

PRESS RELEASE

Seminar in Regional Cooperation for Economic Development

LAHORE – 18 January 2004: Stressing the need for a well-functioning, standards based financial system as a lubricant of development and signal to financial markets, Dr. Tariq Hassan, Chairman, Securities and Exchange Commission of Pakistan (SEC) urged the economies of South Asia to provide maximum cooperation to achieve harmonization of regulatory standards in as many sectors as possible.

Dr. Hassan was chairing the “Regional Cooperation for Development of Capital Market” and “Cost Rationalization for meeting WTO Challenges” session of the South Asian Federation of Accountants’ seminar on Regional Cooperation for Economic Development.

Enumerating the benefits of globalization and regional cooperation, Dr. Hassan said that the forces of globalization, technology, changing investor demographics and new forms of competition had dramatically transformed capital markets worldwide, and one of the main problems presently facing Asia was how it could secure the benefits of globalization. In this regard, he said, that regional integration would provide significant advantages in the form of: lower prices for financial services; a more efficient, liquid and broader securities markets; innovative financial products and services; industrial transformation of markets, cheaper corporate financing; more efficient allocation of capital; higher returns; enhanced risk return frontiers; and improved macro-economic performance.

Dr. Hassan also highlighted some of the challenges of globalization and financial sector liberalization and said that while liberalization was most likely to stimulate capital flows, it could also aggravate the problems of financial institutions in a period of confidence loss, as capital flowing in could just as easily flow out. “The expanding globalization of business and investments is also driving increasing interest, as well as pressure, to enhance the quality of financial reporting throughout the world so that effective evaluations between companies can be made. The WTO regime also plays a key role in highlighting these challenges as the agreements seek to expand trade in goods as well as services under conditions of transparency and progressive liberalization”, he said.

Highlighting the role of the accountancy profession in the conduct and governance of the financial sector, Dr. Hassan said that as the world moved towards global market economies, professional accountants needed a broader global outlook to understand the context in which businesses and other organizations operate. “As with all other sectors, the accountancy profession in Pakistan will also have to gear up to these challenges by improving their work quality, ethical standards and general practice of their profession to world-wide norms in all dimensions in order to obtain international recognition and mobility”, he observed.