FSB FINANCIAL STABILITY BOARD

Press release

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FSB completes a review of its processes and transparency to maximise its effectiveness

The FSB has reviewed its processes and transparency to maximise its effectiveness for the next phase of its work focused on promoting global financial stability. The review confirmed the FSB's existing strengths, and the FSB also found scope to enhance some of its work processes, reinforce the member-driven character of its work, further foster effective communication and strengthen engagement with external stakeholders. The FSB has already begun implementing these actions.

A decade ago, the G20 created the FSB to identify and address vulnerabilities that could threaten the stability of the global financial system. The G20 put the FSB on a firm institutional footing which has ensured its effectiveness in pursuing an ambitious set of cross-sectoral financial reforms to fix the fault lines that caused the crisis as well as to mitigate new and emerging risks. The FSB's strength results from its multidisciplinary, consensus-based and member-driven approach. The FSB provides a unique forum for senior policy makers drawn from finance ministries, central banks and supervisors, as well as international organisations and standard-setting bodies, to promote global financial stability. It has maintained a lean and efficient approach, with its work supported by a small secretariat of only 30 people. The recent transition from policy development has meant that the number of FSB working groups has fallen by one third from its 2016 peak.

To ensure its effective operation as it moves to the next phase of its work, the FSB's membership has undertaken a review of how the FSB works. In January 2018 a working group was established to review the FSB's processes for: (i) identification, consideration and actions regarding its policy work and priorities to align with its core financial stability mandate; (ii) the organisation of work under the FSB's Committee structure and the associated work processes as set out in the FSB Procedural Guidelines to increase efficiency; and (iii) the transparency and accountability of the FSB, including the information that the FSB makes public about its activities, and its current practices as regards consultation with stakeholders. The review was informed by a comprehensive survey of the FSB membership.

The working group consisted of Plenary members, reflecting the diversity of FSB membership. The group was chaired by Rob Stewart, Associate Deputy Minister of the Canadian Ministry of Finance.

The review found that the FSB Plenary members value the FSB's strengths as a multi-disciplinary, consensus-based and member-driven body and unique forum for senior policy makers to discuss and address financial stability risks. These qualities should be maintained.

While the review did not detect a need for any major changes in the manner in which the FSB is organised and operates, as part of the review, FSB Plenary members also identified a number of specific areas where the FSB's processes and transparency can be further improved.

The FSB has agreed a set of concrete measures in these areas. Specific actions include: enhancing processes for policy prioritisation and developing future work programmes anchored in the FSB's financial stability mandate; steps to further enhance the efficiency of senior-level meetings and the work processes of working groups and workstreams; and actions to improve communication and engagement with external stakeholders.

One specific recommendation relates to the FSB's six Regional Consultative Groups (RCGs). The RCGs are an important mechanism for a wider range of authorities to exchange views on financial stability issues, including for non-FSB member authorities to provide feedback on the direction of the FSB's work. The FSB has decided to conduct in 2019 a review, with the involvement of RCG members, of how to enhance the effectiveness of RCGs as an outreach and feedback mechanism.

The actions to improve communication and engagement with external stakeholders are as follows:

- The FSB is standardising its public consultation processes, including through: an explicit expectation that documents that may materially affect external stakeholders are subject to a 60-day public consultation process; improving the visibility of consultation responses on the FSB's website; and routinely publishing, for all public consultations in a consistent format, reports that summarise public comments and explain how they have been addressed in the final policy document.
- To support its outreach the FSB will make more frequent use of stakeholder workshops, and also outreach to academia, consumer and other interest groups, including non-governmental organisations, and the general public, so as to ensure external engagement is not confined to the financial industry but encompasses all relevant stakeholders. Considering and deciding on appropriate forms of stakeholder engagement becomes an integral part of planning new initiatives.
- The FSB will improve the accessibility of information to the general public by increasing website information on FSB meetings and structure; providing more information about the FSB's work in language targeted at a non-technical audience; and more generally making the FSB's website more user-friendly.

Commenting on the review's proposals to improve communication and engagement with external stakeholders, FSB Chair Mark Carney said 'The FSB's strength results from its multidisciplinary, consensus-based and member-driven approach, and the unique forum it provides for senior policy makers drawn from across finance ministries, central banks and supervisors to discuss and address financial stability risks. After a review, the FSB has identified steps to build on these strengths by further improving our efficiency and how we communicate and engage with external stakeholders. This will help to ensure that the FSB remains fit for the future.'

The FSB has amended its Procedural Guidelines to reflect the outcomes of the review. The amended version is available on the FSB website.

The FSB will review its processes and transparency again, including the experience with implementing these recommendations, in 2021.

Notes to editors

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 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, www.fsb.org.