



## **A financial supervision structure at the Dutch Kingdom level is imperative for sound financial institutions and financial stability**

**Willemstad - According to the president of the Bank van de Nederlandse Antillen, Dr. Emsley Tromp, a supervisory institution at the Kingdom level that follows the standards set by international institutions such as the BIS and the IMF is imperative for achieving sound financial institutions and financial stability in the new countries of the Kingdom.**

The international financial and economic crisis has made it clear that small countries are severely limited in pursuing autonomous rescue operations when the size of their financial institutions is large compared to their GDP. The case of Icesave is a good example of this fact. Recent developments have also demonstrated that small countries determining their own supervisory policies is an illusion. International coordination and cooperation have become the rule, led by international institutions such as the BIS and the IMF, which set standards for their members. Sovereign countries that choose not to follow these rules run the risk of being blacklisted, thereby undermining confidence in their financial sector and investment climate.

Therefore, to address financial sector's vulnerabilities the Bank envisions a financial supervision structure in which every country will have its own supervisory institution, complemented by a standard-setting body at the Kingdom level - *College van Koninkrijkstoezichtbouders*. This body is to consist of the presidents of the respective central banks and should be in charge of the preparation of legislation in line with international best practices, the timely implementation of rules and regulations, and monitoring compliance. Such a structure will not only guarantee compliance with international supervisory standards and create a level playing field with uniform rules within the Kingdom, but it will also promote transparency and credibility. The current cooperative arrangements between the central banks of the Netherlands, Aruba, and the Netherlands Antilles can serve as a basis for the development of a firm supervisory architecture and the achievement of sound financial institutions and financial stability in the new countries of the Kingdom.

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