

Press release

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FSB publishes peer review on implementation of bank resolution and deposit insurance reforms in South Africa

The Financial Stability Board (FSB) published today its [peer review of South Africa](#), which examined the framework for bank resolution and deposit insurance. The review focused on the steps taken by the authorities to implement reforms in these areas, including by following up on relevant International Monetary Fund (IMF)-World Bank Financial Sector Assessment Program (FSAP) recommendations and G20/FSB commitments.

The review finds that good progress has been made in recent years on both topics. The authorities have applied the lessons from recent bank failures to inform the proposals for adoption of a resolution regime broadly aligned with the FSB [Key Attributes of Effective Resolution Regimes for Financial Institutions](#). Moreover, the proposed introduction of a deposit insurance system demonstrates the authorities' commitment to implement the International Association of Deposit Insurers (IADI) [Core Principles for Effective Deposit Insurance Systems](#).

Notwithstanding this progress, the review concludes there is additional work to be done to ensure the new measures can be implemented effectively:

- On the bank resolution framework:
 - setting a clear implementation roadmap, including the identification and sequencing of key policies, timelines for delivery and resource requirements;
 - enhancing the operating model for the South African Reserve Bank as resolution authority;
 - reviewing emergency liquidity arrangements in light of the new resolution framework; and
 - introducing a mechanism for ex post recovery from the industry of public funds used for resolution.
- On deposit insurance:
 - developing the functional expertise at the deposit insurer;
 - launching a comprehensive public awareness campaign covering different stages of the establishment of the deposit insurance system;
 - reviewing the design features after the deposit insurance system is established; and
 - enhancing the funding structure of the deposit insurance fund by building up the size of the equity tranche, determining a long-term target fund size and setting a reasonable time frame to achieve it.

Notes to editors

FSB member jurisdictions have committed to undergo periodic peer reviews to evaluate their adherence to international financial standards. To fulfil this responsibility, the FSB has established a regular programme of thematic and country reviews, based on the objectives and guidelines set out in the [Handbook for FSB Peer Reviews](#). As part of this commitment, South Africa volunteered to undergo a peer review in 2019. This review forms part of the second round of country peer reviews of FSB member jurisdictions, which examine the implementation of G20 financial regulatory reforms. The [schedule of country peer reviews](#), as well as [all completed peer review reports](#), is available on the FSB website.

The report describes the findings and recommendations of the peer review of South Africa. The draft report was prepared by a team of experts from FSB member institutions and led by Mike Mercer, Senior Vice President at the Canada Deposit Insurance Corporation. The review benefited from dialogue with the South African authorities and private sector representatives as well as from discussion in the FSB Standing Committee on Standards Implementation.

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 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.