

ABAC urges continuous dialogue on financial sector reforms

Meeting in Bangkok, Thailand on August 24-27, the APEC Business Advisory Council (ABAC) expressed appreciation for APEC Leaders' efforts on financial regulatory reform and their instructions to regulators and policy makers to continue their dialogue with the private sector on this issue at the G20, the Basel Committee on Banking Supervision (BCBS) and other fora. ABAC reiterated its view that imposing financial taxes is counterproductive and contradict APEC's efforts to reduce transaction costs and to enhance regional financial integration. ABAC noted various important issues that remain to be discussed with policy makers and regulators, such as the capital buffer, pro-cyclicality, and incurred loss recognition, among others. ABAC also recognized that financial regulatory reform is necessary, and that global coordination as well as collective actions are important.

Various views expressed by ABAC in relation to financial regulatory reform include the following:

- Sufficient public-private dialogue should be maintained to ensure that new regulations do not harm financial intermediation and capital markets in the Asia-Pacific, which have remained relatively healthy after the crisis.
- Careful and prudent judgment should be exercised to determine the timing of introducing new regulations.
- An impact assessment should be undertaken to better understand the effects of new regulations.
- New regulations should not unfairly impose additional costs to industries and consumers as a whole.

ABAC welcomed the G20's announcement made this June in Toronto that the new capital framework for financial institutions will be phased in over a timeframe that is consistent with sustained recovery and limits market disruption. ABAC also welcomed the BCBS' recent decisions to consider private sector views in revisiting its definition of capital, and introduce phase-in arrangements for the leverage ratio.

ABAC members will discuss these recommendations during their dialogues with APEC finance ministers this coming November.

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