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FINANCIAL INSTITUTIONS AND STRUCTURES FOR GROWTH IN EAST ASIA

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ABSTRACT:

The purpose of this paper is to consider whether financial regulatory structures are well-matched to the needs of growing, changing and integrating financial markets in Asia. Key to this story is the extent of regulatory restrictions on the activities of different financial institutions and the match (or mismatch) between the supervisory structures and the developing structure of the market.

The paper examines the changing size, shape and range of financial markets in the region indicates the extent to which regional markets have become more efficient and have improved in quality since the financial crisis. One question of importance is whether Asian markets are following the developing trends towards integrated financial service provision and consolidation that is observed in other countries. These trends raise several issues for efficiency and fragility of financial systems everywhere and the paper reviews some of the empirical evidence on these links. The paper also discusses the arguments for and against particular supervisory structures in the face of new market developments. Finally we consider whether supervisory structures are or should be moving towards unified supervision of these multi-function institutions and whether the supervisory structures are consistent with greater financial integration in the region.