

Asia Program 2007

Banking Supervision and Regulation

Federal Reserve Bank of San Francisco

The Division of Banking Supervision and Regulation's (BS&R) Asia Program is a key component of the Federal Reserve Bank of San Francisco's focus on Asia and the Pacific Rim. Asia Program activities, which are coordinated by the Country Analysis Unit (CAU) of BS&R, are designed to share information on issues and developments in Asian financial sectors with business and community leaders in the 12th Federal Reserve District and more broadly. Program events include conferences and seminars, engagement by BS&R staff with the financial and regulatory community through presentations, speeches, and training, and written analyses and briefings.

Highlights of the 2007 Asia Program include two international conferences, seminars in the ongoing Asia Financial Forum series, staff presentations and training, and several papers in the *Asia Focus* series on Asian finance.



Federal Reserve Bank of San Francisco President Janet Yellen with a State Bank of Vietnam delegation during meetings in San Francisco

The Asian Financial Crisis Revisited: Challenges Over the Next Decade

During the year, CAU staff hosted two conferences that reflected on the tenth anniversary of the Asian financial crisis. The conferences offered a unique opportunity to tap the Reserve Bank's expertise and facilitate a range of important policy discussions. In developing the conference agendas, CAU staff collabo-

rated with Bay Area institutions that specialize in Asian issues: the Asia Foundation, the Asia Society, the Berkeley China Initiative, the Japan Society, and the Stanford Center for International Development.

President Janet Yellen initiated the conference series in Los Angeles in early February with a speech to members of

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Janet Yellen speaks at the June conference



Anne Krueger, former First Deputy Managing Director, IMF, and Tim Geithner, President of the Federal Reserve Bank of New York

The Asian Financial Crisis Revisited: Challenges Over the Next Decade (continued)



Jesse Wang, Deputy General Manager of the China Investment Corporation, speaking at the CAU conference in September 2007



The Honorable Tarisa Watanagase, Governor of the Bank of Thailand, was the keynote speaker at lunch in September

the Asia Society of Southern California and the Pacific Council on International Policy. The first conference, *Trends in Asian Financial Sectors*, followed on June 20 and 21. Speakers and participants took a broad look at financial sectors in Asia and the factors that will influence resiliency and growth over the next decade. The second conference, held September 6 and 7, focused more specifically on Asian banking and financial sectors. Over 150 partici-

pants attended each conference. Speakers and participants included CEOs representing some of Asia's most dynamic financial institutions, bankers, market participants, journalists, central bankers, and bank supervisors.

Complete reports on these events, including detailed summaries of panel discussions, speeches, and streaming audio of many of the presentations, can be found at: www.frbsf.org/banking/asiasource/events/index.html

Asia Financial Forums

Now in its fifth year, the Asia Financial Forum (AFF) series engages the broader Western U.S. business and banking community in informal discussions of financial developments in Asia. Independently, and in collaboration with local institutions, the Federal Reserve Bank of San Francisco has conducted a

number of AFF discussions in San Francisco, Los Angeles, and most recently Seattle.

This year's AFF series began in February with Charles T. Kimball, Chief Research Consultant at Bosera Funds Management Company, Ltd., in Shenzhen, China. The program was co-hosted with the Japan Society of Northern California, and focused on how lessons from his long career in asset management in Japan are now being applied in China.

In July, Clifford Tan, the former head of Asia FX/Interest Rate Strategy for Citigroup in Singapore, and currently Visiting Scholar at the Stanford Center for International Development, spoke on *"The Real Obstacles to Further Philippine Growth."*

In October, the AFF inaugurated its Seattle programs with a panel discussion featuring Senior Analysts Arlene Mayeda and Walter Yao from BS&R, and Economist Galina Hale from the Economic Research Department. Their presentation focused on *"Northeast Asia in Review: Emerging Issues in China, Korea and Japan,"* with particular emphasis on the countries' financial sector developments and reforms.

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Walter Yao and Arlene Mayeda

Asia Financial Forums (continued)



The Changing Japanese M&A Market



Robert Ward

Also in October, Robert Ward, Director of Global Forecasting for the Economist Intelligence Unit, spoke on “*Asia’s Economic Bellwethers: Myth and Reality in China, Korea, and Japan*,” providing both analysis and projections for growth in various sectors in these three key countries.

The final AFF for 2007 was held in November featuring Nobuhiko Masuto, GCA America Corporation

President. As the head of one of Japan’s few M&A advisory firms, his presentation, entitled “*The Changing Japanese M&A Market*,” emphasized the immaturity of the Japanese M&A market and the potential for continued growth. The program was co-hosted with the Japan Society of Northern California.

Available presentations for AFF programs can be found at www.frbsf.org/banking/asiasource/events/index.html

Staff Presentations and Training Programs

BS&R staff contributed expertise in Asia to conferences and training programs for bank regulators and others throughout the United States and Asia. Some important examples include a presentation by Teresa Curran, Group Vice President, at the Harvard Business School’s Asia Business Conference in February, on “*The Aftermath of the Asian Financial Crisis*,” and a presentation by Kenneth Binning, Director of Applications & Enforcement, on “*Foreign Banks in the U.S.—Updates on Admittance and Supervision*” at the 20th World Chinese Banking Amity Conference, sponsored by the Bankers Association of the Republic of China in September.

Tim Byun, Examining Manager, traveled to Manila, Philippines from August 12 to 17, as an instructor at the “47th SEACEN-FRS Intermediate Course on Banking Supervision: Risk Focused Supervision,” which was attended by 34 participants from 13 countries. Specifically, he led discussions on market & liquidity risks with Federal Reserve Board colleagues.

Margaret Riley, Manager of the Country Analysis Unit, was in Singapore July 9 to 12, to attend the 9th SEACEN



Ken Binning addresses the conference in Taipei

Conference of Directors of Supervision of Asia-Pacific Economies and the 20th Meeting of SEACEN Directors of Supervision. She spoke on challenges in strengthening regional and international financial architecture since the Asian financial crisis.

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Staff Presentations and Training Programs (continued)

Asian banking regulatory and supervisory regimes was the subject of Examining Officer Richard Naylor's presentation in February at the Conference of State Bank Supervisors (CSBS) Annual Meeting in Miami.

Delegations from various Asian banks and regulatory institutions visited the Reserve Bank during the year. A delegation from the State Bank of Vietnam met with President Yellen and other Bank officials on June 1, 2007. As part of a regular exchange program with Asian regulatory authorities, four supervisory personnel from the China Banking and Regulatory Commission spent one month in a training program organized by the Reserve Bank, learning about emerging issues in banking supervision and participating as observers at an examination of a state member bank in the 12th Federal Reserve District.



Margaret Riley with delegates to the SEACEN Conference

Asia Focus series

BS&R staff prepare periodic analyses of current economic and financial sector developments in the Asia-Pacific region under the title Asia Focus. Topics in the 2007 series included:

- Japan's New Consumer Finance Law
- China's Banking Sector
- China's New Foreign Bank Regulations
- Anti-Money Laundering Reforms and Trends in Asia

Asia Focus is available online at www.frbsf.org/banking/asiasource/archive.html



Looking Ahead to 2008

BS&R will continue its Asia Program activities next year with another major international conference on Asian finance, and with ongoing seminars and research on issues of importance to business and policymakers throughout the region. Events already planned include:

January 22, 2008 – *Capital Market Developments in China*, an Asia Financial Forum program with Jack Wadsworth, Advisory Director, Morgan Stanley.

May 8, 2008 – *Business Implications of Legal Reform in China*, a conference cosponsored with the Asia Society, with Stapleton Roy, Managing Director, Kissinger Associates.

June 18-19, 2008 – *Asia's Role in Global Finance*, the annual Asia banking and finance conference.

Please refer to www.frbsf.org/banking/asiasource/events/index.html, for up-to-date information on these and other programs that develop over the year.

Website and Current Publications

AsiaSource, www.frbsf.org/banking/asiasource/, is the gateway to publicly available information on Asia issued by the Federal Reserve Bank of San Francisco. The two main sources of Asia related publications and analysis are the Center for Pacific Basin Studies (CPBS), which is part of the Economic Research Department, and the Country Analysis Unit.

