

Press release

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FSB Regional Consultative Group for Sub-Saharan Africa discusses financial vulnerabilities and effects of financial regulatory reforms

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa met in Kasane, Botswana on 3-4 May at a meeting hosted by the Bank of Botswana.

Members of the RCG discussed macroeconomic and financial market developments and their potential impact on countries in the region, including challenges from rising government debt levels.

The RCG received an update on the FSB's 2018 workplan and its activities. The focus of the FSB's work now pivots from policy development towards implementation of reforms and evaluating the effects to ensure that the reforms are efficient and to address any unintended consequences. They discussed, as part of the FSB's framework to evaluate the post-implementation effects of the G20 regulatory reforms, an ongoing evaluation of how regulatory reforms may have affected the cost and availability of infrastructure financing.

Members of the RCG considered the issues raised in the discussion paper released by the Basel Committee on Banking Supervision in December 2017 that considers the regulatory treatment of sovereign exposures. The meeting also discussed the implementation of International Financial Reporting Standard (IFRS) 9, which came into force in January 2018 and addresses the accounting for financial instruments, regulatory treatment of accounting provisions as well as transitional arrangements to smooth any potential significant negative impact on regulatory capital. In the context of a discussion on the importance of financial inclusion, the RCG was updated on the key outcomes of the World Bank Group's Global Findex survey, which provides comprehensive data on patterns of saving, borrowing and payments across 140 countries.

The RCG also discussed developments and regulatory issues in crypto-asset markets, including the potential for future financial stability implications, given the rapid growth of these markets.

Members then discussed so-called de-risking in correspondent banking and remittance services, which is a serious concern not only in Sub-Saharan Africa but also in many developing countries around the world. They reviewed the FSB's progress report on its action plan to assess and address the decline in the number of correspondent banking relationships and its newly published recommendations to improve remittance firms' access to banking services. The group also assessed current challenges and constraints for regional payment

system integration including the extent to which these developments can play a more significant role in creating further regional economic and financial integration.

The FSB RCG for Sub-Saharan Africa is co-chaired by Lesetja Kganyago, Governor, South African Reserve Bank and Moses Pelaelo, Governor, Bank of Botswana. Membership includes financial authorities from Angola, Botswana, Ghana, Kenya, Mauritius, Namibia, Nigeria, South Africa and Tanzania, as well as the Central Bank of West African States (BCEAO) and the Bank of Central African States (BEAC). Permanent observers include the Committee of Central Bank Governors of the Southern African Development Community, and the East African Community.

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.^{1,2} Typically, each Regional Consultative Group meets twice each year.

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote 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. Through its six Regional Consultative Groups, the FSB conducts outreach with and receives input from an additional approximately 65 jurisdictions.

The FSB is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website at: www.fsb.org.

¹ See http://www.fsb.org/wp-content/uploads/r_120809.pdf.

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.