

Press release

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

Today, the Financial Services Agency, Japan hosted the seventh meeting of the Financial Stability Board (FSB) Regional Consultative Group for Asia in Kyoto, Japan.

At their meeting today, members of the FSB Regional Consultative Group for Asia began by reviewing the FSB's policy priorities and work plan, focusing on initiatives in four key areas, namely building resilient financial institutions, ending too-big-to-fail, transforming shadow banking and making OTC derivatives markets safer. This was followed by a discussion of recent economic and financial developments affecting the Asian region, including transitions in the global economy following the financial crisis and potential implications for Asia.

Members next discussed the implementation and potential implications for Asia of the Basel Committee's recently issued supervisory framework for measuring and controlling large exposures.¹ Also from a supervisory perspective, they considered the challenges associated with the supervision of financial conglomerates. Building upon earlier comments regarding the FSB's efforts to transform shadow banking, members discussed the issue in an Asian context. They observed that shadow banking instruments and activities in Asia are somewhat different from those in other regions and also noted the important role that the non-bank sector plays in promoting social and economic value. Regarding the instruments and activities, they are frequently more simple and present less risk, authorities are taking steps to ensure proper, yet proportionate, monitoring and oversight of shadow banking activities in the region and the risks shadow banking entities pose to the financial system.

Asian regional integration was the focus of the next session. In this context, members exchanged views on the economic implications of regional integration and how further integration can strengthen financial stability. The last topic addressed by members was that of long-term investment in Asia. In particular, they considered trends in long-term investment and the potential impact on investment arising from financial regulatory reforms and other factors.

The FSB Regional Consultative Group for Asia is co-chaired by Mr Masamichi Kono, Vice Commissioner for International Affairs at the Financial Services Agency and Mr Amando Tetangco, Governor, Bangko Sentral ng Pilipinas. Membership includes financial authorities

¹ See <http://www.bis.org/publ/bcbs283.pdf>.

from Australia, Cambodia, China, Hong Kong SAR, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Thailand and Vietnam.²

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”.³ The FSB established six Regional Consultative Groups⁴ 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.

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 conducts outreach with another 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, www.financialstabilityboard.org.

² The list of members of the Regional Consultative Group for Asia is available at: <http://www.financialstabilityboard.org/about/rcgasia.pdf>.

³ http://www.financialstabilityboard.org/publications/r_120809.pdf.

⁴ 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.