

## *Monetary Authority of Macao*

### *2010 Spring Cocktail Address Summary*

*By Anselmo Teng, Chairman of Monetary Authority of Macao*

*In the past year, under the auspices of the Central Government, the guidance and support of the MSAR Government, AMCM and our financial practitioners were able to uphold the stability of the local financial system.*

*After concerted endeavour, our banking sector turned around after a minor setback. Operating results exhibited growth, the banking system has become even more stable. As at the end of last year, aggregate bank assets amounted to MOP426.9 billion, a record high; non-performing loan ratio was only 0.61%, asset quality remained fine; CAR was maintained at a high level of 15.6%. To perfect supervision, AMCM revised supervisory guidelines on AML and CFT; implemented “Guideline on Outsourcing”, “Guideline on Business Continuity Management” and “Guideline on Handling Customer Complaints”. In the realm of financial consumer protection, a draft supervisory guideline on sale and offer of financial products and disclosure of information on the part of banks has been rolled out for consultation with practitioners for a few rounds already. We endeavour to strike a balance between appropriate supervision and market development. We are striving for an early implementation in this year. At the same time, the full deposit protection measure launched by the MSAR Government after the outbreak of the financial tsunami will expire at the end of this year. AMCM is proactively mooting with practitioners on a subsequent arrangement*

*satisfactory to all parties concerned. Moreover, after a solid year of endeavour and coordination, our Macao distributor institutions proactively put forward a repurchase scheme for the Lehman minibonds, under which 99% of the affected investors have come to terms with the distributors.*

*In the area of insurance, the local insurance market as a whole has been stable, profit has gradually returned to pre-eruption level. Total premium receipts for 2009 amounted to MOP3.26 billion. Total assets under pension fund management as per the end of last year amounted to MOP5.16 billion, which benefit 74,600 employees. To enhance the solvency of insurance companies, AMCM has perfected the supervisory system relating to technical reserves and the requirements for quality of guaranteeing assets. We have implemented arrangements relating to new limits of indemnity and increase in premium in respect of work injuries and professional diseases. There is also a civil liability insurance issue involving business vehicles which calls for adjustment of premiums and limits of indemnity, taking into consideration the special operating environment of the trade. Under the proactive coordination of our designated officers, an acceptable consensus will hopefully be arrived at among numerous entities after candid communications. In promoting the developing of local financial markets, AMCM has been promoting business cooperation and communication between local financial institutions and the Mainland and Portuguese speaking countries. We are making use of our participation in the framework mechanism for the study and planning in respect of the CEPA and the “Outline of the Plan for the Reform and Development of the Pearl River Delta” to widen business scope for local financial sector. Last year saw the start of the business of RMB settlement for Cross-Border trade. The scope of RMB business*

*for individuals has also been permitted to enlarge. The setting up of a qualifying examination centre in Macao for our insurance practitioners has had a positive response from the relevant Mainland regulatory authority.*

*In managing our reserves, AMCM has insisted on a prudent and sturdy investment strategy and arrangement, which has embodied the target of maintaining the value and income for our FX reserves and Reserve Fund. The stable convertibility of our local currency can thus be guaranteed. As at the end of last year, the FX reserves of the MSAR stood at MOP146.6 billion, an increase of 15% year-on-year; the MSAR Reserve Fund amounted to MOP12.8 billion, an increase of 3%. In the area of statistics and research, AMCM has launched a series of timely and innovative surveys and disseminations of statistics. We have reinforced our cooperation and communication with international organizations. We have followed closely the requirements of international financial statistics with a view to enhancing our ability in professional research and analysis, which will build up credibility and authority in the formulation and implementation of financial policy. At the same time, we have participated in organizing information dissemination mechanism which will consistently enhance international reputation of local financial sector, promote its level of internationalization.*

*Looking forward to 2010, following the recovery of major economies, international financial markets are making a turnaround from the nadir. Although an utter recovery is still uncertain, we see light from the other end of the tunnel in the midst of fluctuations. As an open regional economy, Macao should stay vigilant against even the smallest changes in the international financial markets and be ready to*

*master the information to formulate preventive measures in a timely manner, so as to reduce the impact of adverse factors inflicted on the overall economy and financial system. We hope to work with market participants to pay close attention to the future development of the markets, to take on all possible difficulties and challenges.*