

TITLE: FINANCIAL MARKET STRATEGY

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2		(...) This require an ongoing policy dialogue, not only in times of crisis, but when the countries are doing well. It is also critical that the Inter-American Development Bank work in partnership with the other interested parties.
3		(...) There is a growing recognition that the comparative advantage of government is in the establishment of an enabling environment; creating the legal, regulatory and information structures upon which private financial markets can develop and flourish.
4		Those countries that started the reform process earlier and those that have been following consistent policies in support of financial market development have grown more rapidly. The development of privately managed pension funds has acted as a catalyst of capital market development in come countries. (...)
7		(...) strengthening institutions responsible for monitoring and enforcing discipline in the marketplace.
8		(...) That investors demand full and open disclosure of information in order to make rational decisions regarding risks and rewards. Capital markets tend to be self-regulating, and government regulation and intervention should be directed toward establishing clearly defined market procedures.
8		To move toward implementation of international financial standards in the various areas of banking supervision, risk management, disclosure, corporate governance, and insurance.
9		The IDB must support markets that are transparent in their operations, provide adequate disclosure by financial intermediaries, protect the rights of small, unsophisticated depositors, policyholders and minority investors. Regulators need to exercise care to protect markets not shareholders.
11		Good corporate governance involves the protection of shareholder rights, including the rights of minority shareholders, and limitations on and disclosure of transactions with insiders (...), the Principles pertain to issues on shareholder rights, equitable treatment of shareholders, the role of stockholders in corporate governance, disclosure and transparency; and the responsibilities of Boards of Directors.
12		Policymakers must address the important issues surrounding the role of competitions, the development of appropriate information environments.

12		The emergence of complete financial markets will require transparent information environments. (...) When information is not trusted, or when there is significant uncertainty regarding its quality, the cost of capital increases, preventing many otherwise acceptable investments from taking place. Enhancing the information environment of Latin America and the Caribbean will require improvements in the disclosure of macroeconomic information, a transition to global accounting and auditing standards, and the establishment and enforcement of disclosure requirements at international levels.
12		Mexican economic crisis of 1994 and the current Asian crisis have their roots in incomplete information or surprises regarding the overall macroeconomic condition and the financial condition of the banking system.
12		the production and dissemination of credible financial information that can be easily understood and compared across investment alternatives.
13		Through the adoption of high quality, globally accepted accounting principles and auditing standards.
13		Potential investors, large and small, need to be educated regarding the risks and potential returns associated with available investment opportunities.
15		Credit unions, other cooperative financial institutions, and credit granting NGOs and other microfinance institutions may provide some safeguards to protect consumers, but must be operated professionally. Considerable efforts are still needed in this area.
16		Funds should preferably not be directed at any specific sector of the economy, unless market failures are proven, and all subsidies should be fully transparent, funded and disclosed in the government's budget, and not be hidden in a below market interest rate or via other distortions.
17		(...) Adequacy regulations to eliminate incentives for excessive risk taking; (...) The reduction of risk in markets and in the investment decision process via adequate information disclosure and market transparency; An assurance of the development of a variety of well-regulated, solvent and efficient private financial intermediaries that will voluntarily provide financial services (including credit) to creditworthy projects regardless of size or location at a price that reflects the funding costs, operating costs, credit risk, and an appropriate return on capital; Encouragement for the creation of specialized, market-oriented and appropriately regulated financial intermediaries providing credit, savings and other financial services to marginalized populations (smaller business, the poor, and rural areas).
19		<ul style="list-style-type: none"> • Encouragement for improved financial and macroeconomic disclosure by corporate and government entities; (...) • (...) Support for a region-wide program of investor education,

		<p>with an emphasis on investment opportunities and their associated risks.</p> <ul style="list-style-type: none">• (...) the effect on information disclosure and the role of information in a modern financial market, and proposals for the countries of Latin America and the Caribbean to fully adopt and implement internationally accepted accounting standards, auditing practices, and disclosure guidelines;
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