

Press release

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Eighth meeting of the Financial Stability Board Regional Consultative Group for the Commonwealth of Independent States

Today, the Central Bank of Armenia hosted the eighth meeting of the Financial Stability Board (FSB) Regional Consultative Group for the Commonwealth of Independent States (RCG for the CIS) in Yerevan.

Members of the RCG for the CIS were informed of the main outcomes of the FSB and G20's work in 2018 and policy priorities for 2019. At present, the FSB is turning its attention to the monitoring of implementation of the regulatory reforms and analysis of their impact on international financial system stability. In 2018 the FSB evaluated the effects of the reforms on incentives to centrally clear over-the-counter derivatives and on infrastructure investment finance. Both evaluations found that, overall, the effects of the reforms were positive. This conclusion is supported by positive developments in the global financial system, notably an increase in the sustainability of growth, the resumption of credit growth and an increase in the share of over-the-counter derivatives contracts that are centrally cleared. Conversely, the global economic outlook is being put under pressure through a widening of sovereign and corporate bond yields, rising interest rates and inflation expectations in some advanced economies, exchange rate depreciation in developing economies and geopolitical risks.

Members also discussed developments in the global financial markets and their impact on national economies. It was observed that the main vulnerabilities in many CIS countries are persistent current account deficits, insufficient levels of international reserves and high levels of public and private sector debt. These factors can be triggered by the tightening of monetary policy in some advanced economies, escalating trade disputes, and general policy uncertainty that may accelerate capital outflows from emerging market and developing economies, including the CIS. To minimise such risks members said that it is important to restore economic policy space, continue structural reforms aimed at increasing growth and strengthen oversight of public and private sector debt (especially those denominated in foreign currency).

Members expressed great interest in risks arising from the use of financial technology (FinTech). The FSB report on [Crypto-asset markets: markets: Potential channels for future financial stability implications](#) was discussed by members and it was concluded that understanding risks remains a challenge, but that the very low volumes of crypto-assets both globally and in the region do not give rise to material financial stability risks at this time. Nevertheless, further developments should be monitored and may require the coordination of policy measures at the global level, including consumer and investor protection, and anti-money laundering and combating the financing of terrorism regulation and supervision. Members will discuss this matter at future meetings.

The Group discussed approaches to mitigate cyber security risks confronted by financial institutions. In particular, they considered regulatory and supervisory steps taken by authorities to facilitate both the mitigation of cyber security risk by financial institutions and their effective response to, and recovery from, cyber security incidents. During their exchange of views, members recognised the importance of ex ante contingency plans for cyber incidents, information sharing and monitoring.

The meeting was concluded with a discussion of financial stability and its role in the mandate of a central bank. Members recalled that, prior to the crisis, monetary and financial stability were frequently thought of separately; this is no longer the case. In this context, they noted that financial stability has a macroprudential or systemic dimension that cannot be ignored and that in some jurisdictions this may give rise to institutional challenges. Members of the RCG for the CIS agreed to conduct a study on the role of financial stability in the mandate of the central bank and its analytical framework, including a survey of central bank policies and a stocktake of international practices. The Group will issue a report summarising its findings and offering recommendations.

The RCG for the CIS is co-chaired by Deputy Minister Sergey Storchak, Ministry of Finance of the Russian Federation, and Deputy Governor Nerses Yeritsyan, Central Bank of Armenia. The membership includes financial authorities from Armenia, Belarus, Kazakhstan, Kyrgyz Republic, Russia and Tajikistan. Switzerland and the Eurasian Economic Commission are invited to the meetings of the RCG for the CIS as permanent observers.

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.² 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, Governor and 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.

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.