

Press release

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Financial Stability Board Regional Consultative Group for the Middle East and North Africa discusses regulatory reforms

Today, the Saudi Arabian Monetary Agency hosted the ninth meeting of the Financial Stability Board (FSB) Regional Consultative Group for the Middle East and North Africa (RCG MENA) in Riyadh, Saudi Arabia.

Members of the FSB RCG MENA began the meeting by reviewing the FSB's 2016 policy priorities and work plan. The FSB's current priorities are promoting the full implementation of the agreed reforms and finalising the design of the remaining post-crisis reforms that, among other objectives, aim at building more resilient financial institutions, ending too-big-to-fail and making derivatives markets safer. The FSB is also monitoring and addressing new financial vulnerabilities and risks such as those posed by market-based finance, entities misconduct, financial technology innovation, and climate-related financial risks.

This was followed by a discussion of vulnerabilities and financial stability issues during which members exchanged views on the global environment of weaker economic growth, lower commodities prices and increased market volatility. Members discussed the potential impact of such issues on the region and potential policy responses.

Members next discussed the challenges arising from reductions in correspondent banking currently seen in many jurisdictions, especially emerging markets economies. Members discussed recent trends, their drivers and the implications related to the financial exclusion of lower income communities. The work developed by FSB members institutions and other efforts underway by the international community were also discussed.

The meeting also discussed the challenges and possible approaches to cross-border resolution to address the too-big-to-fail issue, including technical aspects of implementing bail-in contractual clauses and the experience of Jordan in this area.

Members exchanged views on the benefits of financial inclusion and consumer protection and their implications for financial stability. Members concluded that financial stability may benefit from both financial inclusion and effective consumer protection and that financial education has also an important role to play in this process. Members benefited from the sharing of experiences from Saudi Arabia and the Lebanon.

Members concluded the meeting with a discussion on the structure and governance of the Legal Entity Identifier system and its role in supporting authorities and market participants in the process of identifying and managing financial risks.

The RCG MENA is co-chaired by Fahad Almubarak, Governor of the Saudi Arabian Monetary Agency and Mubarak Rashed Al Mansoori, Governor of the 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/wp-content/uploads/rcgmena.pdf>

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.