

“Rising Above Disruptions: A Call for Action”
Keynote Remark by Dr. Veerathai Santiprabhob
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Dr. Bandid Nijathaworn,
Mr. Andrew Sheng,
Secretary General Rapee Sucharitakul,
Chief executives,
Directors,
Distinguished guests,
Ladies and gentlemen.

A very good morning to you all.

First of all, I would like to express my sincere thanks to the Thai Institute of Directors (IOD) for inviting me to be a part of this exciting and important event. I have always had strong appreciation for IOD’s mission and work to improve director professionalism and corporate governance in Thailand. I would also like to commend the IOD on organizing this year’s conference with a proactive and forward looking agenda that goes well beyond its focus on corporate governance. This year’s conference program concentrates on areas that we need to collaborate to ensure the future success of our country. It is therefore such an honor to be here today to share my thoughts with distinguished directors and key leaders who play an integral role in driving Thailand forward.

Ladies and gentlemen,

We are living in an unprecedented period of profound changes where exponential advancement in technologies is transforming everything we know. The speed, scope and impact of this technological change are unlike anything we have experienced before. It is disrupting and transforming the whole value chains, across all sectors in all corners of the globe, at an extremely fast pace.

The effects of this digital revolution are far reaching. We have seen it affecting a wide spectrum of industries ranging from agriculture to automobile, encompassing a broad range of professions from farmers to financial professionals. Drones can now be used to monitor agricultural yields and provide logistic services. Artificial Intelligence (AI) can now predict certain forms of cancer more accurately than doctors and enable cars to be self-driven. From 3D printing, to genome mapping, to Internet of Things (IoT) and, very soon, Internet of Everything, the possibilities are limitless.

As a country, how we respond to these challenges will determine Thailand's position in the world economy and the path our future generations take. Of course, no one can accurately predict where this path of technological advancement will lead us to and how our digital future will unfold, but what we can be certain of is that traditional ways of conducting businesses have been upended and leaderships are being challenged. Board members and executives are faced with strategic risks that could threaten viability of their organizations if they do not make timely changes to their business models to remain relevant and competitive. Equally important is how to manage risks associated with this digital transformation. As all directors know well, executing successful strategic transformation is not an easy task. Executing successful digital transformation when the ecosystem is still evolving will be even more challenging.

Ladies and gentlemen,

Amidst these rapid technological advancements, I believe everyone here agrees that a wait-and-see strategy is inadequate. Hence, I very much concur with the conference's theme of "A Call for Action." It takes courage to lead a transformative

journey into an unknown territory. The collective wisdom shared among directors here will enable all of us to make better informed decisions and lead our organizations, and more importantly, lead Thailand, onto the right path – the path which will rise above disruptions, as the IOD has eloquently put it.

As Thailand embarks on the journey for digital transformation, we must focus on three key imperatives of **productivity, immunity, and inclusivity**. Technological advancement provides tremendous opportunity for us to uplift these three areas like never before. While policymakers and regulators can provide support at the infrastructure level and promote a stable environment conducive for innovation, it is at the firm level that actions can be and must be taken to drive meaningful changes for the country as a whole.

First, on productivity: uplifting the country's productivity is necessary to ensure continued long-term economic growth. Specifically, structural changes due to an aging workforce have hastened the need for our country to improve productivity just to maintain output level. In fact, Thailand's labor productivity growth has been on a decline. From 2002 to 2017, our annual growth of labor productivity averaged 2.9 percent, a significant drop from an average of 5 percent during 1986 to 2001. In contrast, countries such as China and Indonesia have been experiencing rises in productivity growth. Should this trend continue, Thailand will not be able to maintain its competitiveness and output level.

Fortunately, many technological advancements available at much lower costs today hold huge promises for raising productivity. Cloud computing, robotics and automation have allowed businesses to save significant costs. Big data, artificial intelligence and machine learning capabilities can now offer insights that enable more targeted services. I urge you all to seize this opportunity and leverage on new technologies to improve the productivity of your firms, your industries, and eventually our country.

Second, on immunity: for growth to be sustainable we must have sufficient immunity to withstand unexpected shocks. We are living in a time of great changes, where outcomes can be sudden, unpredictable, and volatile, bringing

with them new forms of risks. Not only will firms face risks related to strategy, finance, and operation, but they will also face risks associated with driving digital transformations. Managing the transformation process in the digital environment requires fostering an organizational culture that is agile and nimble—to gain flexibility and speed that drives productivity and innovation. But, at the same time, a strong culture on risk management must also be instilled to safeguard firms' resilience.

As industries increasingly rely on data and data-driven technologies, cyber security must be considered a top priority. Globally, the number of threat incidents have been rising, with increased frequency, sophistication and scale of their impacts. For instance, in 2010 McAfee Labs recorded about 60,000 new malwares per day, but by 2017 that number had risen almost ten folds to 500,000 or about 350 new malwares per minute. It is also estimated that the cost of cybercrime will be in excess of USD 600 billion this year. As such, organizations must build up sufficient cyber resilience by putting in place safeguards to improve threat prevention and detection and ensure preparedness for response and recovery should a cyber attack occur.

Third, on inclusivity: economic development without fair distribution can induce social and economic instabilities, threatening long-term sustainable growth. This is one area we must improve as a country. According to Credit Suisse Global Wealth Report, 58 percent of the nation's wealth is controlled by the richest 1 percent of the people. Meanwhile, 61 percent of land is owned by the top 10 percent of the land owners, and three quarters of the population do not own any land.

Like previous industrial revolutions, the digital revolution brings with it challenges in income and wealth distribution, as those with higher skills and access to capital are much more likely to reap the benefits and get larger pieces of the pie. This calls for increased efforts to address this issue to make sure that no one is left behind. If this issue is neglected, the digital divide will widen inequality gap even further.

Ensuring easy and affordable access to technology and innovation can help reduce inequality and promote Thailand's inclusivity. Lower-income groups and people in remote areas need to have access to quality services essential to improving their welfare, such as education and banking services. It is therefore crucial that basic infrastructures are put in place starting, for instance, with national-wide internet broadband access points and the PromptPay electronic fund transfer system.

Moreover, these infrastructures must be interoperable and open to all, which would definitely require collaboration of the whole industry, not just an effort of any one firm. Our PromptPay infrastructure was the result of close collaboration between the Bank of Thailand and the Thai Bankers' Association. It has spurred healthy competition amongst banks, catalyzing enhancement in the e-payment landscape such that it provides increased opportunities for many small merchants and consumers.

Another important factor for inclusivity is digital literacy. It is imperative to equip people with necessary skills to survive and thrive in this digital era. This is an enduring task and one that requires active participation at every level. This effort can begin with individual staff in one's own organization—working from tech-savvy juniors to technologically-challenged peers.

Ladies and Gentlemen,

I believe the three key imperatives of productivity, immunity, and inclusivity will help Thailand navigate through this digital disruption and continue on the path for sustainable economic growth.

Before I end my remark this morning, I would like to emphasize once again that while this new digital ecosystem is still evolving and the future remains uncertain, we cannot afford to hold back. We must strategically adapt and adopt technologies now to remain relevant and competitive and provide support for sustainable improvement in the standard of living of the Thai people.

In closing, I would like to congratulate the IOD once again for fittingly organizing this Call for Action conference. Actions taken at the firm level can determine the direction of our country and whether we can efficiently catch up with rapid technological changes. These changes will also inevitably affect the whole ecosystem of Thailand. Therefore, I urge you all to think on a bigger picture on how your firms can help make Thailand's digital transformation successful and fruitful. So, think big, stay informed, and act wisely. Only then we can be certain that together we could truly rise above disruptions.

Thank you for your attention.
