

Press release

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Financial Stability Board proposes to establish regional consultative groups

The Financial Stability Board (FSB) announced today arrangements to expand and formalise outreach beyond its membership. Regional consultative groups will be established 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.

In globally integrated financial markets, consistent implementation of financial reforms across countries underpins the maintenance of a level playing field and guards against regulatory arbitrage that could otherwise undermine the reforms. At the same time, to be globally applicable, reforms need to take into account differences across countries in legal systems, financial sophistication and capacity, as well the diversity of national experiences and vulnerabilities exposed by the latest financial crisis.

Every country brings experiences and perspectives from which others can learn. To fully benefit from this diversity, the FSB recognises the importance of consulting widely and engaging a broader range of countries in its work. This includes the need to take account of perspectives of emerging market countries – not only of those which are FSB members but others as well.

Announcing the proposal, FSB Chairman Mario Draghi said:

“I have no doubt that the regional groups will strengthen the FSB and global financial stability by broadening the range of input into the FSB’s deliberations – and by extension broadening applicability and implementation of the policies and standards the FSB promotes. I look forward to working with interested authorities to assure that the full benefits of engaging a broader range of countries in the work of the FSB are realised.”

The planned regional groups will provide an institutional mechanism for interested authorities and FSB members to interact on the vulnerabilities affecting the regional and global financial systems, on the policy initiatives underway and planned to promote financial stability, and on the implementation of these initiatives.

This interaction will be facilitated by having each group co-chaired by a non-member and an FSB member, both from the region. One co-chair will be chosen by the non-members, and the other by the FSB members in the group. The term of each co-chair will be two years.

The institutional membership of the regional groups will mirror that of the FSB, comprising central banks, supervisory and regulatory authorities; and ministries of finance. Representation in the regional groups will be at the same level as in the FSB Plenary: central bank governor or immediate deputy; head or immediate deputy of the main supervisory or regulatory authority; and deputy finance minister or deputy head of the finance ministry. The regional groups will decide the number of representatives from each country in the group that will participate in the regional meetings, and which international financial institutions, including regional institutions, and other international bodies to invite to the meetings.

Countries represented in the regional groups will be expected to pursue the maintenance of financial stability and maintain the openness and transparency of the financial sector. They will also be expected to implement international financial standards and to undergo periodic international assessments, including through the IMF-World Bank Financial Sector Assessment Program.

FSB documents discussed by the Plenary will be shared with the regional groups, and the groups will be invited to propose policy issues that could be discussed by the Plenary relating to FSB initiatives or other measures that could be taken to promote financial stability. Papers prepared by the regional groups will be introduced at meetings of the Plenary by the member co-chair.

The number and composition of the regional groups will be finalised after further consultation with FSB members and non-members, in time for the first meetings to take place in 2011.

Notes to editors

The FSB Charter stipulates that the FSB “will consult widely amongst its Members and with other stakeholders including private sector and non-member authorities. The consultation process will include regional outreach activities to broaden the circle of countries engaged in the work to promote international financial stability”.¹ At the Toronto Summit, the G20 Leaders endorsed such a process by calling on the FSB “to expand upon and formalize its outreach activities beyond the membership of the G-20 to reflect the global nature of our financial system”.²

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 is chaired by Mario Draghi, Governor of the Bank of Italy. 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.financialstabilityboard.org.

¹ http://www.financialstabilityboard.org/publications/r_090925d.pdf

² <http://canadainternational.gc.ca/g20/summit-sommet/2010/toronto-declaration-toronto.aspx?lang=eng>