



SAFE, BUT SAFE ENOUGH?

JUNE 5-7, 2019
WASHINGTON, D.C.

AGENDA

Wednesday, June 05, 2019

Venue: Marriner S. Eccles Building
Federal Reserve Board
20th and C Streets, N.W.
Washington, D.C.

11:00 – 1:30 **Registration**

1:30 – 1:35 **Welcoming Remarks and Administrative Announcements**
Amol Vaidya, Program Manager, Supervision & Regulation Division, Board of Governors of the Federal Reserve System

1:35 – 1:40 **Welcome and Introduction of Keynote**
Matthew Eichner, Director, Division of Reserve Bank Operations & Payment Systems, Board of Governors of the Federal Reserve System

1:40 – 2:20 **Keynote Address**
Eugene Ludwig, Founder and Chief Executive Officer, Promontory Financial Group, an IBM Company

2:20 – 3:50 **Session 1: What are the current vulnerabilities to global financial stability and what can we do to prevent another global financial crisis?**

The reforms that have been implemented since 2008-2009 global financial crisis have changed the financial system for the better; however, we are not immune from future financial crises. What are the current vulnerabilities to global financial stability (e.g. in the nonbank sector, the emergence of crypto-assets) and what is being done to assess these threats and to mitigate them? What have been the effects of reforms aimed at ending too big to fail?

Moderator: Michael Kiley, Deputy Director, Financial Stability Division, Board of Governors of the Federal Reserve System

Speakers: Unathi Kamlana, Head Policy, Statistics & Industry Support Department, South African Reserve Bank

Arthur Murton, Deputy to the Chairman for Policy, U.S. Federal Deposit Insurance Corporation

Katharina Pistor, Edwin B. Parker, Professor of Comparative Law at Columbia Law School and Director of the Law School's Center on Global Legal Transformation

Ye Yanfei, Senior Advisor, Policy Department, China Banking and Insurance Regulatory Commission

3:50 – 4:15 **Group Photograph (Eccles Building Front Steps)**

4:15 - 4:30 **Coffee Break**

4:30 – 6:00 **Session 2: Technology Risks and Opportunities**

The international financial system is rapidly evolving due to technological changes. This panel will discuss emerging risks and opportunities associated with a technologically evolving financial industry, such as cybersecurity and new technology-based financial products and services. What are banks and regulators doing to address them? Are current regulatory requirements sufficient? The panel will also discuss the impact technology may have on supervision in the future, including opportunities to leverage technology to make supervision more intelligent, as well as the limits of technology (e.g. big data and unsupervised machine learning) in supervision.

Moderator: Chris Calabia, Senior Advisor, Supervisory & Regulatory Policy, Bill & Melinda Gates Foundation

Speakers: Ben Gully, Assistant Superintendent of Risk Support Sector, Office of the Superintendent of Financial Institutions

Douglas Elliott, Partner, Oliver Wyman

6:00 – 7:00 **Reception**
Hosted by the Board of Governors of the Federal Reserve System, Eccles Building Atrium

Thursday, June 6, 2019

Venue: The International Monetary Fund
Headquarters 2 Building, Conference Hall 2
1900 Pennsylvania Ave NW
Washington, D.C.

9:00 – 9:30 **Check-in and Light Breakfast**

9:30 – 9:45 **Welcoming Remarks and Introduction Keynote**
Tobias Adrian, Financial Counsellor and Director, Monetary and Capital Markets Department

9:45 – 10:30 **Keynote Address**
John Vickers, Warden of All Souls College at Oxford University

10:30 – 10:45 **Coffee Break**

10:45 – 12:30

Session 3: Is Basel III Enough?

The Basel III framework is a central element of the international response to the global financial crisis. The enhancements of the framework focused on improving the quality and quantity of capital, enhancing the risk capture, adding macroprudential elements, specifying a minimum leverage ratio and introducing a framework for mitigating liquidity risk. While these reforms have demonstrably helped to strengthen the global banking system, a fundamental question to be answered is whether these reforms have gone far enough to significantly reduce systemic fragility? Have the Basel III capital requirements been set at the right level? Is there a case to be made for higher capital requirements or would this disproportionately affect credit provision to the economy and economic growth?

Moderator: Nigel Jenkinson, Division Chief, Financial Sector Regulation and Supervision, Monetary and Capital Markets Department, International Monetary Fund

Speakers: Maurene Simms, Deputy Governor, Bank of Jamaica

Liliana Rojas-Suarez, Senior Fellow and Director of the Latin America Initiative, Center for Global Development

Toby Fiennes, Head Financial System Policy and Analysis, Reserve Bank of New Zealand

Sean Campbell, Director of Policy Research, Financial Services Forum

12:30 – 1:45

Luncheon (registered participants & invitees only)

The International Monetary Fund
Headquarters 2 Building, Conference Hall 1
1900 Pennsylvania Ave NW
Washington, D.C.

1:45 – 3:15

Session 4: Back to Basics

While a lot of attention has been on the regulatory reform, results from the Basel Core Principle Assessments as part of IMF/WB's Financial Sector Assessment Programs (FSAP) show there is still a lot of work to do to improve effective supervision. Among the areas of weakness are resourcing of supervisory authorities, transactions with related parties, operational risk, abuse of financial services and corporate governance. Have there been observable improvements in supervision as a result of the global reforms, has there been enough attention to good supervision in the global reforms, and to what extent do we need to rethink our approach to supervision to realize improvements in the areas with observed weaknesses and new arising challenges?

Moderator: Aditya Narain, Deputy Director, Monetary and Capital Markets Department, International Monetary Fund

Speakers: William Coen, Secretary General, Basel Committee for Banking Supervision

Giuseppe Siani, Deputy Director General, Microprudential Supervision IV, European Central Bank

Socorro Heysen, Superintendent, Banking, Insurance & Private Pension Fund Authority of Peru

Elsie Addo Awadzi, Deputy Governor, Bank of Ghana

3:15 – 3:30

Coffee Break

3:30 – 5:15

Session 5: Integrity and Safety

Integrity in the financial sector remains a concern. From a micro-prudential perspective, exposure to AML impinges on many bank's risk profiles: it increases vulnerability of certain business models, it amplifies shortcomings in the governance and Board's oversight, it augments operational losses, it tarnishes the reputation of credit institutions. Nevertheless, integrity considerations are often poorly integrated in the risk-based supervision framework. The findings from the IMF/WB FSAP & BCP assessments systematically point to a protracted lack of attention by local authorities to AML/CFT issues. Several challenges exist when implementing AML regulation (complexity, national discretion, difficulty to keep up with financial/technological innovation, data protections laws). Off-site supervision effectiveness to promptly detect AML breaches is questionable; with certain exceptions, penalties imposed are generally not up to the severity of the breach, jeopardizing its key deterrent function. The retreat in correspondent banking by some global banks, with an increased concentration of counterparty risks and, in some cases, a move by local banks towards second tier and less reputable institutions, is a clear example of the sub-optimal status quo.

Moderator: Yira Mascaró, Practice Manager, Financial Stability and Integrity, Finance, Competitiveness and Innovation Global Practice, the World Bank

Speakers: Edouard Fernandez-Bollo, Secretary General, Prudential Supervision and Resolution Authority of France and Chair of the BCBS AML/CFT Expert Group

Jeremy Warren, Managing Director, Global Financial Crime Compliance, JPM Chase

Pieter Smit, Executive Manager, Financial Intelligence Unit, South Africa

Braddock Stevenson, Deputy Associate Director for Enforcement, Financial Crime Enforcement Network

Friday, June 7, 2019

Venue: **World Bank**
Main Complex Building
Room MC 13-121
1818 H Street, N.W. (corner of 18th and H Streets)
Washington, D.C.

9:00 – 9:20 **Check-in and Light Breakfast**

9:20 – 9:40 **Welcoming Remarks**
Alfonso García Mora, Global Director, Finance,
Competitiveness and Innovation Global Practice, the World Bank

9:40 – 10:00 **Keynote address:**
Fernando Restoy, Chairman, Financial Stability Institute

10:00 – 12:00 **Session 6: Independence**
Agency independence and accountability are at the core of an effective and successful supervisory function. However, lessons learned from the IMF/WB BCP assessments show a low degree of compliance with the Basel core principles for an effective supervision. Can it be claimed that the system is globally safe enough when there are still many instances in which politics or private interests can threaten the operational independence of the supervisor? How to ensure that supervisors have the right powers to act boldly in the interest of safety and stability while being accountable for their decisions and actions?

Moderator: Alfonso García Mora, Global Director, Finance,
Competitiveness and Innovation Global Practice, the World
Bank

Speakers: Chiara Zilioli, Director General Legal Services, European Central
Bank

Mauricio Costa de Moura, Deputy Governor, Central Bank of Brazil

Jacek Jastrzebski, Chair of the Board, Polish Financial Supervision
Authority

Nicolas Veron, Senior Fellow, Peterson Institute for International
Economics & Bruegel

12:00 – 12:15 **Closing Remarks**

Yira Mascaro, Practice Manager, Financial Stability and integrity, Finance,
Competitiveness and Innovation Global Practice, the World Bank

Dirk Jan Grolleman, Senior Financial Sector Expert, Monetary and Capital
Markets Department, International Monetary Fund

Amol Vaidya, Program Manager, Supervision & Regulation Division, Board of
Governors of the Federal Reserve System

12:15 – 1:15

Reception (registered participants & invitees only)

* * *