

Press release

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Eighth Meeting of the Financial Stability Board Regional Consultative Group for the Middle East and North Africa

Today, the Central Bank of the United Arab Emirates hosted the eighth meeting of the Financial Stability Board (FSB) Regional Consultative Group for the Middle East and North Africa (RCG MENA) in Abu Dhabi, United Arab Emirates.

At their meeting, members of the FSB RCG MENA began by reviewing the FSB's policy priorities and work plan. The FSB's current priorities are promoting full, consistent and timely implementation of the agreed reforms; finalising the design of the remaining post-crisis reforms; and addressing new risks and vulnerabilities.

This was followed by a discussion of vulnerabilities and financial stability issues during which members exchanged views on global and regional macroeconomic and financial market developments, their potential impact on the region and possible policy responses. In particular, they considered the implications of low growth, particularly in emerging market economies and lower commodity prices, especially oil, against the prospect of the normalisation of US monetary policy.

Members next discussed instruments and incentives to stimulate long-term investment finance. Members debated how, in emerging market economies, institutional investors and governments may have a role in closing the financing gap in order to meet increased infrastructure needs.

Members next discussed the challenges arising from the need to promote financial inclusion whilst combating money laundering and countering terrorist financing. Members considered the potential withdrawal of correspondent banking services by large international banks and the risk of an increase in financial exclusion. Possible drivers of such behaviour include concerns about the legal risk of penalties in case of breaches of Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) standards and the cost of compliance to meet such requirements in what are high volume, low profit margin activities.

Turning their attention to the recent developments from the Basel Committee on Banking Supervision (BCBS), members discussed the implementation of Basel III and outstanding policy issues on BCBS' short-term agenda, such as the ongoing work to find a better balance between simplicity, risk sensitivity and comparability of risk-weighted assets. Members also discussed the experiences and challenges with the implementation of other banking sector reforms.

Members concluded the meeting with a session focusing on the role of deposit insurance systems and its role in the broader resolution framework. Members discussed the experience

of countries that have well established deposit insurance schemes, as well as those that are implementing such systems.

The RCG MENA is co-chaired by Fahad Almubarak, Governor, Saudi Arabian Monetary Agency and Mubarak Rashed Al Mansoori, Governor, Central Bank of the United Arab Emirates. The current membership of the RCG MENA includes financial and regulatory authorities from Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, Turkey and the United Arab Emirates.¹

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”.² The FSB established six Regional Consultative Groups³ 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.fsb.org.

¹ The list of members of the Regional Consultative Group for Middle East and North Africa is available at: <http://www.financialstabilityboard.org/about/organisation-and-governance/list-of-members-of-the-fsb-regional-consultative-group-for-mena/>

² See: http://www.financialstabilityboard.org/wp-content/uploads/r_120809.pdf.

³ 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.