

We endorse the strategy proposed by the working party. We also share their view of the ultimate responsibility of national authorities in emerging market economies, the need for sound macroeconomic policies and the importance of further developing competitive, transparent markets operating on sound principles. We encourage the endorsement and implementation of the working party's proposals by national authorities worldwide. We urge national supervisors to implement the Basle Committee's Core Principles, and call on the IMF and World Bank to use them as benchmarks when they advise or conduct surveillance of emerging market economies. We propose the IMF give higher, targeted priority to financial sector stability in its surveillance work incorporating the guidelines and advice of the supervisory community.

We suggest the international regulatory bodies continue to work within the framework proposed by the working party, in dialogue with the international financial institutions. We propose that parties offering bilateral assistance, the World Bank and other development banks encourage sound financial sectors, consistent with the strategy, through the provision of high quality, well-coordinated technical assistance.

We ask the G-10 Deputies, in collaboration with emerging market representatives, to review implementation of the strategy. In this context we ask the international regulatory bodies, the IMF and the World Bank to report to Finance Ministers next April on their contribution to this process, including their efforts to strengthen the roles they play in encouraging emerging market economies to adopt the principles and guidelines identified by the supervisory community.

Studying the Implications of Retail Electronic Payments

In response to the G-7, the G-10 formed a working party to develop a broad understanding of the policy issues that might arise from the development of electronic money and identify those relating to consumer protection, law enforcement and supervision, which could benefit from additional international cooperation. The working party focused on multi-purpose stored value cards and on functionally equivalent payment products for executing payments over open computer networks.

Key Areas of Progress

We endorse the working party report on electronic money and its key findings that consumers, providers and authorities should give attention to the transparency, financial integrity, technical security, and vulnerabilities to activity of electronic money.

On cross-border issues, given the early stage of commercial development we agree with the working party that we should adopt a flexible response to electronic money schemes, particularly in light of somewhat difficult national approaches to regulation, to any impediments to innovation and competition and hence their active development.