

## Press release

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### **Fourth Meeting of the Financial Stability Board Regional Consultative Group for Sub-Saharan Africa**

Today, the Bank of Mauritius hosted the fourth meeting of the Financial Stability Board (FSB) Regional Consultative Group for Sub-Saharan Africa in Port Louis, Mauritius.

At the meeting, members of the FSB Regional Consultative Group for Sub-Saharan Africa began by reviewing the FSB's policy priorities and work plan, including Basel III, efforts to end "Too-Big-to-Fail", increasing supervisory effectiveness, enhancing cross-border cooperation, transforming shadow banking and making derivatives markets safer. Members also discussed vulnerabilities in the global financial system and regional financial stability issues. In this context, they considered the possibility of continued weak growth prospects in advanced economies, especially in Europe and a decline in investment in major economies in the region. They also considered the potential effects for the region of the future unwinding of accommodative monetary policies elsewhere.

The meeting went on to discuss three specific financial sector issues, the first of which was shadow banking in Sub-Saharan Africa. On this, members discussed the principal forms of shadow banking in the region and steps that are being taken to strengthen the oversight and regulation of the shadow banking system. The second topic which was considered was the development and use of credit ratings agencies and credit ratings. The deliberations centred on efforts that are being undertaken in the region to develop credit rating agencies and the challenges this poses for regulators' capacity to oversee the agencies. Members also acknowledged the risks associated with a mechanistic reliance on credit ratings.

Members discussed the foundations of effective risk management: risk governance, risk appetite frameworks and risk culture.<sup>1</sup> Members debated the sound risk governance practices that should be expected from financial institutions in the region and what areas need to be strengthened. In addition, they considered the extent to which financial institutions from the region have risk appetite frameworks. Finally, members agreed to organise a workshop on effective resolution regimes for financial institutions, involving relevant stakeholders within the region.

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<sup>1</sup> The FSB published a peer review on risk governance available at [http://www.financialstabilityboard.org/publications/r\\_130212.pdf](http://www.financialstabilityboard.org/publications/r_130212.pdf) and draft principles for risk appetite frameworks, available at [http://www.financialstabilityboard.org/publications/r\\_130717.pdf](http://www.financialstabilityboard.org/publications/r_130717.pdf).

The FSB Regional Consultative Group for Sub-Saharan Africa is co-chaired by Lesetja Kganyago, Deputy Governor, South African Reserve Bank and Rundheersing Bheenick, Governor, Bank of Mauritius. Membership includes financial authorities from Angola, Botswana, Ghana, Kenya, Mauritius, Namibia, Nigeria, South Africa and Tanzania, as well as the Central Bank of West African States based in Senegal. Permanent observers include the Committee of Central Bank Governors of the Southern African Development Community, and the East African Community. The list of members of the Regional Consultative Group for Sub-Saharan Africa is available at: <http://www.financialstabilityboard.org/about/rcgssa.pdf>.

### **Notes to editors**

The FSB Charter stipulates that the FSB “should consult widely amongst its Members and with other stakeholders including private sector and non-member authorities. This process shall include engaging with the FSB Regional Consultative Groups and include an outreach to countries not included in the Regional Consultative Groups”.<sup>2,3</sup> At the Toronto Summit in June 2010, 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 G20 to reflect the global nature of our financial system”.<sup>4</sup>

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. Through its six regional consultative groups, the FSB will be able to develop global financial policy initiatives through a more inclusive process.

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 at: [www.financialstabilityboard.org](http://www.financialstabilityboard.org).

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<sup>2</sup> [http://www.financialstabilityboard.org/publications/r\\_120809.pdf](http://www.financialstabilityboard.org/publications/r_120809.pdf)

<sup>3</sup> The FSB regional consultative groups were established for the following regions: Americas, Asia, Commonwealth of Independent States, Europe, Middle East and North Africa, and Sub-Saharan Africa.

<sup>4</sup> <http://epe.lac-bac.gc.ca/100/206/301/faitc-aecic/g20/2013-08-14/summit-sommet/2010/toronto-declaration-toronto1b0e.html?lang=eng>