FSB FINANCIAL STABILITY BOARD

Press release

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FSB Regional Consultative Group for Asia discusses financial stability issues

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

At their meeting, members of the FSB RCG for Asia began by considering vulnerabilities in the global financial system and their potential impact on Asia. Members discussed the impact of, and possible policy responses to, US interest rate normalisation, global political developments and capital flows in Asia.

They next considered regulatory approaches to cybersecurity and information sharing. The rapid development of technology-enabled innovation in financial services has given rise to financial stability risks that policymakers, regulators and supervisors must consider. Members discussed supervisory practices towards financial institutions cybersecurity risk management, possible areas of harmonisation in regulatory guidance and the sharing of cybersecurity information and good practices. A few of the issues discussed include interactions between authorities and private-sector parties, cross-border legal issues and regulatory arrangements, further developing open lines of communication across relevant authorities within and across jurisdictions, and building of staff capacity.

The members received an update on the FSB's workplan for 2017 and its deliverables for the G20 Leaders' Summit in July. The workplan focuses on supporting full and consistent implementation of agreed reforms, creating a structured framework for the evaluation of the effects of reforms, and addressing new and emerging vulnerabilities.

Members turned their attention to the use of governance frameworks to address misconduct risk in the financial sector. They noted that in the aftermath of the financial crisis, authorities and firms sought to strengthen financial institutions' governance. In the past several years however, a series of high profile misconduct cases in major financial institutions has come to light – some of which may create systemic risks and undermine public confidence in financial institutions and markets. Members considered the key features of governance frameworks that effectively address misconduct risk, the role of supervisors in influencing appropriate culture and the work of the FSB's Working Group on Governance Frameworks (WGGF) which was established to explore the use of governance frameworks to mitigate misconduct risk with a view to potentially developing a supervisory toolkit or guidelines.[1]

[1] See http://www.fsb.org/wp-content/uploads/WGGF-Phase-1-report-and-recommendations-for-Phase-2.pdf.

The meeting concluded with a session on crisis management preparedness and resolution regimes. Members focused on the FSB's October 2016 *Key Attributes Assessment Methodology for the Banking Sector*[2] which sets out essential criteria to guide the assessment of the compliance of a jurisdiction's bank resolution frameworks with *the Key Attributes of Effective Resolution Regimes for Financial Institutions* (Key Attributes). They exchanged experiences on implementation of the Key Attributes in the banking sector and recovery and resolution plans for global and domestic systemically important banks.

The meeting was co-chaired by Mr Norman T.L. Chan, Chief Executive, Hong Kong Monetary Authority and Mr Muhammad bin Ibrahim, Governor, Bank Negara Malaysia. The term of Mr Chan, as the FSB member co-chair of the RCG Asia, will expire on 30 June 2017. Members of the RCG Asia appointed Mr Philip Lowe, Governor, Reserve Bank of Australia and Mr Muhammad bin Ibrahim as the FSB member co-chair and non-FSB member co-chair, respectively, for a two year term beginning 1 July 2017.

Membership in the RCG Asia includes financial authorities from Australia, Cambodia, China, Hong Kong SAR, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Thailand and Vietnam.[3]

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.[4,5] Typically, each Regional Consultative Group meets twice each year.

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 conducts outreach with and receives input from an additional approximately 65 jurisdictions.

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/.

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2 See http://www.fsb.org/wp-content/uploads/Key-Attributes-Assessment-Methodology-for-the-Banking-Sector.pdf.

3 The list of members of the Regional Consultative Group for Asia is available at: www.fsb.org/about/organisation-and-governance/list-of-members-of-the-fsb-regional-consultative-group-for-asia/.

4 See http://www.fsb.org/wp-content/uploads/r_120809.pdf.

5 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.