/default.aspx

[31] DBS Bank. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/DBS_Bank

May 2008, DBS integrated Taiwan's Bowa Bank into its operations after acquiring the "good bank assets" in February. It now has 40 distribution outlets and 5 DBS Treasures centres across the country. In India, DBS has 10 branches across key cities like Mumbai and Delhi. DBS India also has a 37.5 percent stake in Cholamandalam DBS Finance Ltd, a non-bank financial institution. In Indonesia, DBS has a 99 percent-owned subsidiary, PT Bank DBS Indonesia, and is rapidly expanding its footprint across the country. It currently has a network of 40 branches spread across 11 cities. In July 2008, DBS opened a representative office in Vietnam to spearhead its wholesale banking business in the country as well as the greater Indochina region.

DBS also made inroads into the Middle East through a representative office in Dubai. In May 2007, it launched The Islamic Bank of Asia (IB Asia), a partnership between DBS and more than 30 investors from prominent families and industrial groups based in the Gulf Cooperation Council countries. IB Asia is headquartered in Singapore and has a representative office in Bahrain.

In the context of the labor movement in Singapore, DBS has their own in-house trade union. The management support facilities for trade union activities.

OCBC Bank

OCBC Bank was a result of an amalgamation of three overseas Chinese banks during the Great Depression in 1932: the Chinese Commercial Bank Limited (established 1912), the Ho Hong Bank Limited (established 1917) and the Oversea-Chinese Bank Limited (established 1919). At the time of its establishment, the bank helped customers with financial solutions for their immediate personal and business needs during the financial crisis, and it has since gone on to establish itself in the region. The Oversea-Chinese Banking Corporation Limited[32] is a publicly listed financial services organization with its head office in Singapore. It is one of the largest local banks in Singapore and serves many business and retail customers, mainly in the East Asian market. OCBC Bank has grown into one of Singapore's leading local banks, with group assets of more than 130 billion SGD.

Their full spectrum of specialist financial services solutions is delivered through an extensive global network that comprises more than 480 branches and representative offices in 15 countries and territories including Singapore, Malaysia, Indonesia, Thailand, Vietnam, China, Hong Kong SAR, Taiwan, Brunei, Myanmar, Japan, Korea, Australia, UK and USA. This network includes more than 360 branches and offices in Indonesia operated by OCBC Bank's subsidiary, Bank OCBC NISP. They have about 7,424 employees.

OCBC was the first to introduce the night safe system in Singapore and Malaya, which allowed customers to deposit cash and valuables after business hours. In 1958, they were also the first to establish a mobile bank, targeting customers living in suburban areas. Despite its strength and history of innovation, the bank was criticized for not expanding fast enough to meet the needs of the post-war Chinese business community, especially in the smaller towns of Malaya.

[32] Oversea Chinese Banking Corporation. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Oversea-Chinese_Banking_Corporation

OCBC was noted as one of the pioneers in the Asian dollar market in the 1960s. By 1970, the bank's total resources exceeded 1 billion SGD, making OCBS, then, the largest financial institution with the biggest deposit base in Singapore. In 1972, the bank acquired Four Seas Communications Bank, the oldest surviving bank in Singapore.

OCBC has acquired Bank of Singapore Limited (BOS) in 2000, Indonesia's Bank NISP in 2005, China's Ningbo Commercial Bank in 2006 and merged with Keppel Tat Lee Bank in 2001. OCBC has developed a close relationship with trade unions.

UOB

United Overseas Bank[33] ("UOB") was incorporated on 6 August 1935 as the United Chinese Bank. Founded by Datuk Wee Kheng Chiang, father of the present United Overseas Bank Group Chairman, Mr. Wee Cho Yaw, and a group of seven Chinese businessmen, the Bank catered mainly to the Fujian community in its early years. The change of name was effected in 1965. Through a series of acquisitions, it is now a leading bank in Asia. In 2001, the bank successfully acquired Overseas Union Bank Ltd with a US$5.7 billion offer which outbid rival DBS Bank's $5.2 billion bid. It legally became a single entity under the UOB name from 2 January 2002. Besides Far Eastern Bank in Singapore, UOB's major banking subsidiaries in the region are United Overseas Bank (Malaysia), United Overseas Bank (Thai), PT Bank UOB Indonesia, PT Bank UOB Buana and United Overseas Bank (China). Today, the UOB Group has a network of over 500 offices in 18 countries and territories in Asia Pacific, Western Europe and North America.

Big International Banks in the Region

The management of international banks has a tendency to outsource some of their functions to third parties or to sign sub-contracts with the workers, which lead to a decrease in the number of permanent employees and less trade union membership. This means that employees have less bargaining power over the terms and conditions of employment or the welfare of employees, and results in the weak capacity of trade unions to represent the workers as well as to organize their activities. The conflict lies in the strong interests of management to reduce costs & maintain their current practices without concerning trade unionism. It can be the case that in different branches, trade unions are organized according to the culture of the country; however, trade unions are fragmented without proper planning and communication for direction.

Citibank

[33] Official website of UOB. Retrieved October 8th 2009 from http://www.uobgroup.com/about/story/our_corporate_profile.html

Citibank[34] is a major international bank, founded in 1812 as the *City Bank of New York*, later *First National City Bank of New York*. Citibank is now the consumer banking arm of financial services giant Citigroup, one of the largest companies in the world. Citibank has operations in more than 100 countries and territories around the world. In addition to the standard banking transactions, Citibank offers insurance, credit card and investment products. Their online services division is among the most successful in the field, claiming about 15 million users. In the ASEAN network, Citibank has its presence in China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, Thailand and Vietnam.

HSBC

HSBC Holdings[35] was established in 1990 and became the parent company to The Hong Kong and Shanghai Banking Corporation in preparation for its purchase of Midland Bank and a change of domicile for the transfer of sovereignty of Hong Kong. Headquartered in London, HSBC is one of the largest banking and financial services organizations in the world. HSBC's international network comprises around 331,458 employees in 8,500 offices in 86 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. Through an international network linked by advanced technology, including a rapidly growing e-commerce capability, HSBC provides a comprehensive range of financial services: personal financial services; commercial banking; corporate, investment banking and markets; private banking; and other activities. It has an enormous operational base, providing significant lending, investment and insurance activities. In the ASEAN network, HSBS has a presence in Vietnam, Thailand, Singapore, Malaysia, Indonesia, Philippines, India, Hong Kong, Japan and China.

Traditionally, HSBC used to a colonial bank and organized trade unions activities. However, as globalization has become the dominant paradigm, trade unions no longer flourish under the new practices and philosophy of management.

Standard Chartered Bank

Standard Chartered[36] was formed in 1969 through a merger of two banks: The Standard Bank of British South Africa, founded in 1863, and the Chartered Bank of India, Australia and China, founded in 1853. Both companies were keen to capitalize on the huge expansion of trade and to earn the handsome profits to be made from financing the movement of goods between Europe, Asia and Africa. Standard Chartered Bank[37] is a British bank headquartered in London with operations in more than seventy countries. It operates a network of over 1,700 branches and outlets (including subsidiaries, associates and joint ventures) and employs 73,000 people. Despite its British base, it has few customers in the United Kingdom and 90 percent of its profits come from Asia, Africa, and the Middle East.

---

[34] Citibank. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Citibank

[35] Hongkong and Shanghai Banking Corporation. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/HSBC

[36] Official website of Standard Charter. Retrieved October 8th 2009 from http://www.standardchartered.com/about-us/history/en/index.html

[37] Standard Chartered Bank. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Standard_Chartered_Bank

Because the bank's history is entwined with the development of the British Empire, its operations lie predominantly in former British colonies, though over the past two decades it has expanded into countries that have historically had little British influence. It aims to provide a safe regulatory bridge between these developing economies. It now focuses on consumer, corporate, and institutional banking, and on the provision of treasury services—areas in which the Group had particular strength and expertise. In ASEAN network, it has the presence in Brunei Darussalam, Cambodia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, Thailand, and Vietnam. Similarly to HSBC, trade unions no longer flourish by the new practices and philosophy of management.

Top Local Banks in ASEAN countries

The banks listed here are selected based on the assessment of The Asian Banker magazine in the year 2009[38]. The assessment takes into consideration these factors: value of franchise; financial performance; sustainability; transparency in strategy; ethical banking; sales capability; risk management; processes, technology & efficiency; penetration & efficiency of distribution channels; people skills. These are the banks that have the highest total scores, which imply that they hold the best practices as retails banks in each country. We believe that they are the potentially positive agents of changes for a more stabilized relationship between management and employees. For the 3 countries that are not assessed (Burma, Laos & Cambodia), their central banks are listed in this mapping exercise.

Brunei

Baiduri Bank[39] began operations on 18 July, 1994 and was officially inaugurated on 13 August, 1994 at Jalan Pemancha in the capital. They are one of the largest providers of financial products and services in Brunei. Their shareholders include Baiduri Holdings, Royal Brunei Airlines, Royal Brunei Technical Services and BNP Paribas. In the early years, their core business was corporate banking, focusing on import and project financing needs of suppliers and contractors of the Brunei Government and Brunei Shell Petroleum. In recent years, they have also introduced the Small and Medium Enterprise (SME) financing scheme in collaboration with the Enterprise Facilitation Scheme (EFS), and the Ministry of Industry and Primary Resources (MIPR) Micro-Financing Scheme to assist the growth of local businesses. Several years ago, they ventured into retail banking business. Currently, they have a network of 12 branches and 28 ATM locations throughout the country.

Indonesia

---

[38] The Asian Banker, special edition issue 88, 2009. Retrieved October 8th 2009 from http://www.theasianbanker.com

[39] Official website of Baiduri. Retrieved October 8th 2009 from http://www.baiduri.com.bn/about_baiduri.htm

Bank Central Asia (**BCA**)[40] is an Indonesian bank founded on August 10, 1955. The Asian monetary crisis in 1997 had a tremendous impact on Indonesia's entire banking system. In particular, it affected BCA's cash flow and even threatened its survival. A panic rush forced the bank to seek assistance from the Indonesian government. The Indonesian Bank Restructuring Agency took over control of the bank in 1998. Full recovery was accomplished later in the same year. As at December 31st 2008, they have 844 branches throughout Indonesia as well as two Representative Offices in Hong Kong and Singapore. Globally, they work together with more than 1,831 correspondent banks in 108 countries to provide payment order services.

Bank Rakyat Indonesia[41] or PT. Bank Rakyat Indonesia (Persero) (BRI), (trans. People's Bank of Indonesia), is one of the larger banks in Indonesia. It specializes in small-scale and microfinance-style borrowing from and lending to its approximately 30 million retail clients through its over 4,000 branches, units and rural service posts. It also has a comparatively small, but growing, corporate business. It is currently a 70 percent government-owned operating company (Persero) and has been government-owned for the entire period since the war of independence (1945 to 1949) to November 2003, when 30 percent of its shares were sold through an IPO[42].

BRI was founded in 1895, during the Dutch colonial period. It underwent many name changes before arriving at its current name. During the colonial period, its name was "Algemene Volkscredietbank (AVB)", or People's General Credit Bank, in 1934. This translates loosely into Indonesian as "Bank Rakyat Serikat". After the Indonesian declaration of independence, on 17 August, 1945, the bank was officially nationalized by the new government and then re-named "Bank Rakyat Indonesia Serikat". As part of the reform process in Indonesia since 1998, the government has been steadily reducing its influence on the Bank's day-to-day operations, culminating in its IPO. It is also seeking to comply with the Basel II accords, as mandated by Bank Indonesia, by 2008.

Bank Mandiri[43] was formed on 2 October 1998, as part of the Government of Indonesia's bank restructuring program. In July 1999, four state-owned banks – Bank Bumi Daya, Bank Dagang Negara, Bank Exim and Bapindo – were amalgamated into Bank Mandiri. Each of the four legacy banks played an integral role in the development of the Indonesian economy. Today, Bank Mandiri is the largest bank in Indonesia in term of assets, loans and deposits. It has about 2500 ATMs, more than Rp 319 trillion today, more than 21 thousand employees spreading among 956 domestic branches and 6 overseas branches[44].

Malaysia

---

[40] Bank Central Asia. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Bank_Central_Asia
[41] Bank Rakyat Indonesia. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Bank_Rakyat_Indonesia
[42] Initial Public Offering
[43] Bank Mandiri. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Bank_Mandiri
[44] Official website of Bank Mandiri. Retrieved October 8th 2009 from http://www.bankmandiri.co.id/english/corporate01/about_profile.asp

Public Bank Berhad was founded in 1966. Presently, Public Bank has 243 local branches and 3 overseas branches namely, Hong Kong Branch, Colombo Branch, Sri Lanka and Vientian Branch, Lao PDR. Public Bank is currently the biggest domestic bank in Malaysia by shareholders' funds. It focuses on retail customers and small to medium sized enterprises. The bank was listed on the Malaysian Stock Exchange in 1967. Public Bank is known for its prudent management, strong profitability, stable leadership, strong asset quality, healthy capitalization and service excellence. The Public Bank Group employs close to 16,000 people – up from 14,000 in 2007 – with about 90 percent of the staff in Malaysia and the remaining spread across Hong Kong and the People's Republic of China, Cambodia, Vietnam, Laos and Sri Lanka. The Public Bank Group is an industry leader in home mortgage financing; hire purchase financing and commercial lending to SMEs in Malaysia[45]. The Public Bank Group also offers a wider range of wealth management products through Public Mutual – a wholly-owned subsidiary of Public Bank – and through the long-term strategic alliance with the ING Group to distribute banc assurance products.

CIMB Bank Berhad (CIMB Bank) is the commercial banking arm of CIMB Group, offering a full range of banking products and services to over 4.7 million customers in Malaysia. Its wide distribution platform encompasses a country-wide network of 366 branches, and over 2100 self-service terminals and internet channels. As the second largest commercial bank in Malaysia, CIMB Bank holds significant market share across all consumer banking products. CIMB Group[46] is Malaysia's second largest financial services provider, and fifth largest in Southeast Asia by total assets. CIMB Group operates as a universal bank offering a full range of financial products and services, covering corporate and investment banking, consumer banking, treasury, insurance and asset management. CIMB Group offers products and services on a dual banking basis, giving customers a choice of both conventional and Islamic solutions. At present, its main markets are Malaysia, Indonesia and Singapore, countries in which CIMB Group has full universal banking capabilities. CIMB Group's presence in 11 countries covers South East Asia and major global financial centres, as well as countries with which their South East Asian customers have significant business and investment dealings. CIMB Group has 36,209 employees up to year 2008.

Hong Leong Bank[47] was founded by Mr Lam Ji Chiew and began its operations in 1905 in Kuching, Sarawak under the name of *Kwong Lee Mortgage & Remittance Company*. The company granted loans against the security of export commodities such as pepper, rubber and other indigenous products. It also provided the services of remitting money of overseas Chinese to their families in Southeast region of China. Hong Leong Bank[48], a publicly listed company on the Malaysian Stock Exchange, is a member of the Hong Leong Group (the Group). Headquartered in Malaysia, the Group has been in the financial services industry since 1968 through Hong Leong Finance Berhad and since 1982 through Dao Heng Bank Ltd in Hong Kong. Dao Heng Bank Ltd has since been sold to another banking institution. Today, the Group

[45] Official website of Public Bank Malaysia. Retrieved October 8th 2009 from http://ww2.publicbank.com.my/cent_content.html
[46] Commerce International Merchant Bankers Berhad. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/CIMB
[47] Hong Leong Bank. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Hong_Leong_Bank
[48] Official website of Hong Leong Bank. Retrieved October 8th 2009 from http://www.hlb.com.my/ahlb/corpstry.jsp?flag=corpstry

comprises a total of 14 listed companies worldwide with a combined market capitalization in excess of USD11 billion.

In 2004, the finance company business of Hong Leong Finance Berhad was acquired by Hong Leong Bank. Today, the enlarged, merged entity has over 185 branches in Malaysia, Singapore and Hong Kong.

Philippines

The Bank of the Philippine Islands or **BPI**[49] is the oldest bank in the Philippines still in operation and is the country's largest bank and company in terms of assets (US$ 15.29 billion). It is owned by the Ayala Corporation - the largest conglomerate in the Philippines. BPI is also the oldest bank in Southeast Asia and has a long and distinguished history that spans over a century. It has either influenced or has been influenced by many nations, including parts of the former Spanish Empire, especially Mexico, and the United States. While it is considered by many as an old institution, BPI is trying, with moderate success, to promote itself as a dynamic institution that caters to its various clients which hail from various sectors of Philippine society. BPI also pioneered rural banking in the Philippines, as its countryside banking operations preceded that of many other banks' rural banking operations by many years. Today, it maintains a large rural branch network, with some branches dating bank to the Spanish or American colonial periods. Its branch network of 831 branches is by far the largest branch network of any bank in the Philippines. The Bank is known to be the first bank to issue the Philippine peso.

Union Bank of the Philippines[50] more commonly known as **UnionBank**, ranks seventh in terms of assets after its successful merger with smaller competitor International Exchange Bank. UnionBank started the Philippines's first bank, the first to pioneered online banking in the Philippines and also the first to start the Phlippines' first electronic savings account, the EON Cyber Account.

Banco de Oro Unibank, Inc.[51], also known as **Banco de Oro** and **BDO**, is a major bank in the Philippines with 4,048 employees. It is now the largest bank in the Philippines in terms of assets, loans and deposits and is owned by the SM Group of Companies, one of the country's largest conglomerates and owner of the SM chain of malls. The bank is the product of the Banco de Oro - Equitable PCI Bank merger after the boards of both Banco de Oro Universal Bank and Equitable PCI Bank agreed to merge on December 27, 2006. For a while, the entity was known as **Banco de Oro-EPCI, Inc.**, but announced that it would go by the name **Banco de Oro Unibank, Inc.** starting February 2007.

Thailand

[49] Bank of the Philippines Islands. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Bank_of_the_Philippine_Islands
[50] Union Bank of the Philippines. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Union_Bank_of_the_Philippines
[51] Banco de Oro. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Banco_de_Oro

Siam Commercial Bank (SCB)[52], established in 1907 as the first Thai Bank, it provides a full spectrum of financial products and services to meet the various needs of its customers through SCB's core business groups: The Retail Banking Group, The Corporate Banking Group, The Business Banking Group, Global Transaction Services, The Special Assets Group, and The Treasury Group.

Bangkok Bank Public Company Limited[53] (Thanakan Krung Thep), established in 1944, is the Thailand's largest bank, and the fifth largest regional bank in Southeast Asia with approximately US$47 billion in total assets. Its branch network includes over 850 branches within Thailand, 19 branches overseas as well as one overseas representative office and one wholly-owned overseas subsidiary. There are branches in London and New York complementing the Bank's extensive network in South East Asia. Bangkok Bank has a full range of business, investment banking and personal banking services.

KASIKORNBANK Public Company Limited[54] formerly known as the Thai Farmers Bank was established on June 8, 1945. The bank offers consumer, commercial, and corporate banking services, including lending, deposit-taking, credit card services, international trade financing, custodian services, asset management, and investment banking services. Kasikorn Bank has a registered capital of Baht 26.9 billion and paid up capital of Baht 23.6 billion with total assets of Baht 820.9 billion, total deposits of Baht 685.2 billion and total loans and accrued interest receivables outstanding of Baht 531.6 billion. The bank branch network extends throughout Thailand's 76 provinces, as well as internationally with four branches overseas in Hong Kong, Los Angeles, the Cayman Islands, Shenzhen, and three representative offices in Beijing, Shanghai and Kunming[55].

Vietnam

VietinBank[56] - Vietnam Joint Stock Commercial Bank for Industry and Trade, established in 1988 after being separated from State Bank of Vietnam, is one of the four largest State-owned commercial banks of Vietnam. VietinBank's total assets account for over 20 percent of the market share of the whole Vietnamese banking system. VietinBank is diversified with 3 independent accounting subsidiaries: VietinBank Leasing Company, VietinBank Securities Company, Ltd., VietinBank Asset Management Company and 2 non-profit making units: VietinBank Information Technology Center and VietinBank Training Center. It is also the founder of the following Financial Credit Institutions: Saigon Bank for Commerce and Industry; Indovina Bank (the first joint-venture bank in Vietnam); Vietnam International Leasing Company – VILC (the first financial leasing company in Vietnam); Vietinbank Insurance Company Ltd.

---

[52] Siam Commercial Bank. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Siam_Commercial_Bank
[53] Bangkok Bank. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Bangkok_Bank
[54] Official website of Kasikornbank. Retrieved October 8th 2009 from http://www.kasikornbank.com/portal/site/KBank/menuitem.6ad5240ccd6322ff79d81130658f3fa0/
[55] Kasikornbank. Retrieved October 8th 2009 from http://en.wikipedia.org/wiki/Kasikornbank
[56] Official website of Vietin Bank. Retrieved October 8th 2009 from http://www.vietinbank.vn/web/home/en/index.html

Vietcombank[57], established on April 1st 1963 as a State-owned Commercial Bank. Some facts about Vietcombank:

- The oldest commercial bank for external affairs in Vietnam.
- Taking largest portion in export-import payment and guarantee in Vietnam.
- Being selected as a major bank to manage and serving the Government's loans and aids and many ODA projects in Vietnam.
- Being the leading commercial bank in trade finance, international payment, forex dealings, advanced Banking - IT implementation in Vietnam.

Sacombank[58] was established in 21 December 1991 with an initial chartered capital of VND 3 billion and operated within Hochiminh City. By 2007, Sacombank has achieved a leadership position among Vietnamese Joint Stock Commercial Banks with:

- Chartered capital of VND 5,116 billion, Equity of VND 7,003 billion;
- 250 transaction points covering 45 provinces, cities nationwide, 1 representative office in China and 1 branch in Laos;
- 10,644 agencies of 278 banks in 80 countries and territories in the world;
- Over 6,000 enthusiatic, creative and dynamic staffs;
- More than 60,000 shareholders;

The Bank has 3 key foreign shareholders:

- International Financial Company (IFC) – an arm of World Bank - 5.25 percent
- Dragon Financial Holdings Capital - 8.73 percent
- Australia and New Zealand Bank (ANZ), - 10.00 percent

Section 3: ASEAN Accredited Employers Organizations

ASEAN Bankers Association (ABA)[59]

The Brunei Association of Banks organized the 17th ASEAN Banking Conference and 38th ASEAN Banking Council Meeting, held in Brunei Darussalam from 5th to 7th November 2008. Every two years, the ASEAN Bankers Association organizes this conference. It is a platform for bankers from domestic and foreign banks operating in ASEAN to participate and share their experiences and knowledge.

There are 3 committees acting as platforms for networking with fellow bankers in the region: Permanent Committee on Banking Education, Permanent Committee on Finance, Investment & Trade (COFIT) with a sub-committee called Operational Risk Loss Data Consortium and Permanent Committee on ASEAN Inter-regional Relations.

---

[57] Official website of Vietcombank. Retrieved October 8th 2009 from http://www.vietcombank.com.vn/en/About%20VCB.htm

[58] Official website of Sacombank. Retrieved October 8th 2009 from http://www.sacombank.com.vn/en/intro/Pages/Establishment-and-Deveplopment.aspx

[59] Official website of ASEAN Bakers Association. Retrieved October 8th 2009 from http://www.aseanbankers.org/index.asp

Their action plan is as followed:

- Committee on Finance, Investment and Trade (COFIT) are in charge of Co-operation in Trade Finance among ASEAN banks, ASEAN Infrastructure Development Financing Fund and Operation Risk Sub-committee which supports The Loss Data Consortium Task force to complete the Feasibility Study.
- Committee on Inter-Regional Relations will coordinate a liaison and study mission to Australia or Europe, send representation of ASEAN Banking Council to ASEAN Governments to endorse the model to be developed by Thailand and Laos to facilitate foreign workers' salary remittances for all ASEAN countries remittances into the formal banking channels.
- Committee on Banking Education will support the one-to-one mentoring program. Some of the course materials will be made available by way of DVD /VCD for newer members. The association will continue to publish NBA initiatives in its publication.

The 39th ASEAN Banking Council Meeting will be held in Phnom Penh, Cambodia in the 3rd week of November 2009 and will be hosted by The Association of Banks in Cambodia. The 18th ASEAN Banking Conference and 40th ASEAN Banking Council Meeting will be held in 2010 in Indonesia.

ABA has one associate which is the ASEAN Finance Corporation Limited. It was established in Singapore in 1981 as an ASEAN joint venture by the banking community in ASEAN. A regional merchant bank with ACU license, AFC Merchant Bank has an authorized share capital of S$200 million and paid-up capital of S$100 million. The shareholders are leading banks and financial institutions from the five original members of ASEAN.

ASEAN Insurance Council (AIC)[60]

AIC is an ASEAN Non-Governmental Organizational (N.G.O) founded by the associations and organizations of the insurers of Indonesia, Malaysia, Philippines, Singapore and Thailand represented at the Jakarta Meeting of 3-4 April 1978. The Council consists of:

a) The Chairman of the Council,
b) The 6 (six) Vice Chairmen;
c) The Secretary General, and,
d) Six (6) individuals: one from each Member Country of ASEAN.

The Council shall meet at least once a year.

Representatives of the Member Organizations of the Council:

1. General Insurance Association of Brunei Darussalam
2. Asosiasi Asuransi Umum Indonesia/Indonesia General Insurance Association
3. Asosiasi Asuransi Jiwa Indonesia/Indonesia Life Assurance Association
4. Persatuan Insuran Am Malaysia

[60] Official website of ASEAN Insurance Council. Retrieved October 8th 2009 from http://www.aseanic.org/

5. Life Insurance Association of Malaysia
6. Philippine Life Insurance Association, Inc.
7. ISAP , Incorporated (Insurance and Surety Association of the Philippines)
8. General Insurance Association of Singapore
9. Life Insurance Association (Singapore)
10. The General Insurance Association (Thailand)
11. The Thai Life Assurance Association
12. Association of Vietnamese Insurers

The objectives for which the Council has been established are:

- To promote the development of insurance and reinsurance in the Region, with due respect to the aspirations, laws and regulations on Member Countries;
- To promote regional co-operation in all areas of insurance and reinsurance;
- To establish, promote and co-ordinate institutions of learning and training in the specialized fields of, or relating to insurance or reinsurance in the Region;
- To conduct workshop, conferences and seminars, to publish a journal and to establish standing or ad hoc commissions for current insurance, reinsurance or related affairs of the Region;
- To establish statistical and information centers of insurance and reinsurance in the Region;
- To provide industry information to the insurance supervisory authorities of Member Countries upon which legislation to be made or reviewed could be based;
- To cooperate with other associations and/or organizations with similar objectives established within the Region, East Asia, The Asia Pacific region. The European Community and/or any other region of the world;
- To perform any such acts or to do any such things as may be necessary for the attainment of the above objectives.

PART TWO

Section 1: Mapping ASEAN Financial Services Integration

Some significant milestones between 1997 and 2008 towards financial cooperation and capital market integration among ASEAN countries are as follows[61]**:**

March 1997	2003	2004	2007/2008
First ASEAN Finance Ministers Meeting: ASEAN Surveillance	Bali Concord II Framework for an ASEAN Community: Roadmap for Integration of	Formation of ASEAN Capital Market Forum (ACMF): Harmonization of standards	ASEAN Economic Blueprint to achieve economic liberalization and financial integration by 2015

[61] Tan Wai Kuen (2009). ASEAN Prospects for Capital Market Integration [Powerpoint slides]. Retrieved October 8th 2009 from http://www.adbi.org/files/2009.03.2.cpp.session.3.1.3.kuen.asean.capital.market.integration.pdf

Mechanism; bilateral swap arrangements and; to develop ASEAN bond market in collaboration with more developed bond markets	ASEAN in Finance (RIA-FIN) includes: capital market development; financial services liberalization; capital account liberalization; and currency Cooperation	governing: • Disclosures • Distribution • Accounting/ auditing • Mutual recognition of market professionals	ADB study on Integration of Southeast Asian Equity Markets ACMF Implementation Plan to strengthen ASEAN Capital Market Integration

The regional initiatives on finance that emerged after the crisis include the ASEAN Surveillance Process, the Chiang Mai Initiative (CMI), the ASEAN Framework Agreement on Services (AFAS), which also covers financial services, and the Asian Bond Initiatives under the Asian bond market development program[62]. These developments have laid the foundation for a reasonable level of development cooperation in finance in ASEAN and the Plus Three countries, China, Japan and South Korea. Below is a brief summary of each of these key mechanisms.

Chiang Mai Initiative (CMI)

The CMI was developed on 6 May 2000 to establish a system of swap arrangements within the ASEAN+3 countries. These are designed to provide liquidity support for member countries that experience short-run balance-of-payments deficits in order to prevent an extreme crisis or systemic failure in those countries and subsequent regional contagion, as occurred in the Asian financial crisis in 1997. As reported in the *The Joint Media Statement of the 12th ASEAN Plus Three Finance Ministers' Meeting, Bali, Indonesia, 3 May 2009*[63], ASEAN has already reached agreement on all the main components of the CMI, including the individual country's contribution, borrowing accessibility, and the surveillance mechanism. The agreed upon components of the CMIM, which is a framework of mutual assistance among ASEAN+3 countries, are consistent with its two core objectives: (i) to address short-term liquidity difficulties in the region and (ii) to supplement the existing international financial arrangements. CMI will be implemented by the end of 2009. The total size of Multilateralised Chiang Mai Initiative (CMIM) has been increased from the initially agreed level of US$ 80 billion to US$ 120 billion and the proportion of the amount of contribution between ASEAN and the Plus Three countries is 20:80 respectively[64].

Moreover, a multilateral approach would ensure that any conditionality associated with the financial assistance is consistent across all countries. According to the Joint Media Statement

[62] Financial Cooperation in Asia and the Pacific. Retrieved October 8th 2009 from http://www.unescap.org/pdd/publications/regcoop/ch6.pdf

[63] 2009. The Joint Media Statement of the 12th ASEAN Plus Three Finance Ministers' Meeting**.** Retrieved October 8th 2009 from http://www.aseansec.org/22536.htm

[64] 2009. Joint Media Statement Action Plan to Restore Economic and Financial Stability of the Asian Region. Retrieved October 8th 2009 from http://www.aseansec.org/22158.htm

Action Plan to Restore Economic and Financial Stability of the Asian Region, Phuket, Thailand, 22 Feb 09, the total amount of bilateral swap arrangements covering all 13 countries concerned is estimated at around $35 billion. The maximum amount of money any individual country can draw varies a great deal. For example, in the case of Thailand, the maximum is around $6 billion, 10 per cent of which can be drawn automatically. ASEAN+3 policy makers have made considerable progress over the past three years towards increasing the availability of liquidity, as they have succeeded in contracting a number of bilateral swaps and establishing informal mechanisms of policy dialogue and review among the ASEAN+3 countries. Since one of the objectives of CMIM is to prevent future crises by stabilizing financial and foreign exchange markets, CMIM must have great credibility. For this reason, ASEAN+3 authorities have been studying the modalities of monitoring, surveillance and cooperation in exchange rate policy among the participating countries.

Table VI.1. Progress on the Chiang Mai Initiative

(End of December 2003)

Bilateral swap arrangement	Currencies	Conclusion dates	Amount
Japan-Republic of Korea	$/won	4 July 2001	$7 billion[a]
Japan-Thailand	$/baht	30 July 2001	$3 billion
Japan-Philippines	$/peso	27 August 2001	$3 billion
Japan-Malaysia	$/ringgit	5 October 2001	$3.5 billion
China-Thailand	$/baht	6 December 2001	$2 billion
Japan-China	yen/yuan renminbi	28 March 2002	$3 billion
Republic of Korea-China	won/yuan renminbi	24 June 2002	$2 billion
Republic of Korea-Thailand	$/local	25 June 2002	$1 billion
Republic of Korea-Malaysia	$/local	26 July 2002	$1 billion
Republic of Korea-Philippines	$/local	9 August 2002	$1 billion
China-Malaysia	$/ringgit	9 October 2002	$1.5 billion
Japan-Indonesia	$/rupiah	17 February 2003	$3 billion
China-Philippines	yuan renminbi/peso	29 August 2003	$1 billion
Japan-Singapore	$/Singapore dollar	10 November 2003	$1 billion
Republic of Korea-Indonesia	$/local	24 December 2003	$1 billion
China-Indonesia	$/rupiah	30 December 2003	$1 billion

Source: Masahiro Kawai, "Regional economic integration, peace and security in East Asia", paper presented at the Economists Allied for Arms Reduction Session on "Real Homeland Security" at the Allied Social Sciences Annual Meetings, San Diego, California, 3-5 January 2004.

[a] The dollar figure includes the amounts committed under the new Miyazawa Initiative: $5 billion for the Republic of Korea and $2.5 billion for Malaysia.

At the moment, an independent surveillance unit has been established to monitor and analyze regional economies and support CMIM decision-making. The surveillance unit is comprised of an advisory panel of experts who work closely with the ADB and the ASEAN Secretariat.

Asian Bond Market Development: Asian Bond Markets Initiative (ABMI)[65]

The Asian Bond Markets Initiative aims to develop efficient and liquid bond markets in Asia, enabling better utilization of Asian savings for Asian investments. Activities of the ABMI focus on the following two areas: (i) facilitating access to the market through a wider variety of issuers and types of bonds, and (ii) enhancing market infrastructure to foster bond markets in Asia.

[65] 2009. The Joint Media Statement of the 12th ASEAN Plus Three Finance Ministers' Meeting. Retrieved October 8th 2009 from http://www.aseansec.org/22536.htm

Recently, the ASEAN Plus Three Finance Ministers has endorsed the establishment of the Credit Guarantee and Investment Mechanism (CGIM) as a trust fund of the ADB with an initial capital of US$500 million. The objective of CGIM is to support the issuance of local currency-denominated corporate bond in the region.

In addition, the ASEAN+3 Research Group has also been set up and is tasked with conducting research relating to financial market development in the region. The two topics for the 2009/2010 Research Group activities are: (1) Ways to Promote Trade Settlement Denominated in Local Currencies in East Asia, and (2) Regulation and Supervision for Sound Liquidity Risk Management for Banks.

ASEAN Surveillance Process

Soon after the 1997 Asian crisis, it was agreed by all ASEAN Finance Ministers on the need to establish the ASEAN Surveillance Process 1998. The objective of the ASEAN Surveillance Process is to strengthen cooperation by:

- Exchanging information and discussing economic and financial developments in the region as well as outside it;
- Providing an early warning system and a peer review process to enhance the stability of the macroeconomic and financial system in the region;
- Highlighting possible policy options and encouraging early unilateral or collective actions to prevent a crisis;
- Monitoring and discussing global economic and financial developments which could have implications for the region and proposing possible regional and national-level actions.

The ASEAN Select Committee comprised of members of the ASEAN Senior Finance Officials Meeting (ASFOM) and the ASEAN Central Bank Forum is the core of the surveillance process who will report to the ASEAN Finance Ministers. It was also stated that the scope of the surveillance process may include consultation with relevant private sector and international organizations within and outside ASEAN[66]. This process will be supported by the ASEAN Surveillance Coordinating Unit (ASCU) based at the ASEAN Secretariat, Jakarta as well as the ASEAN Surveillance Technical Support Unit (ASTSU) based in ADB, Manila.

ASEAN Capital Markets Forum (ACMF)[67]

The ASEAN Capital Markets Forum (ACMF) comprises securities regulators from 10 ASEAN jurisdictions, namely Brunei Darussalam, Cambodia, Indonesia, Laos PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. The ACMF is currently chaired by the Securities and Exchange Commission, Thailand. At the ASEAN Finance Ministers' Meeting in Danang on 4 April 2008 (AFMM 2008), the ACMF proposed to establish a Group of Experts (GOE) to assist in drafting a proposal for an ―Implementation Plan to promote the Development of an Integrated

[66] 1998. Terms of Understanding on the Establishment of the ASEAN Surveillance Process, point 4. Retrieved October 8th 2009 from http://www.aseansec.org/6309.htm

[67] The implementation Plan endorsed at the 13th ASEAN Finance Ministers Meeting prepared by ASEAN Capital Market Forum. Retrieved October 8th 2009 from http://www.theacmf.org/ACMF/report/ImplementationPlan.pdf

Capital Market to achieve the objectives of the AEC Blueprint 2015, and to present that Plan to the Finance Ministers for their consideration at AFMM 2009.

ASEAN Framework Agreement on Services (AFAS)

Periodic meetings and joint declarations of ministers have ensured that the member countries have continuously monitored the development of their financial markets. These meetings also provide a forum for the exchange of ideas on future financial reforms in the region which would increase the efficiency and stability of the financial markets. At the meetings, there is recognition that future financial market architecture should be based on greater private sector participation, proper standards for transparency and disclosure, dissemination of necessary information, early warning systems and a well-sequenced approach to capital account liberalization depending on a country's degree of development and macroeconomic stability.

Another important agreement on financial cooperation is the Protocol to Implement the various Packages of Commitments on Financial Services under the ASEAN Framework Agreement on Services. The Protocol ensures that ASEAN member States that are non-WTO members are accorded the same treatment as other ASEAN members. Efforts have also been made to open up the region's financial sector. A new modality, which is based on a positive list approach, has been considered by the Working Committee on ASEAN Financial Liberalization under the ASEAN Framework Agreement on Services. This includes the adoption of a combined unilateral and negotiated request/offer mechanism for the sub-sector(s) in the inclusion list in order to chart a road map towards a free flow of financial services by 2015.

AEC Blueprint 2015 envisages a regionally integrated capital market where: capital can move freely within the region; issuers are free to raise capital anywhere within the region; and investors can invest anywhere within the region. Particularly in the financial services sector, it means to substantially remove restrictions for the insurance, banking and capital Market sub-sectors by 2015.

Financial Services Sub-sectors Identified for Liberalisation by 2015[68]

	Sub-sectors	**Member Countries**
Insurance	Direct Life Insurance	Indonesia, Philippines
	Direct Non-life Insurance	Brunei, Cambodia, Indonesia, Malaysia, Philippines, Singapore and Vietnam
	Reinsurance and Retrocession	Brunei, Cambodia, Indonesia, Malaysia, Philippines, Singapore and Vietnam
	Insurance Intermediation	Cambodia, Malaysia, Indonesia, Philippines, Singapore and Vietnam
	Services Auxiliary to Insurance	Brunei, Cambodia, Indonesia,

[68] 2008. ASEAN Economic Community Blueprint. Retrieved October 8th 2009 from http://www.aseansec.org/5187-10.pdf

		Malaysia, Philippines, Singapore and Vietnam
Banking	Acceptance of Deposits and Other Repayable Funds from the Public	Cambodia, Laos and Vietnam
	Lending of All Types	Cambodia, Laos and Vietnam
	Financial Leasing	Cambodia, Laos and Vietnam
	All Payment and Money Transmission Services	Cambodia, Laos and Vietnam
	Guarantee and Commitments	Cambodia, Laos, Myanmar and Vietnam
Capital Market	Trading for Own Account or for Account of Customers	Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand
	Participation in Issues of All Kinds of Securities	Indonesia, Philippines (subject to constitutional and legislative limitations)
	Asset Management	Indonesia, Philippines, Singapore and Thailand
	Settlement and Clearing Services for Financial Assets	Indonesia, Philippines, Singapore and Thailand
Others	Provision and Transfer of Financial Information, Financial Data Processing and Related Software by Suppliers of Other Financial Services	Philippines and Myanmar
	Advisory, Intermediation and Other Auxiliary Financial Services	Philippines, Singapore, Thailand and Vietnam

In such a market, anyone would be able to trade in ASEAN capital market products freely in any ASEAN market at a competitive fee from a single access point, with capital market intermediaries being able to provide services throughout ASEAN based on home country approval.

Summary of the commitments of financial services under ASEAN Framework Agreement on Services[69]

ASEAN community has reached the 7th package of commitment under the AFAS signed by AEM (ASEAN Economic Ministers) in 1996 through 5 rounds of negotiations. Besides these 7 packages, there are 3 additional packages of commitments in financial services signed by the ASEAN Finance Ministers – the second, third and forth Packages of Commitments of Financial Services under the AFAS. A glance at the "Protocol to implement the fourth package of

[69] For concrete commitments, please consult the Protocol to Implement the Fourth Package of Commitments on Financial Services under the ASEAN Framework Agreement on Services

commitments of financial services under the ASEAN framework agreement on services"[70], brings up two points of note. First, the level of commitment among ASEAN countries is varied, due to respect for national policy objectives and the level of economic and financial sector development of the individual members. Second, the content of services trade liberalization in most of the ASEAN countries is still weak.

Brunei Darussalam

In terms of banking, insurance & other financial services, Brunei has strict limitations on liberalization of market access as well as national treatment on mode 3 and 4. The Ministry of Finance and existing domestic laws play the dominant role in regulating financial services.

Burma

Burma has no limitation on mode 2 but close restrictions on mode 1, 3 and 4 exist for both market access and national treatment. Central Bank of Myanmar and existing domestic laws determine the approval for commercial presence and movement of natural person in the country.

Cambodia

In deposit acceptance & lending of all type services, Cambodia commits to liberalize mode 1 & 3 with the condition that the deposits must be re-invested in Cambodia and the commercial presence must be permitted through authorized financial institutions as bank. Mode 4 is strictly limited. This applies to both market access and national treatment.

Indonesia

In factoring services, Indonesia has no limitations on market access as well as national treatment in mode 1 & 2. Regulations to mode 3 & 4 are based on the Horizontal Measures & General Conditions.

Laos

Laos has seen more liberalization in their commitments. In terms of acceptance of deposits and lending of all types, there are no restrictions on mode 1 & 2 on market access and national treatment. Mode 3 depends on the Commercial Bank Law. In terms of guarantee and commitments, there is full commitment on mode 1, 2 & 3 with the condition of getting approval from the Bank of the Lao P.D.R. In the Insurance Sector (direct life insurance, reinsurance and retrocession) there is subjection to applicable domestic laws and regulations of the Lao P.D.R. for mode 1, 2, & 3. Mode 4 is restricted with the exception of management and expertise level. Foreign suppliers & their foreign personnel must pay personal income tax to the Lao Government.

---

[70] Protocol to Implement the Fourth Package of Commitments on Financial Services under the ASEAN Framework Agreement on Services. Retrieved October 8th 2009 from http://www.aseansec.org/22028.pdf

Malaysia

In terms of commercial banks, merchant banks and international Islamic banks, there are restrictions of mode 1, 2 & 3. In mode 3, foreign commercial banks are not allowed to acquire any share in another commercial bank but may acquire shares in merchant bank. Foreign merchant banks are not allowed to acquire any share. Other persons are not allowed to have up to 5 percent of shareholding if the person already holds 5 percent or more of shareholding in another licensed financial institution. Entry for commercial & merchant banks is permitted through the setting up of representative offices that can only undertake research, exchange of information and liaison services. In mode 4, there is great restriction except for international Islamic banks and for specialists/ experts with the maximum period of 5 years.

With regards to direct insurance companies, there are restrictions for mode 1, 2, 3 & 4 with some exceptions that: branches of foreign companies must be locally incorporated; foreign shareholding must not exceed 51 percent; foreign insurance company is not allowed to acquire more than 5 percent share.

In terms of acceptance of deposits & lending of all types, Malaysia only liberalizes mode 2 on market access and mode 1, 2 on national treatment.

In financial leasing, commitment to liberalization is for mode 1, 2 & 3 on national treatment.
For other financial services & insurance services, there are restrictions of 4 modes on market access and flexibilities of restrictions on mode 1, 2, 3 on national treatment.

The Philippines

In terms of foreign stock broker dealer, there are no restrictions from the government for 4 modes. However, there are great restrictions on market access and it is subject to the Philippines Securities and Exchange Commission.

Singapore

Overall, Singapore has reached the most liberalized stage among ASEAN countries. However, it is still a weak picture of liberalization. In terms of insurance services, it is generally non-restricted. However, there are restrictions on mode 2 & 3 for insurance intermediation comprising of broking and agency services. In banking & other financial services, the terms and conditions of the Monetary Authority of Singapore must be followed.

Thailand

In investment advisory, there are no restrictions for mode 2 for representative offices & 3 on market access and mode 1, 2 & 3 on national treatment. In mode 4, there is limitation on the number of foreign personnel and their professionalism.

Vietnam

There are great liberalization for mode 1, 2 & 3 in insurance & related services while mode 4 is strictly limited. In banking services, non-restrictions are for mode 2 & 3 while mode 1 & 4 are strictly restricted.

PART THREE - Finance Services Labor in Southeast Asia

Section 1: Facts and Figures

Table 1: Total Labor Force and Finance Sector Workers

Country	Total Labor Force (million)	Finance Sector Workers (million)
Indonesia[71]	112 Million	1.48 Million
Malaysia[72]	11.3 M	791,100
Philippines[73]	36.81 M	4M
Singapore[74]	1.8 M	123,600
Thailand	37.78 M	N.A.
Cambodia	8.6 M	N.A.
Laos	2.1 M	N.A.
Vietnam	47.41 M	N.A.

Section 2: Liberalization of Services and Implications for Trade Unions and Workers in Finance Sector

Based on the responses from trade unions under the ASETUC Bank Union Council (ABUC)[75], some key trends and characteristics evident within the Southeast Asian banking system are: the consolidation of banks, the emergence of Islamic Banking, regional/ multi-entity banking, regulation oriented banking and banking technology development.

Consolidation

---

[71] Statistics Indonesia: Population 15 years of age and over who worked by main industry 2004, 2005, 2006, 2007, 2008 and 2009. Retrieved October 8th 2009 from http://www.bps.go.id/eng/tab_sub/view.php?tabel=1&daftar=1&id_subyek=06&notab=2

[72] 2008. Economic Review: Malaysia: Services sector lead to economic growth. Public Bank Berhad Economics and Corporate Planning Division. Retrieved October 8th 2009 from http://ww2.publicbank.com.my/cnt_review99.html

[73] 2009. Employed Persons by Industry, Ocupation, Class of Worker and Hours Worked, Philippines: July 2008 and July 2009. National Statistics Office, July 2008 and July 2009 Labor Force Sur Survey. Retrieved October 8th 2009 from http://www.census.gov.ph/data/sectordata/2009/lf090328.htm

[74] 2008. Employed Residents aged 15 and over by Industry, Age Group and Sex. Retrieved October 8th 2009 from http://www.singstat.gov.sg/stats/themes/economy/ess/aesa23.pdf

[75] See Annex C for the ASETUC Bank Union Council (ABUC) list of trade unions

Especially after the 1997 Asian crisis and again in recent times, governments in Southeast Asian countries have encouraged bank mergers and acquisitions to strengthen the domestic banking industry and to enable them to better position themselves. This has led to tremendous consolidation in the banking industry in the region. In Indonesia, the number of banks has reduced from 164 in 1999 to around 130 in 2008 with the government aiming to have this further reduced to 60-70 healthier banks. For example in the case of Indonesia OCBC Bank acquired NISP Bank; Rabobank acquired Haga bank and Hagakita Bank; HSBC Bank acquired Economy Bank and Commonwealth Bank acquired Arta Niaga.

In Singapore, while there are only three main banking groups in the country, DBS, UOB and OCBC, industry experts maintain that the country's banking sector would be much more competitive if there were only two entities. Malaysia underwent a first round of consolidation at the beginning of this century when 54 banks and financial institutions were reduced to 10 'anchor' bank groups. It is now undergoing a second round of consolidation which was kicked off by CIMB, a unit of banking group Bumiputra-Commerce Holdings, acquiring smaller rival Southern Bank. This was followed by ANZ Banking Group purchasing a majority stake in Malaysia's fifth-largest lender, AMMB Holdings. In Thailand, UOB has acquired Bank of Asia; DBS acquired Thai Danu Bank and IMG acquired TMB Bank. In the Philippines, the Banco de Oro is fast moving in to acquired greater market share such as the takeover of Equitable PCI and Philippine National Bank merged with Allied Bank. In Lao PDR, Vietnam and Cambodia, we are also witnessing the emergence of more private and/or joint venture in the bank sector[76].

In a bid to increase their size and profitability, many leading banks in the region are expanding their operations beyond national borders to become regional banks. Prime examples of this trend are Maybank of Malaysia and DBS Bank of Singapore. DBS is the largest bank by assets in Singapore offering the full gamut of financial services and it has made its intent of being a regional player very clear. Through acquisitions such as Bank of Southeast Asia in the Philippines and Thai Danu in Thailand, it has established its presence across all key markets in Asia.

Banking Information Technology Development

Technology is a key element of the banking industry in Southeast Asia. In most of the leading economies in the region, several major banks have deployed first generation core banking platforms which are not able to meet their ambitious expansion plans. Moreover, these platforms are often not flexible nor agile enough and do not have the required functionality to meet the ever increasing set of regulatory requirements. These banks therefore require upgrading of their legacy systems. Additionally, in emerging economies, many banks are taking their first step towards automation of their core banking system.

The prospect of growth is promising for the banking industry in Southeast Asia. The process of reforms in most of the economies afflicted by the East Asian financial crisis have significantly helped transform their banking industries, making local players stronger and much more competitive. The process of consolidation is expected to continue as banks and governments try to create healthier banking entities. The coming years will see the continued growth of Islamic banking and also see more banks trying to become pan-Asian players. All these trends, along

[76] See Annex D for more mergers and acquisitions in Southeast Asia

with the need to meet regulatory compliance requirements, will result in continued investment in open solutions and new generation technologies.

First, the de-regulation as presented in the commitments of AFAS would remove the ‘structural’ regulatory barriers that previously kept firms corralled within narrow parts of the financial system, which would encourage firms to expand into new financial markets and thereby raising levels of competition within them.

Second, the introduction of greater and better financial innovation would also raise levels of competition, which have changed the bases upon which firms compete with one another for customers and market share. Perhaps one example is the growth of electronic databases as a means of sorting and managing customers. The use of relational databases in combination with automated credit-scoring and ‘forensic’ marketing systems has reduced the dependence of established financial services firms upon their traditional branch networks (which are an expensive way of distributing products and services to customers). The ability of firms to contact and discriminate between customers ‘at a distance’ through the use of these technologies has encouraged extensive branch closure programs and the growth of alternative distribution channels, such as telephone call centers and, more recently, internet-based financial services. This development has delivered short-term benefits for financial services firms, because such delivery systems produce significant efficiency savings in the provision and processing of customer services.

However, it has also increased the level of competition within the industry as a whole, and has emerged as a real threat to the long-term survival of many established financial services firms. In the past, the requirement of an extensive network of branches which allowed participation in many financial services markets was a fairly effective barrier to entry. However, the growth of electronic information systems and alternative distribution channels means that it is now far more cost effective for firms without a branch network to enter the financial services markets. As a result, a host of non-financial services firms are now able to enter the Southeast Asian retail financial services market, increasing levels of competition still further for established firms, and adding further impetus for consolidation through merger and acquisition or other cost savings measures to stay ahead.

Implications for Bank and Insurance Workers

Job cuts have particularly affected traditional bank branches and back office jobs. This has particularly affected older workers and women with traditional banking skills. These are skills which are not easily transferable to the new centralized functions, such as those required in call centers or IT related. The standardization of products has allowed functions which can deal with a high volume of clients to emerge, without requiring training in traditional banking skills. Where new jobs have been created, these often require managerial, IT or other specialist skills.

The process of automation was identified as having led to the disappearance of a number of low-skilled administrative functions. In addition, many labor intensive services have been outsourced to the low wage economies of the African and Indian sub-continent. Outsourcing has been one of the most significant trends in employment not only in the financial services sector, but also in the economy as a whole. This is in many cases also true in the merger process, as companies seek to reduce their fixed costs. Initially, outsourcing primarily affected companies' so-called "non-core" functions such as cleaning, catering, maintenance and IT. However, in more recent years, outsourcing is also increasingly being used to provide a number of core functions such as customer services and bank security. Customer services and sales functions are today more likely to be provided by call-centers, which handle high volumes and generally operate with low-skilled, low-paid staff. As a result, job satisfaction in call centres is generally low and staff turnover rates are high, which necessarily has an impact on the quality of service provided. Another concern about the increasing use of call centers in the financial services sector is the low level of unionization among the workforce in these facilities. The outsourcing of services in general often leads to affected workers being covered by a different, less favorable collective agreement and in some cases, no collective agreement at all.

Crucially, the elimination of low skilled jobs through automation, the outsourcing of non-core functions (with the exception of IT) and the low levels of pay and working conditions in call centers primarily affect female staff in the sector. In the area of ***bank security***, male employees have also been affected.

The increase in ATM servicing and cash processing services have lead to a greater need for cash in transit as cost of alarm systems and video technology is lowered. Though trade unions recognize that removing obstacles to prevent free movement of services within the ASEAN market is one of the key objectives, the regulations governing the outsourcing of bank security to private security sector cannot be underestimated due to the specific nature of private security services' close interlink with fundamental public security. This is especially crucial as the security sector in generally has been experiencing growth. As such, strict conditions specific to bank security, especially for entering the market, the screening of private security officers, training, the definition of activities, the right and obligation for national authorities to exercise permanent control over private, outsourcing security companies are important. Too often, the usual market practices are to give priority to the price of the service and too little – or no – attention to the quality of services provided to banking and financial institutions. The often unattractive working conditions, the highly competitive economic environment and the tendency to perceive security services as a commodity have contributed to the negative effect on the quality of services and the image of the sector.

Among employees remaining within the direct employment of financial services companies, demands for the handling of higher workloads, the requirement for higher level skills and greater flexibility are increasing. This relates particularly to the requirement of a higher degree of computer literacy and higher professional competence allowing for multi-tasking. The demands placed on staff for higher skills and greater flexibility, in some cases, are not matched by a similar commitment among companies for improved in-house training facilities and more flexible working conditions to meet their employees' requirements for the achievement of a more satisfactory work-life balance. This is particularly true in the case of mergers, where the need to make cost savings often affects overall expenditure on training.

Sale of Financial Services and Products

In general, it was observed that the number of financial products available to consumers has increased markedly over the last few years. This has been brought about by a number of related developments. First, the growth of competition between financial services firms, which has included competition over the number and range of products offered. Second, the number of financial products has increased as financial services firms have increasingly sought to provide investment and insurance products that substitute for welfare services that have been degraded or even withdrawn by governments in areas such as pensions, health and education. Third, changes in regulation across Southeast Asia have made it easier for firms to enter new geographical and product markets.

In addition to greater choice, there are grounds for arguing that the cost of such products for the majority of financial consumers has also fallen in real terms. Many new entrants to financial services markets have chosen to compete on the grounds of price, particularly through the use of virtual or ‘at-a-distance’ distribution methods such as telephone call centres. This can be seen in the case of mass insurance markets, such as car and household insurance, and for products such as credit cards. In addition, such services give consumers greater time flexibility. Firms using such systems are able to undercut more traditional competitors through efficiency savings, as it is more cost effective to deal with customers through technologies such as call centers than through a branch, but also because such firms actively discriminate in favour of certain types of customer and against others. Therefore, while most customers have benefited from such developments, through a proliferation of choice and the increase in price competition, a significant minority of financial services consumers have lost out.

The losers are consumers who are seen to be particularly bad risks or insufficiently well-off for financial services firms to justify the costs of servicing them as customers. These individuals and households also lose out in another way. The financially excluded tend to be those with low levels of literacy and educational attainment and experience difficulty in navigating their way through the increasingly complex world of retail financial services. They face problems of decision-making even when they are presented with the opportunities to make choices about the purchase of financial services.

Implications for Bank and Insurance Workers

As a result of these developments, workers and trade unions reported that the rules and regulations have not necessarily kept up with the rapid development in sales of financial services. It was reported that not all countries in ASEAN have a legally binding code of conduct or legislative framework in place with regards to the sale and operations of financial services. Even where there were codes or framework, implementation and monitoring mechanisms have remained weak in many cases.

Overall, it was observed that there is a growing trend in the employment of sales-related bank and finance sector employees whose salary package are directly pegged to their sales performance. A typical sales bank employee would receive a remuneration package which could look like this:

1. Monthly basic salary
2. Annual bonus (around 1-2 months’ of monthly salary)
3. Performance bonus

Performance bonus is the reward paid out to bank employees for their effort and contribution in meeting the sales targets of the bank. This is usually paid out as a percentage of the total sales that the employee had clinched. Given that the monthly basic salary is often low, this means that sales bank workers are often dependent on the performance bonus which undeniably increases the pressure to sell. Moreover, the situation is even more appalling and stressful when in many cases; employees are asked to leave the company if he/she does not meet their sales target.

The drive to sell financial products does not only affect workers in the sales team. For instance, each branch is given a sales target for the month and the frontline and sales team would be responsible for securing the target for the branch. However, in the event that the sales target cannot be reached, it is not unusual for the branch supervisor/manager to shift more manpower from the back office operations to assist the frontline staff in meeting those targets. In cases like this, the back office staff is also expected to juggle both his/her primary work as well as ensuring that the branch fulfils its stipulated sales target for the month.

It was reported that only a handful of bank employees in each branch possess the required licenses to undertake sale transactions. Even though not all employees possess the required licenses, the responsibility of ensuring those sales targets are met belongs to every employee in the branch. In such a situation, it is not uncommon for employees to bypass the procedures through an informal mode of negotiation in work arrangements. For example, a non-licensed bank staff could approach a potential bank customer with related brochures and information on the bank's financial and insurance products without giving any financial advice/ consultation but by reading out what is already printed in the brochure. He/She could then refer the potential customers to the licensed sales employees.

Such hard-selling practices in bank branches not only increase stress for the employees but also for the customers as well. Customers who expect to be offered services from the bank are also confronted by bank employees who are desperate to sell a range of financial products promising the customer better returns than the traditional savings deposit account.

ASEAN Framework on Accountancy Services[77]

In 2009, February 26, ASEAN governments represented by the ministers of trade and commerce signed the Mutual Recognition Agreement on Accountancy Services. The objective of the MRA is to facilitate the mobility of accountancy services professionals within ASEAN and to exchange information to promote the adoption of best practices on standards and qualifications. The basis of recognition includes:

1. Education: an assessment of the professional program of the other party where the host country will have the opportunity to assess the content and qualifications
2. Examination: attainment of pass in the examinations of the recognized professional accountancy and pass the examination in the host country
3. Experience: proof of minimum number of years of experience in the area

Future Implication for Workers and Trade Unions

[77] ASEAN Mutual Recognition Arrangement Framework on Accountancy Services. Retrieved October 8th 2009 from http://www.aseansec.org/22225.htm

So far, ASEAN has completed 7 MRAs[78] and it is planned that the Coordinating Committee on Services (CCS) which had adopted a sectoral approach to develop MRAs for each professional service will continue working with respective professional bodies in ASEAN member countries to come up with modality for concluding MRAs for other professional services. An MRA related to any financial services providers would in future render a freer flow of financial services professionals in the region, escalating the movement of workers within intra-ASEAN or even ASEAN plus Three.

In this regard, it is worth turning our attention to the significance of temporary work, especially in the European Union (EU) where intra-EU movement of workers is compounded not just by casual labor (especially in agriculture and construction) or fixed term contracts (commonly associated with white collar work) but increasingly in the area of temporary agency workers (TAW) -- where the supply of an entire range of workers to client organizations is facilitated by third party temporary work agencies. Trade unions are concerned that temporary workers receive lower remuneration and benefits when compared to permanent workers, are more vulnerable to health and safety hazards, enjoy fewer representation, training and development opportunities. While recognizing the interests of employers in increasing flexibility and gaining competitive advantages, it is equally, if not more important, to ensure that sustainable development needs to be balanced with employment generation, protection and security for the population.

For this purpose, workers while being more flexible also need to be given security. In the case of the European Union, **"flexicurity"** is the name given to a form of labor market organization combining a flexible labor force able to adapt to new markets and technologies, with security that guarantees workers' living and working standards. Unfortunately, the current flexicurity debate as seen in the case of EU, favors business at the expense of workers, placing greater emphasis on relaxing rules for hiring and firing, on dismantling labor standards and job protection, and imposing tough conditions for social support, thereby providing business with the opportunity to downgrade the quality of jobs and work contracts. Trade unions and workers in ASEAN are concerned that such a flexible, non-secure environment will breed in the context of the greater liberalization of the region.

PART FOUR: Concluding Remarks and Recommendations

The sales-based culture of the banks in ASEAN needs to be monitored with caution. It is of critical importance that the finance sector does not continue its focus on performance-based incomes nor continues to operate under the short-term profit-oriented business model which has contributed largely to the financial crisis.

Moving away from the provision of professional customer service and towards short-term profiteering also hurts the confidence of customers. We encourage banks to adopt a policy where they lend only to those who are genuinely in need of credit. A return to a socially-oriented (one that contributes to the development of the real economy) financial services provision model can be the guarantee for a sustainable and stable financial architecture for the region.

[78] The 7 concluded MRAs are: engineering services, nursing services, architectural services, surveying qualifications, accountancy services, dental practitioners and medical practitioners

While the financial architectures in some ASEAN countries have remained unscathed by the 2008 financial crisis, there are lessons to be learnt from those who have been more severely affected. That attention should be brought to bear upon the unethical and unregulated sale of financial products cannot be overstated. While more safeguards have been brought into the forefront of discussions among affected countries, there is a need to ensure that the bad practices do not surface in countries where safeguards are not strongly implemented. There is a need to balance the call for greater liberalization in ASEAN financial cooperation and the need to regulate and safeguard the industry from unfettered financial speculation. This is in line with the objectives as outlined by ASEAN:

A plausible strategy that ASEAN should adopt is a regional framework for banking and financial regulation. Such consistency and synchronized efforts across the region would ensure that rules are clear, transparent and offer stability for both employers and employees. At the same time, employees and trade unions can act as an intermediary to ensure that the stipulated rules and regulations are effectively implemented. We recommend that a representative of the ASEAN Bank Unions Council (ABUC) be part of the ASEAN surveillance process team to provide feedback and present observations and findings to the process.

Finally, there is a great opportunity for ASEAN bankers to play a key role in all these areas. As the central intermediaries of credit in the banking system and capital markets, our challenge is to harness the substantial savings within ASEAN and tap into the global capital pool, to finance developments in these areas in a disciplined way. Building on our spirit of co-operation, as bankers and as regulators, we should work more closely together to address current problems, meet coming challenges and seize new opportunities

Banks also form an important link for investors to access the capital markets. The growth of income and wealth in the region, and the liberalization of pension savings will create greater demand for financial products. The wide network of branches of ASEAN banks is of strategic value as distribution channels for a range of banking, insurance, mutual funds and capital market products. If ASEAN banks can work together to distribute high quality products suited to their customers' needs, it would help residents in all ASEAN economies to invest their savings appropriately, with proper diversification and returns.

While the creation of the European Monetary Union had a long history of cooperation, the move towards the EMU was made possible by (1) high trade interdependencies, (2) common acceptance of basic political and social values (democracy, a market economy with a strong welfare state – though we might mention that the UK did not consider democracy to be as strongly anchored in the Continent nor did it share a welfare state commitment) – (3) fairly even economic development and comparable living standards, despite divergences among its poorest members, and (4) a strong commitment to solidarity[79].

[79] Roberto F. De Ocampo (2004). A Single Currency for Asia: Is it Time? Retrieved October 8th 2009 from http://www.adb.org/annualmeeting/2004/Seminars/presentations/rocampo-presentation.pdf

Recommendations

As an organization representing the interests of workers in the finance sector in ASEAN countries, the ASEAN Bank Union Council (ABUC) proposes the following:

For ASEAN and ASEAN Bank Employers

- To look into the possibility of drawing up an ASEAN/ Asian Charter for the regulation on the responsible sale of financial services such that predatory and risky practices do not threaten the stability of ASEAN's economy as seen in the case of the global financial meltdown of 2008
- To explore the possibility that a representative from ABUC participates in the ASEAN Surveillance Process to strengthen supervisory and regulatory mechanisms by offering constructive feedback and a fresh perspective to the committee
- To look into the possibility of drawing up a Charter on Bank Security and Cash in Transit to protect and enhance security in the finance sector
- In preparation for a labor force that is capable for adapting to the rapid changes in the finance sector, there should be adequate training programs that are relevant for workers to keep up with the needs of the sector.
- To consider the concept of "flexicurity"; combining a flexible labor force that is able to adapt to new markets and technologies, with security that guarantees workers' living and working standards
- To explore the concept of social dialogue and works council that at present is institutionalized in the European Union context for consideration to be practiced in ASEAN
- To take note that the increased employment opportunities in ASEAN does not compromise the quality of jobs available for workers thereby protecting and promoting decent work and jobs for ASEAN peoples

*** *** ***

ANNEX A. Figures and statistics pertinent to the general finance industry in Southeast Asia

INDONESIA

Table 1: Structure of the Financial Sector (Rp trillion)

Type of institution and year	Assets (Rp trillion)	Percent of assets	Percent of GDP
Banks (2005)	1,470.0	79.7	53.9
Non-bank financial institutions	374.5	20.3	13.7
Finance companies (2005)	67.7	3.7	2.5
Insurance companies (2005)	75.1	4.1	2.8
Pension funds (2004)	107.1	5.8	4.7
Securities firms (2004)	10.1	0.5	0.4
Pawnshops (pegadaian) (2005)	4.8	0.3	0.2
Rural institutions (2004)	14.7	0.8	0.6
Mutual funds (2005)	29.4	1.6	1.1
Venture capital companies (2005)	2.7	0.1	0.1
Outstanding corporate bonds (2005)	62.8	3.4	2.3
Total	1,844.5	100.0	67.6
Equity market capitalization (2004)	680	N/A	30.1
Equity market capitalization (2005)	801	N/A	29.4

Source: Bapepam & LK, Bank Indonesia

Note: Numbers include some double counting because pension funds, insurance companies, and mutual funds invest in banks. Percent of GDP of each sector is calculated using the GDP of the year corresponding to year of the data. Total as a percent of GDP uses 2005 GDP figure.

Table 2: Regional Comparison of Financial Sectors (US$ billion)

Sector	Indonesia		Malaysia		Thailand		Singapore	
	Assets	% of GDP	Assets	% of GDP	Assets	% of GDP	Assets	% of GDP
Banks	151.5	53.9	166	159.8	172	114.9	213	233.4
Insurance companies	7.7	2.8	20	19.5	5	3.4	46	49.8
Pension funds	12.0	4.3	58	56.4	7	4.8	60	65.7
Mutual funds	3.0	1.1	21	20.1	18	12.2	18	20.0
Outstanding corporate bonds	6.5	2.3	40	*38.0	19	*12.3	30	*32.4
Others	10.5	3.7	n.a	0.0	n.a	0.0	n.a	0.0
Total	191.2	68.0	305	293.3	221	147.4	367	403.3
Equity market cap	82.5	29.3	168	162.2	119	79.4	148	162.3
GDP	281.3	100.0	104	100.0	150	100.0	91	100.0

Source: Respective central banks, public information, World Bank

Note: Indonesian data as of 2005, the rest as of 2003.

*:2004 data.

.

Table 3: Real Sector							
SDDS Data Category and Component, footnote	**Unit Description**	**Data Observations**					
		Date of Latest Observation	**Latest Data**		**Latest Data - 1**		
NATIONAL ACCOUNTS							
GDP Current prices by sector	Billions of Rp.	Q2/09	1,365,455.2	***	1,301,790.0	***
Agriculture	Billions of Rp.	Q2/09	213,481.2	***	203,534.8	***
Mining and quarrying	Billions of Rp.	Q2/09	120,140.2	***	118,103.9	***
Manufacturing industry	Billions of Rp.	Q2/09	362,811.0	***	355,320.8	***
Electricity, gas, and clean water	Billions of Rp.	Q2/09	12,131.6	***	11,198.4	***
Construction	Billions of Rp.	Q2/09	136,571.5	***	126,984.9	***
Trade, hotels and restaurants	Billions of Rp.	Q2/09	181,725.2	***	174,204.4	***
Transportation and communications	Billions of Rp.	Q2/09	86,947.4	***	84,228.5	***
Finance, leasing, and business services	Billions of Rp.	Q2/09	99,622.0	***	98,757.7	***
Other services	Billions of Rp.	Q2/09	152,025.1	***	129,456.6	***
GDP current prices by expenditure category						
Consumption expenditure by household	Billions of Rp.	Q2/09	808,660.1	***	808,412.6	***
Consumption expenditure by government	Billions of Rp.	Q2/09	135,743.0	***	99,927.2	***
Gross fixed capital formation	Billions of Rp.	Q2/09	426,728.9	***	400,578.8	***
Change in stocks	Billions of Rp.	Q2/09	2,840.8	***	- 3,023.1	***
Exports of goods and services	Billions of Rp.	Q2/09	322,649.2	***	308,158.9	***
Imports of goods and services	Billions of Rp.	Q2/09	283,200.4	***	267,333.2	***
G D P	Billions of Rp.	Q2/09	1,365,455.2	***	1,301,790.0	***
Net Foreign Income	Billions of Rp.	Q2/09	- 50,311.3	***	- 50,800.7	***

G N P	Billions of Rp.	Q2/09	1,315,143.8	***	1,250,989.3	***
GDP Constant 2000 prices by sector	Billions of Rp.	Q2/09	540,059.6	***	527,671.5	***
Agriculture	Billions of Rp.	Q2/09	75,838.6	***	73,292.7	***
Mining and quarrying	Billions of Rp.	Q2/09	43,786.2	***	43,450.2	***
Manufacturing industry	Billions of Rp.	Q2/09	140,756.3	***	138,750.8	***
Electricity, gas, and clean water	Billions of Rp.	Q2/09	4,313.6	***	3,989.1	***
Construction	Billions of Rp.	Q2/09	34,271.0	***	33,454.5	***
Trade, hotels and restaurants	Billions of Rp.	Q2/09	89,876.9	***	87,498.3	***
Transportation and communications	Billions of Rp.	Q2/09	47,613.1	***	45,477.9	***
Finance, leasing, and business services	Billions of Rp.	Q2/09	51,801.0	***	51,504.8	***
Other services	Billions of Rp.	Q2/09	51,802.9	***	50,253.2	***
GDP Constant 2000 prices by expenditure category						

THAILAND

Table 1[80]. **Thailand: Structure of the Financial System** (In billions of baht)

	1996	In percent of total financial assets	2006	In percent of total financial assets	2007	In percent of total financial assets
Financial Sector Assets	10,004		13,965		14,924	
In percent of GDP	217.0		178.7		175.9	
Deposit-taking financial institutions						
Banks	5,537	55	8,653	62	9,006	60
Private banks	3,859	39	5,691	41	5,981	40
3 largest private banks	2,343	23	3,407	24	3,680	25
Others privately owned	1,516	15	2,284	16	2,301	15
State-owned	1,206	12	1,835	13	1,823	12
Foreign-majority owned	472	5	1,127	8	1,202	8
Subsidiaries	0	0	12	0	12	0
Branches of foreign banks	472	5	1,115	8	1,190	8
Specialized Financial Institutions (excluding state AMCs) 1/	718	7	2,015	14	2,075	14
(in percent of total financial sector assets)	7.2	0	14.4			
of which deposit-taking SFIs (4 + SME Bank)	683	7	1,947	14	2,075	14
- Taking deposit currently	683	7	1,891	14	1,961	13
- Non deposit taking	0	0	56	0	114	1
Finance Companies	1,767	18	81	1	47	0
Credit Fonciers	9	0	2	0	0	0
Non-Bank Financial Instiutions						
Insurance companies	235	2	833	6	953	6
Life	146	1	700	5	816	5
Mixed	0	0	0	0	0	0
Nonlife	89	1	133	1	137	1
of which: state-owned	0	0	0	0	0	0
Mutual Funds 2/	247	2	1,050	8	1,437	10
Securities dealers (brokers)	1,491	15	123	1	142	1
Pension Funds 3/	n.a.	n.a.	667	5	755	5
of which: state-owned	0	0	276	2	313	2
Leasing Companies	n.a.	...	n.a.	...	n.a.	...
Venture Capital Companies	n.a.	...	1	0	n.a.	...
Asset Management Companies (AMCs)	n.a.	...	540	4	509	3
State-owned	n.a.	...	461	3	437	3
Privately-owned	n.a.	...	79	1	72	0
Number of Insitutions						
Commercial Banks	29		34		34	
SFIs	4		6		6	
of which deposit-taking SFIs	4		4		4	
Finance Companies	91		6		5	
Credit foncier	12		4		3	
Insurance companies	76		99		98	
Mutual Funds 2/	205		726		830	
Securities dealers (brokers)	83		41		43	
Pension Funds 3/	n.a.		526		514	
Leasing Companies	n.a.		n.a.		n.a.	
Venture Capital Companies	0		2		2	
AMCs	0		15		15	
Memorandum items:						
Nominal GDP	4,611		7,813		8,485	

Sources: Thai Authorities.
1/ Including deposit and non-deposit taking SFIs
2/ Including Property Funds for public but excluding special funds.
3/ Including provident funds and government pension fund.

---

[80] Jaime Caruana and David Burton, Monetary and Capital Markets and Asia and Pacific Departments (2008). Financial System Stability Assessment. International Monetary Fund. Retrieved October 8th 2009 from http://www.imf.org/external/pubs/ft/scr/2009/cr09147.pdf

Table 2[81]. Growth rate of GDP at 1988 prices by industrial origin : 1998 - 2007

ปี	อัตราการขยายตัว Growth Rate (%)					Year
	เกษตร Agriculture	อุตสาหกรรม Manufacturing	การธนาคาร Banking	อสังหาริมทรัพย์ Real - Estate	บริการ Services	
2541	-1.5	-10.9	-29.6	-2.8	-5.5	1998
2542	2.3	11.9	-34.0	3.4	11.6	1999
2543	7.2	6.1	-7.9	2.8	5.6	2000
2544[r]	3.2	1.4	2.1	1.7	2.8	2001[r]
2545[r]	0.7	7.1	11.6	4.9	8.1	2002[r]
2546[r]	12.7	10.7	16.8	4.9	11.8	2003[r]
2547[r]	-2.4	8.2	12.4	6.6	12.5	2004[r]
2548[r]	-1.9	5.2	7.3	5.3	6.4	2005[r]
2549[p]	3.8	5.9	3.3	5.5	2.8	2006[P]
2550[P1]	3.9	5.8	5.7	2.9	-3.9	2007[P1]

ที่มา : สำนักงานคณะกรรมการพัฒนาการเศรษฐกิจและสังคมแห่งชาติ สำนักนายกรัฐมนตรี

Source : Office of the National Economic and Social Development Board, Office of the Prime Minister

Table 3[82].

Table 3. Gross National Product and National Income at Current Market Prices by Economic Activities

(Millions of Baht)

	1996	1997	1998	1999	2000	2001	2002	2003p
Agriculture	**438,119**	**447,176**	**498,587**	**435,507**	**444,185**	**468,905**	**513,094**	**595,004**
Agriculture, Hunting and Forestry	350,172	351,974	390,604	332,045	326,389	357,979	407,046	491,026
Fishing	87,947	95,202	107,983	103,462	117,796	110,926	106,048	103,978
Non-Agriculture	**4,172,922**	**4,285,434**	**4,127,860**	**4,201,572**	**4,478,546**	**4,664,597**	**4,932,949**	**5,335,358**
Mining and Quarrying	63,410	82,402	84,318	87,362	116,726	126,232	135,851	154,564
Manufacturing	1,370,438	1,427,657	1,428,323	1,514,030	1,653,658	1,715,926	1,831,903	2,060,447
Electricity, Gas and Water Supply	106,833	118,958	142,277	130,399	146,105	166,683	175,595	190,946
Construction	341,518	271,824	178,680	166,253	150,615	154,493	165,705	175,586
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	762,898	812,214	785,928	801,340	847,564	856,098	865,964	914,328
Hotels and Restaurants	248,960	245,872	230,921	255,738	275,214	289,175	309,626	300,414
Transport, Storage and Communications	341,051	369,949	360,918	376,111	395,926	427,049	449,603	465,204
Financial Intermediation	328,177	309,193	235,449	156,439	145,840	151,360	170,952	202,151
Real Estate, Renting and Business Activities	155,171	156,982	153,368	157,127	161,792	163,862	171,703	177,890
Public Administration and Defence; Compulsory Social Security	171,329	181,095	195,257	204,172	211,045	222,161	244,731	262,081
Education	149,224	163,467	181,699	186,666	196,542	202,318	211,261	220,938
Health and Social Work	68,848	76,417	83,165	90,926	96,678	104,825	107,649	106,803
Other Community, Social and Personal Service Activities	58,902	62,754	60,581	68,089	73,813	77,118	84,951	96,184
Private Households with Employed Persons	6,163	6,650	6,976	6,920	7,028	7,297	7,455	7,822
Gross Domestic Product, (GDP)	**4,611,041**	**4,732,610**	**4,626,447**	**4,637,079**	**4,922,731**	**5,133,502**	**5,446,043**	**5,930,362**
Plus : Net Factor Income Payment from the Rest of the World	-102,084	-123,375	-160,044	-126,436	-76,874	-85,069	-88,632	-111,028
Gross National Product, (GNP)	**4,508,957**	**4,609,235**	**4,466,403**	**4,510,643**	**4,845,857**	**5,048,433**	**5,357,411**	**5,819,334**

81 Retrieved October 8th 2009 from http://web.nso.go.th/indicator/eco_mgs08.pdf
82 Retrieved October 8th 2009 from http://pioneer.netserv.chula.ac.th/~msompraw/What%20are%20Thailands%20macroeconomic%20data_EBA.ppt

MALAYSIA

Table 1[83]. Merger Program for Malaysian Domestic Banks

Original Anchor Banking Group	Merged with	Resultant Entity after Merger
1. Affin Bank Berhad Group Perwira Affin Bank Bhd Asia Commercial Finance Bhd Perwira Affin Merchant Bank Bhd.	BSN Commercial Bank (M) Bhd BSN Finance Bhd BSN Merchant Bankers Berhad	Affin Bank Berhad Affin ACF Finance Berhad Affin Merchant Bank Berhad
2. Alliance Bank Berhad Group Multi-Purpose Bank Berhad	International Bank Malaysia Bhd Sabah Bank Berhad Sabah Finance Berhad Bolton Finance Berhad Amanah Merchant Bank Berhad Bumiputra Merchant Bankers Bhd	Alliance Bank Berhad Alliance Finance Berhad Alliance Merchant Bank Berhad
3. Arab-Malaysian Bank Bhd. Group Arab-Malaysian Bank Berhad Arab-Malaysian Finance Bhd Arab-Malaysian Merchant Bhd	MBf Finance Berhad	Arab-Malaysian Bank Berhad Arab-Malaysian Finance Berhad Arab-Malaysian Merchant Bank Berhad
4. Bumiputra Commerce Bank Berhad Group Bumiputra Commerce Bank Berhad Bumiputra Commerce Finance Berhad Commerce International Merchant Bankers Berhad		Bumiputra Commerce Bank Berhad Bumiputra Commerce Finance Berhad Commerce International Merchant Bankers Berhad
5. EON Bank Berhad Group EON Bank Berhad EON Finance Berhad	Oriental Bank Berhad City Finance Berhad Perkasa Finance Berhad Malaysian International Merchant Bankers Berhad	EON Bank Berhad EON Finance Berhad Malaysian International Merchant Bankers Berhad
6. Hong Leong Bank Berhad Group Hong Leong Bank Berhad Hong Leong Finance Berhad	Wah Tat Bank Berhad Credit Corporation (Malaysia) Berhad	Hong Leong Bank Berhad Hong Leong Finance Berhad
7. Malayan Banking Berhad Group Malayan Banking Berhad Mayban Finance Berhad Aseambankers Malaysia Bhd	The Pacific Bank Berhad PhileoAllied Bank (M) Berhad Sime Finance Berhad Kewangan Bersatu Berhad	Malayan Banking Berhad Mayban Finance Berhad Aseambankers Malaysia Berhad
8. Public Bank Berhad Group Public Bank Berhad Public Finance Berhad	Hock Hua Bank Berhad Advance Finance Berhad Sime Merchant Bankers Berhad	Public Bank Berhad Public Finance Berhad Public Merchant Bank Bhd
9. RHB Bank Berhad Group RHB Bank Berhad RHB Sakura Merchant Bankers Bhd	Delta Finance Berhad Interfinance Berhad	RHB Bank Berhad RHB Delta Finance Berhad RHB Sakura Merchant Bankers Berhad
10.Southern Bank Berhad Group Southern Bank Berhad	Bah Hin Lee Bank Berhad United Merchant Finance Berhad Perdana Finance Berhad Cempaka Finance Berhad Perdana Merchant Bankers Bhd	Southern Bank Berhad Southern Finance Berhad Southern Investment Bank Berhad

Source: Bank Negara Malaysia 2001

[83] Chow Fah Yee, Eu Chye Tan (2009). Banking Sectors Stability and Financial Liberalization: Some Evidence from Malaysia. Retrieved October 8th 2009 from http://economics.ca/2009/papers/0030.pdf

Table 2. Malaysian Financial Sector: Number of players

Financial Institutions	1999	2007
Commercial Banks	34	22
Finance Companies	32	0[1]
Investment Banks/Merchant Banks	12	14
Universal Brokers	5	1
Discount Houses	7	0
Islamic Banks	2	11
Insurance Companies	56	41
Reinsurance Companies	11	7
Takaful Operators	2	8
Retakaful Operators	0	2
Development Financial institutions	14	13

[1] Rationalization of finance companies and commercial banks within a banking group.

Source: Bank Negara Malaysia, Financial Stability and Payments Systems Report 2007.

Table 3[84].

Real Sector				
SDDS Data Category and Component	**Unit Description**	**Observations**		
		Period of latest	**Latest data**	**Data for previous period**
National Accounts (GDP) at Current Prices	RM million	Q2/09	161,332	155,342
Agriculture, Forestry and Fishing	RM million	Q2/09	16,475	12,683
Mining and Quarrying	RM million	Q2/09	18,763	21,876
Manufacturing	RM million	Q2/09	41,190	39,753
Electricity, Gas and Water	RM million	Q2/09	4,459	4,058
Construction	RM million	Q2/09	5,328	4,803
Wholesale and Retail Trade, Hotel and Restaurants	RM million	Q2/09	23,273	21,661
Transport, Storage and Communication	RM million	Q2/09	11,300	11,326
Finance, Insurance, Real Estate and Business Services	RM million	Q2/09	22,595	21,099

[84] Retrieved October 8th 2009 from http://www.bnm.gov.my/index.php?ch=111

Other Services	RM million	Q2/09	8,781	8,483
Government Services	RM million	Q2/09	12,947	12,754
Less : FISIM [5] undistributed	RM million	Q2/09	5,506	5,075
Plus : Import duties	RM million	Q2/09	1,726	1,920
National Accounts (GDP) at 2000 prices	RM million	Q2/09	126,901	121,062
Agriculture, Forestry and Fishing	RM million	Q2/09	9,814	8,951
Mining and Quarrying	RM million	Q2/09	10,186	10,494
Manufacturing	RM million	Q2/09	33,820	31,889
Electricity, Gas and Water	RM million	Q2/09	3,915	3,502
Construction	RM million	Q2/09	4,204	3,765
Wholesale and Retail Trade, Hotel and Restaurants	RM million	Q2/09	19,598	18,277
Transport, Storage and Communication	RM million	Q2/09	10,166	10,079
Finance, Insurance, Real Estate and Business Services	RM million	Q2/09	21,957	21,046
Other Services	RM million	Q2/09	7,854	7,632
Government Services	RM million	Q2/09	9,327	9,188
Less : FISIM [5] undistributed	RM million	Q2/09	5,539	5,498
Plus : Import duties	RM million	Q2/09	1,598	1,740

GDP - composition by sector[85]:
Agriculture: 9.9%
Industry: 45.3%
Services: 44.8% (2007 est.)

[85] Retrieved October 8th 2009 from http://www.indexmundi.com/malaysia/gdp_composition_by_sector.html

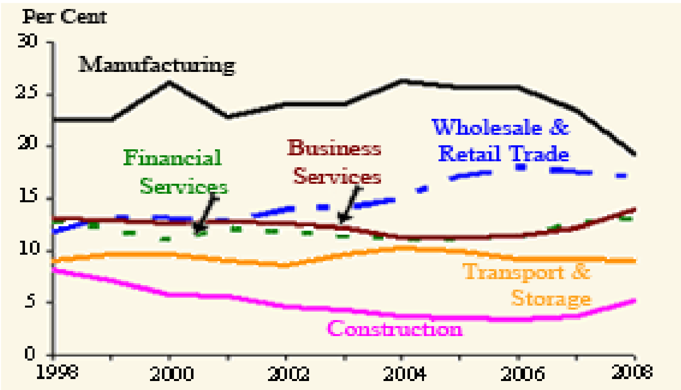
PHILIPPINES

GROSS VALUE ADDED in SERVICES[86]
Annual 2008 and 2007
AT CURRENT AND CONSTANT 1985 PRICES, IN MILLION PESOS

INDUSTRY/ INDUSTRY GROUP	AT CURRENT PRICES			AT CONSTANT PRICES		
	2007	2008	Growth Rate (%)	2007	2008	Growth Rate (%)
SERVICE SECTOR	3,605,918	3,971,031	10.1	672,115	694,529	3.3
a. Transport., Comm., Stor.	478,389	508,828	6.4	120,698	125,814	4.2
b. Trade	981,454	1,088,198	10.9	233,863	236,705	1.2
c. Finance	361,972	404,860	11.8	81,310	83,356	2.5
d. O. Dwellings & R. Estate	373,902	412,646	10.4	63,223	66,853	5.7
e. Private Services	936,912	1,036,916	10.7	116,374	122,024	4.9
f. Government Services	473,290	519,583	9.8	56,646	59,778	5.5

SINGAPORE

Share of GDP by Industry[87], 28 July 2009



The financial services sector in Singapore accounts for a little more than 10 percent of the country's GDP. Despite the financial meltdown, the financial services have been reported to improve in second quarter of 2009, growing by 22.8 percent compared to the first quarter[88].

---

[86] National Statistical Coordination Board (NSCB).
[87] Retrieved October 8th 2009 from http://www.singstat.gov.sg/stats/charts/econ.html
[88] Ministry of Trade and Industry, Singapore (2009). Press Release. Retrieved October 8th 2009 from http://www.singstat.gov.sg/news/news/gdp2q2009.pdf

ANNEX B. Commitments of financial services under ASEAN Framework Agreement on Services

In reference for the discussion, these are the explanation of the terms used:

- **Mode 1: Cross-Border Supply. The service crosses border, independent of the supplier or the consumer**
- **Mode 2: Consumption Abroad. The consumer or his/her property crosses border**
- **Mode 3: Commercial Presence. Service supplier is a locally established office**
- **Mode 4: Movement of Natural Person. Service supplier remains as a non-resident**

Market Access	National Treatment
• Number of supplier • Value of transaction • Number of Operations • Number of Natural Persons • Type of Legal Entity • Participation of Foreign Capital	• Tax Measures • National Requirement • Residency Requirements • Registration requirement • Authorization requirement • Ownership of property and land • Other discriminatory measures

- Commitments may vary from sector to sector and within a sector according to mode of delivery.
- “Unbound” = no commitment
- “None” = no limitation (full commitment)
- Need to be aware of impact of:
  - Horizontal commitments
  - General exceptions
  - MFN exemptions

ANNEX C.

LIST OF ASEAN BANK UNION COUNCIL

COUNTRY	UNIONS
INDONESIA	Association of Indonesian Trade Unions (ASPEK)
MALAYSIA	Association of Maybank Executives (AME)
	National Union of Bank Employees (NUBE-MY)
	Association of Bank Officers, Peninsular Malaysia (ABOM)
	Sabah Banking Employees' Union (SBEU-Sabah-MY)
	Sarawak Bank Employees' Union (SBEU-Sarawak)
	Sarawak Bank Officers' Union (SBOU)
PHILIPPINES	National Union of Bank Employees (NUBE-PH)
SINGAPORE	Singapore Bank Officers' Association (SBOA)
	Singapore Bank Employees' Union (SBEU-Singapore)
	The Development Bank of Singapore Staff Union (DBSSU)
THAILAND	The Federation of Bank & Financial Workers' Unions of Thailand (FBFT)
	Other Participating unions as Observers
VIETNAM	VIETNAM NATIONAL UNION OF BANK WORKERS (VNUBW)
SINGAPORE	Singapore Insurance Employees' Union (SIEU)
MALAYSIA	National Union of Commercial Workers - Malaysia [NUCW]

ANNEX D.[89]

SINGAPORE/BANGKOK (Reuters) - A new round of M&A is likely in Southeast Asia's banking sector as distressed foreign lenders head for the exits and local players team up with larger rivals to survive the downturn.

The following table gives a list of major bank deals in Southeast Asia between 2006 and 2008[90]:

OCTOBER 2008	HSBC agreed to buy an 89 percent stake in Indonesia's Bank Ekonomi Raharja Tbk PT for $607.5 million.
JUNE 2008	Malaysia's CIMB BUCM.KL agreed to buy a 42 percent stake in BankThai BT.BK for about $177 million (2.3 times its book value). After a recapitalization exercise and a tender offer to buy the remaining shares, CIMB's acquisition of BankThai increased to about $584 million in total.
APRIL 2008	Philippines bank PNB said it will purchase Allied Banking Corp for $564 million.
MARCH 2008	Malaysia's Maybank made the highest bid to buy 56 percent stake in

[89] Thomson Reuters (2009). FACTBOX: Major Southeast Asian bank M&A. Retrieved October 8th 2009 from http://www.reuters.com/article/asiaPrivateEquityNews/idUSTRE52912J20090310

[90] Compiled by Saeed Azhar, Laurence Tan and Arada Therdthammakun; editing by Muralikumar Anantharaman

	Bank Internasional Indonesia from Temasek Holdings TEM.UL and South Korea's Kookmin Bank. The deal valued the bank at $2.7 billion, which was later reduced to $2.2 billion.
DECEMBER 2007	Dutch financial group ING bought a 30 percent stake in Thailand's TMB Bank TMB.BK for $675 million. The deal was about 1.5-1.6 times book value. ING had initially said it planned to raise its stake to 35 percent over the next five years if the Bank of Thailand and Finance Ministry agree.
OCTOBER 2007	Malaysia's DRB-HICOM Bhd bought a stake in Bank Muamalat Bhd for $314.2 million.
JULY 2007	RHB Capital Bhd purchased a stake in RHB Bank Bhd for $936.6 million
MAY 2007	Australia's ANZ Banking Group bought a stake in Malaysian bank, AMMB Holdings Bhd for $357 million. Philippines' Banco de Oro Universal Bank bought a stake in Equitable-PCI Banking Corp for $1.17 billion.
APRIL 2007	Japanese bank Tokyo-Mitsubishi UFJ bought a stake in Malaysia's Bumiputra-Commerce Holdings Bhd for $382 million.
MARCH 2007	Canada's Bank of Nova Scotia bought a 24.99 percent stake in Thanachart Bank, Thailand's top car loan lender, for 7.1 bln baht (1.6 times its book value). In February 2009, the Canadian bank doubled its stake in Thanachart Bank to 49 percent. It spent about $420 million in total.
JANUARY 2007	General Electric's finance unit bought a 25.4 percent stake in Bank of Ayudhya PCL BAY.BK, Thailand's fifth largest bank, for $626 million. (1.2 times its book value). The U.S.-based GE unit later raised its holding to 33 percent in the Thai bank in Sep 2007. It spent $936 million in all on the acquisition.
OCTOBER 2006	SM Investment Corp bought a stake in PCI Banking Corp for $348 million.
JUNE 2006	Malaysia's Bumiputra-Commerce Holding Bhd purchased a stake in Southern Bank Bhd for $1.74 billion. Sources: Thomson-Reuters data, Reuters News

References:

ASEAN Economic Community Blueprint (2008).

ASEAN Mutual Recognition Arrangement Framework on Accountancy Services.

Chow Fah Yee, Eu Chye Tan (2009). Banking Sectors Stability and Financial Liberalization: Some Evidence from Malaysia.

Economic Review: Malaysia: Services sector lead to economic growth. Public Bank Berhad Economics and Corporate Planning Division (2008).

Jaime Caruana and David Burton, Monetary and Capital Markets and Asia and Pacific Departments (2008). Financial System Stability Assessment. International Monetary Fund.

Joint Media Statement Action Plan to Restore Economic and Financial Stability of the Asian Region (2009).

Pak Sereivathana, Hourn Thy, Margarete Biallas (2008). Cambodia Financial Sector Diagnostic. International Finance Corporation, World Bank Group.

P.S. Srinivas, *et al*. (2006). Unlocking Indonesia's domestic financial resources: the role of non-bank financial Institutions. World Bank.

Protocol to Implement the Fourth Package of Commitments on Financial Services under the ASEAN Framework Agreement on Services.

Rina Oktaviani, Iman Sugema, Anny Ratnawaty (2003). Bank Restructuring and its Implication on Indonesian Macro Economy and Agricultural Sector.

Roberto F. De Ocampo (2004). A Single Currency for Asia: Is it Time?

Shane Lim (2005). The Banking and Finance Industry in Singapore. Issue 7, Career Central Magazine.

Tan Wai Kuen (2009). ASEAN Prospects for Capital Market Integration [Powerpoint slides].

Terms of Understanding on the Establishment of the ASEAN Surveillance Process, point 4 (1998).

The Implementation Plan endorsed at the 13th ASEAN Finance Ministers Meeting prepared by ASEAN Capital Market Forum.

The Joint Media Statement of the 12th ASEAN Plus Three Finance Ministers' Meeting (2009).

Zeti Akhtar Aziz (2007). Malaysian Financial Sector Development.