

Introduction

Since the current financial crisis started, many economist and financial experts have called for new regulations for the financial industry. However, introducing new regulation by a member in World Trade Organisation (WTO) has to take into account the current binding rules of the WTO. Many economist especially in developing countries tend to believe that WTO's rules impose financial service deregulation on many WTO members, and constraint their ability to formulate proper domestic policies. Yet, liberalisation and deregulation of financial services is part of the ongoing negotiations to expand the WTO's General Agreement on Trade in Services (GATS). Already, GATS rules impose many restrictions on governmental regulation in the financial service sector. Broadly GATS sets out rules for how countries can regulate the "service sectors" of their economies, including banking, insurance, retail, education, healthcare and tourism. The WTO Secretariat was direct in describing the implications of the GATS rules: "Governments are free in principle to pursue any national policy objectives provided the relevant measures are compatible with the GATS."