

Press release

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FSB Asia group discusses risks to financial stability and regulatory and supervisory challenges arising from COVID-19

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Asia held a virtual meeting today to discuss vulnerabilities and financial stability issues affecting Asia and the impact of the COVID-19 pandemic on the region.

Members discussed global and regional macroeconomic and financial market developments, including risks to financial stability arising from the COVID-19 pandemic and the challenges in managing the recovery in an environment where an uneven pace of recovery across regions could have spillover effects to Asia. Members exchanged views on some of the preliminary lessons learnt from the pandemic, as well as the impact of the pandemic and ensuing policy support measures on corporate viability and debt servicing.

The group also discussed regulatory and supervisory challenges arising from the pandemic. Members acknowledged that the effective implementation of global standards had played a key role in supporting the strong starting positions of financial institutions going into this crisis. At the same time, many members have made or are considering adjustments to regulatory and supervisory approaches, such as stress testing methodologies, to safeguard financial system resilience.

The group received an update on the FSB's work programme and the planned deliverables to the G20 in 2021. Members discussed areas of importance for RCG Asia member jurisdictions, such as the FSB's work on US dollar funding and emerging market and developing economy vulnerabilities, and agreed the need for further engagement on this.

Notes to editors

The FSB RCG for Asia meeting was co-chaired by Benjamin E. Diokno, Governor, Bangko Sentral ng Pilipinas and M. Rajeshwar Rao, Deputy Governor, Reserve Bank of India. Membership of the RCG for Asia comprises financial authorities from Australia, Brunei Darussalam, Cambodia, China, Hong Kong SAR, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Thailand and Vietnam.

In preparation for the meeting, Governor Benjamin E. Diokno convened an informal meeting among non-FSB members of the RCG for Asia, to discuss evolving financial stability issues in the region.

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 25 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, US Federal Reserve Board; its Vice Chair is Klaas Knot, President of 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.