

APRA ON THE INTERNATIONAL SCENE The globalisation of financial markets and large institutions, and the need to strengthen financial systems in many parts of the world, mean that prudential regulation has an increasingly international dimension. APRA was very active internationally in its first year.

ability to attract and retain scarce supervisory resources. Discussions highlighted several common interests and priorities – an interest in developing a consistent supervisory framework across regulated industries, a willingness to explore more integrated organisational structures and a common interest in training.

Our experience with integrated regulation, and Australia's experience with regulatory reform more generally, is proving to be of great interest internationally



We took part in various meetings of the International Association of Insurance Supervisors and the Joint Forum considering prudential supervision of financial conglomerates. We were represented on the Basel Committee on Banking Supervision's Core Principles Liaison Group that was formed to help raise the quality of bank supervision around the world.

We participated in prudential supervision groups and conferences associated with APEC (Asia-Pacific Economic Cooperation), EMEAP (the Executive Meeting of East Asia and Pacific central banks), the SEANZA (South East Asia, New Zealand and Australia group), SEACEN (the South East Asian Central Banks group), OECD (the Organisation for Economic Cooperation and Development), the International Monetary Fund Institute and the Asian Development Bank Institute. We attended the Meeting of South Pacific Central Bank Governors. We contributed to the work of the Prime Minister's Task Force on International Financial Reform.

In October 1998, in conjunction with the Reserve Bank of Australia and the Basel Committee, we hosted the 10th International Conference of Banking Supervisors. This conference considered implementation of the Basel Committee's core principles and the supervision of operational risk in banks.

Also in October, we were joint hosts of a regional meeting of the Year 2000 Council, the international grouping of financial regulators that was formed to raise awareness of the Year 2000 problem internationally and to promote information-sharing and cooperation. This was but one of a large number of international conferences and seminars on Year 2000 in which APRA participated and made presentations.

In May 1999, we hosted a conference of representatives from eight other agencies with responsibilities similar to APRA's. Countries attending were Canada, Denmark, Japan, Korea, Norway, Singapore, Sweden and the United Kingdom. The objective of the meeting was to provide a forum for the discussion of issues of particular interest to an integrated supervisor.

The conference found that the rationale for establishing a single supervisory agency had been similar in all countries: convergence in financial markets and the emergence of conglomerates, the need for consistent policy application across industries and the

The group agreed to meet again in Canada in 2000.

Wherever possible, we are keen to meet requests for training and technical assistance from other supervisors in the Asia-Pacific region. We presented several sessions on bank supervision at a seminar hosted by the Reserve Bank of Fiji, and made two visits to Vanuatu to help develop further the Reserve Bank of Vanuatu's supervision function. A presentation of APRA's role was given to a visiting delegation from the State Bank of Vietnam, and another, on APRA's statistical collection, was given to a visiting delegation from the People's Bank of China. We also provided advice on credit risk management to Bank Indonesia, as well as advice on banking supervision to the Bank of Thailand. Arising from this, we will be developing and delivering a substantial training program to the Bank of Thailand. We also briefed the Department of Insurance, Ministry of Commerce of Thailand which regulates that country's insurance companies.

The Commonwealth Government launched an important initiative to promote Australia as a global financial services centre during the year. A Global Financial Centre Task Force was established to carry this forward and we are represented on the Regulatory Advisory Committee assisting the Task Force.

APRA contributes to this initiative more generally by running a prudential supervision regime that instils international confidence in this market as a place to do business. Arrangements need to be fair and transparent and firm. Entry criteria should be clearly based in prudential supervision objectives. For the respectable applicant, entry should remain a relatively simple process, not beset by red tape and double-talk. Our rules should be consistently applied and not prone to sudden or sharp revision. Change should involve industry consultation. And, increasingly important, our rules and practices must continue to be grounded in international standards of best practice.