

Anselmo Teng: Monetary Authority of Macao – celebrating 25 years

Speech by Mr Anselmo Teng, Chairman of the Monetary Authority of Macao, at the 25th Anniversary Annual Dinner, Macao, 10 July 2014.

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Honourable Secretary for Economy and Finance, Mr. Tam Pak Yuen

Members of the Audit Committee and the Advisory Council

Dear Guests and colleagues

Summer is a prosperous and vibrant season for all creatures. In this bird-cicada singing and lotus-flower fragrant season, we gather together this evening to celebrate the 25th anniversary of the Monetary Authority of Macao (AMCM). First of all, we are honoured to have Secretary Tam Pak Yuen making time out of his busy schedule to celebrate with us this evening. On behalf of AMCM, I would like to extend a warm welcome to Secretary Tam.

Twenty five years ago, the then Macao Government promulgated Decree Law No.39/89/M for the establishment of the Monetary and Foreign Exchange Authority of Macao (Autoridade Monetária e Cambial de Macau (AMCM)). After Macao's return to the Motherland, in order to be more in line with normal practice, the Monetary and Foreign Exchange Authority of Macao was renamed the Monetary Authority of Macao. For the past twenty five years, AMCM has been exercising its functions stipulated by laws in order to uphold the safety and stability of the local financial system.

Establishing regulatory system is the foundation for effective supervision. For the past twenty five years, in response to the changing situation and needs of Macao, and by making reference to international regulatory standards, AMCM has been striving to amend or introduce regulations and guidelines to cope with the development of financial markets and ongoing supervision timely. At the same time, along with the ever-changing financial markets; continuous financial innovation; and extensive use of information technology, AMCM has changed its regulatory focus and mode gradually from more compliance based supervision to the current both compliance and risk-based regulatory regime. While monitoring compliance of the guidelines and regulations already established strictly, we also ensure that financial institutions have adequate internal controls and risk management measures to manage and prevent risks effectively.

Throughout the past twenty five years, the local financial industry witnessed rapid economic growth in Macao and encountered a number of challenges. Macao's financial system took shape in the 1980s. After years of effort and hard work, Macao's financial industry has transformed itself into one with integrated services and management capabilities. Especially since the return to the Motherland, the local financial industry has experienced robust development along with strong gains in the domestic economy; the active promotion of appropriate economic diversification and regional cooperation by the Macao Government.

Indeed, with the high degree of openness, Macao's economy and finance are susceptible to external shocks and volatilities of global financial markets. Over the last twenty five years, Macao's financial sector in its development process experienced challenges one after another, for example, currency devaluation storms triggered by the change in floating exchange regime for the Thai baht in 1997; global economic slowdown driven by tech-bubble burst in 2000; SARS outbreak in neighbouring jurisdictions in 2003; and US-subprime-led global financial crisis which started in 2007. Nevertheless, with the strong support and joint efforts of all parties, the financial industry has managed to overcome such difficulties as the local economy develops. As at the end of May this year, the NPL and CAR ratios of the banking sector were 0.1% and 15.5% respectively; profitability was at all-time high. Meanwhile, in terms of premiums and operating results, the insurance sector has also made impressive achievements.

Apart from financial supervision, AMCM has been vested with the responsibility to manage the foreign exchange reserves of Macao. Since the establishment of the Fiscal Reserve Regime, AMCM has been assigned by the relevant legislation the responsibility of Fiscal Reserve management. In managing the fiscal reserve and exchange reserves, AMCM has observed relevant legal requirements while upholding safety and prudent management principles. Furthermore, AMCM has diversified asset allocation and optimized investment portfolios on a reasonable basis of balancing risks and capital preservation.

It goes without saying that the effort and hard work of every department of AMCM are indispensable. I would like to take this opportunity, on behalf of AMCM, to express my candid appreciation for the dedication of all our colleagues, present or retired, including those who returned to Portugal after their retirement. We are grateful to Secretary Tam for his guidance, support and trust. We would also like to thank the Audit Committee and the Advisory Council.

As we celebrate the 25th anniversary of AMCM this evening, it also marks the beginning of a new phase. I sincerely hope that in the coming years, all my colleagues at AMCM will continue to cope with the increasingly complex environment with effort, diligence and decent attitude, as all along, and continue to perform their duties in a professional and responsible manner, with a view to contributing to the sustainable development of Macao's financial industry. Finally, I would like to wish you all good health and success in work.

Thank you!