

## Press release

Press enquiries:  
+41 61 280 8024

[press@bis.org](mailto:press@bis.org)

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### **Seventh Meeting of the Financial Stability Board Regional Consultative Group for the Middle East and North Africa**

Today, the Central Bank of Bahrain hosted the seventh meeting of the Financial Stability Board (FSB) Regional Consultative Group for the Middle East and North Africa (RCG-MENA) in Bahrain.

At their meeting, members of RCG-MENA and representatives of the Basel Committee on Banking Supervision, IMF and World Bank began by reviewing the FSB's policy priorities and work plan. As set forth in the 17 April 2015 letter from the FSB Chairman to the G20<sup>1</sup>, the priorities fall into three main areas, namely: full, consistent and prompt implementation of the agreed reforms; finalising the design of the remaining post-crisis reforms; and addressing new risks and vulnerabilities. This was followed by a discussion of vulnerabilities and regional financial stability issues. Members exchanged views on global and regional growth prospects and the impact of the recent decline in oil prices. They considered the latter issue from the perspective of both oil importing and oil exporting countries, deliberating the various macroeconomic and financial implications, and possible policy responses.

Members then discussed the impact on the region of a decline in correspondent banking services being offered by international banks, including as a result of possible fear of potential AML/CFT enforcement actions. Members welcomed the planned focus of the FSB on this issue. A loss of correspondent banking services could lead to financial exclusion, hinder the development of emerging market financial sectors, or risk driving cross-border financial transactions into the unregulated sector.

The availability of financing for small and medium-sized enterprises and the role that capital markets can play was the topic of another session. This then led to a discussion of structural issues that influence the capital structure of corporates and possible policy measures to incentivise equity-based financing.

Members discussed the proposed revisions to the Standardised Approach for credit risk in the Basel capital framework<sup>2</sup>, including proposals to reduce the reliance on external credit ratings.

The RCG-MENA is co-chaired by Erdem Başçı, Governor, Central Bank of the Republic of Turkey and Riad Salame, Governor, Central Bank of Lebanon. As the terms of the co-chairs

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<sup>1</sup> See <http://www.financialstabilityboard.org/wp-content/uploads/FSB-Chair-letter-to-G20-February-2015.pdf>.

<sup>2</sup> The Basel Committee issued a consultative document [Revisions to the Standardized Approach to credit risk](#) on 22 December 2014.

expire on 30 June 2015, the FSB member co-chair of the RCG-MENA will rotate to Fahad AlMubarak, Governor, Saudi Arabian Monetary Agency. At the meeting, the non-FSB members in the RCG-MENA appointed Mubarak Rashid Khamis Al Mansouri, Governor, Central Bank of the United Arab Emirates as the non-FSB member co-chair. The terms of the new co-chairs are for two years, commencing on 1 July 2015.

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 United Arab Emirates.<sup>3</sup>

### **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”.<sup>4</sup> The FSB established six Regional Consultative Groups<sup>5</sup> 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 experts. Through the six regional groups, the FSB conducts outreach with another 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, [www.financialstabilityboard.org](http://www.financialstabilityboard.org).

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<sup>3</sup> The list of members of the RCG-MENA is accessible at: <http://www.financialstabilityboard.org/wp-content/uploads/rcgmna.pdf>.

<sup>4</sup> See: [http://www.financialstabilityboard.org/wp-content/uploads/r\\_120809.pdf](http://www.financialstabilityboard.org/wp-content/uploads/r_120809.pdf).

<sup>5</sup> 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.