Financial Supervision and Regulation - Fiscal Year 2026

Algeria

Upgrade of the Onsite Inspection Manual

With METAC's technical assistance, the Banque d'Algérie has successfully enhanced its onsite inspection manual, marking a significant milestone in strengthening supervisory practices. The revision aimed to modernize a manual that had been in place for over 15 years and to align it with the new risk rating methodology recently developed in collaboration with METAC experts. The upgraded onsite inspection manual now provides a unified framework that harmonizes supervisory approaches across inspection teams. It equips onsite examiners with practical operational tools to conduct thorough examinations, enabling more effective and risk-sensitive onsite supervision.

Review of Draft Regulations

During September and October, METAC assisted the Banque d'Algérie in reviewing two critical draft regulations recently updated by the Banque d'Algérie team: (i) Large Exposures, and (ii) Loan Classification and Provisioning. The review focused on ensuring these regulations are aligned with the latest Basel Committee on Banking Supervision standards while being adapted to reflect the specific characteristics of the Algerian banking sector. The updated regulations are expected to enhance the supervisory framework related to credit risk management by strengthening prudential requirements around loan classification, provisioning adequacy, and credit concentration risk.

Developing Regulation on Capital Framework for Banks (December 7-11)

METAC reviewed the draft regulation recently updated by the Banque d'Algérie (BA) on the capital adequacy framework. The mission focused on revising the existing capital regulatory framework to align with the Pillar 1 Basel II/III capital standards, while taking into account the specific characteristics of the Algerian banking sector and applying proportionality principles. A revised draft regulation on the capital adequacy framework—aligned with the Basel II/III standards and appropriately tailored to the Algerian context—was produced, along with the relevant reporting templates.

Egypt

Enhancing Supervision of Digital Banks

In October, METAC conducted a four-day workshop for the Central Bank of Egypt, enhancing supervision of digital banks with over 20 participants from licensing, on-site, and off-site teams. The sessions covered diverse digital banking models, licensing requirements, and emerging risks such as third-party, ICT, operational, and cloud computing vulnerabilities. Participants explored international supervisory practices, digital onboarding, conversion of incumbent banks, and exit strategies. The workshop also identified future technical assistance needs, supporting Egypt's evolving digital finance regulatory and supervisory landscape.

Capacity Building and Developing Supervisory Guidelines on IFRS 9 Implementation (March 29 -April 2)

A hybrid technical assistance mission was conducted to enhance the Central Bank of Egypt's (CBE) supervisory capacity related to banks' IFRS 9 frameworks. The mission focused on (i) building examiners' skills to conduct supervisory assessments and (ii) developing examination procedures to guide these assessments effectively. It included a review of regulatory directives issued to all banks concerning the application of IFRS 9, aiming to identify necessary improvements to the regulatory framework. The mission concluded with the provision of tailored examination procedures for the CBE to facilitate consistent and thorough supervisory reviews.

Supervisory Assessment of Recovery Plans (3 March - 9 April (hybrid))

The Central Bank of Egypt (CBE) requested to enhance its review of banks' recovery plans. The three main objectives of the hybrid mission included: (i) providing practical, hands-on training for supervisors on assessing recovery; (ii) developing supervisory guidelines that establish control points for evaluating the quality of recovery plans and recommend improvements to strengthen the review process; and (iii) reviewing existing regulatory instructions on recovery plans to propose refinements that align with evolving supervisory standards and emerging risks.

Iraq

SRP Project: ICAAP regulation and risk matrix development (May 24-28)

METAC collaborated with the Central Bank of Iraq (CBI) team to finalize new guidelines about the Internal Capital Adequacy Assessment Process (ICAAP) regulation, a critical component in sustaining the financial soundness of the banking sector. This initiative was part of a broader effort to enhance the banking supervision practices of the CBI. Emphasis was placed on improving the evaluation of risks and effective monitoring of banks, both off-site and on-site. The overarching objective is to ensure banks are better equipped to manage their financial risks.

SRP PROJECT (Supervisory Manual Development) (November 23–27)

METAC continued its support to the Central Bank of Iraq (CBI) in advancing the implementation of the Basel Framework's Pillar 2 Supervisory Review Process (SRP). The mission delivered concrete progress in strengthening the new risk assessment framework, which was refined following initial testing and internal feedback from the CBI. These enhancements reinforce the framework's central role in supporting risk-based supervision and improve supervisors' ability to consistently apply SRP tools. Clear next steps and an action plan were established to finalize the preparation phase and transition toward full SRP testing. The mission also confirmed the successful enforcement of the ICAAP regulation in November 2025, marking the completion of METAC's ICAAP-related deliverables and positioning the CBI for the next stage of implementation.

SRP Project: Supervisory Manual Development (April 1-16)

Central Bank of Iraq's transitioned toward a risk-based and forward-looking supervisory framework consistent with Basel Pillar 2. METAC engagement helped consolidate progress in developing and operationalizing the Supervisory Review Process (SPR) and the Internal Capital Adequacy Assessment Process (ICAAP) by supporting supervisors in testing and refining the SRP risk matrix and assessing early implementation results. The assistance enhanced supervisory capacity to evaluate bank-specific and system-wide risks, strengthened the practical application of ICAAP requirements, and supported the integration of risk-based practices into off-site and on-site supervision.

Jordan

Supervisory Review Process (May 11-15)

A significant milestone has been reached in the SRP project with the successful development and documentation of a comprehensive SRP methodology. The Central Bank of Jordan (CBJ) is now ready to embark on the second phase of the project, which will involve compiling essential data, defining benchmarks for key risk indicators, and conducting rigorous testing and calibration. As part of the SRP analysis, each bank's risk profile will be evaluated, and a score will be assigned accordingly. This score, along with the bank's role in the Jordanian banking sector, will help determine the level of supervisory intensity and inform annual supervisory plans, promoting a more risk-based approach. Furthermore, the SRP methodology includes a matrix that links each bank's score to a range of capital requirements. This will ensure that capital requirements are more responsive to the risk profiles of individual banks, facilitating the implementation of Basel III Pillar 2.

The Internal Capital Adequacy Assessment Process (ICAAP) (May 18-22)

METAC assisted the Central Bank of Jordan (CBJ) to enhance regulation for the Internal Capital Adequacy Assessment Process (ICAAP). This initiative is an essential milestone in the medium-term SRP project. In September, additional technical assistance will focus on creating guidelines for supervisors to evaluate banks' ICAAP reports and assess Pillar 2-related risks. This project will support the implementation of Basel III Pillar 2 requirements, enabling supervisors to better understand the risk profiles of banks, evaluate their internal capital assessments, and enforce necessary corrective actions, risk mitigation strategies, and additional capital buffers to address identified risks.

Internal Capital Adequacy Assessment Process

With METAC's technical assistance, the Central Bank of Jordan successfully completed a two-phase project to develop its Internal Capital Adequacy Assessment Process (ICAAP) framework, marking a key milestone in the implementation of Basel III Pillar 2 standards. During the first phase during summer 2025, a draft ICAAP regulation was drafted, circulated for public consultation, and has now been officially issued, establishing the regulatory foundation for ICAAP in Jordan. The second phase during September and October focused on developing internal supervisory guidelines to support examiners in effectively evaluating the robustness and quality of banks' ICAAP processes. This achievement significantly advances the Central Bank of Jordan's ability to implement Basel III Pillar 2 requirements and responds to Financial Sector Assessment Program recommendations to establish risk-sensitive supervisory methodologies.

Developing IRRBB Regulation (January 4-8)

METAC supported the Central Bank of Jordan (CBJ) in the development of a draft regulation on Interest Rate Risk in the Banking Book (IRRBB) and its associated supervisory reporting templates. The IRRBB project started with a workshop in 2024 aimed at building supervisors' understanding of IRRBB and the preparation of a preliminary draft regulation. The current mission focused on aligning the draft regulation with the Basel standards on IRRBB while adapting it to the specific features of the Jordanian banking sector and concluded with producing a final draft regulation ready to be shared with the CBJ's management and the banking industry for consultation.

Lebanon

Supervision of Payment Service Providers (April 20-23)

This workshop aimed at strengthening the supervisory capacity of the Banking Control Commission of Lebanon (BCCL) in overseeing payment service providers (PSPs). It provided hands-on, risk-based supervisory training, covering key risks faced by PSPs, supervisory tools, and practical approaches to off-site analysis and targeted inspections. Discussions were anchored in Lebanon's institutional and regulatory context, including Banque du Liban's licensing and regulatory framework for electronic transfer of cash companies, and highlighted supervisory challenges arising from rapid fintech innovation, extensive agent networks, and cash-intensive business models.

Libya

Diagnostic on technical assistance needs in regulation and supervision (July 24-28)

The Central Bank of Libya (CBL) is committed to enhancing the regulatory and supervisory framework of the Libyan banking sector. This initiative seeks to modernize the banking industry in accordance with international standards and best practices. CBL partners with METAC to support this transformation, commencing with a diagnostic assessment to identify and prioritize the banking sector's technical assistance requirements. The objective is to establish a clear timeline and prioritize delivering short- and medium-term technical assistance.

Workshop On Supervisory Tools and Techniques and Supervisory Review Process (November 30-December 3)

METAC delivered a workshop for the Central Bank of Libya (CBL) aimed at strengthening supervisory capacity through the adoption of a risk-based supervision (RBS) framework. The workshop introduced and deepened understanding of the core components of effective supervision, including the risk assessment system, off site and on-site supervisory processes, and the Supervisory Review Process (SRP). Discussions enhanced participants' knowledge of supervisory best practices aligned with international standards issued by the Basel Committee on Banking Supervision and the Islamic Financial Services Board (IFSB). As a result, CBL supervisors are now better equipped to carry out diagnostic gap analyses and to identify priority areas for the continued development and strengthening of the supervisory framework.

Enhancing Risk Management Regulations for Islamic Banks (February 8-12)

The mission supported the Central Bank of Libya (CBL) in enhancing risk management regulations for Islamic banks, consistent with the Basel Core Principles, the Core Principles for Islamic Finance Regulation, and related IFSB standards. The mission aimed to transition from a high-level framework toward risk-specific regulatory requirements and supervisory tools, building on gaps identified during the 2025 METAC scoping mission.

Syria

Diagnostic on Technical Assistance Needs in Regulation and Supervision (February 22-26)

METAC support helped lay the foundations for strengthening banking regulation and supervision in Syria by clarifying reform priorities and establishing a structured, risk-based reform path. The engagement supported the Central Bank of Syria in identifying key gaps in the regulatory and supervisory framework and in prioritizing actions to transition from a predominantly compliance-based approach toward forward-looking, risk-based supervision consistent with the Basel Core Principles. The assistance helped clarify supervisory priorities across core areas, including risk-based supervision frameworks, supervisory tools and processes, regulatory governance, and capacity needs related to IFRS 9, Islamic banking, IT and cybersecurity risks, and AML/CFT. It also supported the authorities in identifying reforms to strengthen ownership transparency, corporate governance, and fiduciary safeguards, reinforcing the regulatory foundations for a safer and more transparent banking system.

Tunisia

Bank supervision (June 30-July 4)

METAC assisted the Central Bank of Tunisia (CBT) in developing a supervisory framework for Payment Companies (PCs). This collaboration achieved three primary objectives: (i) developing dashboards for effective supervision of PCs; (ii) review CBT's reporting templates for PCs; and (iii) drafting inspection guides for off-site and on-site supervision. The technical assistance enhanced the supervisory framework for payment companies and built the knowledge, understanding, and capacity of supervisors to assess the risks associated with these entities in the Tunisian banking sector.

Developing Regulation on Net Stable Funding Rating (NSFR) (January 12-16)

The mission assisted the Central Bank of Tunisia (CBT) in developing a liquidity regulation on the Net Stable Funding Ratio (NSFR), aligned with Basel III liquidity standards. three days of training covered liquidity risk management and Basel III liquidity requirements, addressing newly recruited staff needs. The mission (i) presented the Basel framework for the long-term structural liquidity ratio, the NSFR, and (ii) prepared a first draft regulation along with an NSFR template for a quantitative impact study (QIS) to be distributed to banks in anticipation of the future adoption of a Tunisian NSFR. The mission concluded with recommendations to enhance the existing liquidity regulatory framework, develop comprehensive risk management guidelines for banks, revise the current LCR framework to align with Basel III standards, design templates for liquidity monitoring tools, and complete the NSFR project.

West Bank and Gaza

Training on SRP/On-site Supervision (June 29-July 3)

METAC provided training for the supervisors of the Palestine Monetary Authority (PMA) to enhance their risk-based supervision (RBS) of banks and improve the capacity of on-site supervisors under the new risk assessment framework and Supervisory Review Process (SRP). This effort was part of a medium-term, multi-stage project strengthening the PMA’s RBS. The training focused on improving PMA supervisors' understanding of on-site supervision processes and procedures in line with the new risk assessment framework while also helping the PMA identify areas for further improvement.

Advancing Consolidated and Cross-Border Supervision

The Palestine Monetary Authority (PMA) is taking important steps toward developing and implementing a framework for consolidated and cross-border supervision in October. METAC is supporting this effort by helping the PMA team identify regulatory gaps and design a supervisory risk assessment framework aligned with its new supervisory approach. The new consolidated and cross-border supervisory framework will follow international best practices and standards, particularly the Basel Core Principles (BCP), with a focus on Principles 3, 12, and 13. These enhancements will strengthen PMA’s ability to oversee banking groups and cross-border activities, ensuring greater financial stability and compliance with global norms.

SRP Manual Development Follow Up (April 26-30)

METAC conducted a follow-up online mission to support the Palestine Monetary Authority (PMA) in completing the Supervisory Review Process (SRP)/Risk-Based Supervision (RBS) Manual, with particular focus on outstanding components not yet fully developed, including capital adequacy assessment (SREP capital), the end-to-end SREP cycle, and integration ICAAP assessment into SREP assessment.

Yemen

Risk Management Regulations for Banks (May 18-22)

METAC supported the Central Bank of Yemen (CBY) in establishing crucial risk management regulations tailored specifically for the Yemeni banking sector. This initiative prioritizes comprehensive training for CBY supervisors and focused discussions to enhance the regulations. The purpose of the risk management guidelines is to safeguard the integrity of the banking sector by ensuring that banks adopt robust risk controls and risk management processes. By operating within defined limits and adhering to international best practices, these regulations will bolster the banking industry's resilience and instill confidence in Yemen's national financial system.

Capacity development on Islamic Banks (July 13-17)

METAC assisting CBY in a multi-phase initiative aimed at developing and comprehensively implementing the Capital Adequacy Framework and risk management regulations for both conventional and Islamic banks. At this stage, the online training primarily focused on conveying the fundamental concepts related to the regulation and supervision of Islamic banks, thereby enhancing the regulatory and supervisory capabilities of personnel responsible for overseeing these institutions. This initiative was designed to establish a solid foundation for future missions directed towards formulating the Capital Adequacy Framework in accordance with the standards set forth by the Islamic Financial Services Board (IFSB).

Development Capital Adequacy Framework for Islamic Banks

METAC supported the Central Bank of Yemen (CBY) in reinforcing its Capital Adequacy Framework for both conventional and Islamic banks in September. These efforts are aligned with international standards—Basel III Pillar 1 for conventional banks and IFSB-23 for Islamic banks. This follow-up mission focuses on developing draft sample regulations for capital adequacy and creating reporting templates for Islamic banks. These steps are critical to enhancing financial stability and ensuring Yemen’s banking sector meets global best practices.

Development of risk management regulations for Islamic Banks (December 14-18)

METAC strengthened the Central Bank of Yemen’s ability to regulate and supervise Islamic banking by developing a dedicated regulatory annex and supervisory questionnaire that integrate Islamic-finance-specific risks into the existing risk management framework. It enhanced supervisory capacity and technical understanding through targeted discussions and training, while ensuring that risks unique to Islamic banking are addressed alongside conventional prudential risks. Overall, the work advanced Yemen’s alignment with international standards set by the Basel Committee on Banking Supervision and the Islamic Financial Services Board.

Development of Capital Framework (January 18-22)

The mission strengthened the Central Bank of Yemen's capacity to implement a comprehensive Capital Adequacy Framework for both conventional and Islamic banks by supporting the finalization of regulations, reporting templates, and impact assessment tools aligned with the Basel Committee on Banking Supervision Basel III Pillar 1 framework and Islamic Financial Services Board (IFSB standard-setting body) standards. Through targeted training, technical guidance, and hands-on collaboration, the mission closed key knowledge gaps, enhanced supervisory expertise, and ensured greater harmonization between conventional and Islamic capital frameworks. Overall, it enabled the CBY to operationalize risk-sensitive capital requirements, improving regulatory consistency and strengthening the resilience and stability of Yemen's banking sector.

Workshop on IFRS 9 and Asset Classification and Provisioning Concepts (March 30-April 1)

The Central Bank of Yemen's strengthen supervisory capacity with support of METAC to assess and prepare for the potential application of IFRS 9 within a diverse and evolving banking system. The engagement enhanced supervisors' understanding of core IFRS 9 concepts, including classification and measurement, expected credit loss frameworks, hedge accounting, and implications for Islamic finance, and clarified their linkages with regulatory asset classification and provisioning. By addressing differences in business models and risk profiles across conventional banks, Islamic banks, and microfinance institutions, the support helped supervisors adopt a proportionate and context-appropriate perspective. The engagement also supported an assessment of sector and supervisory preparedness and clarified supervisory priorities and possible next steps, strengthening the CBY's analytical readiness while preserving flexibility over future policy decisions.