

Press release

Review of the HKMA's Work on Banking Stability

The Hong Kong Monetary Authority (HKMA) announced today (Thursday) that it will review its work in the area of banking stability and has appointed Mr David Carse as consultant to conduct the review.

The aim of the review is to make recommendations on how the HKMA can best discharge its functions in promoting the general stability and effective working of the banking system, taking into account recent and likely future developments in Hong Kong's banking system and the changing nature of the risks facing it.

The review, which will start this month, is expected to be completed in about five months. It will take into account developments including the globalisation of finance and banking business, the increasing integration of the financial systems of Hong Kong and Mainland China, the growing complexity of banking products, the increasing reliance of banks on information technology, the increasing need to combat financial crime, the changing nature of supervision, and the expectations of the community.

“Hong Kong's banking system is robust, healthy and well regulated,” said Mr Joseph Yam, Chief Executive of the HKMA. “But with the considerable changes and developments that have taken place in the banking industry in recent years and the recent completion of the reforms arising from the consultancy study on the Hong

Kong banking sector in 1999, now is a good time to take another look at how we can further strengthen our work in regulating the banking system.”

The consultant will make recommendations on the focus and priorities of the HKMA’s banking supervisory functions in the next five years or so and policies to be developed for promoting the stability and effective working of the banking system.

“Mr Carse is a leading expert on banking supervision both in Hong Kong and around the world. His experience and expertise equip him well for this task,” Mr Yam said.

Mr Carse was the Director-General of the Jersey Financial Services Commission until his retirement in 2006. He served on the Council of International Advisors of the China Banking Regulatory Commission from 2003 to 2006. Between 1993 and 2003, he served in the HKMA as Deputy Chief Executive with responsibility for banking stability.

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6 December 2007