

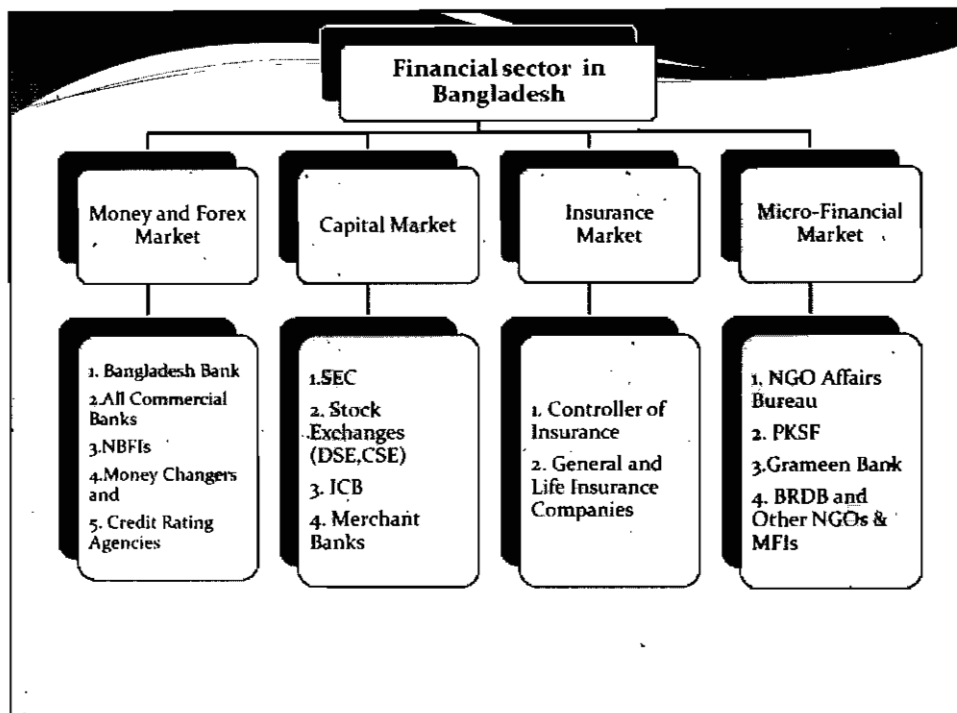
SYED NAZRUL ISLAM
ASSISTANT DIRECTOR

REPRESENTING

BANGLADESH BANK
(The Central Bank of Bangladesh)

The financial market of Bangladesh comprises of both money market and capital market.

The composition of the financial market of Bangladesh are shown in the following diagram



As of 31 December, 2008

- **Size of the Financial Market**
 - **48 Commercial Banks**
 - 4 SCBs, 30 PCBS, 5 DFIs & 9 FCBS
 - **29 NBFIs**
 - **62 Insurance Companies (44 general+18 life)**
 - **MFIs and Co-operative banks**
 - **2 Stock Exchanges-DSE & CSE**
- most components of the financial sector are characterized by the mix of Both Public and Private ownership**

Money Market

- > Share of Financial Intermediaries in GDP
1.74%(2007-8) of which-
 - Banks- 1.29%, Insurance-0.37% and Others-0.07%
- > Total no. of Bank Branches(Dec,08) -6886, SCBS-3386
- Total Assets of the Banking Industry-\$ 40494.89 million (2007)
- Total Deposits(Dec,08)- \$37211.97 million
- Total Advances(Dec,08)- \$29128.47 million
- GDP (2007-2008)-\$46976.06 million

Volume-Capital Market As of 13 April,2009

	<u>DSE</u>	<u>CSE</u>
• Market Capitalization million	\$ 10866 million	\$ 10426
• Total No. of Securities	287	227
• Total Listed Company	266	210
• Mutual Fund	15	15
• Debenture	6	2
• Indexes-		
• All Share Price	2052.08499	7893.18550
	DSE-20 1933.23497	Selected-5112.31170

Turbulences in Financial Market & Bangladesh Financial Market

- First Phase of Turmoil- Bangladesh was free from negative shocks due to limited openness its external sector
- Net \$ 70 million withdrawn from portfolio investment by the foreigners.
- Bangladesh Bank (BB) immediately after the turmoil started withdrawn invested funds from risk prone Banks and placed in safer investment basket.
- BB intended to introduce lending rate caps for the CBs upto 12% except Credit Cards & Consumer loans
- BB also reduced regulatory interest rates (Repo, Reverse Repo rates)
- Apart from this the Govt. of Bangladesh will declare a recovery package for the affected export oriented firms.

Currently Using Market Indicators

- BB directly regulates BFIs and NBFIs and used tools for surveillance
 - > CAMELS Rating
 - > Also use
 - Diagnostic Review of Balance Sheets
 - Monitoring of Maintaining Regulatory Requirements
- Share Price Indexes & Market Capitalization for analyzing Capital Market.

Market Indicators to be used in Future

- Stress Testing
- Scenario Analysis
- Simulation Analysis

Two Officers from BB has already been trained by the SEACEN Centre, Nepal on that issue

> BB also send a letter of request to the SEACEN Centre, Malaysia for arranging a training program for 10 officers

2nd SEACEN- DEUTSCHE BUNDESBANK INTERMEDIATE COURSE ON BANKING SUPERVISION AND FINANCIAL STABILITY

24th April 2009

Brunei

FINANCIAL SYSTEM

- Total assets as of December 2008

	B \$ millions
Banks:-	
Domestic	19,557
Offshore	162
Insurance Companies:-	
Domestic	1,017
Offshore	217
Finance Companies	1,423

CHALLENGES

- **DOMESTIC** – the reliability and timeliness of regulatory data against which uniform reporting requirements are just being introduced for key performance indicators.
- **INTERNATIONAL** – with the predominance of foreign branch banks in Brunei, the vulnerability of Brunei's depositors to a global financial crisis which may afflict any of these foreign banks.

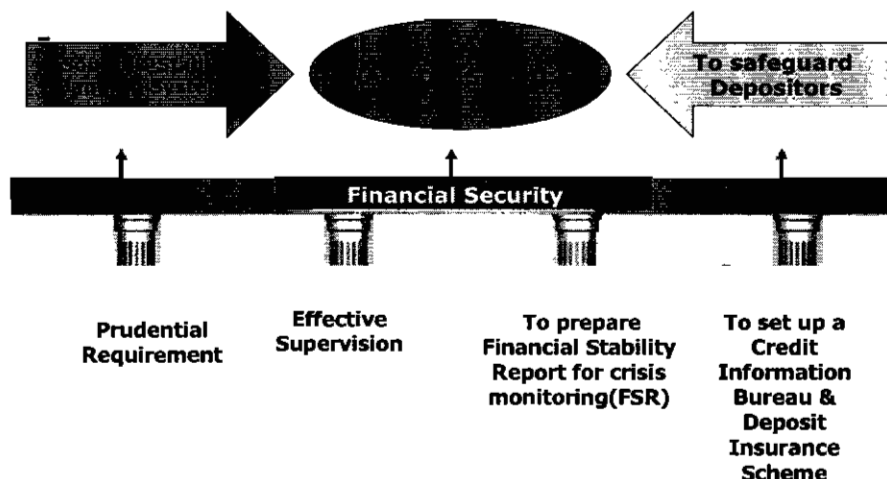
INDICATORS

- **KEY PERFORMANCE INDICATORS MONITORED ARE:**
 - Capital adequacy
 - Share ownership in banks
 - Asset quality
 - Liquidity
 - Connected lending
 - Concentration risk
 - Earnings
 - Management for reputational risk

FUTURE INDICATORS ENVISAGED

- **TRANSPARENCY AND MARKET DISCIPLINE** – through maximum disclosure in prescribed format for published annual financial statements.
- **CONTINGENCY PLANS FOR CRISIS MANAGEMENT** – Business Continuity Plans and Disaster Recovery.

Contingency Plan



Cambodia's Financial System

- Banking System
- Insurance Sector
- Securities Market (coming soon)

• Banking System

- The central bank, that is the National Bank of Cambodia with its 24 provincial branches
- 24 commercial banks and 6 specialized banks
- 18 licensed MFIs
- 28 registered MFIs
- Over 60 NGOs

- **Insurance Sector**

- 6 insurance companies
 - 2 owned by state
 - 4 private

- **Securities Market (coming soon)**

- Securities Exchange signing agreement, 24 March 2009, cooperate with South Korea
- Principle law for Cambodia's securities market
 - Government securities
 - Issuance and Trading non-government securities

- **Securities Market (coming soon)**

- Laws and regulations supporting securities market
 - Insolvency Law
 - Secured Transaction Law
 - Commercial Arbitration Law
 - Anti money Laundering and Financing Terrorism Law
 - Commercial Enterprises Law
 - Negotiable Instruments and Payment Transactions Law
 - Corporate Account, their audit and Accounting Professional Law

- Auditing Law
- Insurance Law
- Civil Code
- Auditor Morality Code
- Draft of Leasing law (at Cambodia's Assembly)
- Trust Business (drafting)
- Criminal draft (at Council of Minister)



Three-tier banking system

- Licensed banks
- Restricted licensed banks
- Deposit-taking companies

Collectively known as authorised institutions (AIs) under the banking ordinances in Hong Kong and regulated by the Hong Kong Monetary authority

Total number of AIs in Hong Kong

- 200 as at end-Dec 2008



Hong Kong Banking Sector Overview

<u>HK\$ billion</u>	<u>2008</u>	<u>2007</u>	<u>% change</u>
Total assets	10,757	10,350	+3.9%
Total loans	3,286	2,962	+10.9%
Total deposits	6,060	5,869	+3.2%
Total external transactions	10,012	9,945	+0.7%
Net interest margin	1.84%	1.90%	-0.06% pts
Classified loan ratio	1.24%	0.85%	+0.39% pts
Consolidated CAR	14.8%	13.4%	+1.4% pts

US\$ 1 = HK\$ 7.8



Indicators Used in Daily Banking Supervision

- **Profitability**
 - Funding cost - Hong Kong Interbank Offered Rate
 - Net interest margin
 - Bad debt charges and impairment charges
 - Cost-to-income ratio
 - Return on assets and return on equity
- **Balance sheet**
 - Loans and deposits growth
- **Asset quality**
 - Classified loan ratio
 - Overdue and rescheduled loan ratio
 - Delinquency ratio of residential mortgage loans and credit card portfolio
 - Charge off ratio of credit card portfolio
- **Liquidity ratio / loans to deposits ratio**
- **Capital Adequacy Ratio**
- **Ad-hoc review on certain specific assets (e.g. sub-prime related)**



Challenges

- Time lag in analysis and receiving banking data
- Frequent change of accounting rules during the past two quarters
- Complexity of financial products



Key Supervisory Focus and Initiatives for 2009

Key Focus

- **Macro stress test on credit risk, interest rate risk and market risk**
- **Closely monitor the banking distress index for systemic risk**
- **Asset quality, trend of problem loans and fall in value of securities portfolio**
- **Capital management and planning process**
- **Liquidity position and quality of liquid assets**
- **Different internal stress test programmes**

Key Initiatives

- **To establish a dedicated division to enhance the surveillance of financial markets and treasury activities of Als**
- **To continue specialisation of supervisory resources in major risk areas, amid the increasing complexity of Als' operations**
- **To carry on other routine supervisory activities focusing on the emerging risks of Als**



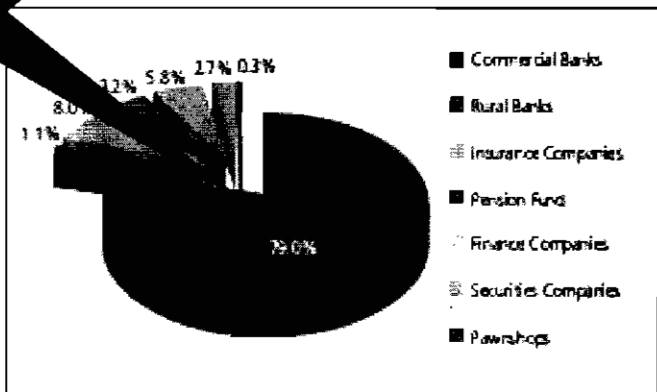
DEUTSCHE
BUNDESBANK
EUROSYSTEM

Indonesian Financial System is a Bank Based Financial System

The Structure of the Indonesian Financial Market

Indonesian Financial System is a Bank Based Financial System

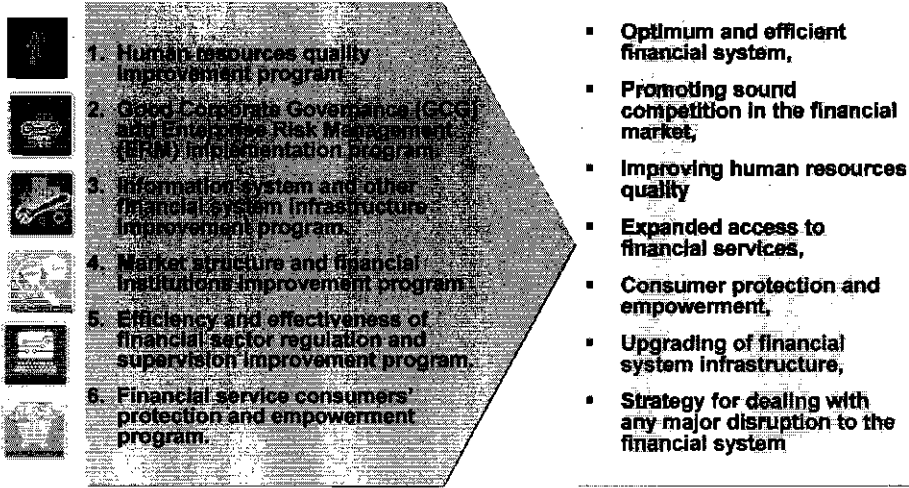
Assets of Financial Institutions per March 2009



Source : Bank Indonesia And MOF

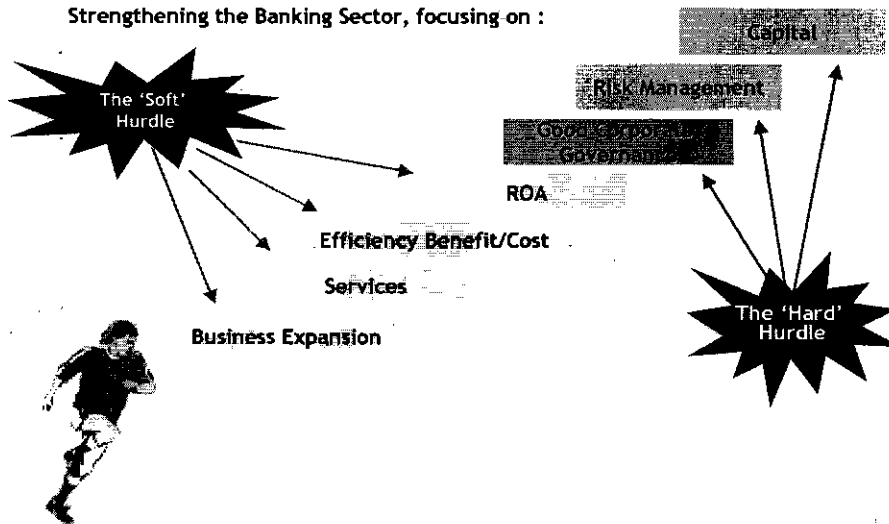
The Challenges of Indonesian Financial Market

The Challenges of Indonesian Financial Market → Strengthening the fundamentals of the Indonesian financial system, through :



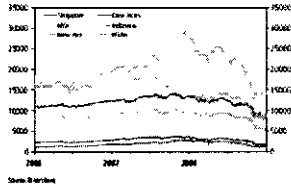
The Challenges of Indonesian Financial Market

Strengthening the Banking Sector, focusing on :

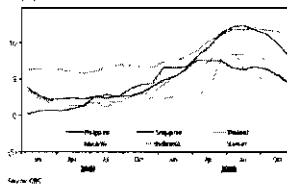


FINANCIAL DEVELOPMENT INDICATORS per March 2009

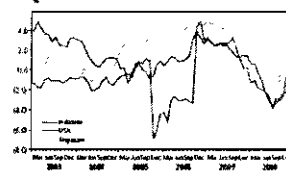
Stock price Index



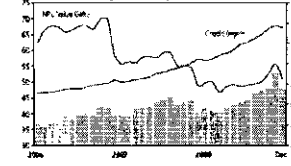
Inflation



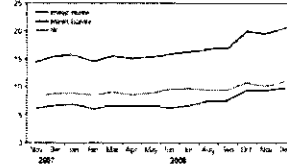
Real Interest Rate



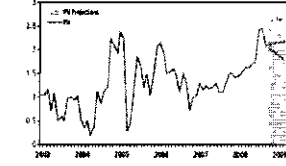
NPL, Credit, Provision



Bank Profitability



Financial Stability Index



For details and more indicators, please visit www.bi.go.id : Financial Stability Review No.12, March 2009

Thank You
Terima Kasih
Ar kum
Dhanyabad
Xie xie
Salamat
Istuti
Meu meu
Cam on
Kamsia



FINANCIAL ANALYSIS & SURVEILLANCE

Bank Negara Malaysia
(Central Bank of Malaysia)

24 APRIL 2009



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Financial Market in Malaysia...

Financial Market		Feb 2009
Money & Foreign Exchange Market		
Capital Market		
1. Equity Market		
2. Bond & Sukuk Market		
• Public Debt Securities		
• Private Debt Securities		
Derivatives Market		
1. Commodity Futures		
2. KLSE CI Futures		
3. KLIBOR Futures		
Offshore Market		
1. Labuan International Offshore Financial Center (IOFC)		
Money Market & FX Market (RM'm)		
- Volume of Interbank:		
▪ Overnight		59,563
▪ 1 wk		5,027
- Volume of FX Interbank:		
▪ Spot USD/RM		42,236
▪ Swap USD/RM		48,808
Exchange Rates:		
USD/ RM		3.6925
Capital Market		
- Bond & Sukuk Market		
Net Funds Raised (RM'm)		
Government related		(1,468)
▪ MGS, GII & Khazanah		(2,436)
▪ Corporate PDS		
- Equity		
▪ Composite Index (points)		890.67
▪ Turnover (RM' m)		10,179
Derivatives (Futures & Options)		
• KLCI F & O Turnover (No. of Contracts)		150,839
• KLIBOR Futures (No. of Contracts)		9,785



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Key challenges for effective surveillance

- Understanding inter-linkages of potential vulnerabilities
 - Especially international spillover effects between jurisdictions
 - Emphasis on effectiveness of liquidity management plans
- Enhancing forward-looking aspects of macroprudential surveillance framework
 - Development of quantitative assessment tools and leading indicators
 - Enhance stress testing techniques to include 2nd and 3rd third round effects
 - Enhance gathering of timely, accurate, market-based and granular information
- Integrated macroprudential surveillance and risk-based supervision
 - Complementary roles of macro-prudential analysis and the consolidated and risk-based supervisory approach
 - Greater collaboration between supervisors across domestic regulators and national boundaries
- Development of comprehensive and integrated crisis resolution and management framework at the domestic and international levels



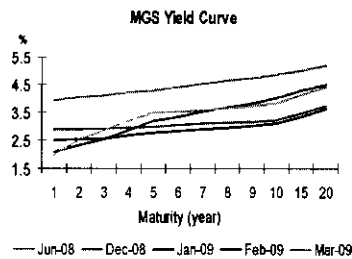
Domestic Bond Market Key Indicators

Outstanding, Issuances & Turnover

Domestic Debt Securities	RM bil			Issuances	Yield	Turnover
	Outstanding	Issuances	Yield	Outstanding	Yield change (%)	Turnover
Public sector debt						
MGS						
BNM						
Private sector debt						
PDS ¹						
Cagamas/ Khazanah						
ABS (incl ABS MTN)						
Commercial Paper						

Includes both Islamic and conventional bonds & medium-term notes (MTN)

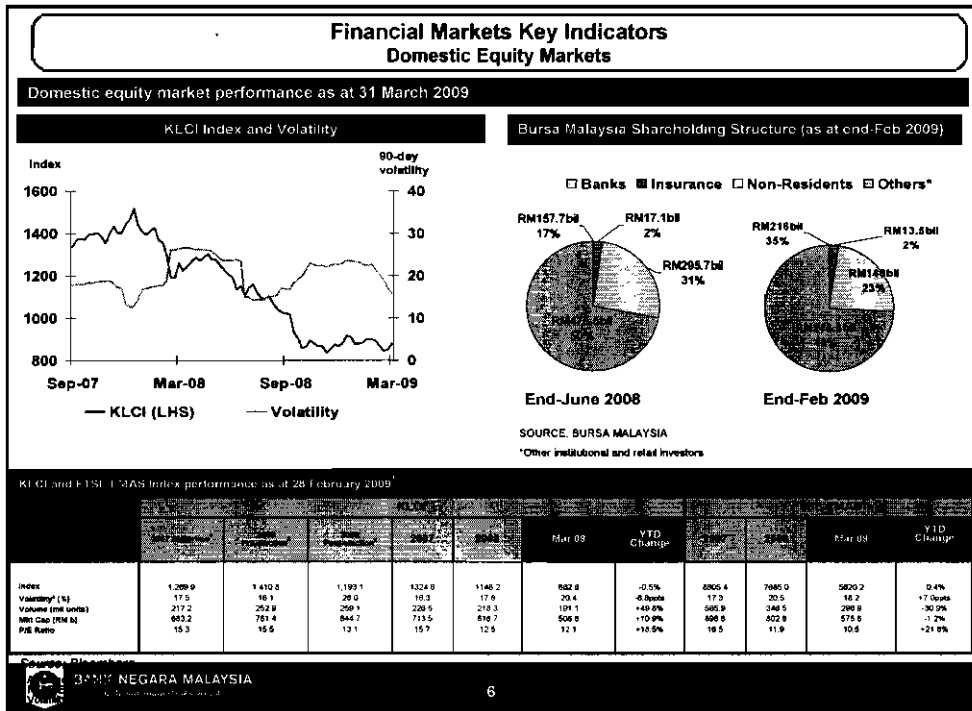
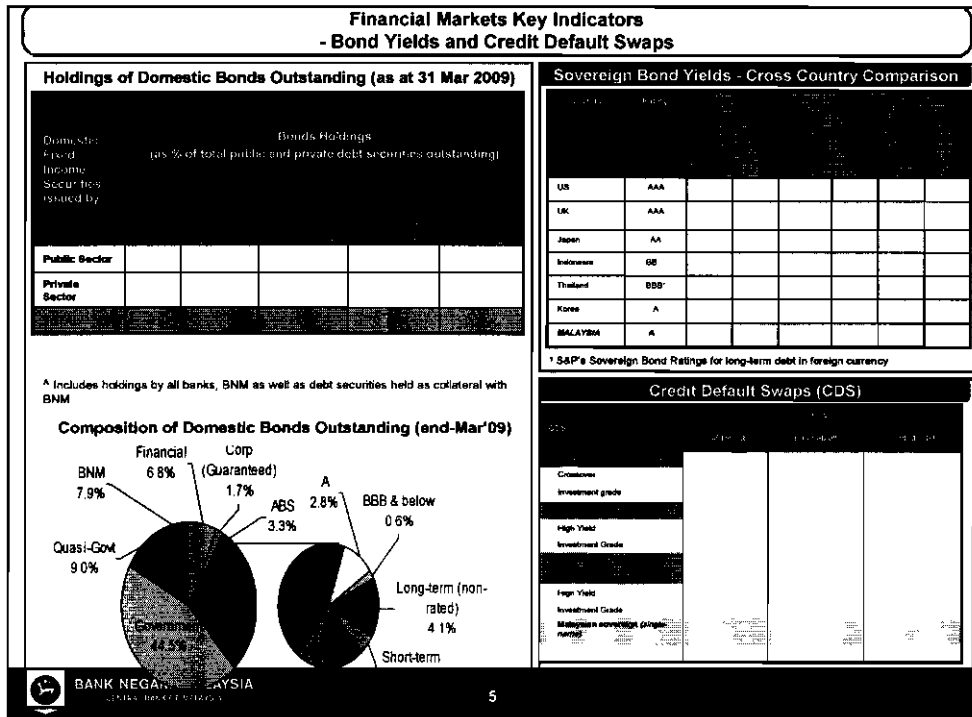
Yields & Spreads



MGS yields ended mixed in Mar'09
- Yields on shorter tenure rose whilst those on longer tenure declined after the revision of auction calendar towards the end of the month, which saw a longer tenured issuances replaced with

MGS	End Dec-08			
	1-yr	3-yr	5-yr	10-yr





An Introduction to Financial Markets and Supervisory Framework in Nepal

Asst. Comptroller
Bank Supervision Department
Binod Tapalwe
Financial Institutions Supervision Department
Nepal Rastra Bank

Nepal's Financial System

Money markets—Banks and Financial
Institutions including cooperatives

Capital markets— *Stock Market*

Insurance Sector

Trust Funds

(NO DERIVATIVE MARKET TILL DATE)

Banking Sector

- Nepal Rastra Bank, the central Bank of Nepal with its 7 regional offices
- Banks and Financial Institutions:

Class A (Commercial Banks) (617 branches)	:	25
Class B (Development Banks)	:	68
Class C (Finance Companies)	:	78
Class D (Micro Credit Banks)	:	12
- Cooperatives (Licensed) : 16
- Cooperatives (unorganized) : 5000 +
- NGO's (licensed) : 47

The Supervisory Framework

- Banks and Fin. Ins. : Nepal Rastra Bank
- Insurance Companies: Insurance Board
- Stock Exchange : Security Board
- Co-operatives : Co-operative Board

High Level Co-ordination Committee comprises with all regulators and frequently meets to discuss issues on money and capital markets

Challenges In Financial Market Analysis

- Cooperatives out of NRB's Supervisory Regime
- Lack of Central Data Warehouse System
- Non-existence of Credit Rating Agency
- Multiple Banking
- Absence of Asset Management Company
- Problem banks having Government ownership
- Implementation of Basel II

Financial Markets in the Philippines

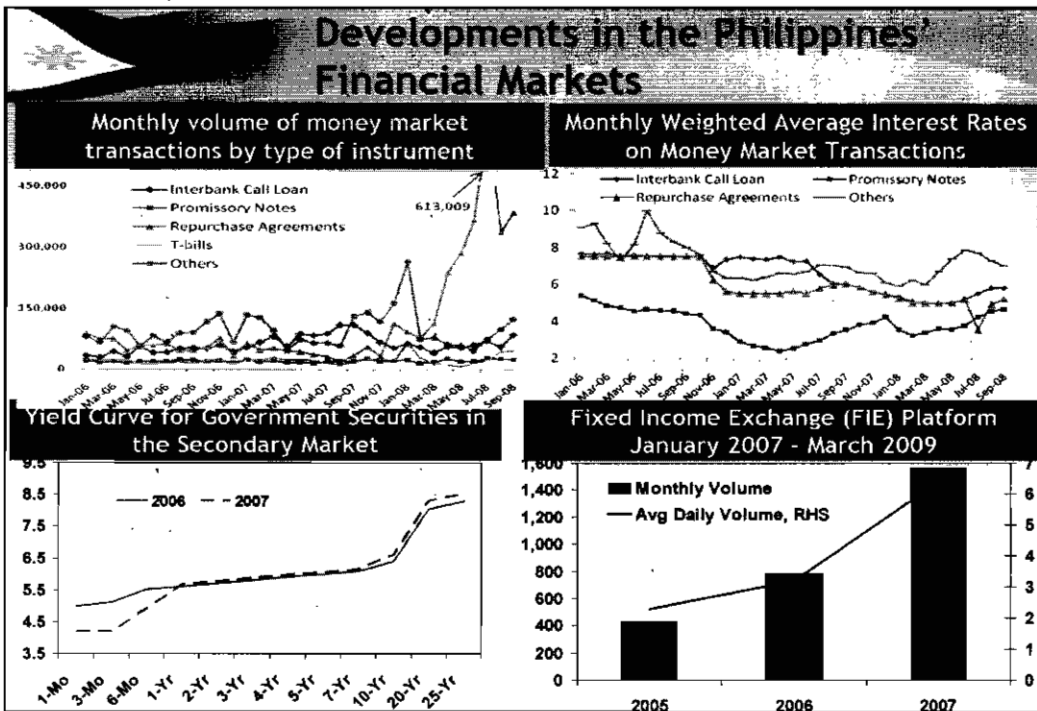
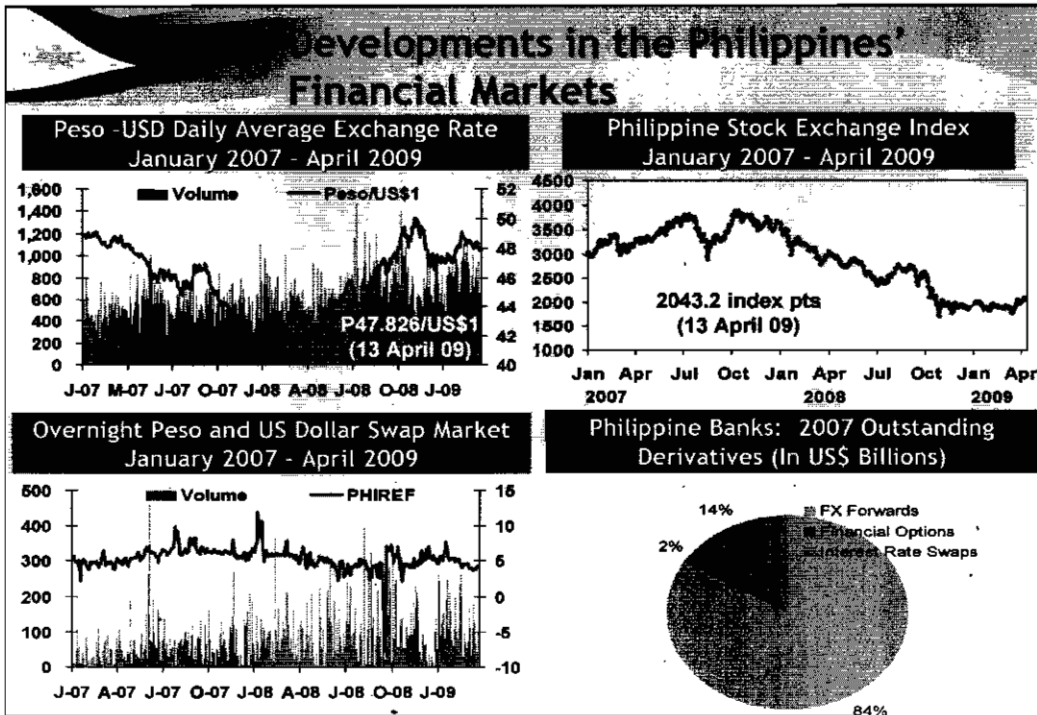
**2nd SEACEN-Deutsche Bundesbank Intermediate Course
on Banking Supervision and Financial Stability
Kuala Lumpur, Malaysia
24 April 2009**

**BANGKO SENTRAL NG PILIPINAS
Philippines**



OUTLINE

- I. Developments in the Philippines' Financial Markets**
- II. Challenges in the Financial Markets' Analysis and Surveillance**
- III. Financial Markets Indicators**
- IV. Proposed Financial Market Indicator**



Developments in the Philippines Financial Markets

Results of Government Securities Auction in Billion Pesos

Quarter	Offering	Tenders	Accepted Bids	Rejected Bids
<u>T-bills</u>				
2007	106.0	312.7	71.2	241.5
Jan-Jun 2007	42.0	188.7	37.3	151.4
Jan-Jun 2008	81.0	96.8	31.3	65.5
<u>T-bonds</u>				
2007	157.8	381.5	144.0	237.5
Jan-Jun 2007	76.0	229.4	75.0	154.4
Jan-Jun 2008	87.0	131.9	40.2	91.7

Challenges in the Financial Markets' Analysis and Surveillance

- Data availability
- Transparency
- Identification of early warning indicators
- Stress testing
- Robustness of models

Financial Markets Indicators

- **Volume of transactions in the financial markets**
- **Rate/Yield/Price**
- **Growth rates**
- **Percent Share**

Proposed Financial Market Indicator

- **Financial Condition Index**

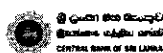
Financial Markets in the Philippines

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**BANGKO SENTRAL NG PILIPINAS
Philippines**



Financial Market of Sri Lanka

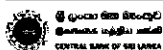


Trading Volumes for 2008



Money Market	
• Inter-Bank Call Money Market	US\$ 91.7 mn (Daily average trading volume)
• Treasury Bill Market	US\$ 290 mn (Daily average trading volume)
• Commercial Paper Market	US\$ 220mn (total issued during 2008)
• Domestic Foreign Exchange Market	US\$ 58 mn (Daily average trading volume)

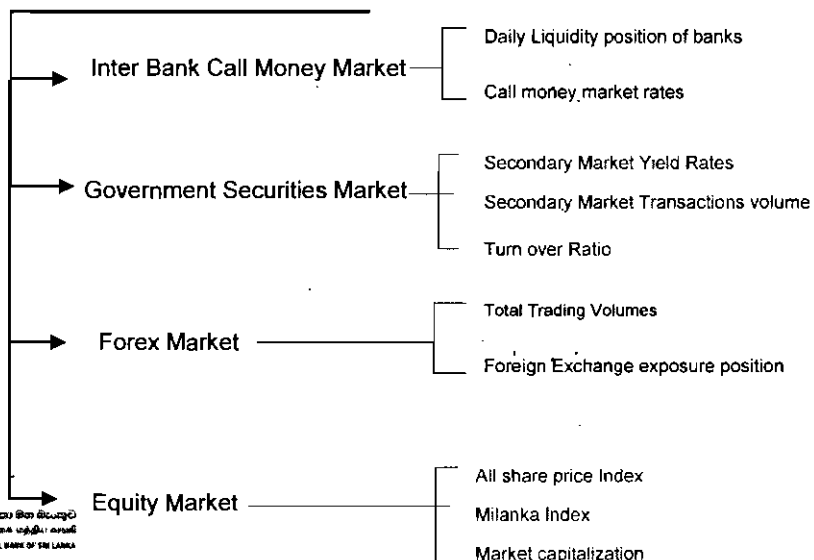
Capital Market	
• Treasury Bond Market	US\$ 380 mn (Daily Average trading volume)
• Corporate Bond Market (Undeveloped)	US\$ 63.3 mn (total issued for 2008)
• Equity Market	US\$ 4mn (Daily average turnover)



Challenges in Financial Market Analysis

- Information collection
- Activities of unauthorized finance institutions
- Less developed state of certain markets
 - Eg: Corporate bond
- Limited number of listed companies
 - Eg: Limits equity market analysis
- Capacity Limitations
 - Eg: In terms of Infrastructure/skills etc.

Financial Market Indicators



Financial Market Indicators for the Future

- Financial Stability Index (Banking Soundness Index)
Financial Market Indicators not included yet due to,
 - limited number of listed banks
 - minimal number of listed bank bonds
 - undeveloped capital market


Interest rate risk indicators will be included in the near future

- Corporate sector credit worthiness




Thank You





Brief Introduction of Financial Markets and Supervisory Framework in Taiwan

Banking Bureau, FSC
2009/04/25



--a brief introduction

➤ Key Financial Markets

- Money markets — *Interbank Call-Loan Market*
— *Short-term Bills Market*
- Capital markets — *Bond Market*
— *Stock Market*
- FX Markets — *Foreign Exchange Trading Market*
— *Foreign Currency Call-Loan Market*
- Derivatives Market

FSC page 2

The Volume of Financial Markets

year-2008 (usd/bn)	trading volume
interbank call loan	8524
short-term bills	2369
bonds	316
stocks	42
foreign exchange trading(daily)	12
foreign currency call-loan	137
direvatives	209

FSC page 3

The Supervisory Framework

Main Supervisory Authorities

- The CBC (the Central Bank of China of Republic of China)

legal objectives :

1. To promote financial stability
2. To guide sound banking operations
3. To maintain the currency value stability
4. To foster economic development

- The FSC (the Financial Supervisory Commission)

legal objectives: maintaining financial institutions soundness

FSC page 4

Financial Turmoil: The Impact

➤ The Impact of the Financial Turmoil

◎ **Banking:** Total related exposure accounted USD 1,372 Million. (including SIV, CDO and Iceland-related investments) --0.16% of total asset

◎ **Securities:**

- Onshore fund scale dropped 10% within 1 year

- TAIEX Index had a fall of 47.60% from May 19 to October 31, 2008

◎ **Insurance:** Overall related exposure accounted USD 2,400 Million. (including Lehman Brothers-, Merrill Lynch-, AIG-related investments, etc.) --0.98% of the total enterprise funds

FSC page 5

Financial Turmoil: Actions Taken for Market Stability

➤ Financial Institutions Side

➤ Capital Market Side

➤ Corporate Side

➤ Aid programs for consumers

FSC page 6



Financial Market Analysis and Surveillance

*Bank of Thailand
24 April 2009*



Financial Markets in Thailand

- **Equity market: USD 87 billion**
- **Bond market: USD 140 billion**
 - 2 types of market systems: OTC and exchange
 - Government bonds (36%), BOT bonds (29%), corporate bonds (22%)
 - growth rate of 41% in 2008
- **Money market:**
 - Interbank, repurchase, and short-term papers market
- **FX market: USD 500- 1 billion per day**
 - Onshore dominated by exporters, importers; offshore by hedge funds and traders
 - Onshore and offshore market: same spot rate but different forward rates due to regulations
 - FX forwards and options active up to 1 year
- **Derivatives market**
 - OTC
 - Futures markets: TFEX and AFET



Financial Markets in Thailand

- **Pre-1997 crisis**
 - Equity market and loans as a main source of funding
 - Bond market non-existent
 - Stable FX market but volatile interest rates due to fixed exchange rate and movement of capital flows
 - Over leveraged

- **Post-1997 crisis**
 - Bond market emerged as alternative source of funding
 - Volatile THB but interest rates move according to economic fundamentals
 - Derivatives market as tools for managing FX and interest rate risk



Type of Information Gaps

- **Quantitative**
 - Financial prices
 - Interest rates: yields, spread, P/E
 - Exchange rates: spot & fwd, onshore VS. offshore
 - Flows data
 - Trading volume: by type of products and players
 - Transactions flows
 - Flows through payment system
 - Stock/Outstanding data
 - Market outstanding: by type of issuers, holders
 - Market Capitalization: by sector
 - Banks' positions: in the interbank market

- **Qualitative**
 - Market intelligence from contacts
 - Market surveys



Source of Market Information

- **Raw data**
 - In-house program (Data management system, FOX)
 - Relevant websites: Thai Bond Market Association, SET, MOF
 - Newswire services: Reuters/Bloomberg
- **Market contacts**
 - Regular talks with PDs, counterparties and other market participants
- **Market surveys**
 - Interest rate expectation
- **Market analysis**
 - Interest rate expectation (extracted from yield curve)
 - Linkages of non-resident transaction flows
 - Implied volatilities



Challenges in Market Surveillance

- **Data management**
 - Long-lags in obtaining data
 - Insufficient data coverage
 - Compilation and preparation of data for analysis—time consuming and resource intensive
- **Market contacts established mainly with banks that we have dealing relationship with**
- **Complications from market innovation or changes in regulations**
 - Lack of in-depth analysis, tools