

Financial Services Liberalization in the EU: Policy Lesson for ASEAN

Gloria O. Pasadilla
Senior Research Fellow
Philippine Institute for Development Studies

Rationale of the Study

- Background: ASEAN Framework Agreement on Services
 - Of which: financial services is one sector where many countries have given commitments
 - What is the state of regional liberalization in the financial sector?
 - How do they compare with the unilateral or actual state of financial openness in ASEAN5?
 - How do they compare with WTO commitments?

Rationale

- At the same time, we have the EU model of financial market liberalization
 - Financial services went ahead of all other liberalization in services
 - What is the history behind current liberalized financial services market?
 - Are there useful policy lessons for ASEAN?
 - What were the factors that helped EU make the transformation to a liberalized financial market come about?

Methodology

- Study will draw from many existing studies on EU liberalization as well as Asian financial crisis experience
- Synthesize various EU commission directives and case law that are related to the European financial reform
- Draw out implications and factors that could have contributed to the financial reform, e.g. institutional factors

Methodology

- On ASEAN: study will survey financial reforms after the Asian crisis, existing regulatory restraints and trade barriers to financial services among ASEAN countries
- Study foreign market penetration, level of competition among banking institutions (where available data exists)

Methodology

- Study individual country commitments in financial services in the AFAS
- Do other modes of cooperation exist other than AFAS? What these mechanisms are and how do they help in regional liberalization?
- Possible comparison of EU financial directive and AFAS e.g. Rules of origin, etc.