

11. Cooperation among regulatory and supervisory authorities should continue to adapt to financial innovations, and to the growth in cross-border capital movements and internationally-active financial institutions. We welcome the work accomplished by the international bodies concerned with banking and securities regulation. Over the year ahead, we should seek to make maximum progress on the following objectives:

- enhancing cooperation among the authorities responsible for the supervision of internationally-active financial institutions, importantly by clarifying their roles and responsibilities;
- encouraging stronger risk management and improved transparency in the markets and connected activities, especially in the innovative markets;
- encouraging the adoption of strong prudential standards in emerging economies and increasing cooperation with their supervisory authorities; international financial institutions and bodies should increase their efforts to promote effective supervisory structures in these economies. We ask our Finance Ministers in consultation with the relevant institutions to report back on this issue at our next meeting;
- studying the implications of the recent technological advances which make possible the creation of sophisticated methods for retail electronic payments and how to ensure their benefits are fully realized.

12. The increased integration of global capital markets, the changes in magnitude and composition of financial flows, and the increased diversity and number of creditors and borrowers present new opportunities and new challenges. That is why, in order to promote monetary stability, we proposed last year in Halifax a number of measures for the international financial system, notably the International Monetary Fund, to strengthen the ability to deal effectively with these challenges.

We welcome the work accomplished since the Halifax Summit toward the implementation of these proposals. The surveillance capacities of the IMF have been enhanced, standards for the provision of economic and financial information to the markets have been established and an emergency financing mechanism has been created. We welcome the G10 report on resolving the liquidity crises of sovereign borrowers. This report emphasizes the importance of market discipline, and calls for the enhancement of current procedures for handling international financial emergencies, in order to minimize the need for official support in the future.