

15<sup>th</sup> China International Finance Forum (CIFF), Shanghai 15 December 2018

## Opening Ceremony and Keynote Speech

### Construction of a Modern Financial System for High-Quality Development

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### A financial system for high-quality development must ...

- Intermediate borrowers and lenders
- Have deep markets for debt and equity finance, a wide product range and long tenor of instruments
- Be competitive, provide choices
- Be innovative and responsive to needs
- Be efficient (low cost)
- Be fair to customers (asymmetric information)
- Be open every working day – and not suffer “sudden stops”

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... .. but above all the financial system must serve the needs of all (**not** just the greed of financiers)

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### Many policy and regulatory challenges facing China's financial system

- To lead in high-technology, e.g. bio-tech, will need more equity
- Financial system stability needs sounder banks, smaller non-bank financiers and deeper, more resilient equity and debt markets.
- Opening up to more information and transparency, and to more international influences, will help.
- The biggest challenge: knowing when “too much” financial sector growth is hurting the economy and society.

The world (including China) will “learn by doing” ... exciting!

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### Foundations of Australia's mixed bank-and-market-based financial system and development

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### Australia's “Hayne” RC into Misconduct indicates 6 principles should guide financiers' behaviour

- Obey the law.
- Do not deceive or mislead.
- Be fair.
- Provide services that are fit for purpose.
- Deliver services with reasonable care and skill.
- When acting for another person, act in the best interests of that other person.

These would make every financial system “fit for purpose”!

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