



**POLICY OPTIONS AND CHALLENGES
FOR DEVELOPING ASIA—
PERSPECTIVES FROM THE IMF AND ASIA**
APRIL 19-20, 2007
TOKYO



**COMMENTS ON
“KEY COMMON CHALLENGES IN FINANCIAL SECTOR
DEVELOPMENT IN LOW INCOME ASIAN COUNTRIES:
THE CASE OF LAO, PDR, MONGOLIA, AND VIETNAM”**

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*Paper presented at the Conference: POLICY OPTIONS AND CHALLENGES FOR DEVELOPING ASIA—
PERSPECTIVES FROM THE IMF AND ASIA
Organized by the International Monetary Fund (IMF) and
Japan Bank for International Cooperation (JBIC)
April 19-20, 2007
Tokyo, Japan*

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Comments

**on “Key Common Challenges in Financial Sector
Development in Low Income Asian Countries: The Case of
Lao, PDR, Mongolia, and Vietnam”**

Hidenobu Okuda (Hitotsubashi University)

15:30-17:30, April 19, 2007

1. Perspective of Comments

To create efficient and stable financial system, it is important to establish an economically rational division of functions

(1) b/w local and foreign factors

(2) b/w private and public factors

(3) b/w banking and securities market .

2. Question 1.

First, what is the appropriate foreign exchange system for promoting the financial development in low income transitional economies?

What is the appropriate foreign exchange policy for promoting the financial development in low income transitional economies?

3. Question 2.

Secondly, what is the desirable policy to handle the foreign penetration problem in the financial sector?

Foreign financial institutions should be encouraged to play the more important role in collecting and distributing funds and providing a wider range of financial services.

4. Question 3.

Thirdly, what role should foreign investors play in the financial development, especially securities markets development, in the low income transitional economies?

The foreign investors should play more important role for developing the financial sectors in these economies.

Thank you for your attention.