Financial Sector Supervision
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# Financial Sector Supervision (FSS) - FY2019 Program

<table>
<thead>
<tr>
<th>Planned (adj mid-year)</th>
<th>Outturn</th>
<th>Outturn vs Plan</th>
<th>vs FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 missions</td>
<td>14 missions</td>
<td>missions: 90%</td>
<td>116%</td>
</tr>
<tr>
<td>4 regional events</td>
<td>4 regional events</td>
<td>regional events: 100%</td>
<td>133%</td>
</tr>
<tr>
<td>297 mission days of TA</td>
<td>302 mission days of TA</td>
<td>mission days: 102%</td>
<td>118%</td>
</tr>
<tr>
<td>77 LTX days</td>
<td>67 LTX days</td>
<td>LTX days: 87%</td>
<td>76%</td>
</tr>
<tr>
<td>220 STX days</td>
<td>235 STX days</td>
<td>STX days: 107%</td>
<td>140%</td>
</tr>
<tr>
<td>Budget: $ 933k</td>
<td>Projected: $ 886k</td>
<td>Local Budget: 95%</td>
<td>99%</td>
</tr>
<tr>
<td></td>
<td>+127 LTX backstop days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Financial Sector Supervision - FY2019 Program Results

- Cook Islands: SFEP – risk rating and supervisory action planning
- FSM: banking regulatory reform continued
- Fiji: insurance regulatory reform project commenced
- Kiribati: assistance on liquidity risk with MCM
- Marshall Islands: banking regulatory reform continued
- Palau: banking regulatory reform continued
- Papua New Guinea: SFEP – on-site examination and off-site analysis
Financial Sector Supervision - FY2019 Program Results

- Samoa: insurance regulatory reform project commenced
- Solomon Islands: SFEP – risk rating and supervisory action planning
- Tonga: Insurance regulatory reform project commenced
- Timor Leste: IFRS9
- Tuvalu: Supervision Development project commenced
- Vanuatu: SFEP – risk rating and supervisory action planning
- Regional Events: Insurance Regulatory Reform; Cyber Risk; Prudential Reporting; AFSPC
Bilateral TA expanded to 13 countries in 2019, up from 7 in 2018
Supervision Framework Enhancement Program
Insurance Regulatory Reform

Workshop
- Training / information
- International good practice
- Legislation and prudential standards

Reform plan
- Participant self assessment
- Reform strategy and planning

Bilateral
- Detailed drafting assistance
- Stakeholder engagement
Banking Regulatory Reform

Workshop
- Training / information
- International good practice
- Legislation and prudential standards

Reform plan
- Participant self assessment
- Reform strategy and planning

Bilateral
- Detailed drafting assistance
- Stakeholder engagement
### 2018 AFSPC – update on actions

<table>
<thead>
<tr>
<th>IT Risk</th>
<th>On-line Reporting</th>
<th>AML / CFT TA</th>
</tr>
</thead>
</table>
| - Cyber and IT Risk workshop held in August 2018  
- Key gaps and weaknesses in regulation and supervision identified  
- Development of Cybersecurity and IT risk prudential standards and supervisory guidance  
- Development of Cyber and IT on-site examination framework | - Reporting workshop held in August 2018  
- Products of three IT providers assessed  
- Further investigation required to determine if AFSPC wide solution is viable | - APG has initiated a project of AML/CFT supervision TA with initial TA needs assessments  
- PFTAC has been in discussion with IMF LEG about how the IMF and PFTAC may be able to contribute to AML/CFT supervision TA. |
## Financial Sector Supervision - FY2020 Plans & Priorities

<table>
<thead>
<tr>
<th>Planned (includes Legal)</th>
<th>Vs FY19 Outturn</th>
<th>Topics</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 missions</td>
<td>14 missions</td>
<td>SFEP</td>
<td>PNG; Solomon Is</td>
</tr>
<tr>
<td>4 regional events</td>
<td>4 regional events</td>
<td>Banking Regulatory Reform</td>
<td>Cook Islands; Vanuatu</td>
</tr>
<tr>
<td>236 mission days of TA</td>
<td>302 TA mission days</td>
<td>Insurance Regulatory Reform</td>
<td>RMI; FSM; Palau</td>
</tr>
<tr>
<td>65 LTX days</td>
<td>67 LTX days</td>
<td>Supervision Development</td>
<td>Fiji; Tonga; Samoa</td>
</tr>
<tr>
<td>171 STX days</td>
<td>235 STX days</td>
<td>Cyber Risk</td>
<td>Kiribati; Tuvalu</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Governance</td>
<td>Timor Leste</td>
</tr>
</tbody>
</table>
Financial Sector Supervision - FY2020 Workplan

- Cook Islands: SFEP – off-site analysis and prudential standards
- FSM: banking regulatory reform continued
- Fiji: insurance regulatory reform continued
- Kiribati: banking regulatory reform commenced
- Marshall Islands: banking regulatory reform continued
- Palau: banking regulatory reform continued
- Papua New Guinea: SFEP – on-site examination and regulatory reform
Financial Sector Supervision - FY2019 Program Results

- Samoa: insurance regulatory reform project continued
- Solomon Islands: SFEP – off-site analysis and regulatory reform
- Tonga: Insurance regulatory reform project continued
- Timor Leste: IFRS9 and banking legislation review
- Tuvalu: Supervision Development project continued
- Vanuatu: SFEP – off-site analysis
- Regional Events: Governance / Cross-border; Cyber Risk Regulation (south); Risk-based Supervision (north)
2019 AFSPC / Workshops

Governance / Cross-border
- Governance and risk management frameworks: both regulatory and internal
- Coordination of governance requirements across region
- Cross-border regulation and cooperation
- Risks of expanding regional banking

Cyber Risk Regulation (south)
- Development of regulations
- Develop implementation plans
- Drafting of sample regulations
- Adaption for region specifics

RBS (north)
- Risk identification and assessment
- Risk rating models
- Supervisory action planning