

Financial Stability Risks

‘Can we assess them?’

Framework being developed in Suriname

Presentation by Central Bank of Suriname
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Thus far

- Strengthened supervision framework: legal and institutional (banks, IC's, PF's, credit bureaus, cambio's, deposit insurance)
- Assessment of banks' soundness (indiv. & peers): FSI's, stress testing on CAR for credit and foreign exchange risks
- Regional connection: data efforts, MMOU, crisis management, regional FSR
- Macro-economic and monetary stabilization measures & dialogue with Association of banks and Association of cambio's



Challenges

- Limited data for non-bank financial institutions
- Interpretation of FSI's: normation and action
- Assess link financial sector versus real economy (vulnerabilities & risks in housing market, SME lending, forex loans to non-forex earners)
- Connecting macroeconomic and micro-prudential assessments and policies
- Dependence on mining resources
 - boom and bust risks
 - procyclical behavior of agents



Paradoxes

- Bank lending (in SRD, as well as \$ and €), at high growth rates and concentrated in ‘consumption’ versus low inflation rates
- Ample liquidity in the banking system; yet comfortable RoE, RoA, relatively low NPL’s
- Shallow financial and capital market development versus small, open economy?
- ‘Isolation’: a blessing or a curse?



Agenda onward

- Data issues: non-bank institutions; household debt indicators; leveraged companies
- Explore interconnections; macro – micro nexus
- Explore national – international nexus
- Analytics: meaning of FSI's, extended stress tests
- Domestic mitigation:
 - sound macro & micro prudential policies
 - Savings and Stabilization Fund Suriname
 - building strong institutions
 - early warning indicators
- Mitigation: regional information & crisis plan



‘FSR’s: Can we assess them?’

We hope to become better and better!

