

Press release

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FSB Americas group discusses regional vulnerabilities, market fragmentation, SME finance and correspondent banking

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Americas met in Buenos Aires today at a meeting hosted by the Central Bank of Argentina. FSB Chair Randal K. Quarles joined RCG members for the meeting.

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 and how they may be addressed; finalising and operationalising post-crisis reforms; evaluating the effects of the reforms; and enhancing the FSB's transparency and external outreach.

Members received an update on the RCG's working group on non-bank financial intermediation (NBFi) which annually surveys NBFi trends and developments in the region. The RCG discussed the outcomes of the last meeting of the working group held on 19 March, and the future work to be undertaken by the working group.

The group then discussed global and regional financial market developments and vulnerabilities, their potential impact on the economies in the region and possible policy responses. They were briefed on the FSB's recent assessment of global vulnerabilities, which had noted with concern the loosening in lending standards, elevated asset values, and high private and public debt.

Members of the group discussed the FSB's ongoing work on market fragmentation. Coordinated action by financial authorities in the aftermath of the global financial crisis has strengthened the global financial system. However, there are concerns that some markets have become fragmented along jurisdictional lines. RCG members discussed the FSB's draft report on potential issues around market fragmentation and approaches to address them, and exchanged experiences on fragmentation issues in the region.

Members of the group discussed progress in implementation of the FSB-coordinated action plan to assess and address the decline in correspondent banking relationships and follow-up to the associated recommendations to address remittance service providers' access to banking services. They emphasised the importance of this issue for many countries in the region.

The group provided feedback on the FSB's draft consultation report on its evaluation of the effects of the post-crisis financial regulatory reforms on financing for small and medium-sized enterprises (SMEs), which will be published in the coming weeks. The report is the latest in a series of FSB evaluations of the effects of the reforms; it will be followed by an evaluation, to be completed in 2020, of the effects of reforms designed to end too-big-to-fail for banks.

Finally, the meeting provided an opportunity for FSB Chair Quarles to hear suggestions from members about how to enhance the ways that the RCGs provide feedback to the FSB. This year the FSB is conducting a review, with the involvement of members of the FSB's six RCGs, of how to enhance the effectiveness of RCGs as an outreach and feedback mechanism.

The FSB RCG for the Americas is co-chaired by Guido Sandleris, Governor, Central Bank of Argentina and John Rolle, Governor, Central Bank of The Bahamas. Membership includes financial authorities from Argentina, Bahamas, Barbados, Bermuda, Bolivia, Brazil, British Virgin Islands, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Guatemala, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Trinidad and Tobago, the United States of America and Uruguay.

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.