

## Welcome Speech

14 September, 2015

*Masamichi Kono, Financial Services Agency of Japan*

I would like to extend my warm welcome to all of you, to the conference on “Asia Regional Conference on Banking Supervision and Regulation”. And for our international speakers and participants, thank you so much for travelling long distances and sparing your precious time for this occasion. In congratulating you for coming to this timely and interesting conference, I would like to refer to a key takeaway from the meetings of the G20 Ministers and Governors that took place in Ankara ten days ago, along with many other meetings held in conjunction. It is that the global financial system is increasingly interconnected, more so than ever before, and Asia is playing an even more important role in the global financial architecture today. It is now a fact of life that the health of the Asian financial system and markets matter so

**much to global financial stability and soundness and efficiency of financial markets around the world.**

**Banking supervision and regulation are critical elements of our financial infrastructure, indispensable for building and maintaining a stable, efficient and transparent financial system. The ability of authorities to exercise proper supervision and apply appropriate regulation is at the heart of what confidence and trust in a financial system is all about. It is not an exaggeration to say that the integrity and stability of the global financial markets depends on proper supervision and appropriate regulation.**

**Furthermore, liberalization of cross-border financial services and free cross-border movement of capital must be underpinned by appropriate supervision and well-designed regulation in all the jurisdictions concerned. If Asia is to further integrate its financial markets and allow cross-border**

**capital flows and financial services to flourish, a precondition is to build strong mutual trust and confidence amongst regulators and supervisors, and achieve, over time, further convergence and harmonization in regulation and supervisory practices across the region.**

**Despite the recent market turmoil, or perhaps because of it, we need to strengthen our cooperation and enhance our coordination efforts in Asia, in upgrading our financial supervision and re-designing our regulation of the financial sector, to make it more credible, robust and accountable.**

**In light of this rapidly changing environment, the JFSA has strengthened its technical assistance activities in recent years, with a focus on Asia. Our Asian Financial Partnership Center (AFPAC) has been a showcase of our efforts in strengthening financial infrastructure, allowing further mutual recognition and licensing of cross-border activities**

**within Asia and beyond, and developing a common voice in the global debate over international financial regulatory reform. We will further enhance our efforts by upgrading the AFPAC to make it the Global Financial Partnership Center, but its primary focus will continue to be Asia.**

**Asia, as the growth region in the global economy, needs a properly functioning financial system, and fair and open financial markets, to support sustainable growth and development. We wish to contribute to building such a financial system in the nearest possible future.**

**Seven years after the collapse of Lehman Brothers, we have actually come very far in taking forward comprehensive reform of the global financial system. We have made progress in identifying the fault lines, and designing the required measures and safety nets to prevent the recurrence of future crises, and to make the financial system stronger and safer for**

**all. Implementation of the agreed reform measures is now increasingly the focus here, and globally as well.**

**However, at the same time, we must keep close watch over any material unintended consequences of reform, and must be ready to make adjustments when necessary. Each piece of reform might be necessary and useful when taken independently, but there could be material adverse effects from the reform measures when taken together. An assessment of the impact of reform measures needs to be made holistically and comprehensively, and we need to be humble about our ability to correctly discern the impact.**

**In sum, there is still a lot to be done, and a lot to be learned from the experience of others in building and maintaining a system of financial supervision and regulation. An Asian network for this purpose would be an asset to all of us in facing up to the present challenges. My hope is that this**

**conference will be an excellent occasion to strengthen this network for advancing our thinking in Asia, and contribute to the global debate by delivering the Asian voice to the world.**

**Thank you very much.**