

## **Caroline Abel: Opening remarks - stakeholder consultation workshop**

Opening remarks by Ms Caroline Abel, Governor of Central Bank of Seychelles, at the Stakeholder Consultation Workshop on the Draft Policy Paper on the Proposed Financial Stability Framework, Beau Vallon, 28 April 2022.

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Members of the Financial Stability Committee,  
Second Deputy Governor,  
Participants,

Good morning.

I am pleased to welcome you all to this consultative forum that will pave the way for Seychelles to have a robust and effective financial stability framework.

As we all know, the financial system, which includes various financial intermediaries, infrastructure and regulators, plays a critical role in promoting economic growth and development. As the world progresses, financial landscapes globally are also evolving, giving rise to opportunities and risks, thus highlighting the importance of having adequate policies that ensure the good functioning of the economy. A stable financial system upholds public confidence, which is at the core of financial intermediation, one of the key drivers of economic growth.

While there is no universal definition for financial stability, there is global consensus on its importance. In the simplest terms, it is about having a financial system that is able to function well and effectively when economic conditions are good but also during adverse situations. It is about having a financial system that can adequately perform its financial intermediation role whilst managing and remaining resilient to systemic risks.

As evidenced by the ever-increasing cybersecurity threats, climate change, and more recent challenges such as the ongoing COVID-19 pandemic and the Russia-Ukraine conflict, domestic and global risks to financial stability are continually evolving, emanating from sources beyond the spheres of economics and finance. Recent shocks also reiterate the need to recognise the global interconnectedness and how what happens in one part of the world can significantly impact others. This reality calls for the stepping up of efforts to effectively monitor and manage systemic risks and build the resilience needed for a sound and stable financial system.

Compared to monetary and fiscal policies, the need to have strong financial stability policies started to gain prominence following the 2008 global financial crisis. In Seychelles, the existing financial stability framework has been in place since 2016. Over the past six years, its implementation has provided a steep learning curve for the relevant authorities. It has also allowed us to identify deficiencies that need to be addressed to enhance the resilience of the country's financial system against existing and potential risks.

Now that we are aware of the gaps, a collaborative approach is required to bring about the necessary reforms. There is a need for the designated authorities mandated to

maintain financial stability within the domestic economy – namely the Ministry responsible for finance, the Central Bank, the Financial Services Authority and the Financial Intelligence Unit to have strong and clear mandates that promote effective coordination. This should be complemented by adequate and more robust legal and policy frameworks that are relevant to the Seychelles context whilst also in line with international standards. The draft policy paper on the proposed financial stability framework, which will be at the centre of today's forum is the starting point.

At this juncture, I wish to express my sincere appreciation to the United States Department of the Treasury Office of Technical Assistance, particularly the financial stability expert, Ms Silvina Vatnick, as well as the Monetary and Capital Markets Department of the IMF for contributing toward the drafting and reviewing of the proposed framework. We now have the task of discussing, reviewing and providing feedback on the analysis that has been conducted and the main findings used to guide the proposed recommendations and way forward. Each of you present in this room has come to represent an institution that has an important role to play in promoting financial stability and we must be fully aware of and embrace this role to individually and collectively assist in achieving this objective.

I am therefore counting on your active participation, frank and constructive discussion to make today's exercise and the entire development and implementation of a new financial stability framework in Seychelles a success.

With these few remarks, I declare this consultation open and I wish you all fruitful deliberations.

Thank you.