FSB FINANCIAL STABILITY BOARD

THE CHAIR

8 October 2025

To G20 Finance Ministers and Central Bank Governors

The G20 meets this week amid a challenging global environment. It is more important than ever to underscore the importance of multilateral institutions in helping us to navigate this environment.

Risks and uncertainty remain elevated, driven by persistent geopolitical tensions and fragmentation in trade and financial markets. Some geopolitical risks have already crystallised. While most jurisdictions have seen a rebound in financial markets in recent months, the resulting asset valuations could now be at odds with the uncertain economic and geopolitical outlook, leaving markets susceptible to a disorderly adjustment. Sovereign debt levels have continued to increase and are forecast to rise further. Vulnerabilities in the financial system remain high.

The need for global standards and cooperation therefore remains abundantly clear. Not just to prevent crises, but because ultimately a resilient system allows the efficient allocation of capital, enabling the G20 and its member economies to focus on supporting sustained growth. The FSB was created to act as a global coordinating body to develop policies that enhance the stability and resilience of the global financial system. A core part of its mandate is promoting the timely and consistent implementation of these policies. That is because the G20 recognised that policy development alone was not enough. Without timely and consistent implementation, we undermine the resilience of the financial system, leaving it vulnerable to future shocks.

With this in mind, the FSB will enhance its surveillance of vulnerabilities in the financial system, while shifting its focus from policy development to monitoring and facilitating the implementation of agreed reforms. This pivot underscores the importance of translating jurisdictions' commitments into concrete actions.

Monitoring implementation of agreed financial reforms

The FSB remains steadfast in its mandate to promote implementation through rigorous monitoring, peer reviews and transparent disclosures. These efforts are critical for turning policies into tangible outcomes that strengthen the resilience and stability of the financial system. The effectiveness of these measures depends on their timely, consistent and comprehensive implementation across all jurisdictions. The reports we are delivering for this meeting reflect our determination to ensure that agreed reforms are fully realised for end users – the citizens of G20 member economies.

Cross-border payments

This year marks five years since the G20 launched its Roadmap to address the identified challenges associated with cross-border payments: high cost, slow speed, and insufficient transparency and access. Throughout this period, the FSB, the Bank for International

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Settlements Committee on Payments and Market Infrastructures (CPMI) and other partner organisations have worked diligently to complete international policy work identified as priorities under the Roadmap, and most of this work has been completed. Despite this progress, as noted in the report we submitted to this meeting, satisfactory improvements at the global level will not be achieved in line with the Roadmap's 2027 timetable.

We stand at a critical juncture. More needs to be done to turn progress at the international level into real-world gains for end-users and to support economic growth. Individual jurisdictions need to redouble their efforts to implement measures that will enable better cross-border payment services for citizens and businesses worldwide. Private sector stakeholders must also contribute by exploring and adopting changes to improve the cross-border payments experience for end-users. The G20 leadership has been instrumental in driving progress and is needed now more than ever to help close the gap between aspiration and achievement.

Over the next year, we will intensify efforts to drive implementation and support jurisdictions in overcoming barriers. Our collective focus will remain on the Roadmap's goal to make material improvements in peoples' lives. This objective will guide our work up to and beyond 2027.

Crypto-asset thematic review

We are delivering to this meeting our thematic peer review on the implementation of the FSB's regulatory framework for crypto-asset activities, including stablecoins. Recent developments in crypto-asset markets reflect both their significant growth and their increasing integration into financial systems. Vulnerabilities in these markets could amplify and introduce new risks to financial stability. While jurisdictions have made notable progress implementing the FSB recommendations for crypto-asset activities, gaps remain in addressing financial stability risks and few have finalised regulatory frameworks for global stablecoin arrangements. Uneven implementation creates opportunities for regulatory arbitrage and complicates oversight for an inherently globally interconnected market. The report provides recommendations to further the consistent implementation of the FSB framework, highlighting the importance for international regulatory alignment and cooperation.

Implementation monitoring review

The above reports highlight the challenges of implementing complex reforms in a dynamic financial sector. More concerning is a backdrop of rising concerns that the impetus to implement reforms may be weakening. At the request of the G20, the FSB is conducting a strategic review of how it monitors implementation of G20 agreed financial reforms. The interim report delivered to this meeting provides an initial assessment of a significant part of the implementation history over the past 15 years. It reveals that full, timely and consistent implementation has not been completely achieved. As a notable example, implementation of the Basel III framework remains incomplete. This calls for deeper reflection on why these gaps exist and what steps we might take to address them. The final report will include specific recommendations to strengthen the FSB's implementation monitoring processes.

Vigilant monitoring of emerging risks

While our focus remains on policy implementation, we cannot lose sight of emerging risks. As the financial system evolves, so too must our tools for monitoring and responding to risks.

Surveillance is at the heart of the FSB’s mission, enabling us to identify vulnerabilities and to respond with targeted, evidence-based action. Whether it is the rise of private finance, the implications of geopolitical tensions, or the increasing role of stablecoins for payment and settlement purposes, our ability to detect and address emerging risks is critical. To this end, the FSB is committed to enhancing its surveillance capabilities by improving its agility, engagement and communication. This will entail making the FSB’s surveillance approach more flexible and quicker to recognise, and respond to, emerging vulnerabilities. The FSB will have open and frank discussions among members and increase outreach to the private sector to benefit from their expertise and perspectives on risks and vulnerabilities. By communicating our assessments in a timely manner, telling the public and private sector where we see vulnerabilities, the FSB can make them better able to mitigate those risks.

Artificial intelligence

The adoption of artificial intelligence (AI) is reshaping the financial sector, driving innovation and efficiency, but also amplifying specific vulnerabilities, such as third-party dependencies, cyber risks and model governance challenges. Last year, we delivered a report to the G20 outlining a number of vulnerabilities associated with AI. Recent developments, including advancements in AI models and the increasing reliance on service providers offering both models and infrastructure, underscore the critical need for close monitoring of AI advancements to address emerging vulnerabilities. For this meeting, we are submitting a report that explores how authorities can monitor AI adoption and assess related vulnerabilities. The report finds that while authorities have made progress in understanding AI use cases, and the associated benefits and vulnerabilities, monitoring frameworks remain at an early stage. The report identifies a range of indicators to enhance the monitoring of AI adoption and the assessment of associated vulnerabilities. The FSB will continue to monitor AI developments and address data gaps as appropriate, working towards approaches to foster innovation while safeguarding global financial stability.

Conclusion

Enhancing cooperation remains essential. The G20’s continued support for our work is crucial – not only through sponsorship of initiatives within the FSB and standard-setting bodies, but also through consistent implementation of reforms at the national level. In an interconnected global financial system, cooperation must be matched by steadfast follow-through on agreed reforms. Only then can we guarantee a resilient global financial system.

Yours sincerely,

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