

THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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Fourth Meeting 2011

8 November 2011

Honolulu Suites, Sheraton Waikiki Hotel

Honolulu, Hawai'i, USA

Meeting Paper 7-C

Proposed Training Program Financial Regulatory Supervision to Effectively Manage Banks' Risk Appetite

Australian APEC Study Centre at RMIT University

PURPOSE	For information.
ISSUE	Proposed training program “Financial regulatory supervision to effectively manage banks’ risk appetite” is being proposed by the Australian APEC Study Centre (AASC) and the Asia Pacific Development Center (AFDC) to be delivered in Shanghai in 1st half 2012.
BACKGROUND	Financial stability challenges persist and are exacerbated by the continued uncertainties arising from the Eurozone crisis. APEC Ministers identified challenges in areas of volatility, weak fiscal and monetary policies and unstable financial systems. A significant burden rests on strengthening financial systems and, in particular, on the banking sector to minimise future risks. The Basel Group of Banking Supervisors and the International Institute of Finance point to continuing weaknesses in banks’ capacities to understand and manage risk. They have identified sound practices as they apply establishing sound risk appetite frameworks, relevant to banks and to supervisory agencies
PROPOSAL	N.A.
DECISION POINT	Endorse participation of interested Advisory Group participants in the training program.

DRAFT

**Advisory Group on APEC Financial System Capacity Building
Fourth Meeting 2011
8 November 2011, Honolulu**

Meeting Paper – 7-C

Proposed training program “Financial regulatory supervision to effectively manage banks’ risk appetite”.

PURPOSE: For information

ISSUE: A regional capacity building training program for banking regulators is to be proposed by the Australian APEC Study Centre (AASC) and the Asia Pacific Development Center (AFDC) to the APEC Secretariat for funding in the first funding round of 2012 for a program to be delivered in Shanghai in 1st half 2012.

BACKGROUND: Financial stability challenges persist and are exacerbated by the continued uncertainties arising from the Eurozone crisis. APEC Ministers identified challenges in areas of volatility, weak fiscal and monetary policies and unstable financial systems. A significant burden rests on strengthening financial systems and, in particular, on the banking sector to minimise future risks. The Basel Group of Banking Supervisors and the International Institute of Finance point to continuing weaknesses in banks’ capacities to understand and manage risk. They have identified sound practices as they apply establishing sound risk appetite frameworks, relevant to banks and to supervisory agencies

The capacity building program will outline the various roles of boards and management in developing effective risk management tools and procedures and the way in which banking supervisors could test their effectiveness in the institutions they supervise. The outcome will be a significant contribution to strengthening the region’s financial systems and better aligning the relationship between supervisors, policy makers and the private sector. Minimising risk in banking will support economic growth, stronger investment flow and regional integration.

AASC and AFDC propose to convene a training program that will bring together regional financial system policy makers and banking regulators, bank representatives and interested Advisory Group members, experts from international agencies, financial system academics to consider a framework for risk appetite and good governance in banking sectors.

PROPOSAL : N.A

DECISION POINT: Endorse participation of interested Advisory Group participants in the training program.