FSB FINANCIAL STABILITY BOARD

# Press release

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## FSB Regional Consultative Group for Sub-Saharan Africa discusses corporate governance, macroprudential frameworks and shadow banking

On 16-17 February 2017, the Central Bank of Lesotho hosted the 11th meeting of the Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa in Maseru, Lesotho.

At the meeting, members of the FSB RCG were provided with an update on the FSB's workplan and priorities, to pursue the full, timely and consistent implementation of post-crisis financial reforms, evaluate whether reforms have had their intended effects, and address new vulnerabilities in the financial system. Members also discussed ways to enhance the functioning of the RCG and its interaction with the FSB.

The RCG discussed vulnerabilities in the global financial system, their potential impact on the region and possible policy responses. In particular, the Group discussed the challenges arising from the decline in access to correspondent banking services, the deterioration of the global financial conditions and their potential spillovers into the Sub-Saharan region. They considered the implications of reduced activities of global banks in the region and increasing role of Pan-African banks. The continued drag from commodity prices, tighter financing conditions, and other uncertainties for many countries were considered as potential explanatory factors for the current economic slowdown in the region and led to policy adjustments. Members agreed on the need to maintain vigilance on financial stability risks given the shifts in risk aversion and tighter financing conditions on a global scale.

Members also reviewed the final report of its Working Group on Home-Host Cooperation and Information Sharing and agreed to its future publication.

Members then focused on three specific financial stability issues. First, they discussed the role of effective corporate governance in maintaining the resilience of financial institutions and mitigating systemic risks, including misconduct risks. Members debated the corporate governance recommendations being developed internationally and current arrangements for corporate governance in the region and what areas need to be strengthened. The meeting then discussed the IMF-FSB-BIS report *Elements of Effective Macroprudential Policies* that was published in August 2016. Members shared experiences with the design and implementation of macroprudential policies and tools and potential challenges associated with their use in the region. Finally the meeting considered methods to support efficient monitoring of shadow banking and its connections with the banking system. They focused on the work being undertaken to strengthen the policy tools available to regulators to address potential systemic risks associated with nonbank financial intermediation.

The FSB RCG for Sub-Saharan Africa is co-chaired by Lesetja Kganyago, Governor, South African Reserve Bank and Godwin Emefiele, Governor, Central Bank of Nigeria. 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) based in Senegal 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.