

## Session 1: Banking and Financial Sector Reform after the Crisis – Comments

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## Presentations by Mr. Fiechter and Mr. Vanikkul

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### ◇Overview

- The financial sector in East Asia is much stronger today.
- In Thailand, extensive reform measures have been adopted, resulting in better figures in the banking sector.

### ◇Concerns

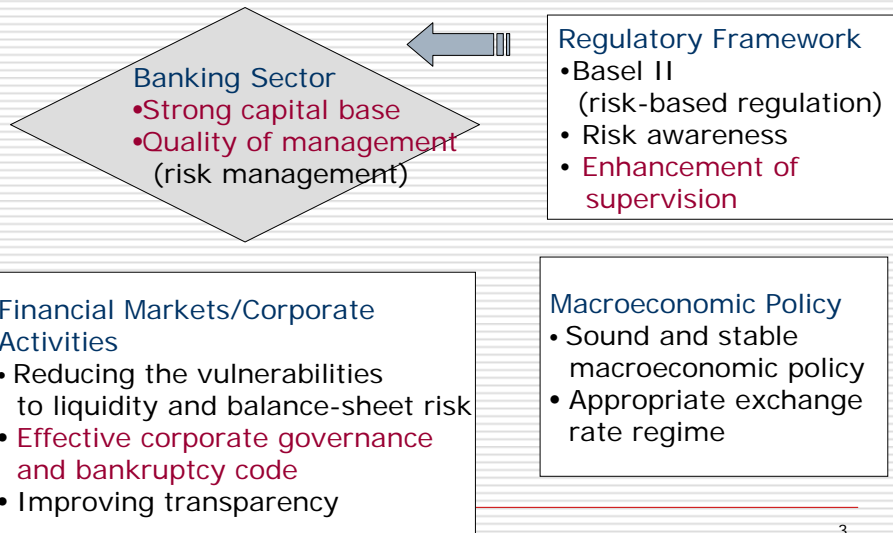
- Business cycles and economic downturns might result in banks facing problems related to asset quality and earnings.

### ◇Challenges forward

- An increasingly complicated financial sector
- Cycles of greater risk-taking and falling risk premiums

## Crisis-Prevention Efforts

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## Effective Crisis Response

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- Prompt action to maintain financial stability
  - Coherent policy adjustment package to provide confidence to markets and investors
  - Cost-minimizing steps in the adjustment process
    - The exact actions are still under debate
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- ◇ Possible issues for effective financial sector supervision;
  - Cyclical implications of risk-based regulatory measures
  - Allowing diversity from the regulatory perspective
  - Use of macrofinancial approach
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