

# ASEAN Bankers Association

## **Role of the financial sector in the development of sustainable energy**

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## **Role of financial sector in the development of sustainable energy**

### **• About ASEAN Bankers Association**

#### **• Background**

- ABA was founded in 1976 by the 5 original ASEAN members – Indonesia, Malaysia, Philippines, Singapore and Thailand.
- It became 6 in 1983 when Brunei joined and in 1995, Vietnam became the 7<sup>th</sup> members.
- Cambodia and Myanmar became the 8<sup>th</sup> and 9<sup>th</sup> member in 2000 and 2001 respectively.
- Laos officially joined ABA in 2004.



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### • **About ASEAN Bankers Association**

- **Members**
  - The Brunei Association of Banks
  - The Association of Banks in Cambodia
  - The Federation of Indonesian Associations of Banks
  - The Association of Banks in Malaysia
  - The Myanmar Banks Association
  - Bankers' Association of the Philippines
  - The Association of Banks in Singapore
  - The Thai Bankers' Association
  - The Vietnam Banks Association
  - Laos Bankers' Association



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### • **About ASEAN Bankers Association**

- **Objectives**
  - To accelerate economic growth of the ASEAN countries through collaboration among its member banks.
  - To promote the development of the banking and financial system and profession in the ASEAN countries.
  - To foster friendship and co-operation among bankers in ASEAN.
  - To activate collaboration of its institutions and to provide assistance to one another when necessary, and
  - To identify growth opportunities for ASEAN banks and to promote their common interests.



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- **About ASEAN Bankers Association**

- Meetings: ASEAN Banking Conference

- The Conference meets biennially to draw out ideas to attain the objectives of the Association and to present the desirable ones to the Council for more detailed deliberation and subsequent implementation

- Meetings: ASEAN Banking Council

- The Council, being the executive arm of the Association, meets annually to formulate policies and co-ordinate activities of the Association which are carried out and implemented through the 3 permanent committees.



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- **About ASEAN Bankers Association**

- There are 3 Permanent Committees:

- Permanent Committee on Co-operation in Finance, Investment and Trade, [COFIT] chaired by The Association of Banks in Singapore.

- Permanent Committee on Banking Education, chaired by The Bankers Association of the Philippines.

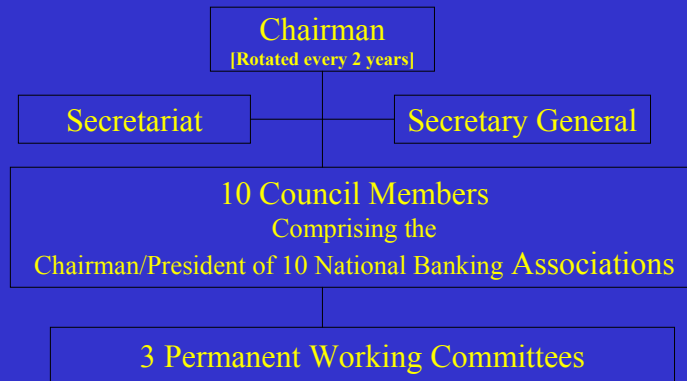
- Permanent Committee on Inter-Regional Relations, chaired by The Association of Banks in Malaysia.



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### • About ASEAN Bankers Association



## Role of financial sector in the development of sustainable energy

### • ASEAN Banking Industry Status

Conditions	B	C	I	L	M	My	P	S	T	V
Development stage	3	4	2	5	2	5	2	1	2	3
Capacity to lend	3	5	2	5	1	5	3	1	1	3
LT fund availability	3	5	4	5	3	5	4	2	3	4

Key: 1 means Highest/Best 5 means Lowest/Least



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## Role of financial sector in the development of sustainable energy

- **Financial sector's role**
- **ASEAN's energy requirements increasing in line with economic development and higher living standards.**
- **High business potential in energy related industries**
- **Financing opportunities correspondingly high**
- **But most ASEAN countries lack long term investment capital**
- **Most ASEAN banks also have no capacity and skills to finance energy projects**



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### **Factors / conditions influencing bank's decision**

- > **Country's conditions: political, economic, legal, social etc**
- > **Sponsor's/ investor's financial capacity, track record and reputation**
- > **Banking development status**
- > **Availability of LT fundings**



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### How to satisfy increasing energy demand?

- Opportunities for EU players – investors and financiers by “filling” the gaps [funding, track record, managerial skills etc].
- ASEAN countries in need of energy investment should liberalize entry of foreign investors and facilitate sourcing of offshore financing.



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## Role of financial sector in the development of sustainable energy

- **Vision for ABCDE**
  - A forum to represent all interested parties in ASEAN and EU in the development of sustainable energy in ASEAN countries
  - Representatives from governments, investors, financiers, related support services providers
  - Can also serve as a “lobby” to facilitate and promote the development of sustainable energy, especially liberalization of industry, strengthening legal system, corporate governance, data base of projects etc



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## Role of financial sector in the development of sustainable energy

- **Points for Discussion**

- Possible Solution to solve shortage of bank financing and scarcity long term funding problem:

- Establish an “Energy Infrastructure Fund” to attract institutional and high networth investors interested in investing in a highly diversified energy industry.
    - This Fund can be listed on an ASEAN Stock Exchange [Singapore?] as well as an European Stock Exchange.
    - ASEAN Bankers Association has experience in this.



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**Thank You**



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