



**Financial Supervisory Commission
Cook Islands**

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MEDIA RELEASE:

NEW BANKING ACT TO STRENGTHEN INDUSTRY

The postscript to the long running WSBC Bank case finally closed with the enactment of the Banking Act 2011 by Parliament early last week. Although the bank had its licence formally revoked back in July 2011, the lessons learnt in fighting that case provided the impetus for the newly enacted legislation.

Much of the significant cost that was occurred may have been avoided had the Financial Supervisory Commission had the powers that will be available to it under the new Act+said FSC Commissioner John Hobbs.

The Banking Act presented to Parliament came at the end of an extensive period of consultation with industry and assistance from consultants from the International Monetary Fund and final overview by NZ Parliamentary Counsel

The end result is robust legislation that will ensure that enforcement action may be effectively applied by the FSC where banks fail to meet acceptable standards+said Hobbs. %t represents a significant step in the ongoing enhancement of financial regulation in this country and the reputation of the jurisdiction as a sound environment in which to conduct business+

By adopting internationally accepted standards and regulations that will be enforced by the FSC on an equitable and consistent basis, he expects that this should serve to strengthen and encourage a competitive financial services industry.

This is merely the next step in a programme of legislative reform to ensure the financial regulator has the tools available to it to carry out its regulatory role and provide a level of confidence to those looking to invest in the financial services sector+said Hobbs. %We are now in the process of reviewing the Trustee Companies Act and will also be looking to have legislation passed in 2012 to assume a regulatory role in relation to Cook Islands National Superannuation Fund+

John Hobbs

Commissioner

20 December 2011