

**For Official Use****English - Or. English****31 August 2022****COUNCIL****Council****IN-DEPTH EVALUATION OF THE COMMITTEE ON FINANCIAL  
MARKETS****Executive Summary****JT03501577**

Declassified

## IN-DEPTH EVALUATION OF THE COMMITTEE ON FINANCIAL MARKETS

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The Committee on Financial Markets (hereafter “the Committee” or “the CMF”) was established in November 1969. Its current mandate entered into force on 1 August 2015 and was extended to 31 July 2023 in order to allow its review by the Council to take place in light of the results of the present evaluation. The CMF’s main objective is to promote efficient, open, stable and sound financial systems, based on high levels of transparency, confidence, and integrity, so as to contribute to sustainable and inclusive growth. In order to implement its work, the CMF is currently supported by a relatively complex substructure of five Level II bodies, three of which are joint with one or two other committees: (1) Working Party on Financial Statistics (WPFS); (2) Working Party on Debt Management (WPDM); (3) Task Force on Financial Consumer Protection (TFFCP); (4) Advisory Task Force on the OECD Codes of Liberalisation (ATFC); and (5) the Joint Task Force on Institutional Investors and Long-Term Financing (TFLTI). Furthermore, the CMF is supported by the International Network on Financial Education (INFE), which is under the umbrella of the Global Forum on Finance and whose work feeds into both the CMF’s programme of work as well as that of the Insurance and Private Pensions Committee (IPPC). The Committee’s Secretariat is situated in the OECD’s Directorate for Financial and Enterprise Affairs (DAF) and its programme of work is programmed in the Output Area 4.2.2 “Insurance, Pensions and Financial Markets,” for which the CMF shares responsibility with the IPPC.

The present In-depth Evaluation (IDE) assesses the Committee’s relevance, its effectiveness and the quality of its products, as well as its functioning over the period 2013-2020.

The Committee’s objectives have been very highly aligned with Members’ policy needs. The 2019-20 biennium saw a shift in the scope of the CMF’s strategy, focusing on (1) Markets and Intermediation, (2) Sustainable Finance, and (3) Financial Technologies, and Members confirm the relevance of this new “Three Pillar Strategy.” Relevance has also been reflected in the slightly positive trend, during the review period, in the attendance of delegates from capitals to the meetings of the Committee. Finally, Members’ perception of the Output Area for which the CMF is responsible (Insurance, Pensions and Financial Markets, OA 4.2.2) has evolved during the review period from being a “lower priority” to a “middle ranking priority”.

With regard to its effectiveness, the Committee has contributed to Members’ policy making in three main ways. First, the CMF has *increased the knowledge base and understanding* of financial market trends and issues. In particular, the Committee has provided insights to understand and reflect on: (1) environmental, social and governance (ESG) finance; (2) best approaches regarding the COVID-19 crisis, and (3) financial innovations such as artificial intelligence, machine learning, tokenisation and decentralised finance. Second, the CMF has addressed topics for which there is *limited comparable alternative sources and guidance* at international level. Some examples are the rethinking of ESG finance and the promotion of regulation standards in financial consumer protection and financial literacy. Third, the Committee’s working methods for meetings and events have *supported policy dialogue*. Particularly the WPDM has become a forum for high-level exchanges between debt management officers that does not exist anywhere else.

The quantitative assessment suggests that products and events of the CMF have had a medium impact according to Members’ policymakers, who have often used CMF products as a reference and less frequently for supporting policy change. This said, the high quality of CMF products, its contributions to policymaking, the wide dissemination through events and the contribution to the Group of Twenty

(G20) discussions, as well as at a global level, leads to an overall assessment of “medium to high” for the effectiveness of the CMF.

The Committee has functioned well over the review period, and its functioning in the last biennia is particularly appreciated. Interviewed delegates view the process of priority setting and establishing the work programme as consultative, transparent and well-documented. Meetings are found to be well prepared and organised, and managed in an efficient manner, bringing in, when relevant, the expertise of market participants and co-ordinating with other relevant international bodies. The functioning of the CMF is assessed as “highly satisfactory.”

The overall good performance of the CMF notwithstanding, the following areas for improvement were identified:

- Flexibility to adapt the CMF’s work to new thematic priorities during COVID-19 and to virtual meetings has been commended. However, due to virtual meetings, sessions have become shorter, and have limited scope for exchanges and close follow-up of new developments. More frequent meetings would allow an adequate follow-up of new developments in the Committee’s field of work.
- The agenda of the TFLTI is mainly steered by the OECD’s contributions to the G20’s infrastructure agenda and less aligned to the programme of work managed directly by the CMF. Correspondingly, the TFLTI attracts less delegates from capitals as compared to other CMF subsidiary bodies and use and impact of TFLTI’s products is relatively lower. TFLTI’s methods could be enhanced to exploit synergies with the CMF, attract more participation from capital-based delegates and increase its impact.
- Global engagement primarily takes place through the G20 and Asia-Pacific Economic Cooperation (APEC), as well as in the form of co-ordination and dissemination of work through organisations such as the Financial Stability Board (FSB). Yet, delegates could play a more important role in the dissemination of the CMF’s work. Related to this, a communication strategy, including a policy for the publication of products, and for reaching out to broader audiences, could improve the Committee’s outreach.
- The CMF substructure reflects well its various objectives, but this also has led to a relatively complex architecture. Co-ordination happens at the level of the Secretariat and few actual synergies or collaboration occur at committee level due to different specialisations. The ATFC mainly interacts with the Investment Committee (its co-parent along with the IPPC) while the WPFS mainly interacts with the Committee on Statistics and Statistical Policy (CSSP) and reporting lines to the CMF are barely used. Furthermore, the work of the WPDM is to a wide extent independent from the CMF.
- Financial consumer protection, and financial education/literacy have received increasing importance and visibility since the Global Financial Crisis of 2008. Correspondingly, the TFFCP’s work has contributed to the G20’s agenda. Likewise, in spite of not being a formal OECD body, the INFE counts 278 participants from 130 economies – the participation goes well beyond the OECD membership. However, in view of their present independence and limited engagement with the CMF, the evaluation suggests that the efficiency, visibility and effectiveness of the work of the TFFCP and the INFE can still be further enhanced.
- The working methods of the CMF are well regarded by delegates and the “tour d’horizon” as well as the “market participants table” are valued and considered good practice by delegates. Likewise, the CMF’s Three Pillar Strategy and programme of work have well positioned the Committee vis-à-vis other international organisations. However, interviews suggest that more specialised presentations, containing information from Key Partners, participation from Members’ experts brought by, and occasional participation to roundtables from not only private sector but also other market participants would be appreciated. Likewise, delegates see potential to continue establishing CMF’s specialisation in the international environment.

**Assessment<sup>1</sup>**

<i>Relevance</i>	<i>High</i>
<i>Effectiveness</i>	<i>Medium to high</i>
<i>Quality of Committee Products</i>	<i>Very high</i>
<i>Committee functioning</i>	<i>Highly Satisfactory</i>

**Recommendations**

**Recommendation N° 1:** In order to compensate for the constraints of virtual meetings regarding the possibility of in-depth exchanges and to more closely follow and quickly react to new developments during and after the COVID-19 crisis, the CMF and its subsidiary bodies should explore meeting modalities for the future, including by considering the length and frequency of, and balance between, physical and remote meetings.

**Recommendation N° 2:** The agenda of the Joint Task Force on Institutional Investors and Long-Term Financing is mainly steered by the OECD contributions to the G20's infrastructure agenda and less aligned to the CMF's programme of work. In order to ensure more and better collaboration with the CMF, attain greater participation from capital-based delegates and increase the relevance and impact of its work, the CMF in co-operation with the TFLTI should review how to further leverage synergies and complementarity between both bodies' programmes of work.

**Recommendation N° 3:** The CMF should elaborate a communication strategy, including a policy for the dissemination of its documents, considering different media and fora, with a view to being more systematic, results-oriented and targeted in the dissemination of its products.

**Recommendation N° 4:** Few synergies or collaborations exist between the CMF and the subsidiary bodies ATFC and WPDM due to different specialisations. In order to ensure more and better collaboration with the CMF, the Committee should review how to further leverage synergies and complementarity between its programme of work and that of each subsidiary body.

**Recommendation N° 5:** The WPFS has no interaction with or reporting to the CMF, and the outputs of the WPFS, due to their statistical nature, are scarcely used by the CMF. In order to have a structure relevant to its programme of work, the Committee should reflect on the relevance of the WPFS to the CMF's mandate and review its relationship in consultation with the WPFS and the CSSP.

**Recommendation N° 6:** The Committee should review the structure and functioning of the TFFCP and the INFE with the aim to further enhance the efficiency, visibility and effectiveness of the work on consumer finance.

**Recommendation No 7:** In order to strengthen the added value of the Committee, the CMF should review its approach to: i) increasing the number of delegations that have subject matter experts attend the meetings; ii) including information from Key Partners in its meetings; and iii) occasionally bringing in market participants beyond private sector participants to roundtables.

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<sup>1</sup> Relevance, effectiveness and quality are rated on a 9-point scale (Very Low / Very Low to Low / Low / Low to Medium / Medium / Medium to High / High / High to Very High / Very High); committee functioning is rated on a 5-point scale (Poor / Fair / Satisfactory / Highly Satisfactory / Excellent).

**Recommendation No 8:** In alignment with its strategy, the Committee should refine its work programme with a view on continuing to specialise in areas in which it adds value to Members and plays a unique or leading role in the international financial architecture.