

## Press release

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Ref: 31/2023  
10 October 2023

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### FSB review of 2023 bank failures assesses implications for the operation of the international resolution framework

- ***Review upholds the appropriateness and feasibility of the international resolution framework for global systemically important banks (G-SIBs).***
- ***Credit Suisse failure highlights some important lessons learnt for the effective operationalisation and implementation of the G-SIB resolution framework, including the need for an effective temporary public sector liquidity backstop and operational readiness of banks to access it as a last resort.***
- ***US bank failures highlight the need to explore whether the scope of resolution planning requirements and loss-absorbing capacity requirements needs to be expanded.***
- ***FSB will conduct further work on the implementation of the resolution framework for G-SIBs and other systemically important banks.***

The Financial Stability Board (FSB) today published a [review of the 2023 bank failures and assessment of potential implications for the operation of the international resolution framework](#) as set out in the FSB's [Key Attributes of Effective Resolution Regimes for Financial Institutions](#). The report identifies preliminary lessons learnt for the Key Attributes' framework for resolving G-SIBs and other systemically important banks, drawing on an analysis of the Credit Suisse case and the recent bank failures in the United States.

The review upholds the appropriateness and feasibility of the international resolution framework, concluding that the framework provided the Swiss authorities with an executable alternative to the solution that they deemed preferable in the case of Credit Suisse. Nevertheless, the report identifies several areas for further analysis and improvements in the operationalisation and implementation of the international resolution framework. Among these are the need for an effective temporary public sector liquidity backstop and operational readiness of banks to access that as a last resort. Firms and authorities also need to (i) address the legal issues identified in the execution of bail-in across borders during resolution planning; (ii) better operationalise a range of resolution options such as transfer and sale of business tools alone or in combination with bail-in; and (iii) understand the impact of bail-in on financial markets. In addition, authorities should continue to prioritise testing and simulating effective decision making and execution at domestic and international levels. They should also extend their communication and coordination efforts outside of the core crisis management group.

The failures of Silicon Valley Bank (SVB), Signature Bank and First Republic Bank showed that banks not identified as G-SIBs can still be systemically significant or critical upon failure. The three US regional banks were effectively resolved without bailing out shareholders and unsecured creditors. Nevertheless, a number of issues deserve attention as part of the FSB's future work. These include the need to explore whether the scope of resolution planning requirements and loss-absorbing capacity requirements needs to be expanded; how resolution authorities can be better prepared for the increased speed of bank runs due to, for example, 24/7 payments, mobile banking and the use of social media; and the implications of recent events for the role of deposit insurance in resolution arrangements.

The FSB will conduct work to further explore the lessons from the recent bank failures in the areas identified. Where appropriate, the FSB will continue to coordinate closely with the other standard-setting bodies, as they pursue work on lessons learnt from their perspectives.

## Notes to editors

In March 2023, the FSB announced that it would review the lessons to be learnt from the actions taken by the authorities to resolve financial institutions for the operation of the international resolution framework.

The review was undertaken by the FSB's Resolution Steering Group (ReSG) and its working group on Cross-Border Crisis Management for banks (bankCBCM). ReSG is the primary global forum for the development of standards and guidance for resolution regimes, planning, and execution for systemically important financial institutions. ReSG is chaired by Martin J. Gruenberg, Chairman of the Board of Directors of the Federal Deposit Insurance Corporation. BankCBCM is chaired by Sebastiano Laviola, Board Member of the Single Resolution Board.

The report was prepared in consultation with the member authorities closely involved in the bank failures. The report focuses exclusively on issues related to resolvability and the resolution framework and does not discuss issues on prudential regulation or ongoing supervision. These issues are covered in the Basel Committee on Banking Supervision (BCBS) *Report on the 2023 banking turmoil*.

The *Key Attributes of Effective Resolution Regimes for Financial Institutions* ("Key Attributes") are the international standard for resolution regimes for financial institutions. They set out the core elements that the FSB considers to be necessary for an effective resolution regime. The Key Attributes were adopted by the FSB in October 2011 as part of the package of policy measures developed following the Global Financial Crisis to address the problem of financial institutions that are "too big to fail".

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes the implementation of effective regulatory, supervisory, and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with approximately 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Klaas Knot, President of De Nederlandsche Bank. The FSB Secretariat is located in Basel, Switzerland and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, [www.fsb.org](http://www.fsb.org).