

DOCUMENTATIEBLAD

STRUCTURAL EVOLUTION AND PRUDENTIAL SURVEILLANCE OF THE BELGIAN FINANCIAL MARKET IN THE EU ENVIRONMENT**Thierry TIMMERMMANS**

Deputy director

Head of department

International cooperation and financial stability

National Bank of Belgium

Abstract

This article reviews the major recent structural changes in the Belgian financial sector and their implications for the prudential surveillance of Belgian financial institutions and markets. Those changes have been wide-ranging as the combined effects of new technologies and deregulation have removed barriers and speeded up consolidation of the sector. Financial institutions have adapted to this changing environment, relying on new techniques to master the broader risks they are taking on. Faced with those developments, authorities have to reconsider the way they are pursuing their financial stability mandate. While supervisors are adapting their approach to take into consideration both the emergence of new categories of risk and the developments of better risk management instruments, central banks are monitoring financial stability issues from a global perspective, focusing on interdependencies, the contagion process and systemic risk. At the same time, both authorities have to put in place adequate arrangements to ensure orderly management of cross-border crises in the EU.

KEYWORDS: *Supervision, Market infrastructure, Systemic risk, Financial sector, Central banks, Financial stability*

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