HIGH-LEVEL SUMMARY
TECHNICAL ASSISTANCE
REPORT

SURINAME
Financial Stability Report

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The High-Level Summary Technical Assistance Report series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT:
The technical assistance aimed to enhance the financial stability report (FSR) of the Central Bank of Suriname. The mission concluded that the preparation of detailed FSR production plan and communication strategy are critical and could facilitate improvements, promote the report, and bring some synergies between different teams involved. The report should reflect on all important elements of financial stability assessment and needs to be streamlined to follow the central story with the key messages. The quality of the report could be further improved by advancements in the employed analytical toolkit and utilization of all available data sources.

JEL Classification Numbers: G01; G20; G10; G30; G50; H00

Keywords: financial stability; financial stability report; systemic risk; analytical toolkit
Background

The mission focused on enhancing the financial stability report (FSR) of the Central Bank of Suriname (CBS) whose publication has recently resumed. It reviewed the latest available FSR together with all background documents on financial stability work shared by the CBS. Based on those materials, a one-week mission at the Central Bank of Suriname consisting of a targeted workshop and meetings was undertaken.

Summary of Findings

FSR as the flagship product of the CBS in the financial stability area is the joint effort of several teams within the CBS. This is reflected in the fragmented report not providing a single story with clear messages. In this respect, the mission aimed to put together all teams involved in the drafting process such that their experts understand how their topics fit into the overall report and how it should be changed towards a storytelling format. Moreover, the report misses a description on the relevant elements of the existing regulatory framework for different segments of the financial system. This makes it difficult to interpret some indicators by readers that are not familiar with the regulatory framework in Suriname. Finally, the lack of analyses of the real sector together with the existing gaps in the financial stability analytical toolkit does not allow for the analysis of the full picture on financial stability assessment.

Summary of Recommendations

The mission provided several recommendations to the CBS. This covered the content and structure of the FSR and its related FSR processes, CBS’s internal and external communication, additional headcount for the Financial Stability Department, developing the financial stability analytical toolkit, coverage of the non-banking sector, and the use of data sources and statistics. The preparation of a detailed FSR production plan is critical and could facilitate improvements and bring some synergies between different teams involved in the production. Moreover, the CBS should prepare a communication strategy to establish the report as the key financial stability communication tool. It needs to contain the central risk story based on the forward-looking, frank, and consistent financial stability risk assessment that is easy to understand by the readers. The report can be strengthened in several ways to improve overall structure and readability. In particular, the structure of the report should be changed to a top-down approach. Although, the CBS has made significant progress in developing financial stability analyses over the last years, the toolkit needs to be further enhanced to identify, monitor, and assess all relevant financial stability risks. The banking top-down stress test is regularly performed, but the CBS should continue to work on its methodological improvements. It was further identified that more in-depth analysis of the insurance and pension sector is needed. Moreover, it is important to enhance the relevant economic research. It was highlighted that all available data sources should be utilized to identify and assess key financial stability risks. In this respect, the possibility to use credit registers for statistical/financial stability work should be explored. In the meantime, the existing data gaps could be covered by different surveys with the industry. Finally, the CBS should initiate a discussion on software/tools that would be used for processing big data in the Bank.