

## Press release

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### **FSB RCG for the MENA discusses market fragmentation, reforms to interest rate benchmarks and financial stability surveillance frameworks**

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Middle East and North Africa (MENA) met in Istanbul today at a meeting hosted by the Central Bank of the Republic of Turkey.

Members of the FSB RCG MENA received an update on the FSB's work programme and deliverables to the June G20 meetings next month in Japan. The FSB's work programme in 2019 is focused on new and emerging vulnerabilities, including potential financial stability issues arising from market fragmentation and FinTech, and how they may be addressed; finalising and operationalising post-crisis reforms; evaluating the effects of the reforms on, for example, financing to small and medium-sized enterprises; correspondent banking; and reinforcing outreach to stakeholders.

Turning to vulnerabilities and regional financial stability issues, meeting participants discussed risks associated with a loosening of credit standards and political uncertainties. At the same time, they noted that resilience in the financial system appears to have increased, financial markets are functioning robustly and near-term conditions in emerging markets have stabilised. From a regional perspective, members discussed the potential impact of trade issues and changes in commodities prices.

Members next considered market fragmentation and its impact on financial stability, including inefficiencies, deviations in prices and pools of liquidity and capital that are unable to move freely in times of stress. The group discussed causes of market fragmentation, such as cross-country differences in information requirements and ring fencing by national authorities, and possible approaches to address it, including considering fragmentation more systematically as part of implementation monitoring and greater supervisory cooperation.

The group discussed reforms to major interest rate benchmarks. Attempted market manipulation, false reporting and declining liquidity in the earlier part of this decade had led to a decline in confidence surrounding their reliability and robustness. Members exchanged experiences on the use of LIBOR in their financial systems and whether financial institutions will be ready for its discontinuation in 2021.

The group discussed financial stability surveillance frameworks to identify, assess and address new and emerging risks to financial stability. They exchanged views on the elements of such frameworks and their need to be forward looking and proactive, while at the same time being

sufficiently flexible to capture new and emerging risks. Frameworks used by authorities in Qatar and Morocco served as useful examples.

Finally, members discussed ways in which the FSB's outreach through its RCGs could be strengthened. This would include, for example, promoting continued seniority of representation within the RCGs and encouraging non-FSB members to make contributions and give feedback on the direction of the FSB's work.

The RCG for the MENA is co-chaired by Murat Çetinkaya, Governor of the Central Bank of the Republic of Turkey, and Abdulla Saoud Al-Thani, Governor of the Qatar Central Bank. Membership includes financial and regulatory authorities from Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, Turkey and the United Arab Emirates.

### **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.<sup>1</sup> Typically, each Regional Consultative Group meets twice each year.

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes 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. The FSB also conducts outreach with approximately 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Randal K. Quarles, Vice Chairman for Supervision, US Federal Reserve; its Vice Chair is Klaas Knot, President, De Nederlandsche Bank. The FSB 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.fsb.org](http://www.fsb.org).

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<sup>1</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.