

## Financial Regulation in Asia: Countries of Interest

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1. There are a range of ways in which a group of countries might be selected for cross-country research studies, and the selection criteria may depend on the specific research topic involved. For the topic at hand, financial regulation harmonization in Asia, there are a number of relevant criteria.
2. One is that the country selection conforms with generally accepted definitions of the Asian region. A second is that country selection incorporates sufficient variability in economic and financial characteristics such that the potential factors determining benefits, costs, incentives, and impediments to regulatory harmonization can be identified and tested.
3. There is a wide range of definitions of Asia used by multinational and other agencies. For the purposes of this project, we have examined definitions used by (a) The Asian Development Bank (b) The World Bank (c) The Asia Pacific Centre for Security Studies (d) ASEAN (e) APEC (f) ASEM (Asia Europe Meeting) (g) East Asia Forum (h) APFED (i) EMEAP, the Executives' Meeting of East Asia-Pacific Central Banks (j) Chiang Mai Initiative members, and (k) United Nations ESCAP.
4. The broadest definition are those used by the ADB which includes 48 countries, and the United Nations Economic and Social Commission for Asia and the Pacific which includes 49 countries.. The World Bank, in contrast, includes only 24 countries (excluding Australia and New Zealand as well as Central Asian and Pacific Island countries). Other commonly used groupings such as APEC include countries on the Pacific Rim in North and Latin America, while others (such as members of the Chiang Mai initiative) are quite narrowly focused on a subset of relevant countries. Drawing on these lists, we impose a constraint that countries need to be included in some minimum number of lists (and find that a minimum of seven inclusions provides a good basis for initial selection).
5. However, because of international political considerations, it is the case that several major economies, which are clearly part of Asia, do not feature in a number of the lists. Specifically, Taiwan and Hong Kong, which would be omitted based on a simple count of inclusions, warrant inclusion as economies with significant financial sectors. Other countries which feature in many lists but would be omitted using a minimum of 7 inclusions, include Russia (which we think appropriate to omit given that it could equally be included in Europe), and small, less-developed economies of Bhutan, Maldives, Nepal, Sri Lanka, Timor-Leste and PNG.
6. While exclusion of these countries from our studies could be argued to reduce the focus upon financial regulation harmonization involving significantly under-developed financial sectors, there are a number of countries still included which have financial sectors which are only marginally more developed (such as Cambodia, Lao, Mongolia, Myanmar).

7. Our final list for study is thus as follows. Banking regulatory regime as at end 2010 drawn from World Bank database <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/0,,contentMDK:20345037~pagePK:64214825~piPK:64214943~theSitePK:469382.00.html>

Country	Basel 2 Advanced IRB available, or Basel 2 (standardised) used at end 2010
Australia	Advanced
Bangladesh	Basel 2
Brunei Darussalam	
Cambodia	
China, People's Republic of	Advanced
Hong Kong	Advanced
India	Basel 2
Indonesia	Basel 1
Japan	Advanced
Korea, Republic of	Advanced
Lao PDR	
Malaysia	Advanced
Mongolia	
Myanmar (Burma)	Leverage Ratio
New Zealand	Advanced
Pakistan	Basel 2
Philippines	Basel 2
Singapore	Advanced
Taiwan	Advanced
Thailand	Advanced
Viet Nam	