

30 January 2009

## HSBC CALLS FOR A NEW GLOBAL MARKETPLACE

HSBC has today called for the creation of a new set of principles and rules that promote international trade by increasing transparency and simplicity in the financial system, and proposed a forum to enable global businesses to engage with governments and regulators as this new marketplace is constructed.

The concept of the 'Business 20' (B20) forum, which has the support of UK government, is to mirror the G20 group of the world's most influential economies in both the developed and the developing worlds. It will be comprised of the world's largest companies, including those in the developing world, with a particular focus on businesses with international operations.

Speaking from the World Economic Forum at Davos, HSBC Group Chairman Stephen Green said: "This crisis is the worst I have seen in 25 years as a banker and possibly the worst since the 1930s. Few reputations will escape this unscathed and there are lessons to be learned in this for all banks, financial institutions, governments, regulators and each of us as private consumers.

"For example, the current financial framework, though well intentioned, has proved inadequate and must be fundamentally revised. Fair value accounting has added considerable volatility to results, only part of which is economic, and the capital adequacy regime embodied in Basel 2 has hobbled many banks with spiralling capital requirements just when customers need them to be flexible with lending. "The financial system, while desperately in need of change, is just part of the challenge before us. Business needs to co-operate with government and regulators in the creation of a new global marketplace for all industries and consumers. That is why, with the support of the current chair of the G20, the UK government, HSBC is seeking to create a new international business body to engage with the G20.

*more*

## **HSBC calls for a new global marketplace /2**

Baroness Shriti Vadera, UK Minister for Competitiveness and Small Business, said: "We welcome this initiative from HSBC to get the world's leading businesses to support the G20 and the steps being taken by governments around the world to tackle the current global economic challenges."

Stephen Green added: "The B20 will draw together companies from both the developed and emerging worlds to help inform policy and create a more stable global economy. It will be non-partisan. It will promote open markets. It will be the voice of sustainable business.

"The deepening of trade links between the developed and developing worlds is, and will continue to be, the single greatest source of wealth creation available to all nations in the long term. We must create a global principles-based system that promotes trade, allows investors to move capital across borders with confidence and removes needless, and often misleading, complexity from financial products. The B20 will contribute to solutions on all of these issues and, I am sure, many more."

HSBC believes that this new global marketplace needs to promote:

- **Global cooperation:** the adoption of the G20 as the principle forum for advancing international trade and economic stability
- **Economic balance:** a recognition that countries running persistent deficits must encourage consumers to save more and spend less while those in persistent surplus must be given the tools to encourage spending
- **Transparency and simplicity:** global accounting and regulation that provides investors with certainty and products that clients and institutions can easily understand

*ends/more*

### **Note to editors:**

#### **The HSBC Group**

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from more than 9,500 offices in 85 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$2,547 billion at 30 June 2008, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as 'the world's local bank'.

*ends/all*