



**FINANCIAL STABILITY AND FINANCIAL SECTOR SUPERVISION:
LESSONS FROM THE PAST DECADE AND WAY FORWARD**

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**BANKING AND FINANCIAL SECTOR REFORM AFTER THE
CRISIS—COMMENTS**

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

2007.12.17

Mariko Fujii
University of Tokyo

Presentations by Mr. Fiechter and Mr. Vanikkul

◇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.

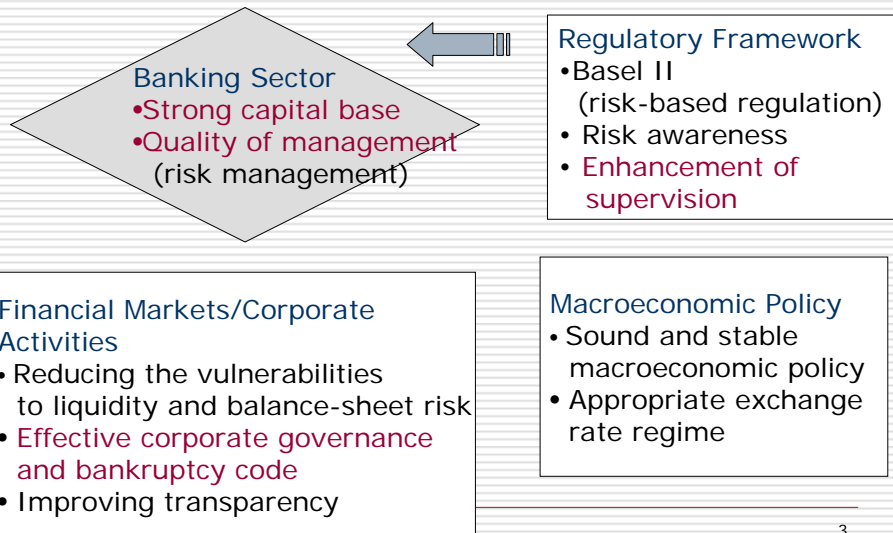
◇Concerns

- 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

- 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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