Sheng shares insights into financial sector

UNIVERSITI Tun Abdul Razak’s (UniRazak) pro-chancellor Tan Sri Andrew Sheng delivered a keynote address, titled “The future of Asian finance” before more than 40 delegates from five of UniRazak’s international partner universities and academic staff recently.

Sheng’s one-hour talk addressed the key opportunities, challenges, and issues facing the Asian region as it strives to become an economic powerhouse that is equal to or even surpasses Europe and North America.

Although Asia’s economic opportunities are plentiful and there are vast expectations for its financial success, Sheng repeatedly reminded the audience that such success was not guaranteed.

“Asia is the future, but it is not preordained,” he said. In his work with various government leaders and policy makers, he prepared three different economic scenarios and shared two. In the first, Asia successfully overcomes its challenges and becomes a global economic leader. In the second scenario, Asia is unable to overcome its challenges and is caught in a middle-income trap.

Sheng began by outlining the current state of the current Asian financial markets compared with North America, Europe, and Japan.

By comparing the state and size of each region’s various capital markets, derivatives markets, money markets and currency markets, he signified where Asia was lacking and thus, where growth must occur for Asia to become a financial powerhouse.

“In general, Asia’s capital markets are underdeveloped. It is important to learn from Japan, whose low interest rates and anemic stock market (among others) will fail to support its aging population. Finance has failed Japan,” he said.

In addition to these financial factors, Sheng also addressed several other issues that must be tackled.

These included rapid population growth, urbanisation, governance change, and technological advances.

He said the most important factor was the environment and climate change. He noted that we have taken extreme advantage of our world and its resources, with little to no regard to the potential consequences.

If each of China’s citizens were to consume as much as the average American, there would not be enough.

With this in mind, he noted that it will be extremely important for us to put aside our individual desires and have the Earth’s best interests at heart.

Not only will this reduce the burden on our limited resources, but it will also leave our children with a better world.

More pragmatically, it would also lessen the chances of conflict over the world’s dwindling resources.

As of late, there has also been some talk of the formation of a global currency, Sheng said this will not be a major concern.

One pattern that has emerged and will continue is that everything is concentrating. Some examples are people will continue to concentrate in cities and companies will continue to merge to become ever larger.

Sheng is currently chief adviser to the China Banking Regulatory Commission and a board member of the Qatar Financial Centre Regulatory Authority, Sime Darby Berhad and Khazanah Nasional Berhad.

He is also adjunct professor at the Graduate School of Economics and Management, Tsinghua University, Beijing and the University of Malaya, Kuala Lumpur.

For details, contact 03-76277000, email marketing@uni razak.edu.my or md@unirazak.edu.my or visit www.uni razak.edu.my
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