



**Speech by Mr Tharman Shanmugaratnam, Deputy Prime Minister,  
Minister for Finance & Minister for Manpower and Chairman,  
Monetary Authority of Singapore at the 50th Anniversary Dinner of  
RHB Bank Singapore, 28 October 2011, Shangri-La Hotel**

Tan Sri Azlan Zainol, Chairman of RHB Bank

Mr Zainudin Nordin, President, Football Association of Singapore &  
Mayor, Central Singapore District

Your Excellencies

Distinguished guests

Ladies and gentlemen

**Introduction**

1 It is my pleasure to join you this evening to commemorate RHB Singapore's Golden Jubilee. It is always special, and credit must go to the RHB Board, management and staff for the achievement of this major milestone - no small matter in the light of the upheavals the region has experienced in the last half century.

2 When RHB Bank was established in Singapore in 1961, Singapore had yet to achieve statehood; its economic prospects were uncertain; and poverty and high unemployment were the norm in Singapore, as in many parts of Asia.

3 Today, Asia is the most economically vibrant region in the world. Singapore has been a small but active mover in Asia's rise. In finance in



particular, Singapore is now a key international centre in various activities, with leading and reputable institutions now basing more of their regional and global functions here. RHB Bank's progress in Singapore mirrors this broader transformation. It has successfully navigated the ups and downs of the regional finance, and grown its presence.

### **Challenges Confronting the Global Economy**

4 The world economy faces a period of great uncertainty. At the forefront of both investors' and policymakers' attention are the strains facing the Eurozone countries. Europe's leaders are ploughing forward in a challenging economic and political environment. The steps they have announced earlier this week have provided some measure of assurance to the markets, although the details have yet to be negotiated and their implementation not yet certain. We should be mindful too that even if successfully implemented, the measures mark only the beginning of Europe's path to stability and economic recovery.

5 What this will very likely mean is a slowdown in growth in the global economy. Banks, sovereigns and households in almost every advanced economy are being forced to reduce their debt burdens, by either saving more or selling off assets. The deleveraging will inevitably have an impact globally, with feedback loops across the system. In the US, financial markets and real economy will be affected by the contraction in European financial institutions' balance sheets. European exporters will be vulnerable to a slowdown in the US.



6 Asian demand remains healthy. But from China to the ASEAN economies and Australia, the region cannot be insulated from the frailties of the advanced economies, which still account for the bulk of final demand for Asia's goods. Asia is also vulnerable to a pullback in cross-border lending by foreign banks. A repatriation of liquidity could also lead to a tightening of trade credit, which would stifle trade growth.

7 We must therefore expect a period of uncertainty and sub-par growth both globally and in Asia. Singapore, as a highly open economy, is already seeing the effects. Growth is slowing, and could fall below the economy's potential of 3-5% in 2012.

8 As Asia enters a consolidation phase, however, we must take the opportunity to strengthen the foundations for intra-Asian growth in the years to come. Enhanced regional trade and financial integration will enable Asia to sustain the growth of regional demand, and to efficiently channel surplus savings to where they are needed most. Governments can play an integral role in boosting investments in both physical and human capital, and further enhancing confidence in market regulation.

9 Regional banks must also continue to play a role as anchors of stability. They act as reliable, steadfast counterparties amongst banks and for borrowers mitigating the effects of contagion from abroad. Apart from servicing trade financing needs, they can continue to satisfy the demand for credit generated by the region's strong consumption and investment spending.



## **RHB Bank's Transformation**

10 RHB Bank like its regional counterparts is well positioned to respond to these challenges. It has transformed itself over the years, through a series of strategic mergers to become a regional bank today with a geographical footprint covering Brunei Darussalam, Malaysia, Singapore and Thailand. While Singapore is already the largest contributor to RHB Group's international profits, the bank continues to seek out new areas of business. Most recently, RHB Bank won the award to operate 15 currency exchange counters at Singapore's Changi International Airport, which will serve the millions of travelers in one of the world's busiest airports.

11 Your commitment to Singapore has extended beyond financial services to give back to the local community. The bank has strongly supported local and regional football development, thereby bringing the sport closer to people in Singapore and South East Asia. RHB has been the title sponsor for the Singapore Cup for the past six years. I am pleased to learn that you will continue your sponsorship for another three years. It is commendable and heartening that the bank also supports football clinics for underprivileged children as well as students from the Association for Persons with Special Needs (ASPN).

12 As companies in Singapore do well in their business, I urge them to step forward to play their part in the broader community. What you will gain is not always quantifiable in the dollars and cents of brand value. You become an integral and valued member of the community. To echo



President Tony Tan’s address at the opening of Parliament recently, “we hope that those who have done well will feel a sense of responsibility and contribute to the society which had helped you succeed. You will strengthen our social compact by helping others, whether through public service, volunteerism or philanthropy.”

13 In closing, I would like to extend my heartiest congratulations to the board, management and staff of RHB Singapore on your 50 years of success and achievements. You have much cause to celebrate tonight. Thank you for inviting me to be part of your festivities. I wish the bank and all of you many more good years ahead.

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