

## Opening Remarks (Masamichi Kono)

Five years after Lehman's, we are in the middle of a journey to reform the global financial system, to make it more resilient to shocks and to maintain the integrity and stability of the financial system.

At this juncture, we should really be asking ourselves, where we are in this journey of reform, are we doing it right, are we having the sequence and the timing of reform right?

From Asia, we have always asserted that given the diversity, given the need for promoting and facilitating financial intermediation for growth, a one-size-fits-all approach to tighten regulation globally would need to be avoided.

In order to get this message through to global policymakers, however, we need to be better informed of the market realities, more analytical and granular in our approach, and more consistent in making our inputs to policymaking.

In other words, to exercise leadership, Asia needs not only to be more vocal, but also more persuasive, more focused. For this to happen, we need more policy discussions amongst our regional partners, and provide "thought leadership" from Asia, through more active, forward-looking and thought-provoking discussions.

In those discussions, we should return to the basics of a well-regulated financial system; i.e. to enable a sound, stable financial system that supports economic growth and development, and a financial system that is inclusive and protects individual depositors, investors, policy-holders, and other users of financial services.

It is in this vein that we are hosting this conference back-to-back with a meeting of the FSB Regional Consultative Group for Asia,

to provide broader input from stakeholders to the FSB policy-development process.

We have chosen two topics which we think are particularly important for Asia as of today; shadow banking and financial intermediation for growth. They are both current and extremely relevant in the global context as well.

As to shadow banking, the positive and important role of shadow banking for growth and financial inclusion can sometimes be neglected in casting the regulatory net over various forms of shadow banking; we need to inject a balance between tougher regulation of shadow banking that creates systemic risk, and proper and proportionate regulation of activities that are conducive to a well-functioning non-bank financial system.

With regard to financial intermediation for growth, nowhere is this discussion more relevant than in Asia today, where there is still an acute need to finance the development of basic infrastructure, a strong demand for trade finance, and a recognition that Asia's vast savings must be mobilized to finance long-term investment, through sound and efficient financial intermediation by financial institutions and capital markets. We can do much better, in this regard.

I hope this conference will be a most useful occasion to develop our views in Asia, and will enrich the global debate as we continue our journey of international financial regulatory reform.