FSB FINANCIAL STABILITY BOARD

Press release

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Ref no: 54/2018
11 December 2018

FSB RCG for Sub-Saharan Africa discusses financial vulnerabilities, effects of reforms and cyber security

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa held its 14th meeting in Johannesburg today hosted by the South African Reserve Bank.

Members of the Group began the meeting with a discussion of global and regional macroeconomic and financial market developments and their potential impact on economies in the region. Members highlighted potential financial stability risks against the backdrop of tightening global financing conditions, market and exchange rate volatility and the decline in commodity prices, and exchanged views on possible policy responses.

The Group received an update on the FSB's work in 2018, including reports delivered to the G20 Leaders' Summit in Buenos Aires, and its future work programme. The FSB's work in 2019 and beyond will focus on (i) finalising and operationalising post-crisis reforms; (ii) monitoring the implementation and evaluating the effects of post-crisis reforms; and (iii) addressing new and emerging vulnerabilities in the financial system.

The Group then discussed financial sector resilience 10 years after the global financial crisis. The FSB's annual report on the implementation and effects of G20 reforms reports that the new regulatory framework is largely in place and implementation is well underway. However, it remains uneven across jurisdictions. In light of these conclusions, the members discussed current challenges in implementing post-crisis regulatory frameworks in sub-Saharan Africa.

RCG members then shared recent experiences in managing capital flows in the region and considerations in selecting the appropriate policy measures to address risks that may emerge with such flows, including the use of macroprudential policies. Members noted the importance of continued vigilance given the potential for outflows to increase against the backdrop of tightening global financial conditions.

Cyber incidents pose a threat to the financial system and therefore members highlighted regulatory and supervisory steps they have taken to facilitate both the mitigation of cyber risk and effective response to, and recovery from, cyber incidents.

The use of technology by authorities for the purpose of supervising markets and market participants ('SupTech') has the potential to improve the efficiency and effectiveness of regulatory, supervisory and oversight functions. By the same token, financial institutions can employ technology for the purpose of meeting regulatory requirements efficiently ('RegTech'). Members discussed the current use of these technologies in sub-Saharan Africa and the impact they are having on supervisory practices and efforts to maintain financial stability.

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. Uganda and Zambia participated in the meeting for the first time as members.

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] 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 at: 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.