FSB FINANCIAL STABILITY BOARD

Press release

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FSB Chair writes to G20 Leaders ahead of the Bali Summit

The Financial Stability Board (FSB) today published a letter from its Chair, Klaas Knot, to G20 Leaders ahead of their Summit in Bali on 15-16 November.

The letter notes that developments since the Rome Summit have been a stark reminder that global financial stability should not be taken for granted. The return of inflation to levels not seen in decades has resulted in a strong interest rate response and significantly tighter financial conditions. This tightening is occurring amidst record-high levels of debt of non-financial corporates, households and governments globally.

So far, the global financial system has remained resilient. However, there is no room for complacency as current conditions are unprecedented in a number of respects. The current tightening is occurring in a global financial system where the provision of finance through non-banks has become as important as bank credit.

The FSB is delivering to the Summit a set of policy proposals to address systemic risk in non-bank financial intermediation (NBFI). In 2023, the FSB will deepen its analysis and horizon scanning of vulnerabilities in NBFI, with a particular focus on hidden leverage, and will then work to address identified issues. It will also take steps to tackle liquidity mismatches in investment funds and ensure better preparedness of market participants for sudden spikes in demand for liquidity.

At the same time, the FSB has continued to work to enable the financial system adapt to secular changes.

- By taking forward the **Roadmap for Enhancing Cross-Border Payments**, with the focus now being on three priority areas, cooperating closely with the private sector .
- By developing a comprehensive framework for the **regulation, supervision of oversight of crypto-assets activities and markets**.
- By working tp address **financial risks from climate change** through enhancements to disclosures, data, vulnerabilities assessment and regulatory and supervisory policy. The FSB, together with the Network for Greening the Financial System, will deliver to the Summit a report on early lessons from climate scenario analyses.

Work in all these areas will continue under the Indian G20 Presidency in 2023.

The FSB Chair asks for the G20's continued and reinforced support for the work of the FSB to strengthen the resilience of the financial system as a whole. The challenges that lie ahead make global cooperation on financial stability matters as important now as it was after the global financial crisis, when the decisions of G20 Leaders triggered reforms that, coordinated through the FSB, have made the global financial system more resilient and growth-enhancing.

Notes to editors

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.