# Letter from the Executive Director

Dear Colleagues and Readers

The U.S./Eurozone Crisis of 2007-9 (the Crisis) was the most significant period of global financial instability in more than 70 years. While the Asia Pacific region was impacted by the Crisis, it has been eighteen years since the last regional financial crisis. Preserving the soundness and resiliency of the increasingly integrated regional banking system is essential to avoiding or containing future periods of financial instability or crisis in the region.

In that regard, we have three articles in this issue on lessons learned from the Crisis related to banking system supervision. The U.S. Comptroller of the Currency, Thomas J. Curry, is responsible for supervising more than 1,600 U.S. banks and federal branches and agencies of foreign banks, which comprise nearly two-thirds of U.S. banking system assets. Mr. Curry has provided an article on risk-based supervision. His article emphasizes that bank supervision needs to be proactive and based on a regular program of on-site examinations focused on the most significant risk areas. He describes the OCC's continuous supervision approach and the importance of in-depth examiner evaluations of banks' risk management capabilities.

The Crisis highlighted that traditional bank supervision methods focused on individual institution risks may not consider that a build-up of macroeconomic risks and vulnerabilities, such as real estate market bubbles, can adversely impact a number of institutions simultaneously, posing systemic risk. A wide range of macroprudential policy measures can be used to control such risks.

An article by SEACEN Advisers Hans Genberg and Michael Zamorski provides an overview of macroprudential policy measures and some implementation challenges. An article by Wong Nai Seng, Aloysius Lim and Wong Siang Leng of the Monetary Authority of Singapore focuses on their institution's experience in using macroprudential policy measures to control systemic risk in the Singapore property market.

The IMF has recently reiterated concerns "…about the possible consequences money laundering, terrorist financing and related crimes have on the integrity and stability of the financial sector and the broader economy." A fourth article by Messrs. Ralph Fatigate, Craig D. Stone, Thomas J. Dujenski and Mike Burkhalter of Alvarez & Marsal, a global consulting firm, discusses international standards pertaining to prevention of money laundering and terrorist financing, and measures that banks and regulatory authorities can take to enhance control of these risks.

I will complete my term as SEACEN's Executive Director next month. The establishment of this ***Journal*** in 2013 is an important organizational accomplishment in promoting thought leadership on financial stability. I would like to express my sincere gratitude to our readers, authors, SEACEN member central banks and monetary authorities and the ***Journal's*** Editorial Board for their invaluable contributions toward its success to date, and for their continued support.

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Executive Director
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