

Press release

Press enquiries:
+41 61 280 8138
Joe.Perry@fsb.org

Ref: 39/2019
12 November 2019

FSB Europe group discusses regional vulnerabilities, stablecoins, financial benchmark reform and crisis simulations

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Europe met in Basel today.

Members discussed global and regional financial vulnerabilities, including the challenges posed by subdued economic growth in Europe, a persistent search for yield and continued pressures on the profitability of European banks. They also discussed the risks from elevated debt levels for many private and public sector borrowers in an environment where interest rates are expected to remain “lower for longer” globally.

The group discussed the wide range of regulatory and supervisory issues raised by stablecoins of potentially global reach, and looked forward to the public consultation report on regulatory issues of stablecoins to be published by the FSB in April 2020. Members also discussed current shortcomings of cross-border payment systems and how these might be addressed.

Members then discussed reform of major interest rate benchmarks. The group underlined the importance of financial institutions being prepared for the possible end of LIBOR once official sector support for the benchmark is withdrawn at end-2021, and changes to other benchmarks. They noted that authorities remain committed to these transitions and expect firms to take appropriate steps to ensure smooth transitions. They discussed the findings of the progress report the FSB will publish on benchmark reform next month.

Members received an update on the FSB’s ongoing work and its plans for 2020 which were discussed at the FSB Plenary last week. As part of this update, RCG members received an update on the FSB’s ongoing evaluation of too-big-to-fail reforms for systemically important banks.

The group discussed a joint financial crisis management exercise that had been conducted by Nordic and Baltic authorities in January 2019 to test their preparedness for a financial crisis. Members that participated in the simulation set out the lessons learnt and actions they are taking to address issues highlighted by the exercise.

The group expressed support for a set of recommendations developed by a working group of FSB and RCG members, and adopted by the FSB Plenary last week, to enhance the effectiveness of RCGs as an outreach and feedback mechanism.

Notes to editors

The RCG Europe is co-chaired by Katharine Braddick, Director General, Financial Services at the UK Treasury and Henry Ohlsson, Deputy Governor, Sveriges Riksbank. The membership

of the FSB Regional Consultative Group for Europe includes financial authorities from Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, Ukraine, United Kingdom and the Group of International Finance Centre Supervisors. The European Commission, the European Central Bank and the ECB Banking Supervision also attended the meeting.

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 is chaired by Randal K. Quarles, Governor and 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.