

Press release

Press enquiries:
+41 76 350 8138

Joe.Perry@fsb.org

Ref no: 32/2016
10 November 2016

FSB Regional Consultative Group for the Middle East and North Africa discusses financial stability issues, regulatory reforms and macroprudential frameworks

On 10 November, the Central Bank of Egypt hosted the tenth meeting of the Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Middle East and North Africa (MENA) in Sharm El Sheikh, Egypt.

Members of the FSB RCG for MENA began the meeting by discussing the FSB's workplan and the progress made in achieving the 2016 priorities, namely: promoting full, timely and consistent implementation of the international financial reforms, addressing new risks and vulnerabilities, and monitoring implementation and effects of the reforms.

The RCG discussed vulnerabilities in the global financial system, regional financial stability issues and possible policy responses. In particular, the Group discussed the challenges arising from the low global growth and the fiscal position of jurisdictions in the region. The Group discussed the potential macrofinancial spillovers from advanced economies into the MENA region. Members agreed on the need to maintain vigilance to mitigate the risks on financial stability.

Members exchanged views on compensation practices at large financial institutions and its relation to risk-taking, which was one factor that contributed to the global financial crisis. Members also shared their views on the ongoing work of the FSB on the implementation of its Principles for Sound Compensation Practices, including on the links between compensation and misconduct risk.

Members discussed recent technologically enabled financial innovations (fintech) and their potential impact on financial stability. Members discussed threats and opportunities of recent developments in fintech and shared their views on initiatives to regulate these new institutions and markets.

Members also discussed the role of central banks in mitigating risks arising from high levels of non-performing loans. The experience of two jurisdictions were presented and discussed. Members discussed the importance of having an operational framework to deal with such a scenario.

Members of the FSB RCG for MENA concluded the meeting by discussing the recent report published by the International Monetary Fund, FSB and Bank for International Settlements that consolidates international experience on the use of macroprudential policies. Members shared their experience on the effective use of macroprudential policies in their jurisdictions.

The FSB RCG MENA is co-chaired by Ahmed Alkholifey, Governor of the Saudi Arabian Monetary Agency and Mubarak Al Mansoori, Governor of the Central Bank of the United Arab Emirates (UAE). The current membership of the RCG MENA includes financial and regulatory authorities from Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, Turkey and the UAE.

Notes to editors

The FSB has six Regional Consultative Groups, established under the FSB Charter, 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.^{1,2} Typically, each Regional Consultative Group meets twice each year.

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 experts. Through its six Regional Consultative Groups, the FSB conducts outreach with and receives input from an additional approximately 65 jurisdictions.

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.

¹ See http://www.fsb.org/wp-content/uploads/r_120809.pdf.

² The FSB Regional Consultative Groups cover the following regions: Americas, Asia, Commonwealth of Independent States, Europe, Middle East and North Africa, and Sub-Saharan Africa.