

Press release

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Sub-Saharan Africa group meets to discuss FSB activities, regulatory developments and financial vulnerabilities

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa held a meeting on 2-3 May in Balaclava, Mauritius, hosted by the Bank of Mauritius.

The RCG started with a discussion about the FSB's work programme and activities for 2019. Members considered the FSB's work to address new and emerging vulnerabilities in the financial system including FinTech developments and cyber resilience. RCG members were updated on the FSB's work to evaluate the effects of the post-crisis reforms, in particular an ongoing evaluation of the impact on financing of small and medium-sized enterprises.

The meeting then discussed the work the FSB is undertaking that looks at examples of financial activities where supervisory practices and regulatory policies may give rise to market fragmentation. Members of the group discussed the preliminary conclusions from the work and issues that may be of relevance to the region.

Members discussed ways to improve the effectiveness of the RCGs as part of the FSB's broader effort to enhance engagement with stakeholders. The discussion will feed into the FSB's ongoing work to consider ways in which jurisdictions that are not members of the FSB can contribute to the direction of the FSB's work.

The meeting further discussed global and regional macroeconomic and financial market developments. Members highlighted potential financial stability risks against the backdrop of rising public debt levels, weakening of fiscal and external buffers, trade tensions, risks associated with sharp increases in the cost of credit and the high level of political uncertainties, and exchanged views on possible policy responses.

The RCG then considered issues and implementation challenges for developing countries that choose to implement the Basel framework. Members acknowledged the specific characteristics of the countries in the region which need to be carefully considered when designing their own regulatory framework.

The meeting concluded with a discussion on the use of cloud computing in the financial sector. While adoption by regulated financial institutions appears to have been limited, anecdotal evidence suggests this is changing. Members of the group discussed risks such as the sharing of sensitive data, the cross-border nature of service provision and the concentration of cloud service providers as risks that supervisors need to consider. The RCG discussed regulatory frameworks for outsourcing to cloud service providers including governance, risk management and information security.

The FSB RCG for Sub-Saharan Africa is co-chaired by Lesetja Kganyago, Governor, South African Reserve Bank and Moses Pelaelo, Governor, Bank of Botswana. Membership includes financial authorities from Angola, Botswana, Ghana, Kenya, Mauritius, Namibia, Nigeria, South Africa, Tanzania, Uganda and Zambia as well as the Central Bank of West African States (BCEAO) and the Bank of Central African States (BEAC). Permanent observers include the Committee of Central Bank Governors of the Southern African Development Community, and the East African Community.

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 Typically, each Regional Consultative Group meets twice each year.

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 Randal K. Quarles, Vice Chairman for Supervision, US Federal Reserve; its Vice Chair is Klaas Knot, President, De Nederlandsche Bank. The FSB 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 FSB Regional Consultative Groups cover the following regions: Americas, Asia, Commonwealth of Independent States, Europe, Middle East and North Africa, and sub-Saharan Africa.