Dear Colleagues and Readers,

We are greatly encouraged by the very favorable reception that the SEACEN Financial Stability Journal has received since its launch last October during the celebration of SEACEN’s 30th Anniversary. Our goal is to continue to provide our readers with a high-quality, accessible forum for thought leadership and insights in key financial stability-related matters.

I would like to extend a warm welcome to Dr. Tarisa Watanagase, former Governor of Bank of Thailand and career central banker, who was appointed to the Journal’s Editorial Board by the SEACEN Board of Governors. Dr. Watanagase is a valuable addition to the Editorial Board given her vast knowledge and experience in central banking and financial stability matters. We are most grateful for her willingness to serve.

The Editorial Board has recommended four outstanding original articles for inclusion in this issue of the Journal. We are particularly honored that Governor Stefan Ingves of the Riksbank and Chairman of the Basel Committee on Banking Supervision, has contributed an article on Basel III. This new international capital and liquidity standard incorporates important lessons learned from the recent Global Financial Crisis. Countries’ sound and timely implementation of Basel III is strongly recommended to enhance the strength and resiliency of their banking systems and help to avert or dampen future crises.

An article by Mr. Gerald Edwards, long-time Chief Accountant of the U.S. Federal Reserve Board and Senior Adviser to the Financial Stability Board, discusses important forthcoming changes in loan loss reserve provisioning standards that will fundamentally alter banks’ reserving processes. An article from internationally-renowned cyber security expert, Mr. Karl Rauscher, discusses approaches the financial industry should consider in managing cyber security risks to control related financial and reputational exposure. Additionally, an article co-authored by Mr. Mohd Zabidi Md Nor, Director of Financial Prudential Policy of Bank Negara Malaysia and Mr. Michael Zamorski, Adviser of SEACEN, discusses the importance of achieving effective consolidated supervision of large, geographically-dispersed banking conglomerates to understand and control various types of risks in these typically complex organizations.

I would like to express our sincere gratitude to the Editorial Board members and SEACEN member banks for their valuable input and contributions to this volume of the Journal.

Hookyu RHU
Executive Director
25 April 2014