

“Asia’s approach to improving financial regulation”

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**Any views expressed in this presentation are those of the author,
and are not the official views of the JFSA.*

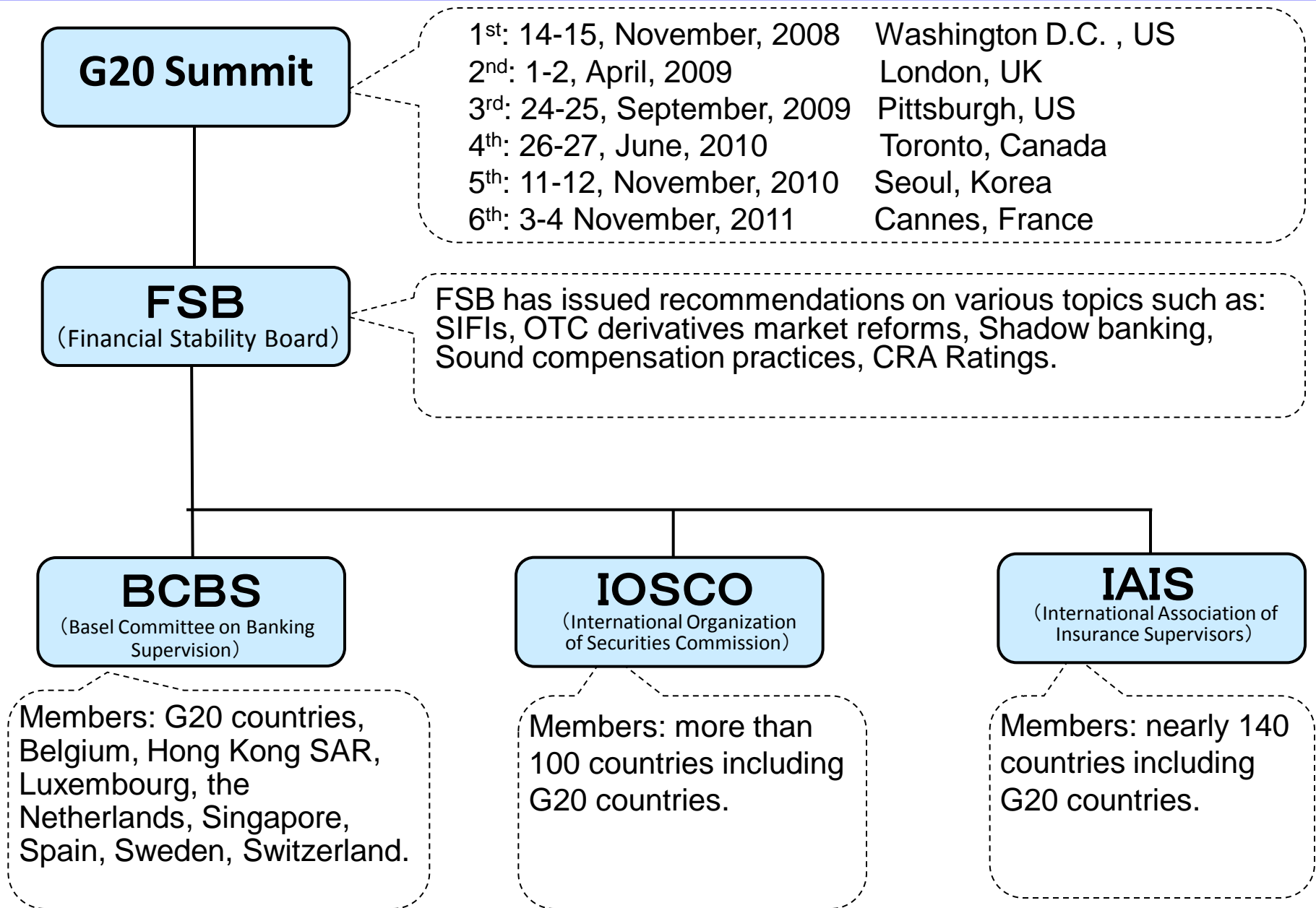
Agenda

1. International forums on financial regulation and supervision

2. Regional difference

3. Way to Asia's approach

International forums on financial regulation and supervision



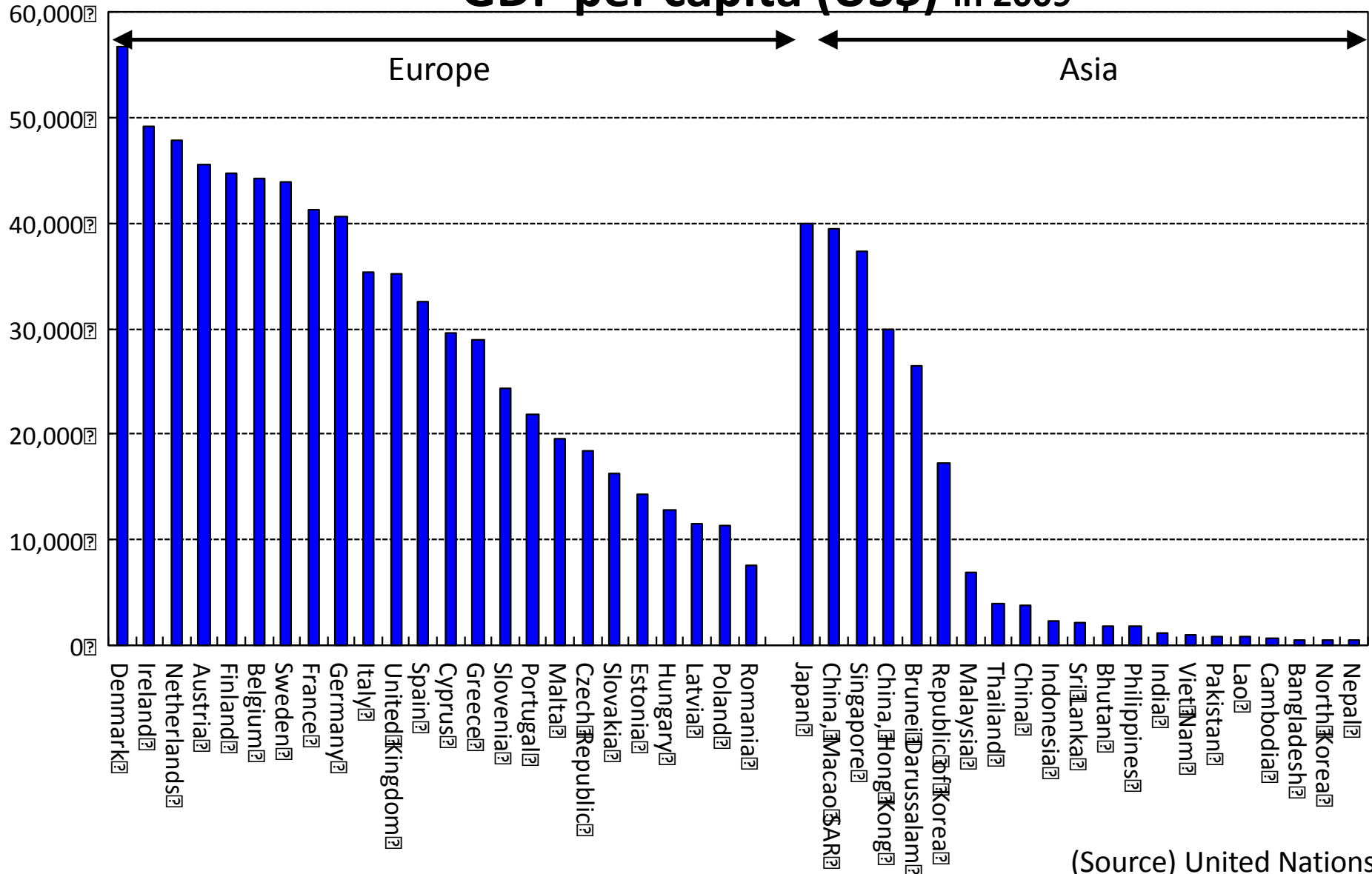
International forums on financial regulation and supervision (cont.)

FSB Membership (● : new members since 2009)

	FSB member	G20		FSB member	G20
America			Russia	●	○
United States	○	○	Spain	●	
Canada	○	○	European Commission	●	○
Brazil	●	○			
Mexico	●	○	Middle East/Africa		
Argentina	●	○	Turkey	●	○
			Saudi Arabia	●	○
Asia			South Africa	●	○
Japan	○	○			
Australia	○	○	International Standard Setting		
Hong Kong	○		BCBS	○	
Singapore	○		IOSCO	○	
China	●	○	IAIS	○	
India	●	○	IASB	○	
Korea	●	○	CGFS	○	
Indonesia	●	○	CPSS	○	
Europe			International Financial Institutions		
United Kingdom	○	○	BIS	○	
Germany	○	○	ECB	○	
France	○	○	IMF	○	
Italy	○	○	World Bank	○	
Netherlands	○		OECD	○	
Switzerland	○				

Regional difference (Cont.)

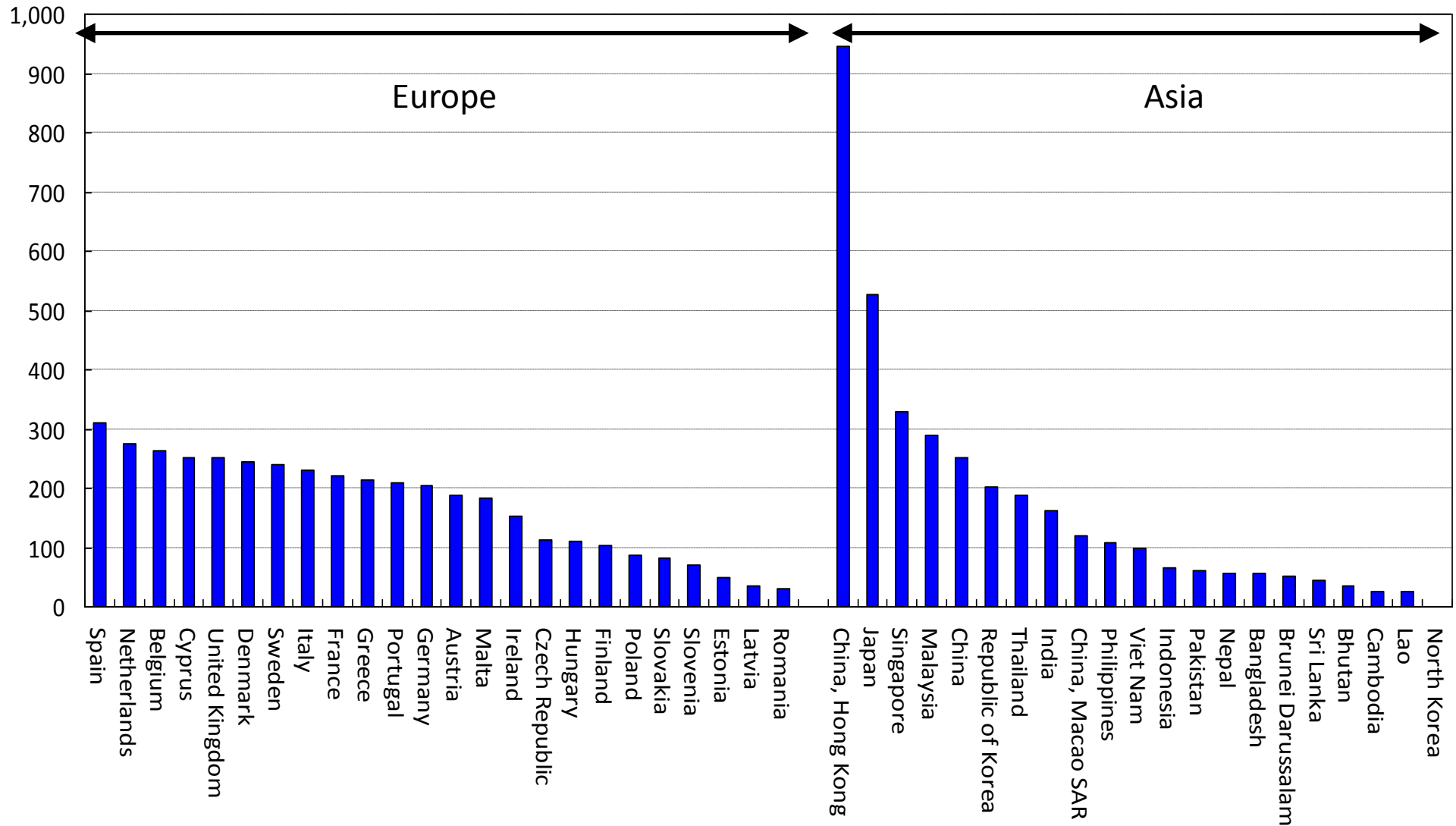
GDP per capita (US\$) in 2009



(Source) United Nations

Regional difference (Cont.)

Domestic financial assets (% of GDP) in 2008



(Note) Domestic financial assets: Sum of Currency and deposits, Equity securities, and Domestic debt securities

(Source) IMF, BIS and World Federal Exchange

Way to Asia's approach

- Asia has lots of diversity within the region, which poses a challenge to reach an Asia's single voice. Challenge is how to make this diversity not a disadvantage but an advantage.
- The outcome of discussions in Asia reflects a wide range of views comprising advanced, emerging and developing economies. This outcome must be ideal input to discussions in international forums.
- A need to take account of different views is recognized in G20 communiqué etc.

➤ Existing Regional Meetings of Financial Supervisors

1. Banking Supervisors

Working Group on banking supervision of the EMEAP

- **EMEAP** (the Executives' Meeting of East Asia-Pacific Central Banks) is a cooperative organization of central banks and monetary authorities in East Asia and Pacific region.
Working Group on banking supervision is one of EMEAP's sub-groups, which incorporates representatives from the banking supervisory agencies of the region.
- **Member:** Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippine, Singapore and Thailand

2. Security Supervisors

Asia Pacific Regional Committee of the IOSCO

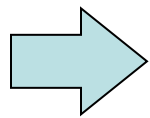
- **IOSCO** is an international organization for security supervisors, etc.
Asia Pacific Regional Committee is one of regional committees under President Committee of IOSCO.
- **Member:** Australia, Bangladesh, Brunei, China, Hong Kong, India, Indonesia, Japan, Korea, Kyrgyz Republic, Malaysia, Maldives, Mongolia, New Zealand, Pakistan, Papua New Guinea, Philippines, Singapore, Sri Lanka, Chinese Taipei, Thailand, Vietnam

➤ Outreach Initiative by FSB

- “The FSB finalised the operational framework for the six FSB Regional Consultative Groups that it plans to set up, covering the Americas, Asia, the Commonwealth of Independent States, Europe, Middle East & North Africa, and Sub-Saharan Africa. The first meetings of the groups will take place later this year.” (FSB Press release, July 2011)
- Inaugural meeting of the FSB Regional Consultative Group for Asia was held in Seoul, Korea on 21st, November 2011.
- Membership for the FSB Regional Consultative Group for Asia includes financial authorities from Australia, Cambodia, China, Hong Kong SAR, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Thailand and Vietnam.

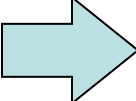
Way to Asia's approach (Cont.)

Enhanced regional dialogues among Asian countries.



- China-Korea-Japan Trilateral High-level Meeting and Trilateral Financial Supervisory Cooperation Seminar (Established in 2005)
- Conference call among financial supervisory authorities among China, Korea, Japan (First conference call in September, 2011)
- International Conference on “ Asian Market Integration and Financial Innovation” is scheduled in February, 2012.

Addressing regulatory reform issues pertaining specifically to emerging market and developing economies

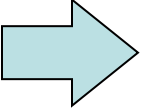
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- We endorse the joint report by FSB, IMF and World Bank on issues of particular interest to emerging market and developing economies and call international bodies to take into account emerging market and developing economies' specific considerations and concerns in designing new international financial standards and policies where appropriate.

(Cannes Summit Declare, November 2011)

- FSB-IMF-World Bank Report “Financial Stability Issues in Emerging Market and Developing Economies” focuses on five key financial stability issues in Emerging Market and Developing Economies(EMDEs). (October 2011)
 - Application of international financial standards
 - Promoting cross-border supervisory cooperation
 - Expanding the regulatory and supervisory perimeter
 - Management of foreign exchange risks
 - Developing domestic capital market

Way to Asia's approach (Cont.)

Addressing regulatory reform issues pertaining specifically to emerging market and developing economies(Cont.)

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- There is a need to continue to bring issues of relevance for EMDEs to the attention of the international community. The IMF and the World Bank, as well as the FSB including through the establishment of its regional consultative groups, have an important role to play in that regard. In addition, international bodies should take into account EMDE-specific considerations and concerns in designing new international financial standards and policies. (FSB-IMF-World Bank Report “Financial Stability Issues in Emerging Market and Developing Economies” (October 2011))

Conclusion

- Asia is a region with great diversity. This poses a challenge in forming an Asia's single voice, but this diversity also means that Asia can lead discussions in international forums to well-balanced conclusions.
- Regional dialogues within Asia should therefore be enhanced in order to pull together Asia's voice.
- Japan takes part in various multilateral and bilateral dialogues in this perspectives.

Thank you!