

Press release

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FSB MENA group discusses regional financial stability, stablecoins, cyber incidents and implementation of financial reforms

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Middle East and North Africa (MENA) met today in Riyadh at a meeting hosted by the Saudi Arabian Monetary Authority.

Members received a briefing update from the Saudi Arabian authorities on the financial regulatory priorities for their G20 Presidency starting next month. The group also received an update on the FSB's ongoing work and its plans for 2020, which were discussed at the FSB Plenary meeting earlier this month. RCG members discussed the FSB's programme of evaluations of the effects of post-crisis reforms, including the evaluation of small and medium-sized enterprises (SME) finance to be published this month. They emphasised the importance of SMEs to economic activity in the region. Members also discussed international work on the transition from LIBOR and other IBORs, and underlined the importance of financial and non-financial firms being prepared for the risk that LIBOR will end once official sector support for the benchmark is withdrawn at end-2021.

Members discussed global and regional financial vulnerabilities, including a weaker global growth outlook, the implications for the region of the "lower for longer" interest rate environment and rising debt burdens, in particular of governments and corporations. At the same time, they noted the protection provided by the resilience of financial institutions and markets in the region. Some members thought challenges for IBOR transition might actually lay the ground for opportunities to deepen the local capital markets.

The group discussed the implications of stablecoins on financial stability and monetary stability. They considered the potential challenges such instruments also pose in areas such as, consumer and investor protection; cross-border capital flows including remittances; market integrity; cyber security; and anti-money laundering/countering the financing of terrorism regulation. However, they emphasised more generally the need for improvements in the speed and access to cross-border payment systems.

Given the increasing risk of cyber incidents, the RCG discussed the FSB's work to develop effective practices for cyber incident response and recovery. A preliminary set of practices has been drawn from survey responses by authorities, including those in the region. The FSB toolkit will be issued for public consultation in early 2020.

Members discussed implementation of G20 regulatory reforms in non-G20 jurisdictions and jurisdictions' experiences in tailoring implementation to the specificities of their financial systems.

The group expressed support for a set of recommendations developed by a working group of FSB and RCG members, and adopted by the FSB Plenary in early November, to enhance the effectiveness of RCGs as an outreach and feedback mechanism.

Notes to editors

The RCG for the MENA is co-chaired by Ahmed Alkholifey, Governor of the Saudi Arabian Monetary Authority, and Rasheed M. Al Maraj, Governor of the Central Bank of Bahrain. 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.

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, 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.

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.