

Press release

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Ref no: 92/2015
4 December 2015

Meeting of the Financial Stability Board Regional Consultative Group for Sub-Saharan Africa

Today, the South African Reserve Bank hosted the eighth meeting of the Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa in Cape Town, South Africa.

At the meeting, members of the FSB RCG for Sub-Saharan Africa began by reviewing the FSB's work plan and priorities; namely, promoting full, consistent and timely implementation of the agreed G20 reforms; finalising the design of the remaining post-crisis reforms; and addressing new risks and vulnerabilities. The members were briefed on the FSB's first annual report on *Implementation of the financial reforms and their effects*, which described the progress in implementation of reforms to improve resilience of the global financial system.

The RCG noted the FSB's finalised Total Loss-Absorbing Capacity (TLAC)¹ standard issued in early November and its work to analyse the effects of reforms on emerging market and developing economies. In view of these standards and other recent further policy proposals and implementation guidance on resolution issued by the FSB, members shared views and experiences on the design of resolution frameworks in their jurisdictions. Topics discussed included cross-border cooperation, Crisis Management Groups and information sharing, and appropriate implementation in the region.

The RCG then discussed vulnerabilities in the global financial system, regional financial stability issues and possible policy responses. In particular, the Group discussed the impact on growth and financial stability emanating from lower global commodity prices, slowdown in China, potential normalisation of US monetary policy, currency mismatch arising from foreign currency denominated public debt and the current drought conditions in some parts of Africa. The Group observed that growth continued, but had decelerated. Members emphasised the need for continued structural reforms and cross-border cooperation to address shared challenges to the financial system and to continue monitoring financial institutions that are active across the region.

Members discussed the importance of financial inclusion in the region and the key developments and initiatives in this regard. Discussions focussed on steps to promote financial inclusion in individual countries, how the objectives of financial inclusion could be aligned to that of financial stability, what the primary challenges being faced are and what

¹ FSB's finalised Total Loss-Absorbing Capacity standard for global systemically important banks (<http://www.financialstabilityboard.org/2015/11/tlac-press-release/>)

further policy options can be explored by ministries of finance, central banks and supervisory and regulatory authorities.

Finally, members exchanged views on the extent to which cyber-security poses a threat to financial stability in the Sub-Saharan African region, given the growing concerns globally on this issue, including the potential that cyber-attacks have to cause reputational damage to financial institutions or compromise market integrity and market availability.

The members discussed the progress made by a Working Group set up by the RCG to study home-host cooperation and information sharing among supervisors in the Sub-Saharan African region. RCG members agreed to respond to a survey to collect information on this subject, which will also be circulated to other jurisdictions throughout the region.

On the day before the RCG meeting, members took part in a roundtable, jointly organised by the FSB, International Monetary Fund and World Bank, on the implications for Sub-Saharan Africa of the global decline in availability of correspondent banking services. A recent World Bank survey and FSB action plan address this issue. Members expressed concern that the loss of correspondent banking services can lead to financial exclusion. This hinders cross-border financial flows and the development of financial activities in emerging markets and risks driving cross-border financial transactions into the unregulated sector. The RCG will continue to monitor this issue and exchange information on steps to address it. The Association of African Central Banks will also be asked to take up this issue.

The FSB RCG for Sub-Saharan Africa is co-chaired by Lesetja Kganyago, Governor, South African Reserve Bank and Godwin Emefiele, Governor, Central Bank of Nigeria. Membership includes financial authorities from Angola, Botswana, Ghana, Kenya, Mauritius, Namibia, Nigeria, South Africa and Tanzania, as well as the Central Bank of West African States (BCEAO) based in Senegal. Permanent observers include the Committee of Central Bank Governors of the Southern African Development Community, and the East African Community.²

Notes to editors

The FSB Charter stipulates that the FSB “should consult widely amongst its Members and with other stakeholders including private sector and non-member authorities. This process shall include engaging with the FSB Regional Consultative Groups and include an outreach to countries not included in the Regional Consultative Groups”.^{3,4} The FSB established in 2011 six Regional Consultative Groups to bring together financial authorities from FSB member and non-member countries to exchange views on vulnerabilities affecting financial systems and on initiatives to promote financial stability.

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank

² The list of members of the Regional Consultative Group for Sub-Saharan Africa is available at: <http://www.financialstabilityboard.org/about/organisation-and-governance/list-of-members-of-the-fsb-regional-consultative-group-for-sub-saharan-africa/>

³ See http://www.financialstabilityboard.org/wp-content/uploads/r_120809.pdf.

⁴ The FSB Regional Consultative Groups were established for the following regions: Americas, Asia, Commonwealth of Independent States, Europe, Middle East and North Africa, and Sub-Saharan Africa.

experts. Through its six regional consultative groups, the FSB is able to develop global financial policy initiatives through a more inclusive process.

The FSB is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website at: www.fsb.org.