

# ASEAN+3 Financial Regulation: Cooperation or Competition with Global Regulatory Bodies

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# Outline

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- Evolution of the GFSN and RFSN
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# Introduction

- ASEAN+3 financial regulation has focused on crisis prevention and resolution, and there is also a market strengthening component; i.e., RFSN
- ASEAN+3 RFSN has been developed for two main reasons
  - As a response to IMF programmes following the EAFC
  - As a means to counter the (perceived) Western dominance of international institutions (e.g., IMF, BIS or BCBS)



# Evolution of the GFSN and RFSN (Pacheco Pardo & Rana, 2015)

Table 1 Evolution of the GFSN Regime

Period	Layers	Main Global Institutions	Goals	Behavioral Expectations
1944 to 1971	Global	IMF	Crisis management	Liquidity provision acceptance by stressed sovereign
1971 to late 1990s	Global	BCBS and IMF	Crisis prevention and crisis management	Liquidity provision acceptance by stressed sovereign; standards and codes development
Late 1990s to 2008	Global, regional, and domestic	BCBS and IMF	Crisis prevention, crisis management, and financial-market strengthening	Liquidity provision acceptance by stressed sovereign; standards and codes development; implementation monitoring and information sharing; oversight and coordination
2008 to present	Global, regional, and domestic	BCBS, FSB, and IMF	Crisis prevention, crisis management, and financial-market strengthening	Liquidity provision acceptance by stressed sovereign; standards and codes development; implementation monitoring and information sharing; oversight and coordination

*Note:* GFSN, global financial safety net; IMF, International Monetary Fund; BCBS, Basel Committee on Banking Supervision; FSB, Financial Stability Board.

Table 2 Evolution of the ASEAN+3 RFSN Regime

Period	Scope	Main Institutions	Goals	Behavioral Expectations
Pre-EAFC	Subregional	ASA	Crisis prevention and crisis management	Liquidity provision acceptance by stressed sovereign
Post-EAFC to 2008	Regional	ABMI and CMI (including ASA)	Crisis prevention, crisis management, and financial-market strengthening	Liquidity provision acceptance by stressed sovereign
2008 to present	Regional	ABMI, AMRO, CGIF, and CMIM	Crisis prevention, crisis management, and financial-market strengthening	Liquidity provision acceptance by stressed sovereign; implementation monitoring and information sharing; oversight and coordination

*Note:* ASEAN+3, Association of Southeast Asian Nations plus China, Japan, and South Korea; RFSN, regional financial safety net; EAFC, East Asian financial crisis; ASA, ASEAN Swap Arrangement; ABMI, Asian Bond Market Initiative; CMI, Chiang Mai Initiative; AMRO, ASEAN+3 Macroeconomic Research Office; CGIF, Credit Guarantee and Investment Facility; CMIM, Chiang Mai Initiative Multilateralization.

# ASEAN+3 RFSN as a challenge to the GFSN

- CMIM is a potential replacement for IMF financing
- AMRO is replicating IMF functions
- ABMI and CGIF are designed to promote regional financial integration
- ASEAN+3 meetings undermine BIS, BCBS and FSB governance



# Towards cooperation between the GFSN and RFSN (Pacheco Pardo, 2015; Rana & Pacheco Pardo, 2015)

- In the aftermath of the GFC, cooperation has been established
  - Information sharing
  - Joint seminars
- ASEAN+3 countries have become more embedded in the GFSN (BSBS and FSB)
- Further cooperation could be possible due to complementarity
  - Joint assessment of financing requests and monitoring of programmes
  - Complementary regulation setting and surveillance



# Conclusions

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- The ASEAN+3 RFSN was first developed to counter the influence of global institutions
- The ASEAN+3 RFSN could be perceived as undermining existing global institutions
- Cooperation, however, seems to be the most likely outcome in the short to mid-term

