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Challenges for Developing Asian Capital Markets

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abstract

- As Asian economies promote regional integration, financial and capital market in the region should also be developed to support such integration. In this respect, a market-based model of finance becomes increasingly important and the governments in the region are also taking a keen interest in fostering the development of capital markets.
- The integration, efficiency and competition of Asian capital markets should be pursued as overarching objectives with appropriate balances in each element. For the area of integration and efficiency, more cooperation is necessary. For the area of competition, a transparent level playing-field is a key.
- In developing Asian financial system and market, right balance between healthy competition (e.g. between trading venues) and regulatory harmonization should be pursued. Based on such balanced approach, the region should work for challenges both in pan-Asian and each national level including fostering financial industry, harmonization of soft and hard infrastructures, involvement in global regulatory reform discussions, and consistent and predictable regulatory approach.
- There are tremendous opportunities in Asia and plenty of capital available. And for further development of wider Asian financial market, it would be encouraged for the region to foster long-term debt providers through introduction of, or further development in, pension system, life insurance sector and investment trusts.
- As regulatory reform proceeds, banks are required to reduce its function for maturity transformation. In order to continuously provide long-term capital in Asia, capital markets should be developed through integration, efficiency and competition.