



South African Reserve Bank

Press statement

04 December 2018 - The South African Reserve Bank (SARB) is pleased to announce a partnership with the University of Cape Town (UCT) to host the Research Chair in Financial Stability Studies. Professor Co-Pierre Georg will chair the portfolio, which will be housed within the African Institute of Financial Markets and Risk Management, an interdisciplinary research institute within UCT's commerce faculty that focuses on risk management, financial mathematics, and financial technology.

The decision to establish a Chair in Financial Stability Studies at a South African university is aligned with the expansion of the SARB's price stability mandate to include a financial stability objective and responsibility. South Africa's academic offering in this area is limited and research on financial stability is still in its infancy compared to monetary policy. Expanding capacity and an enhanced understanding of financial stability in the country is crucial to the execution of the SARB's financial stability mandate.

The Chair will develop an agenda that will produce a stream of research, which is relevant for the SARB, on managing regulatory complexity, financial interconnectedness, computational models, the regulation of blockchain technologies and crypto-assets. The funding is intended to support not only the appointment of the Chair, but also teaching and research on financial-stability-related issues, partly through support for Master's and Doctoral students and postdoctoral research fellows in the area of financial stability. UCT will also introduce a Master's course on Financial Stability Analysis.

The SARB is looking forward to positive outcomes from the teaching and research programmes on financial stability that will be established by the Chair, and it hopes to continue strengthening its links with local and international universities in embedding its newly acquired financial stability mandate.

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Notes:

1. The Chair will be tenable for five years, with the possibility of renewal for a further five-year period.
2. In addition to the South African Reserve Bank Chair in Financial Stability Studies at the University of Cape Town, the SARB also supports a Chair in Monetary Policy, based at the University of Pretoria, and the Chair in Journalism based at Rhodes University.

3. The SARB has also established research fellowships in financial stability with local and international universities and supports postgraduate financial stability research through a student grant programme.
4. On 27 August 2017 the President signed the Financial Sector Regulation Act 9 of 2017 (FSR Act) into law. The FSR Act assigns primary responsibility of protecting and enhancing financial stability to the SARB. In line with this expanded mandate, the SARB has increased its oversight over the systemic macroprudential aspects of the domestic financial system by establishing a framework for macroprudential surveillance. This framework includes:
 - Identifying systemic risks in the financial system;
 - Monitoring and analysing market and other economic and financial factors that may lead to systemic risks;
 - Formulating and implementing appropriate policies; and
 - Assessing how these policies may impact on the financial system.