

PFTAC Steering Committee

March 28, 2019

Financial Sector Supervision

Benjamin Stefanou



Financial Sector Supervision (FSS) - FY2019 Program

Planned (adj mid-year)	Outturn	Outturn vs Plan	vs FY18
16 missions	14 missions	missions: 90%	116%
4 regional events	4 regional events	regional events: 100%	133%
297 mission days of TA	302 mission days of TA	mission days: 102%	118%
77 LTX days	67 LTX days	LTX days: 87%	76%
220 STX days	235 STX days	STX days: 107%	140%
Budget: \$ 933k	Projected: \$ 886k	Local Budget: 95%	99%
	+127 LTX backstop days		



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



Australian Government
Department of Foreign Affairs and Trade



Financial Sector Supervision - FY2019 Program Results

FY2018

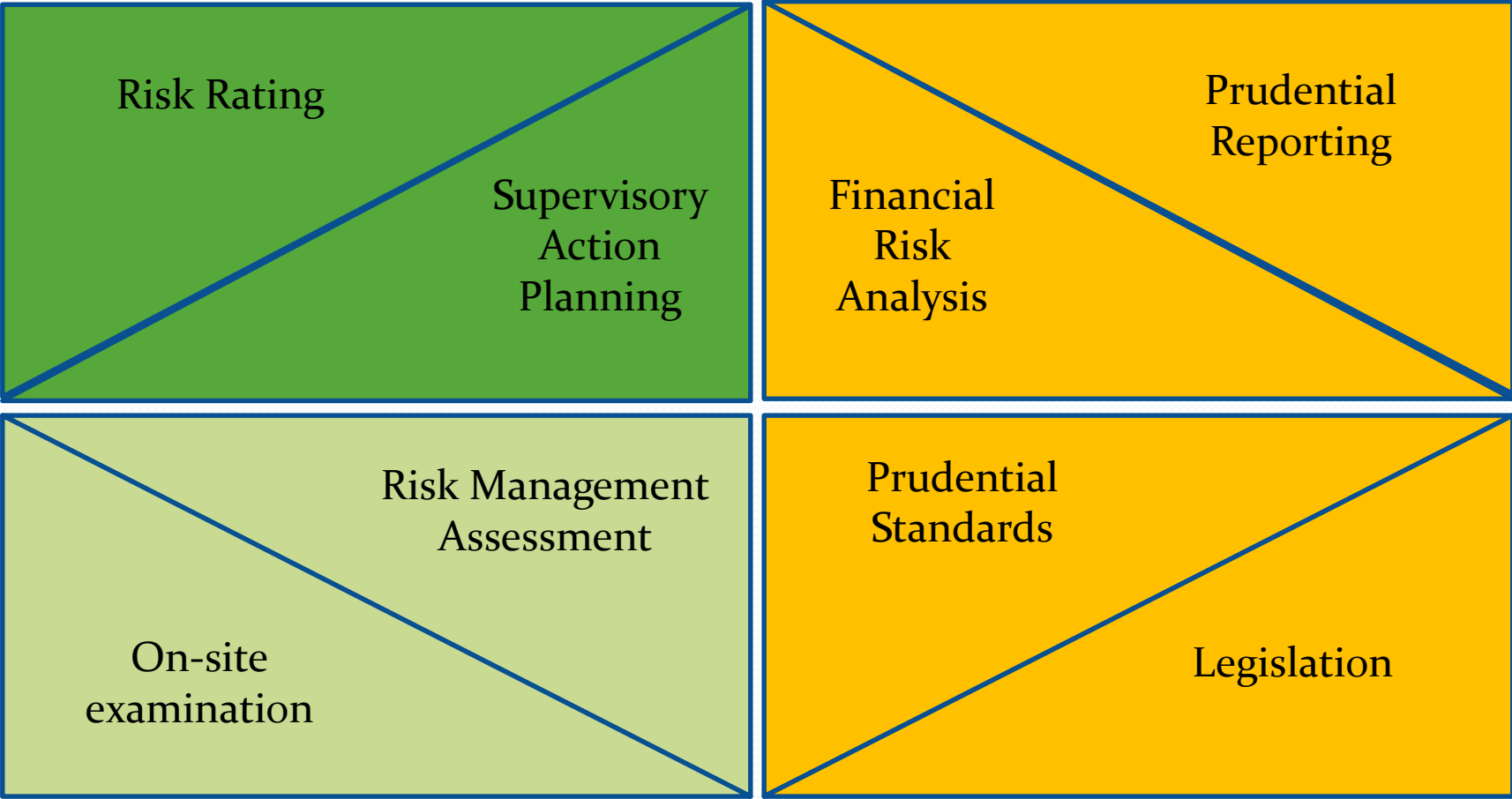
FY2019



Bilateral TA expanded to 13 countries in 2019, up from 7 in 2018



Supervision Framework Enhancement Program



Insurance Regulatory Reform



Banking Regulatory Reform



2018 AFSPC – update on actions

IT Risk

- *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*

On-line Reporting

- *Reporting workshop held in August 2018*
- *Products of three IT providers assessed*
- *Further investigation required to determine if AFSPC wide solution is viable*

AML / CFT TA

- *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

Planned (includes Legal)	Vs FY19 Outturn	Topics	Countries
19 missions	14 missions	SFEP	PNG; Solomon Is
4 regional events	4 regional events	Banking Regulatory Reform	Cook Islands; Vanuatu
236 mission days of TA	302 TA mission days	Insurance Regulatory Reform	RMI; FSM; Palau
65 LTX days	67 LTX days	Supervision Development	Fiji; Tonga; Samoa
171 STX days	235 STX days	Cyber Risk	Kiribati; Tuvalu
		Governance	Timor Leste



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



Australian Government
Department of Foreign Affairs and Trade



NEW ZEALAND
FOREIGN AFFAIRS & TRADE

