

Press release

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Fourth Meeting of the Financial Stability Board Regional Consultative Group for Asia

Today, Bank Negara Malaysia hosted the fourth meeting of the Financial Stability Board (FSB) Regional Consultative Group for Asia in Kuala Lumpur, Malaysia. In 2011, six regional consultative groups¹ of the FSB were established responding to the call of the G20 Leaders at the Toronto Summit (June 2010), 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.

At their meeting today, members of the FSB Regional Consultative Group for Asia began by reviewing the FSB's policy priorities and work plan. This was followed by a discussion of vulnerabilities and regional financial stability issues. Specifically, members deliberated the implications of prolonged strong credit growth, resultant asset price risk and policy options, and then separately considered market and funding implications arising from a potential reversal of capital flows.

Members also considered the impact of the framework for systemically important financial institutions on Asia and possible policy responses, and the structure of shadow banking in Asia. In a final session, members discussed the impact of regulatory issues and reforms stemming from the global financial crisis and what they mean for the region. The focus was on reforms in three areas: (1) the revised Basel III liquidity requirements, (2) risk governance in financial institutions and the findings of the FSB's recently published thematic peer review on risk governance², and (3) the Key Attributes of Effective Resolution Regimes for Financial Institutions³ and their implementation in the region.

The FSB Regional Consultative Group for Asia is co-chaired by Governor Choongsoo Kim, Bank of Korea and Governor Zeti Akhtar Aziz, Bank Negara Malaysia. Membership includes financial authorities from Australia, Cambodia, China, Hong Kong SAR, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Thailand and Vietnam. The list of members of the Regional Consultative Group for Asia is accessible at: <http://www.financialstabilityboard.org/about/rcgasia.pdf>.

¹ Regional consultative groups were established for the following regions: Americas, Asia, Commonwealth of Independent States, Europe, Middle East and North Africa, and Sub-Saharan Africa.

² See http://www.financialstabilityboard.org/publications/r_130212.pdf.

³ See http://www.financialstabilityboard.org/publications/r_111104cc.pdf.

Notes to editors

The FSB Charter stipulates that the FSB “should consult widely amongst its Members and with other stakeholders including private sector and non-member authorities. This process shall include engaging with the FSB Regional Consultative Groups and include an outreach to countries not included in the Regional Consultative Groups”.⁴ At the Toronto Summit in June 2010, the G20 Leaders endorsed such a process by calling on the FSB “to expand upon and formalize its outreach activities beyond the membership of the G20 to reflect the global nature of our financial system”.⁵

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 the six regional groups, the FSB will be able to develop global financial policy initiatives through a more inclusive process.

The FSB is chaired by Mark Carney, Governor of the Bank of Canada. 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, www.financialstabilityboard.org.

⁴ See http://www.financialstabilityboard.org/publications/r_120809.pdf

⁵ See <http://canadainternational.gc.ca/g20/summit-sommet/2010/toronto-declaration-toronto.aspx?lang=eng>