

**Introductory Speech by Tan Sri Azman Hashim
Chairman, Asian Institute of Chartered Bankers (AICB)
The 20th Malaysian Banking Summit
Renaissance Kuala Lumpur Hotel
Thursday 26 May 2016**

Bismillahirrahmanirrahim

YBhg Dato' Muhammad Ibrahim
Governor Bank Negara Malaysia

YBhg Tan Sri Michael Yeoh
CEO Asian Strategy & Leadership Institute (ASLI)

YBhg Tan Sri Ramon Navaratnam
Corporate Advisor, Sunway Group

His Excellencies

Distinguished speakers and guests
Members of the media
Ladies and Gentlemen

Assalamualaikum Warahmatullahiwabarakatuh and a very good morning.

I am very honoured to be invited to deliver this introductory speech at the 20th Malaysian Banking Summit.

This is a very important time for our industry of which I am proud to have been a part of for half a century. Not only do we face the ongoing challenge of rebuilding our reputation and more importantly the trust of our customers and the wider public, but we are also facing a technological challenge – of how to harness the potential of digital technology to enhance our customers' experience but also to ward off new competitors from outside our industry. These challenges also need to be set within the context of global economic headwinds and the potential impact of the newly established ASEAN Economic Community.

These are challenging times for our industry but also exciting times. We now have an opportunity to shape the future of banking and as the theme of this Conference suggests, to reimagine our banks and to drive transformation and innovation across the industry. We must use this Summit to discuss the challenges facing our banks and to explore and find ways of tackling the issues we are facing, as well as making sure we don't lose sight of the significant opportunities.

Ladies & Gentlemen,

Following the global financial crisis, financial institutions are facing increased regulation, greater uncertainty in the operating environment and, above all, a severely damaged reputation in many parts of the developed world.

If banking is to continue to grow and prosper, it is vital that we rebuild our reputation and restore public trust in our industry. This will require a strong culture of professionalism and ethics are embedded in our industry.

They are a number of important cross-industry initiatives that have been formed with the aim of tackling this issue of rebuilding trust and raising standards of professionalism. I would like to briefly talk to you about a couple of these vital initiatives in which I am personally involved.

Last November marked a significant milestone for the banking industry in Malaysia when 45 candidates, including the then Deputy Governor Bank Negara Malaysia, Dato' Muhammad Ibrahim, seven CEOs of banks, achieved Chartered Banker status at the Asian Institute of Chartered Bankers (AICB) inaugural Conferment Ceremony in Kuala Lumpur.

Chartered Banker is the most prestigious and internationally recognized professional qualification in banking across the globe and is popularly regarded as the gold standard in banking qualifications. I am very happy to state that the Governor of BNM, Dato' Muhammad Ibrahim – has only the FCB (Fellow Chartered Banker) qualification against his name on his official business card.

The role of the qualification is to professionalise and educate the banking community as it moves to a new era in banking. The *Chartered standing* is awarded only by professional bodies and it is considered a status of professional competency. I think this approach of utilising the chartered status of bankers can help to strengthen our role in society, give us confidence in our peers, and go some way to demonstrate the broader role we can play in society.

Over the last year the Asian Institute of Chartered Bankers itself has been transformed into a full professional body with by-laws which define appropriate professional standards which will ensure the values of membership are well defined and upheld by AICB's members.

The AICB Council is committed towards the development of professional education and learning to the highest standards. Institutional member banks such as CIMB, Maybank, RHB, Public Bank, Standard Chartered and AmBank are among the 65 institutions that have recognised professional qualifications to be highly relevant and valuable towards their employees' career growth and development.

Ladies & Gentlemen,

While professional education and learning and qualifications such as the Chartered Banker status are vital steps taken by the industry to 'professionalise bankers', all of us in the industry must uphold the values of integrity and ethics to restore and maintain public trust.

This is something I feel strongly about and, in fact, I was asked by Bank Negara Malaysia and Securities Commission to chair the Financial Services Professional Board (FSPB) - a voluntary industry-wide initiative that was established in 2014 to enhance the standards of professionalism and ethics in the financial services industry.

FSPB's Board Members, under my chairmanship, are global leaders representing the four key sectors within the industry, specifically banking, insurance, capital markets and Islamic financial services, as well as senior leaders from other professions.

It is the role of FSPB to develop professional standards and set new global benchmarks in professionalism and ethical behaviour. The Board believes that this approach is key towards the development of an inherent value system within the industry, which will then allow professionalism and ethics to remain top of mind.

The Board launched its Code of Ethics for the financial services industry in January of this year. The Code aims to raise the bar for professionalism and ethics across the financial services industry to help restore, maintain and enhance public trust. It is hoped that the Code of Ethics will be accepted not only in Malaysia but also internationally.

Ladies & Gentlemen,

I would also like to highlight another major challenge for our industry and that is talent and in particular addressing severe talent shortages. The role of talent will be crucial in regaining confidence in the financial sector, in terms of the ethical standards and values embraced and demonstrated by the workforce in the financial industry, and the strength and integrity of its leadership.

Despite talent management rising up the corporate agenda, many employers in the financial services industry are experiencing talent shortages. Recent research from the Asian Institute of Finance highlights that 76 percent of employers in the country are struggling to find talent. We must work together as an industry to develop and grow the overall talent pool.

Initiatives, such as the Financial Sector Talent Enrichment Programme (FSTEP) under the recently formed Asian Banking School, will be necessary in building capacity and nurturing a new pool of talent in financial

services. FSTEP is the brainchild of Bank Negara Malaysia and it provides a sponsored and intensive training programme in banking and insurance for qualified graduates who are keen to pursue a career in financial services. 1,678 have graduated from FSTEP so far.

The AICB and the Asian Banking School, are committed to building the talent pool and providing industry-focused professional examinations, qualifications and awards which are in tune with the evolving landscape of the financial sector – of which the Chartered Banker status is the pinnacle.

Ladies & Gentlemen,

Not only do we need to professionalise our industry, rebuild trust and develop a future stream of talent – but we also need to improve operational efficiencies in light of global economic uncertainties and innovate to enhance the service we provide to our customers.

A key component of this innovation will be digital innovation and more specifically enhancing the digital service and experience we offer to our customers. As technology companies, like Google (now renamed Alphabet), Amazon and Ali Baba increasingly become interested in offering financial services products, we need to respond by providing a digital experience that meets the expectations of our customers – these expectations will only increase as Generation Y, those of you aged 30 and under here today, will become an increasingly important, and valuable, segment of our customer base.

This technological disruptions of “Fintech” was mentioned by our new Governor of BNM, Dato’ Muhammad Ibrahim, in his speech at the recent Global Islamic Finance Forum on 11 May 2016.

Fintech by definition “is a line of business based on using software to provide faster and cheaper financial services and fintech companies are generally start-ups founded with the purpose of disrupting incumbent financial systems and corporations.”

I would like to mention a few quotes from the Governor:-

1) “Fintech is challenging the status quo of the financial industry. New business models will emerge. Delivery channels will challenge existing norms. Transaction costs will be reduced.”

2) “Rather than looking at the fintech revolution as unwelcoming, financial institutions ought to embrace it as an opportunity.”

In other words- “if you can’t beat them, join them!”

3) “According to a recent McKinsey report, the number fintech start-ups globally has now exceeded 2,000, more than twice the number less than a year ago.”

Ladies & Gentlemen,

I would like to conclude on a positive note. As I mentioned at the start of my speech, these are challenging but exciting times for our industry. As Malaysia continues to chart consistent and positive growth - our economy expanded five per cent last year, despite the global economic headwinds - and with the potential opportunities of regional financial integration as part of the ASEAN Economic Community, now is the time for our industry to drive transformation and innovation and create the foundations and environment for future growth and success.

We need to re-imagine our banks and our industry as being highly professional, trustworthy and reputable, capable of providing our customers with the best service across both traditional and digital channels, and a sector where students and graduates want to develop their careers and become chartered bankers of the future.

Thank you and I wish you all a successful Conference.