

IMF deputy managing director calls for strengthened financial supervision

DAVOS, Switzerland, Jan. 28 (Xinhua) -- In spite of the progress made in terms of financial supervision after the financial crisis in 2008, there is still a lot to do, a senior International Monetary Fund (IMF) official said.

Institutions such as Financial Stability Board (FSB) and the IMF made significant efforts to improve the supervision of financial institutions and products, Zhu Min, Deputy Managing Director of the IMF told Xinhua on the sidelines of the World Economic Forum.

Zhu termed the Basel III regulatory standard as a major step forward. "Although the rules and regulations have been drawn out, the implementation has been put off till 2019," he said.

Financial supervision covers issues far beyond capital ratio and liquidity coverage, he said, citing the loose supervision of multi-national banks and the lack of standard process for cross-border insolvency.

"At the same time, the implementation is an issue with greater significance," Zhu said.

"There has been progress, but it was not made at an even pace in different parts of the world," he added.

The financial sector played an important role in the global economy, Zhu said, but there was a boundary for the financial sector. "The bottom line is that the financial sector should serve real economy."

The financial supervision should be aimed at preventing financial risks and crisis, Zhu said. He argued that the regulations for financial supervision should not be too harsh to harm banks' confidence to lend to the real economy.