

The Sixth International Conference

“A Perspective of Asian Financial Sector under the Global Financial Crisis”

Session III Asia’s financial sector reforms: ensuring effective financial intermediation with stability

Financial sector reforms in Asia: taking greater global responsibility

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Abstract

The unprecedented global financial crisis has prompted a reassessment of financial regulatory systems worldwide. For emerging Asia, the direct impact of the global financial crisis has been limited, thus putting substantially less pressure for financial restructuring and regulatory reform. However, the underlying causes of the current turmoil—such as the dynamics of financial innovation and globalization—remain relevant for the region. As the world embraces a wide-ranging financial reform, emerging Asia will face dramatic changes in the global financial landscape. The mandate for the region's authorities is clear: they need to be proactive in strengthening their respective national regulatory and supervisory frameworks, in line with higher regulatory standards emanating from global reforms. The crisis has highlighted the need for a coordinated approach beyond the national borders. National regulators should form regional and global alliances to establish a mechanism that can effectively monitor cross-border financial activities that could threaten national, regional, and global financial stability. Together with global regulatory authorities, the region's financial regulators would also need to design an effective and coherent framework for cross-border crisis management, and work towards potentially an international regulatory and surveillance system.