

Press release

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FSB RCG for the Americas discusses RegTech, crypto-assets, sovereign risk and work to reduce misconduct risk

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Americas met in Asuncion today.

Members of the FSB RCG for Americas began their meeting by considering vulnerabilities in the global financial system. They discussed underlying fragilities in the region, particularly the increased reliance on external funding and the high levels of debt, both private and public, in an environment of global recovery, inflation returning toward targets, and financial tightening. Although economies in the Americas have better fundamentals than at the time of the 2013 taper tantrum, some vulnerabilities have worsened, especially the overall leverage in the economy.

The meeting continued with a discussion on the regulatory treatment of sovereign exposures. They began by considering the Basel Committee's Discussion Paper on *The Regulatory Treatment of Sovereign Exposures*.¹ They discussed the role that sovereign exposures play in the banking system, financial markets and the broader economy, and the risks that they may pose and exchanged views on the ideas in the Discussion Paper.

Members also discussed how FinTech and RegTech can play a role in improving the effective implementation of measures related to anti-money laundering and countering the financing of terrorism (AML/CFT). Money laundering and terrorist financing risks have surfaced as a concern in certain areas of the FSB's work, including its action plan to address the decline in correspondent banking relationships and its analysis of the potential financial stability implications of crypto-assets.

Members then turned their attention more broadly to how crypto-assets, which are still small relative to the overall financial system, may have an impact on the financial landscape and potential implications for financial stability. Members also exchanged views on other regulatory aspects involved with crypto-assets and the role of central banks and financial regulators, given the rapid growth of crypto-asset markets and the growing involvement of retail investors.

Members of the RCG Americas were updated on the FSB's current and planned activities, which are pivoting from policy development to implementation and evaluation of reforms. The FSB's 2018 workplan focuses on (i) monitoring the financial system to identify emerging risks, including those related to crypto-assets; (ii) completing the G20's financial reform priorities; (iii) evaluating policies that have been implemented to ensure the reform programme is efficient,

¹ Available at <https://www.bis.org/bcbs/publ/d425.pdf>

coherent, effective and addressing any unintended consequences, including evaluating the effects of the reforms on infrastructure finance and (iv) optimising how the FSB works to maximise its effectiveness.

The meeting concluded with a discussion of how to address misconduct in the financial sector, which can harm consumers and undermine trust in financial institutions, thereby weakening the ability of the financial system to allocate capital to the real economy. Members discussed the role of governance frameworks, including culture, within a firm and of individual accountability in mitigating misconduct risk. The session drew upon the FSB's recently published paper [*Strengthening Governance Frameworks to Mitigate Misconduct Risk: A Toolkit for Firms and Supervisors*](#).

The FSB RCG for the Americas is co-chaired by Federico Sturzenegger, Governor, Central Bank of Argentina and John Rolle, Governor, Central Bank of The Bahamas. Membership includes financial authorities from Argentina, Bahamas, Barbados, Bermuda, Bolivia, Brazil, British Virgin Islands, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Guatemala, Jamaica, Mexico, Panama, Paraguay, Peru, Uruguay and the United States of America.

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.² Typically, each Regional Consultative Group meets twice each year.

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.

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.