FSB FINANCIAL STABILITY BOARD

Press release

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FSB RCG for the Americas discusses financial stability in the region, FinTech, misconduct risks and long-term financing

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Americas met in Nassau today.

The RCG was updated on the FSB's ongoing work related to the international post-crisis policy reforms. For the FSB, monitoring and public reporting on member jurisdictions' implementation of the agreed reforms is increasingly a priority. In a number of areas of the G20 financial regulatory reforms, implementation has progressed to a stage where post-implementation evaluation of the effects of the reforms is becoming possible using the FSB's framework for evaluation published in July 2017.

Members reviewed regional financial market developments and vulnerabilities against the background of the recent recovery in global growth. They discussed potential policy responses in the region in the event of spillovers from rising interest rates in advanced economies.

Members next turned their attention to the recent study by the FSB of how FinTech is changing the landscape of the financial system, as well as the financial stability implications and the supervisory and regulatory issues raised by FinTech that merit authorities' attention. Members also discussed cyber risks to the financial system, as well as national regulatory and supervisory responses, and the types of further policy measures through which countries could strengthen the resilience of their financial systems.

The group discussed the challenges posed by the reduction in correspondent banking relationships and in remittance service providers' access to the banking system particularly in the Caribbean. Total volumes of correspondent banking and remittance flows remain strong. Nevertheless, these issues are a concern because they may affect the ability to send and receive international payments, or drive some payment flows underground, with potential adverse consequences on trade, growth, financial inclusion, as well as on the stability and integrity of the financial system. Members were updated on the ongoing work to address these challenges being conducted through the FSB's Correspondent Banking Coordination Group, including the stocktake being conducted by its recently set up Remittance Task Force.

The group was also updated on the outcome of the recent workshop of the RCG's working group on shadow banking, which has the goal of achieving a better understanding of the scope and structure of the shadow banking in the Americas, including the characteristics of the sector in the region. The RCG working group closely coordinates its analytical approach with that of the FSB's Global Shadow Banking Monitoring Report. The working group expects to finalise its 4th annual report by the end of the first quarter of 2018.

Members of the group discussed the progress in the FSB's workplan to reduce misconduct risks in the financial sector, including through a toolkit to strengthen corporate governance, guidance on compensation practices, and reforms to major international benchmarks. Members also shared information on work by authorities in the region to strengthen financial market practices.

Argentina's two priorities for the finance track of its G20 Presidency in 2018 will be developing infrastructure as an asset class, and dealing with the challenges of the future of work. Against this background, the RCG meeting concluded with a session during which members discussed instruments and incentives that promote long-term financing and the roles of financial institutions and the regulatory framework.

The RCG considered the potential for changes to the member jurisdictions of the RCG for the Americas as part of the broader review by the FSB of membership of its six RCGs.

The FSB RCG for the Americas is co-chaired by Federico Sturzenegger, Governor, Central Bank of Argentina and John Rolle, Governor, Central Bank of The Bahamas. Membership includes financial authorities from Argentina, Bahamas, Barbados, Bermuda, Bolivia, Brazil, British Virgin Islands, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Guatemala, Jamaica, Mexico, Panama, Paraguay, Peru, Uruguay and the United States of America.

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.