Focus: Regional vs. Global


• Global economy: fragile
• Asian businesses: cautious
• Risks to financial markets: rising
  – Fiscal imbalances growing
  – Banking sector weaknesses remain
  – Asia vulnerable
    • Impact on corporate spreads affect funding
    • Global equity market weakness/volatility
    • Bubbles in certain sectors
2. Global Regulatory Reform: Need for Further Improvement

- Improvement needed:
  - Avoiding fragmentation, protectionism
  - Consultation with industry
  - Impact analysis
- Need to take more fully into account conditions in the Asian region
  - Business models
  - Tax / accounting systems
  - Level of capital market development

3. Preventing Divergence between G20 and East Asia

- Strong domestic political pressures outside the region
- Potential for divergence
  - E.g., G20 new restrictions, increased costs of financial services vs. East Asian efforts to develop liquid, efficient markets
- Need for regional financial forum
  - Achieve synergy between global and regional efforts
  - Coordinate regulatory reforms region-wide
4. Focus on Improving Supervisory Capacity

- Rules meaningless without good supervision
- Diversity requires more flexible, less one-size-fits-all approaches: Pillar 2 (supervisory review) and packages should play greater roles
- Serious need for supervisory capacity-building in emerging markets

5. Need for Continued Efforts in Key Areas

- Good corporate governance
  - Philippines’ successful experience in using scorecards as a tool
- Financial sector safety nets: Liquidity support, crisis management policies, deposit insurance
  - Expertise in IFIs and MDBs (e.g., IMF)
  - Malaysia’s experience in governance of deposit insurance agency
- Financial inclusion
Key Implications

• Need for capacity-building focused on financial regulatory and supervisory agencies
• Need for a regional financial forum