

Anselmo Teng: Development and supervision of BVI business companies

Opening remarks by Mr Anselmo Teng, Chairman of the Monetary Authority of Macao, at a seminar on “Development and supervision of BVI business companies”, Macao, 23 November 2009.

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Dear Mr. Baker,
Honourable Guests,
Ladies and Gentlemen,

Good morning!

On behalf of the financial sector of Macao, I would like to express our warm welcome and heartfelt gratitude to Mr. Baker, Deputy Managing Director of the Financial Services Commission of British Virgin Islands, who has kindly consented to be the speaker of this seminar entitled “Development and Supervision of BVI Business Companies”. I would also welcome participants from relevant government agencies and financial institutions to attend this informative seminar.

One year ago, the financial tsunami, triggered by the subprime fallout, started to take its toll on global financial markets in a scale which is unprecedented since 1930. A vast number of reputable financial institutions encountered severe difficulties in liquidity and solvency arising from toxic assets they acquired in the hey day. Fortunately, governments and central banks around the world took concerted actions, which included fiscal stimulus and monetary easing, to stabilize the global financial system. Equity and commodity prices have mostly returned to pre-crash levels. The emerging markets, particularly China, are faring well after the crisis.

Being a micro open economy, Macao was inevitably affected by the turmoil. The overall economy of Macao started to feel the pinch in the second half of 2008. The shrinkage has started to moderate but growth in 2009 will inevitably show certain degree of adjustment. The financial sector of Macao also underwent a mild consolidation since the eruption. As our experience of toxic assets was rather limited, the direct impact of the crisis on Macao financial sector was minimal. In addition, the spillover effect of the huge stimulus package of China has effectively uplifted the Macao economy. As a result, financial institutions in Macao have been able to maintain fine asset quality, ample liquidity and adequate capital. I should say the economy of Macao and hence its financial sector have survived and emerged unscathed after the outbreak.

Our prudential supervision has never been impaired by any crisis. As a responsible member of the global village, the Macao SAR Government has never been lax in its efforts to enhance sound financial supervision through persistent offsite surveillance and onsite inspection applied to authorized institutions. In addition, the Monetary Authority of Macao has been procyclically issuing supervisory guidance on risk management, internal control with a view to maintaining the stability of our financial system. To align with international understanding and standards, guidelines on anti-money laundering (AML) and countering the financing of terrorism (CFT) have been promulgated and seriously enforced. We have close cooperation with other regulatory authorities and international agencies in all these aspects. As a result, all our regulatory efforts are being kept up-to-date with the requirements of internationally accepted standards. For instance, the AML/CFT guidelines have recently been revised by the Monetary Authority of Macao. The move arises from the recommendations of the mutual evaluation raised by the Asia/Pacific Group on Money Laundering (APG) and the Offshore Group of Banking Supervisors (OGBS). The opinions of practitioners and findings in the course of AML/CFT inspections have also been taken into

account. We emphasize on the enhancement of customer due diligence (CDD) measures to be undertaken by banks and insurance companies. Particular attention is paid to offshore companies who are required to implement proper and stringent account opening and subsequent monitoring procedures.

To this end, I am very pleased to see that this seminar has been organized to offer a very valuable opportunity for financial institutions of Macao to acquire a more indepth knowledge of the institutional arrangements of international business companies and the practices and methodology required in exercising CDD measures on offshore companies. Today, we are privileged to have Mr. Baker with us to share his versatile and professional experience. It is a timely arrangement that Mr. Baker is here today to impart to us insightful thoughts and valuable experience in this respect when the MSAR is striving to diversify its economic activities. I am very sure that participants will benefit much from our knowledgeable speaker whose input is certainly conducive to enhancing the reputation of our financial industry.

Thank you!