

Regional priorities in Banking Supervision

The 15th BCBS-FSI high-level meeting for
Africa

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Top Banking Risks

**Application of
Basel
Standards to
non-BCBS
countries**

**Regulatory
capacity to
meet
technological
advances**

**Lack of timely
and quality
financial sector
data/information**

**Volatility in
Asset Values**

- Guidance on how to customise the standards to the MEFMI countries' environments

- Need for frequent review of regulations to address cybersecurity risks, consumer protection, data privacy, market conduct, AML/CFT

- Regulators unable to conduct adequate methodological analysis and assessments of risks or vulnerabilities of the financial system

Shocks:

- Fiscal and Monetary
- External sector
- Real sector

Could heighten risks:

- Credit
- Liquidity
- Currency mismatches

Focus of regulatory authorities

1. Countries are **reviewing their supervisory frameworks** to adapt to the provisions in the revised Basel standards.

- *Central banks have enhanced the minimum ongoing capital requirements,*
- *Made provisions to impose countercyclical capital buffers,*
- *Broadened the coverage of risk to address risks to technological developments,*
- *Introduced the DSIB layer of supervisory oversight.*

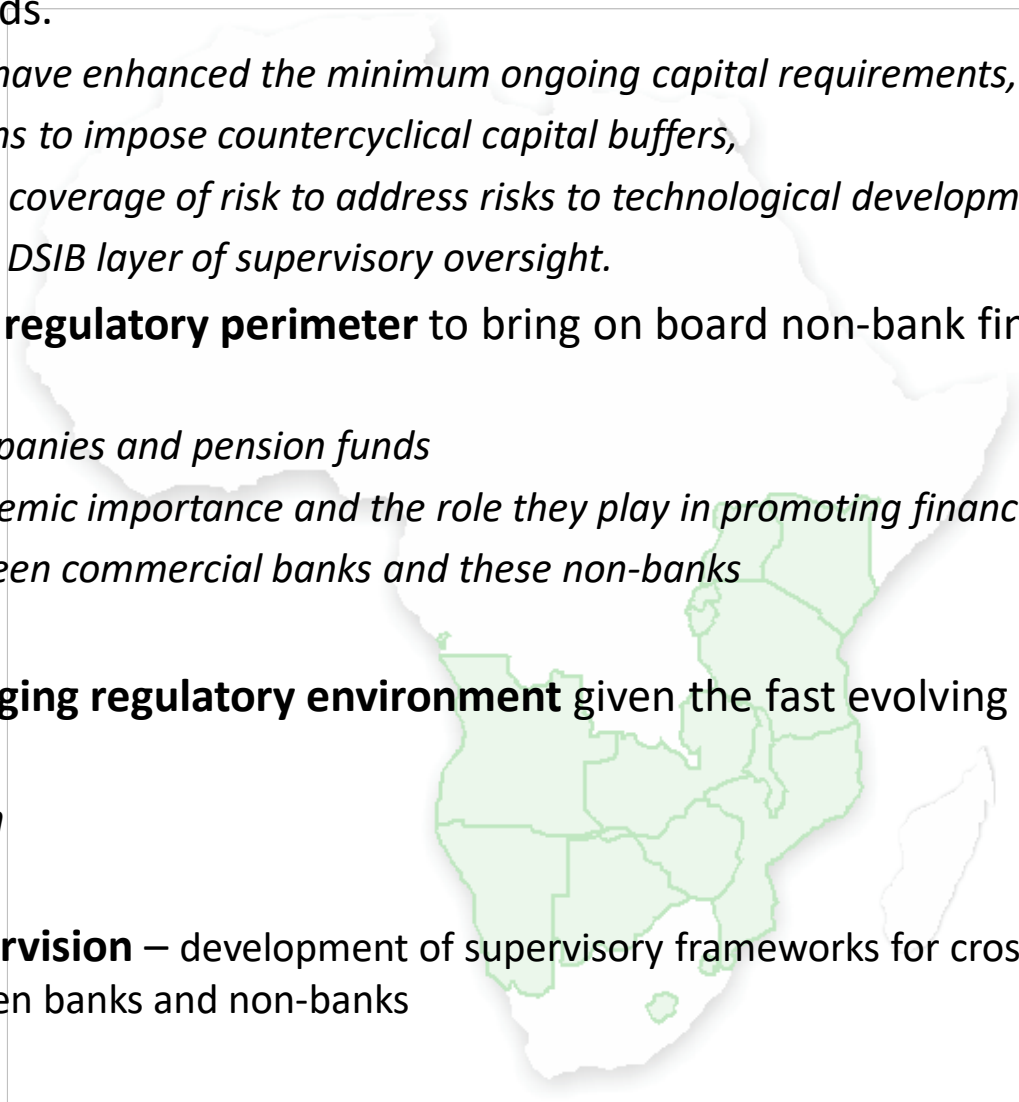
2. **Broadening of the regulatory perimeter** to bring on board non-bank financial service providers like–

- *Insurance companies and pension funds*
- *Increasing systemic importance and the role they play in promoting financial stability*
- *Linkages between commercial banks and these non-banks*
- *FinTechs,*

3. Addressing **the lagging regulatory environment** given the fast evolving financial innovations

- *MFI Regulation*
- *Cyber security*

4. **Consolidated supervision** – development of supervisory frameworks for cross-border banking, cross-ownership between banks and non-banks



Capacity Building (CB) Agenda

Given the above risks and regulatory authorities focus, what should drive the CB agenda?

- Identify activities that harness the prudential, reputational and competitive benefits of the global banking standards
- Tailor Basel Standards to national circumstances
- Continuous investigation of African regulators to better understand evolving key issues and challenges; necessary actions to improve banking supervision and regulations in their countries
- Peer learning to
 - Develop greater understanding of risks
 - Improve collaboration
 - Develop greater consistency in regulatory approaches
 - Prepare Crisis management frameworks

Current MEFMI activities

Strategic focus:

- Prioritising activities to meet increasing demand amidst scarce financial resources
- MEFMI strengthening collaboration with financial and technical partners by sharing costs or using gratis resource persons from those institutions.

Regional initiatives

- MEFMI/FSI Policy Implementation Meeting on Governance and Climate Change; e-learning courses on Financial inclusion, MFI regulation

In-country initiatives in 2020

- Core Elements of Bank Supervision - Reserve Bank of **Zimbabwe**
- Financial Inclusion - Ministry of Finance **Tanzania**
- Macro-prudential regulation for non-banks – National Bank of **Rwanda**
- IFRS 17 - Insurance Regulatory Authority (IRA) of **Uganda**
- Corporate Governance and Bank Licensing issues – Bank of **Botswana**

BDU initiatives

- Cybersecurity courses for financial sector players – **Zambia, Rwanda and Uganda**

Global or regional supervisory issues

- Application of the Basel standard to non-BCBS countries
- Greening the financial sector
- Addressing cybersecurity threats



