

Press release

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FSB completes Peer Review of Saudi Arabia

The Financial Stability Board (FSB) published today its [peer review of Saudi Arabia](#).

The peer review examined three topics relevant for financial stability and important for Saudi Arabia: the macroprudential policy framework, bank resolution and deposit insurance. The review focused on the steps taken by the authorities to implement reforms in these areas, including with respect to relevant recommendations in the 2011 Financial Sector Assessment Program (FSAP) report by the International Monetary Fund and the World Bank.

The peer review concludes that a fair amount of progress has been made on all three topics. In particular, the Saudi Arabian Monetary Agency (SAMA) has developed and started operationalising a macroprudential policy framework, including by establishing a high-level internal Financial Stability Committee and recently issuing its first Financial Stability Report; a draft resolution law has been proposed that contains the elements described in the FSB's [Key Attributes of Effective Resolution Regimes](#); and an explicit deposit insurance system will be introduced from 1 January 2016.

The peer review also found that there is additional work to be done:

- On the macroprudential side, SAMA needs to further strengthen institutional arrangements, enhance its analytical capacity for financial stability and publicly communicate macroprudential policy measures. The proposed establishment of a National Financial Stability Committee would further strengthen coordination with the Ministry of Finance and the Capital Markets Authority on systemic risk analysis and the adoption of measures to promote financial stability.
- On the bank resolution side, the authorities should proceed with the prompt adoption of the draft law and make it operational.
- On the deposit insurance system, further work is needed to address depositors' perception of an implicit deposit guarantee and clarify the implementing rules to ensure that it can function credibly and effectively.

The peer review report includes recommendations to the Saudi authorities in order to address these issues.

Notes to editors

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. The FSB also conducts outreach with 65 other jurisdictions through its six regional consultative groups.

The peer review of Saudi Arabia is the fifteenth country peer review conducted by the FSB. These reviews are based on the objectives and guidelines set forth in the [Handbook for FSB Peer Reviews](#). FSB member jurisdictions have committed to undergo an FSAP assessment every five years and, to complement that cycle, an FSB peer review two to three years following an FSAP. As part of this commitment, Saudi Arabia volunteered to undergo this peer review in 2015. The FSB launched concurrently the country peer review for Turkey, and it expects to complete it shortly. The [schedule of completed and planned country peer reviews](#), as well as [all completed peer review reports](#), is available on the FSB website.

Country peer reviews focus on the implementation and effectiveness of regulatory, supervisory or other financial sector standards and policies agreed within the FSB, as well as their effectiveness in achieving desired outcomes. They examine the steps taken or planned by national authorities to address IMF-World Bank FSAP and Report on the Observance of Standards and Codes recommendations on financial regulation and supervision as well as on institutional and market infrastructure that are deemed most important and relevant to the FSB's core mandate of promoting financial stability. Country reviews can also focus on regulatory, supervisory or other financial sector policy issues not covered in the FSAP that are timely and topical for the jurisdiction itself and for the broader FSB membership. Unlike the FSAP, a peer review does not comprehensively analyse a jurisdiction's financial system structure or policies, or its compliance with international financial standards.

The report published today describes the findings and recommendations of the peer review of Saudi Arabia. The draft report was prepared by a team of experts drawn from FSB member institutions and led by Luigi Federico Signorini, Deputy Governor of the Bank of Italy. The review benefited from dialogue with the Saudi authorities and private sector representatives as well as from discussion in the FSB Standing Committee on Standards Implementation.

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.