

Closing Remarks

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I am supposed to provide closing remarks. Given that we do not have any time left, I am not going to summarize today's discussion, except for pointing out several issues.

I think there was some concern about trade-offs among several issues. In the first session in the morning, there was discussion on financial stability and competition. There was a concern expressed that financial competition may lead to financial instability or at least may be a source of risk for financial stability. However, perhaps in this area, in my view, more empirical study would be needed about the relationship between competition and resulting financial sector efficiency versus financial stability.

In the second session, SME financing was discussed. I think there was tremendous consensus about what is needed to encourage SME financing. Strengthening the supporting infrastructure will be needed, reducing information asymmetry between SMEs and potential lenders. There is also a need to create an effective credit information system and minimize moral hazard in the event of credit guarantees, direct lending, and so forth.

On the issue of financial inclusion, financial education, and also financial stability, we saw a very interesting empirical study by ADBI staff. The conclusion was not conclusive, but I think the direction seems to be very good. I think discussing these issues from qualitative perspectives would be certainly very important, but a bit more empirical study is clearly needed.

Also, the need for financial education is extremely important in order to address not only financial inclusion, but in the era of financial sophistication I think financial education is becoming increasingly important. It concerns raising awareness about balancing risks and returns, and also awareness to choose from a set of financial products available in the market. Financial education has to be supported

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by policies to make the financial industry and financial products as transparent as possible.

Then, we just had a panel on Financing Asia's Growth. I think we learned a lot, such as that we need a more diversified financial market—not only banks, capital markets are certainly needed, and the expansion of capital markets can help the banking sector through securitization because of the need to continue to finance various types of investment. Making various types of financial products available to the market would be even more important.

My modest suggestion for the next year, if this conference continues, would be to take a look at more empirical data: To try to identify the statistical relationships among key measures, financial stability, financial competition, efficiency, inclusion, and maybe innovation also, rather than discussing these issues from qualitative perspectives, which are important, but I think it is time for all of us to take a look at more quantitative studies.

That is my modest suggestion for the next year. All of us, on behalf of the FSA, Japan, and the IMF, I would like to thank all the participants for coming, in particular from abroad, to attend this conference and contribute to this event in raising our awareness and interest in the issue of Asian finance. Thank you very much and I hope the foreign participants in particular will go home safely. Thank you very much, and also the audience for your generous time.