

Press release

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Europe RCG discusses artificial intelligence, financial vulnerabilities and FSB work programme

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Europe met in Bucharest at a meeting hosted by the National Bank of Romania on 7 May. The meeting started with an address from Mugur Isărescu, Governor of the National Bank of Romania.

The group considered implications of the growing use of artificial intelligence, machine learning and big data for the regulation and supervision of the financial system. Recognising that these innovations are important drivers of change for the financial industry, members explored risks and opportunities that these innovations could entail for financial stability.

Members of the RCG then discussed global and regional financial vulnerabilities and their potential impact on European economies. While financial markets have functioned robustly during the period of volatility in late 2018 and near-term conditions in emerging markets have stabilised, members highlighted potential financial stability risks against the backdrop of rising debt levels, the weakening of lending standards in some markets, and continued global political uncertainty. The group also exchanged views on possible policy responses, including assessments of potential vulnerabilities linked to high global indebtedness and more specifically to the markets for leveraged loans and collateralised loan obligations (CLOs). The meeting considered the steps authorities are taking to address identified risks.

The group received an update on the FSB's work programme and the deliverables to the June G20 meetings 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 from 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; and correspondent banking.

Finally, members discussed ways to enhance the effectiveness of RCG groups. As part of the FSB's broader efforts to strengthen external stakeholder outreach, the discussion will help to identify ways in which jurisdictions that are not members of the FSB can effectively contribute to the FSB's work and provide feedback on its direction.

The RCG Europe is co-chaired by Luigi Federico Signorini, Deputy Governor, Bank of Italy and Marek Mora, Deputy Governor, Czech National Bank. The membership of the FSB Regional Consultative Group for Europe includes financial authorities from Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, Ukraine, United Kingdom and the Group of International Finance Centre Supervisors. The

European Commission, the European Central Bank and the ECB Banking Supervision also attended the meeting.

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 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.

¹ 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.