

Press release

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

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FSB Americas group discusses regional vulnerabilities, non-bank financial intermediation, stablecoins and cyber incidents

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Americas met today in Mexico City at a meeting hosted by the Bank of Mexico.

Members discussed global and regional financial vulnerabilities, including elevated debt levels for many private and public sector borrowers in an environment where “lower for longer” interest rates are expected in advanced economies. Members noted that the low interest rate environment may stimulate demand for riskier financial assets and create challenges in meeting longer-term expectations of savers. They stressed the importance of authorities designing integrated policy responses.

Members received an update on the FSB’s ongoing work and its plans for 2020. As part of this update, RCG members heard about the FSB’s evaluations of the effects of implemented post-crisis regulatory reforms. They discussed the FSB’s work to reform interest-rate benchmarks and agreed on the importance of sustained effort by firms in many jurisdictions to transition away from LIBOR.

The group discussed work by the RCG’s working group on non-bank financial intermediation (NBFIs), which compiles annual data on the size of NBFIs activity in the region and discusses associated policy issues.

Members discussed stablecoins and their implications for financial stability. They agreed that stablecoin projects, particularly those of potentially global reach and magnitude, need to meet the highest regulatory standards and be subject to appropriate prudential supervision and oversight. They looked forward to the results of the FSB’s project to take stock of existing supervisory and regulatory approaches and emerging practices and advise on possible multilateral responses, if necessary.

The group discussed the FSB’s ongoing work to develop effective practices for cyber incident response and recovery, on which the FSB will consult in early 2020. Members expressed concern at the increased frequency and sophistication of cyber attacks, discussed supervisors’ and firms’ actions to strengthen resilience in the region and stressed the need for coordination and communication.

The group expressed support for a set of recommendations that have been developed by a working group of FSB and RCG members for enhancing the effectiveness of RCGs as an outreach and feedback mechanism. The recommendations will be reviewed by the FSB Plenary for adoption in November.

The FSB RCG for the Americas is co-chaired by Alejandro Díaz de León-Carrillo, Governor, Bank of Mexico and Cindy Scotland, Managing Director, Cayman Islands Monetary Authority.

Membership includes financial authorities from Argentina, Bahamas, Barbados, Bermuda, Bolivia, Brazil, British Virgin Islands, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Guatemala, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Trinidad and Tobago, the United States of America and Uruguay.

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, 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.