

Southern African Central Bank and Finance Ministry Officials Discuss Macroprudential Approaches to Supervision of Financial Systems in the Region

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Central Bank and Finance Ministry officials from across Southern Africa met this week to discuss enhanced supervision to maintain the stability of the region's financial systems. The officials, together with international experts in the field, took part in an April 1-4 seminar entitled *Macroprudential Approach to Supervision*, organized in Pretoria by the International Monetary Fund's Africa Regional Technical Assistance Center for Southern Africa (AFRITAC South) in collaboration with the South African Reserve Bank (SARB) College.

The seminar was led by a team comprising international experts on macroprudential policy and systemic risk, along with financial sector and legal experts from the International Monetary Fund (IMF). The experts highlighted the need for an overarching supervisory approach for the financial system as a whole, over and above the supervision of individual financial institutions known as microprudential supervision. This overarching approach, which is called macroprudential supervision, is critical to governing the risk to the financial system as a whole ("systemic risk") posed by the interacting operations of individual financial institutions.

The experts discussed various conceptual, legal, and institutional aspects of macroprudential policy and macroprudential regulation, including the challenges in the adoption of this approach and its interplay with monetary policy. Participants reviewed a number of case studies, including from the experiences of advanced countries, Latin America, and India, and also had the opportunity to make presentations on the supervisory approach currently in place in their respective countries. Following the presentations, the participants, the experts, and the head of the financial stability division of South African Reserve Bank jointly explored in a round table discussion the possible building blocks of the macroprudential policy that could be relevant for countries in

the region.

Thirty-two central bank and finance ministry officials attended from 12 AFRITAC South member countries (Angola, Botswana, Comoros, Lesotho, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia and Zimbabwe). This was the second seminar that AFRITAC South has organized in the area of financial sector supervision in collaboration with the SARB College, the first being a seminar on *Cross-Border Supervision and Supervisory Cooperation* held in Pretoria in early 2013.

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