

Press release

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Sub-Saharan Africa group discusses financial vulnerabilities, FSB work programme, cyber risk and financial conglomerate supervision

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa met in Cape Town over the last two days at a meeting hosted by the South African Reserve Bank.

The meeting started with a discussion on recent global and regional macroeconomic and financial market developments and their implications for financial stability. The group discussed vulnerabilities created by low bond yields and increased holdings of lower quality debt and illiquid assets by investment funds. The group also noted increasing vulnerabilities from rising debt levels and non-performing loans in the region. Members emphasised the importance of adequate capital buffers for banks in response to these developments. The group also discussed the FSB's recent publication on BigTech, and reviewed FinTech developments in the region. The group considered the economic and financial stability vulnerabilities created in the region by climate-related risks.

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 in early November, to enhance the effectiveness of RCGs as an outreach and feedback mechanism.

Members discussed the FSB 2020 work programme, its contribution to the Saudi Arabian G20 Presidency and the issues that will be of most interest to authorities in the region. The main priorities for the FSB work programme are (i) addressing new and emerging vulnerabilities in the financial system, including through further work on how to harness the benefits of financial innovation while containing risks; (ii) finalising and operationalising post-crisis reforms; and (iii) monitoring the implementation and evaluating the effects of the reforms.

In addition, members discussed the FSB's ongoing work to develop a toolkit of effective practices to assist financial institutions, supervisors and other relevant authorities, in supporting financial institutions before, during and after a cyber incident. There was also an exchange of views on the preliminary set of effective practices, including a summary of the survey responses by RCG members. The FSB will issue a consultative document on the toolkit in April 2020.

The meeting concluded with a discussion on the supervision of financial conglomerates. Members discussed trends towards increased consolidation of financial firms in the region and the approaches needed for effective supervision of these firms. In particular, group members noted the importance of continued dialogue amongst supervisory authorities.

Notes to editors

The FSB RCG for Sub-Saharan Africa is co-chaired by Lesetja Kganyago, Governor, South African Reserve Bank and Ernest Addison, Governor, Bank of Ghana. 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.

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, Governor and Vice Chairman for Supervision, US Federal Reserve; its Vice Chair is Klaas Knot, President of 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.