

Press release

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FSB Regional Consultative Group for the MENA discusses regional vulnerabilities, banking supervision issues and correspondent banking

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Middle East and North Africa (MENA) met in Abu Dhabi today at a meeting hosted by the Central Bank of the United Arab Emirates.

Members of the FSB RCG for the MENA began the meeting by reviewing the FSB's recent activities and policy priorities for 2017. In particular the group discussed the FSB work on transforming shadow banking into resilient market-based finance, making derivatives markets safer, ending too-big-to-fail and the initiatives to assess the effects of the financial reforms.

Members of the group discussed regional macroeconomic and financial market developments, and key financial stability topics in the region. Most banking systems in the region are well capitalised, but despite some momentum in global growth, there are risks to financial stability related to external policies such as the possibility of a global increase in protectionism, fragmentation of financial regulation and a faster than expected increase in US interest rates.

The group next discussed the role of banking supervision in recovery and resolution planning. The group considered quantitative and qualitative recovery triggers and tools for recovery. Two jurisdictions discussed their legal and operational framework for recovery and resolution.

The RCG discussed the challenges with calculating and accounting for non-performing loans. In the region, non-performing loans are at levels between low to moderate and have adequate provisioning, with a few exceptions.

The next issue discussed at the meeting was the challenges associated with the use of cash and the informal remittances. The group took note of the important growth of remittances for the region and the actions taken by authorities to strengthen financial inclusion, protect consumers and continue to fight money laundering and the financing of terrorism.

The group then discussed the pull back in correspondent banking and its impact on financial inclusion. The group received an update on the recent work of the Correspondent Banking Coordination Group (CBCG) established to coordinate and maintain impetus in the implementation of the action plan devised by the FSB to assess and address the decline in correspondent banking.

The RCG for the MENA is co-chaired by Ahmed Alkholifey, Governor of the Saudi Arabian Monetary Authority and Mubarak Al Mansoori, Governor of the Central Bank of the United Arab Emirates. As the terms of the co-chairs expire on 30 June 2017, the FSB member co-chair of the RCG for the MENA will rotate to Murat Çetinkaya, Governor of the Central Bank of the Republic of Turkey. At the meeting, the non-FSB members of the RCG MENA appointed

Abdulla Saoud Al-Thani, Governor of the Central Bank of Qatar as the non-FSB member co-chair. The terms of the new co-chairs are for two years, commencing on 1 July 2017.

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 UAE.

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}

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, 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.