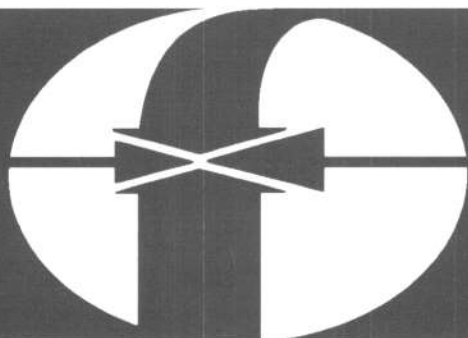


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WHY SHOULD FINANCIAL LIBERALISATION INDUCE FINANCIAL CRISIS?*

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1. Introduction

Over the past two decades, many Less Developed Countries (LDCs) have implemented far-reaching financial reforms usually as part of wider Structural Adjustment Programmes (SAPs). Previously, these countries possessed 'repressed' financial systems characterised by ceilings on interest rates and credit expansion, selective credit policies, high reserve requirements and restrictions of entry into the banking industry.

However, following the adoption of economic reform packages, government controls and regulations were viewed as inappropriate for efficient mobilisation of domestic resources and their deployment into productive investment. Many LDCs consequently liberalised interest and exchange rates, promoted market-based systems of credit allocation, softened entry conditions into the banking sector, privatised government-owned banks and relaxed bank portfolio restrictions.

Unfortunately, the experience of LDCs with financial liberalisation has been predominantly traumatic. In the wake of liberalisation, many countries suffered sharp increases in interest rates, widespread bankruptcies of financial institutions, worsening inflation, widening external deficits and unstable exchange rates. In several instances, governments have had to intervene to rescue failing domestic banks and re-impose controls on financial institutions.

The objective of this paper, therefore, is to explain why financial liberalisation efforts seem to lead unerringly to financial crises. We argue that this phenomenon is due to two kinds of policy mistakes: First, policy makers in many LDCs completely misunderstood and misinterpreted the concept of financial liberalisation¹. Financial liberalisation was seen in terms of a complete removal of all existing controls on financial institutions and thus, little or no attention was paid to prescribing and enforcing prudential regulations and controls which are in fact supposed to be vital components of a financial liberalisation package. Second, there have been grave errors in the *timing, sequencing, and speed* of financial reforms. Here, timing refers to the temporal location of financial liberalisation within an overall adjustment programme. Sequencing refers to the chronological order in which financial reform policies are implemented, while speed concerns the pace or time scale of deregulation.

* This paper draws on a research project entitled: Financial Sector Reforms, Macroeconomic Instability and the Order of Economic Liberalisation: The Evidence from Nigeria. The authors are grateful to the African Economic Research Consortium (AERC), Nairobi, Kenya for financial assistance. We also thank seminar participants at the biennial AERC Workshops for numerous useful comments. However, the usual disclaimer applies.

1. We owe this point to Arnaldo Mauri.

The paper is organised as follows: In Section 2, we present the theoretical case for financial liberalisation while Section 3 offers a recipe for successful financial liberalisation by stressing the need to strengthen prudential regulation and supervision as part of financial liberalisation. We also outline how timing, sequencing and speed influence the outcome of financial reforms. Section 4 illustrates these linkages by examining the liberalisation experience of a number of countries. Section 5 addresses some relevant policy issues while Section 6 concludes.

2. Financial Liberalisation: Theoretical Foundations

We can trace the motivation for financial reforms to the seminal works of McKinnon (1973) and Shaw (1973). The McKinnon-Shaw paradigm was a direct challenge to economists such as James Tobin who suggested that the holding of financial assets by households could be inimical to growth². This contention was based on the premise that an increase in households' holdings of financial assets is welfare-reducing because it crowds out productive physical capital from their portfolios. Thus, reducing the real returns on financial assets would encourage households to hold productive physical capital, thereby accelerating economic growth.

McKinnon (1973) contested this viewpoint by developing a model of an economy with underdeveloped financial markets. Investors in such an economy have limited possibilities of external finance and self-finance is therefore prevalent. Because investment expenditures are lumpier than consumption expenditures, potential investors must first accumulate financial assets before investing in physical capital. Hence, financial and physical assets could be viewed as complements, not substitutes. The more attractive financial assets are, the greater the incentive to invest. If returns on financial assets are deliberately kept low, households are discouraged from holding them and the process of capital formation is inhibited. It then follows that 'repressive' financial policies (especially deposit and loan rate ceilings) tend to retard economic growth through their negative impact on the accumulation of financial assets and their complements: physical capital.

Shaw (1973) on his part underlined the benefits of an efficient and well-functioning financial system. According to him, higher deposit rates increase financial savings and expand the role of financial institutions in intermediating funds between surplus and deficit units. The development of the financial system thus increases incentives to save and raises the volume and efficiency of investment, thereby accelerating economic growth.

2. See Tobin (1965).

These advantages arise because financial intermediaries are able to raise real returns to savers by accommodating liquidity preferences and lowering information costs; they also lower real costs to investors by facilitating risk-pooling and exploiting economies of scale in lending.

Both McKinnon and Shaw consequently decried the use of repressive financial policies through measures such as ceilings on interest rates and credit expansion, selective credit policies, high reserve requirements and restrictions of entry into the banking industry. They argued that such policies damage LDC economies by reducing savings and encouraging unproductive investment. The standard recommendation is therefore that government controls be dismantled so that the true scarcity price of capital could be seen by savers and investors thereby improving savings' mobilisation, promoting efficient investment and accelerating economic growth.

3. A Recipe For Successful Financial Liberalisation

3.1 Strengthening Prudential Regulations and Controls³

As mentioned earlier, reinforcing prudential regulation and supervision is supposed to be a vital component of a financial liberalisation package. Unfortunately, many LDCs have omitted to pay sufficient attention to this aspect due to a view of liberalisation as "life without controls". Prudential regulations help define the boundaries within which banks are to operate in order to ensure the safety and soundness of the banking system (see Polizatto, 1990 p. 4). The essential elements of an effective prudential framework are as follows:

- (i) **Criteria for Entry:** Since liberalisation usually involves a softening of entry conditions into the banking industry, arrangements should be in place to reduce the vulnerability of new banks in a competitive and deregulated environment. Individuals seeking bank licenses should be thoroughly screened to ensure that they possess the right qualifications and experience to successfully manage a bank. The concern for the quality of bank management stems from the recognition that managerial competence is the primary determinant of a bank's performance and offers the first line of defence against insolvency.
- (ii) **Capital Adequacy:** Capital is the last line of defence for a bank against losses. Minimum capital adequacy guidelines should be prescribed and enforced. Since a deregulated

3. This sub-section draws mainly from Polizatto (1990) pp. 4-12.

environment is likely to be more competitive and more risky, risk-based capital adequacy guidelines are imperative.

- (iii) Asset Diversification: Banks can educe the probability of portfolio problems by diversifying their operations. Lending and other forms of exposure limits are needed to prevent the concentration of risk in a single borrower or a related group of borrowers.
- (iv) Insider Loans: Many LDC banks face loan problems stemming from credit granted to insiders such as bank directors and large shareholders. Often, these loans do not meet the usual credit standards. Prudential regulations should therefore prescribe stringent limits on insider loans and ensure that high standards and conditions are adhered to in granting such loans.
- (v) Defining Permissible Activities: A deregulated environment involves the removal of bank portfolio restrictions. This offers the opportunity for banks to broaden their range of assets and liabilities. This new-found freedom may however be conter-productive if bank managers abuse it and engage in risky activities which jeopardise the health of banks. To prevent this happening there is the need for the authorities to fully spell out what assets and liabilities banks can and cannot hold.
- (vi) Asset Classification and Provisioning: For the authorities to constantly monitor the health of banks in a deregulated environment, they must be confident that the information available from bank balance sheets and income statements reflects true bank conditions. This can only be guaranteed if there is a standard system of accounting for banks plus appropriate and timely recognition of problem assets. Adequate provisions should be made against potential bad debts, existing bad loans written off and interest suspended on non-performing assets. It is only then that any bank weakness can be recognised before it reaches uncontrollable proportions.

A prudential framework with these essential elements would mean nothing if regulatory authorities do not possess adequate enforcement powers. They must be able to impose appropriate sanctions whenever these prudential provisions are violated. This would ensure that the prudential apparatus will have the desired potency appropriate for a deregulated financial system (see Polizatto, *op. cit.* and Alawode, 1992).

3.2 Timing of Financial Reforms

Since financial liberalisation usually occurs within the context of a comprehensive adjustment programme, consideration must be given to its timing vis-a-vis other components of economic adjustment. There is now a growing consensus that stabilisation efforts should precede financial liberalisation. In particular, there should be substantial reductions

in the size of fiscal deficits and in the rate of monetary growth so as to dampen inflationary expectations. If government deficits remain large, liberalisation-induced increases in interest rates would swell debt service payments and further expand the fiscal deficit.

Also, since many regulations imposed on the financial sector are actually designed to raise revenue and finance fiscal deficits, it would be ill-advised to dismantle controls without first erecting a viable tax collection system (see McKinnon, 1991; Gibson and Tsakalotos, 1992). This serves to compensate for the revenue lost from abandoning taxes on the financial sector and ensures non-inflationary finance of government deficits post-liberalisation.

If liberalisation proceeds within an inflationary atmosphere, explosive increases in both deposit and loan rates will result because of rising risk-premiums (McKinnon, *op. cit.*). This impairs the credit-worthiness of corporate borrowers and since most firms in LDCs depend on bank credit, delinquent loans will accumulate rapidly. The prevailing macroeconomic uncertainty adversely affects the profitability of the corporate sector and because macroeconomic instability increases the variance and positive covariance of returns on investment, many investment projects would suffer under poor macroeconomic conditions. This raises the probability of widespread default and threatens the financial position of banks and the stability of the whole financial system (see Villanueva and Mirakhor, 1990).

The situation is worsened if (due to information asymmetries) adverse selection and adverse incentives surface (see Stiglitz and Weiss, 1981). As interest rates climb to high levels, there is the tendency for banks to attract riskier borrowers (adverse selection) and to give the current pool of borrowers incentives to choose riskier projects (adverse incentives). Many firms will borrow just to pay interest on debts. Thus, macroeconomic instability not only reduces the risk-aversion of firms but also induces distress borrowing.

The prior strengthening of regulation and supervision becomes particularly vital if macroeconomic stability proves difficult to attain. The interaction of macroeconomic instability and weak bank supervision induces moral hazard among banks especially if free or wrongly priced deposit insurance exists. Then, the unstable macroeconomic environment intensifies adverse selection and incentives with banks reducing their risk aversion and providing high-risk loans at high interest rates. Banks take excessive risks in the expectation that losses would be covered by the government while they could keep any profits resulting from their risky behaviour. As McKinnon (1991, p. 90) aptly noted, "...the bank is the beneficiary of an unfair bet against the government; it gets to keep extraordinary profits without having to pay the full social costs of unusually large losses resulting from risky lending".

Ultimately, the spread of 'risk-loving' behaviour by both banks and their debtors leads to corporate bankruptcies and a general financial breakdown characterised by bank panics and failures. The impact on financial institutions is particularly severe because in the atmosphere of macroeconomic instability, default rates of numerous borrowers are strongly correlated (see Villanueva and Mirakhor, *op. cit.*).

The liberalisation of the domestic real sector should also precede financial liberalisation. If not, credit from a freed banking sector flows to industries that are profitable only because they enjoy some form of protection (Gibson and Tsakalotos, *op. cit.*). Whenever the protection is eventually removed, these firms may find it difficult to maintain profitability and meet debt obligations especially if they have to bear substantial costs of adjusting to the new 'unprotected' dispensation.

However, the liberalisation of the *external* financial sector must come *after* the domestic financial sector has been freed. If external liberalisation precedes domestic liberalisation, capital flight might result as interest rates are still below world levels and domestic banks find it difficult to compete with foreign banks because they are still operating within the constraints of government regulations and controls.

In sum, within an adjustment programme, financial liberalisation should come *after* achieving macro-stability and freeing the domestic real sector; then the liberalisation of the external financial sector could follow domestic financial liberalisation.

3.3 Sequencing of Financial Reforms

Apart from the timing of a financial liberalisation package, the chronological order in which individual financial reform policies are implemented is crucial (see Turtelboom, 1991). Provided prudential regulation and supervision has been revamped before liberalisation commenced, the first task is to sanitise the system by restructuring or liquidating distressed financial institutions. Attention should be paid to banks having substantial non-performing loans and any insolvent bank must be liquidated without delay. If liberalisation proceeds without restructuring, weak banks would find it impossible to compete effectively with newly licensed ones (Park, 1991 p. 349). They would be forced to pay high market rates on all deposits while incurring losses on non-performing loans. It is therefore imperative that weak institutions be strengthened and hopeless ones dissolved before full-scale liberalisation begins.

The next task after restructuring is to introduce market-based weapons of monetary control while retaining direct credit controls. For this purpose, money market instruments such as Treasury Bills are appropriate. Since they have to be attractive to the investing

public, there is the need to set up auctioning procedures and raise yields on them. As market agents become familiar with these instruments, the monetary authorities gradually secure an alternative way of controlling liquidity before the eventual removal of direct credit controls. If credit controls are removed before indirect monetary techniques are established, a loss of monetary control is bound to occur with adverse consequences for macroeconomic stability.

The foregoing measures prepare the ground for the enhancement of competition in the financial sector which involves the extension of more bank licenses, allowing non-bank financial institutions to compete directly with banks and the privatisation of government-owned banks. Foreign banks could also be allowed to set up. The previous reinforcement of prudential regulation and supervision allows this to proceed by preventing banks from taking unnecessary risks as they adapt to a deregulated and competitive environment. Also, the previous restructuring exercise ensures that existing institutions can better withstand the onslaught of competitive pressures from new banks.

With all these in place, the final step in financial liberalisation should involve the abolition of direct controls on interest rates and credit ceilings. With macroeconomic stability and strong bank supervision erected, lifting credit ceilings will enable banks to attract long-term deposits and extend long-term loans in an atmosphere of financial stability. If however indirect monetary instruments have not attained the desired level of effectiveness, credit ceilings might be retained while the system settles down and adapts to the new, deregulated environment.

3.4 Speed of Financial Reforms

Extreme caution is required concerning the pace at which the financial system is liberalised. It is dangerous to adopt the 'big-bang' approach and remove all controls abruptly. Considering the fact that financial institutions and other market agents are accustomed to operating within an environment of government intervention and controls, there is the need to *gradually* introduce reforms in order to give everyone the chance to adjust to the new dispensation. Banks previously operating under government ownership and credit guidelines had little incentive to emphasise credit analysis, risk evaluation and proper loan documentation. Plunging them overnight into a liberalised and competitive market is risky as they will be completely unprepared for the rigours of a competitive milieu (see Park, *op. cit.*). As banks obtain expanded powers in the range of assets and liabilities they can hold, sufficient time is needed for them to adjust to the unfamiliar terrain.

Consequently, it is advisable that governments avoid a hurried and abrupt removal of

existing controls. In particular, the removal of interest rate ceilings should be progressive, initially involving frequent incremental adjustments in regulated rates (see Villanueva and Mirakhor, *op. cit.*, p. 527). Credit controls should also be gradually eased over an extended period of time. Financial liberalisation has greater chances of success if it is spread out over a long period, allowing the financial sector enough time to adapt. Pell-mell removal of controls will only invite widespread confusion and financial chaos.

4. Country Experiences With Financial Liberalisation⁴

It is instructive to observe that countries that implemented financial liberalisation without regard to the issues of prudential regulations, timing, sequencing and speed have suffered painful outcomes, while those that were more cautious in their approach have been more successful.

The Southern Cone countries of Latin America (Argentina, Chile, and Uruguay) offer the best illustration of the dangers inherent in headlong financial liberalisation. In the 1970s these countries implemented financial reforms in the presence of strong inflationary pressures and substantial external deficits. In addition, government controls were abruptly removed despite the fact that bank supervision was weak and ineffective. Reforms were also accompanied by virtually free deposit insurance.

The stage was therefore set for the malevolent interaction of loose banking supervision and macroeconomic instability to produce moral hazard in the system. Interest rates rose to very high and risky levels forcing credit-worthy borrowers out of the loan market and attracting risk-loving borrowers in a classic manifestation of adverse selection. Adverse incentives also operated as many borrowers undertook riskier projects in the hope of reaping huge returns to cover increasing levels of interest payments.

With lax bank supervision and free deposit insurance, banks abandoned prudence and willingly provided credit to firms with very low probabilities of repayment. As a result, non-performing loans mushroomed and many firms went bankrupt with adverse consequences for the safety and soundness of financial institutions. Many banks at the same time began to speculate in real estate, commodities and stocks, confident that the government would come to the rescue of any distressed bank. The upshot was widespread financial chaos and the eventual re-introduction of government controls. In Chile,

4. This section relies on Corbo and de Melo (1985), Dias-Alejandro (1985), Larrain (1989) and Villanueva and Mirakhor (1990). The account of the Nigerian experience draws from Central Bank of Nigeria *Annual Reports and Statements of Accounts* (various issues).

the banking system was re-nationalised as bankruptcies spread.

This pattern of events was replicated in both The Philippines and Turkey. Both countries experienced the accumulation of bad debts due to the combination of high lending rates and the high leverage of corporate firms. Both also liberalised interest rates while the corporate sector was weak and prudential bank supervision was loose. Moral hazard problems were severe, especially with the existence of interlocking firms in which the banks had interests. This created problems in the Philippines that had 'universal banking' and Turkey, where industrial groups owned banks.

Due to strong banking regulation and supervision plus the attainment of macroeconomic stability, Malaysia escaped the adverse consequences of rapid financial liberalisation. The banking system was largely free of delinquent loans and the corporate sector was strong. The removal of interest rate ceilings therefore did not lead to rates rising to risky levels, probably because frequent adjustments of rates were already taking place prior to full liberalisation.

In Nigeria, interest rate controls were abruptly lifted in the face of huge fiscal deficits and an antiquated bank supervisory framework. Loan rates rose rapidly, inviting adverse selection and incentives as well as distress borrowing. Non-performing loans expanded and in 1991, the government had to re-impose interest rate controls. In 1993, five banks were taken over by the Central Bank of Nigeria and by January 1994 forty banks were slated for liquidation.

In Korea, liberalisation was undertaken with strong anti-inflationary policies in place. While strengthening bank supervision, incremental adjustments in interest rates were made so as to maintain positive real levels. When firms began to feel the pinch of rising rates, they were quickly lowered. Banks thus had no incentives to take excessive risks and financial liberalisation was largely successful.

Sri Lanka implemented gradual liberalisation of interest rates, using the Treasury Bill rate as a benchmark. Later, domestic rates were allowed to move with foreign rates, adjusted for exchange rate changes. Strong supervision ensured sound banking practices and prevented the growth of bad debts.

Finally, in Indonesia, gradual liberalisation was initiated in an unstable macroeconomic environment but bank supervision was strong. However, high and volatile interest rates resulted because the government did not wait for the restoration of macro-stability before completely freeing interest rates. The banking system was destabilised as the financial position of the corporate sector deteriorated and the volume of non-performing loans grew.

5. Some Issues For Public Policy

The foregoing analysis shows clearly the vital roles of macroeconomic stability and strong bank supervision in avoiding financial crises. In most LDCs, fiscal deficits constitute a major source of excessive monetary expansion and instability since government borrowings from the banking system directly feed high-powered money. Any attempt to achieve macroeconomic stability must therefore focus on achieving substantial reductions in the size of fiscal deficits.

Controlling fiscal deficits requires the imposition of strict limits on the level of the central bank's direct advances and securities lending to the government. Such limits should be defined in absolute currency amounts which are usually more binding than limits specified as a percentage of government revenues or expenditures (see Cuikerman, *et. al.*, 1992).

However, effectively limiting government borrowing from the banking system depends on the independence of individual central banks. To achieve the goal of macroeconomic stability, central banks should have a clear and inalienable mandate for monetary and price stability. This will ensure that ceilings on government borrowings will be respected since a central bank free of political interference can confidently terminate the flow of credit to the government once the borrowing limit is reached.

Even if macroeconomic stability proves intractable, a strong bank supervisory framework can still keep banks from excessive risk-taking while efforts continue to stabilise the economy. LDCs would benefit immensely from reinforcing supervisory frameworks since effective bank supervision offers a first line of defence against financial crises.

Thus, there should be special focus on prescribing and enforcing risk-weighted capital adequacy standards, continuously assessing the quality of bank asset portfolios and of bank managerial staff. There should be clear guidelines on appropriate criteria for recognising delinquent loans, making adequate provisions against loan losses and limiting banks' exposures to shareholders and large borrowers. As financial innovations proliferate, regulatory agencies should closely examine off-balance-sheet engagements and prescribe conversion factors for translating them into easily appraised balance sheet equivalents. To prevent moral hazard, deposit insurance (if available) must be appropriately priced with premiums reflecting the riskiness of individual bank portfolios.

There is also the need for banks to have a uniform accounting standard in order to make the appraisal of their financial conditions easier. Such a standard should cover methods of treating credit risks, loan losses, syndicated loans, delinquent loans and off-balance-sheet activities. At the same time, the authorities need to modify supervisory procedures to suit a deregulated environment. On-site inspections should be more frequent especially if the accuracy of statutory bank returns is suspect.

However, all the above measures would prove useless if political interference prevents regulators from enforcing prudential controls. Insolvent banks should not be kept afloat for political reasons and bank regulatory agencies should be invested with enough powers and independence to carry out their duties without political intrusion.

Finally, the theoretical construct outlined by Stiglitz and Weiss (op. cit.) strongly suggests that it may be rational for LDC governments to maintain some form of interest rate controls and get involved in credit allocation (see Gibson and Tsakalotos, op. cit., p. 615). Stiglitz and Weiss showed that due to information failures, adverse selection and incentives, banks in competitive markets will actively practice credit rationing and charge interest rates below market-clearing levels. We can therefore conclude that it is undesirable for governments to dismantle *all* financial sector controls if banks keep ceilings on interest rates as a way of preventing adverse selection and incentives.

Therefore, committed and responsible LDC governments can use selective credit policies and interest rate controls to promote the development of the 'commanding heights' of the economy as the New Industrialising Countries (NICs) of East Asia have successfully demonstrated (see Amsden, 1989 and Wade, 1990). We should however recognise that all LDCs cannot automatically replicate the East Asian model because the ability of government intervention to promote economic progress is strongly influenced by a wide range of country-specific socio-economic and political factors.

6. Conclusions

This paper has sought to explain why numerous financial liberalisation efforts in LDCs have generated financial crises. We argued that unless careful attention is paid to establishing a strong prudential and regulatory framework as part of the liberalisation package, financial deregulation is bound to end in chaos. The timing, sequencing and speed of the reform policies themselves are also crucial. Available evidence from the experience of selected countries strongly suggests that the best strategy is to gradually dismantle controls in a pre-determined sequence.

Given the importance of macroeconomic stability and strict bank supervision in preventing financial crises, we recommended substantial reductions in the size of fiscal deficits and a reinforcement of the supervisory and regulatory framework. It is only then that any LDC implementing financial reforms can confidently say, "*Good-bye financial repression, stand back financial crash*".⁵

5. Carlos Diaz-Alejandro (1985) assessed financial reforms in Latin America in the paper entitled: *Goodbye Financial Repression, Hello Financial Crash*.

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Abstract

In recent times, many developing countries have liberalised their financial systems as part of comprehensive economic reform programmes. We have witnessed the liberalisation of interest and exchange rates, promotion of market-based allocation of credit, softening of entry conditions into the banking industry, and the relaxation of bank portfolio restrictions.

In the wake of liberalisation, however, many countries have suffered sharp increases in interest rates, bankruptcies of financial institutions, and worsening inflation. Many governments have been compelled to rescue failing banks and re-impose controls.

This paper argues that these problems can be traced to the failure to revamp the bank prudential regulatory and supervisory framework before commencing deregulation plus errors in the timing, sequencing and speed of financial reforms. It is contended that these factors are powerful determinants of whether financial liberalisation succeeds or fails. A brief review of the liberalisation experience of selected developing countries serves to underscore this contention. Principally, it is observed that for financial liberalisation to be a success, it must be gradual and preceded by the strengthening of the bank supervisory and regulatory framework. The restoration of macroeconomic stability is also crucial.

POURQUOI LA LIBERALISATION FINANCIERE DEVRAIT-ELLE INDUIRE LA CRISE FINANCIERE?

Résumé

Récemment, plusieurs pays en voie de développement ont libéralisé leurs systèmes financières, forment partie des programmes comprehensives de réformes économique. Nous avons témoigné la libéralisation des taux d'intérêts et du taux d'échanges, la promotion de l'allocation de crédits par voie du système de marché, la relaxation de contrôles sur l'entrée dans le système bancaire, et le relachement des restrictions sur les portefeuilles bancaire.

Dans le sillage de la libéralisation, beaucoup de pays ont souffert, outrement, des escalations des taux d'intérêts, faillites des institutions financières et la détérioration de taux d'inflation. Des gouvernements ont été forcé de secourir des banques en détresse, et ont re-imposé des contrôles.

Cet exposé souligne que ces problèmes peuvent être tracer dans l'échouance de réorganiser la prudence et la supervision de la banque, avant d'entamer la dérégulation.

Ces problèmes s'ajoutent à ceux des erreurs administratives concernant l'horaire, la sequence, et la vitesse des réformes financières. Ces facteurs sont considérés déterminants quant au succès ou faillites des épreuves vers la politique de libéralisation. Une brève revue de l'expérience de la libéralisation par de pays choisis parmi ceux en voie de développement nous aide à renforcer ces pensées.

Principalement, nous observons que la politique de libéralisation passe au succès quand elle est poursuivie sur un ton graduelle, précédant cela est le renforcement du structure des règlements bancaires et le mode de supervision. La restauration du stabilité macroéconomique est aussi décisive.