

Press release

Press enquiries:
+41 61 280 8477
press@fsb.org

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FSB Europe Group discusses risks to financial stability, including recent banking sector stress, DeFi and climate change

The Financial Stability Board (FSB) Regional Consultative Group for Europe met today in London. The group discussed global and regional financial market developments and financial stability risks arising from decentralised finance (DeFi) and from climate change.

Members discussed the challenging outlook for financial stability, including recent stress in the banking sector. Members noted the work currently being undertaken by national authorities and standard-setting bodies to examine and learn lessons from events in the banking sector. Members received an update on the FSB's work programme, including deliverables to the Indian G20 Presidency, and discussed potential FSB work on lessons learned following recent events.

In July, the FSB will finalise its recommendations for the regulation, supervision and oversight of crypto-assets and markets and its revised recommendations specifically addressing global stablecoin arrangements. The FSB is also analysing the financial stability implications of developments in the DeFi area (although the actual level of decentralisation varies widely). The group discussed risks arising from DeFi, which has emerged as a fast-growing segment of the crypto-asset ecosystem, and implications for regulatory and supervisory policies.

The group also discussed the role of climate scenario analysis in the assessment, supervision and regulation of climate-related financial risks and the links with transition planning. Drawing on the findings of the FSB's joint report with the Network for Greening the Financial System (NGFS) published in November 2022, members discussed data, approaches and instruments that could help in building an effective climate scenario analysis toolkit.

Notes to editors

The FSB Regional Consultative Group for Europe is co-chaired by Henry Ohlsson, Deputy Governor, Sveriges Riksbank, and Gwyneth Nurse, Director General, Financial Services at the UK Treasury. Membership includes financial authorities from Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, Ukraine, United Kingdom and the Group of International Finance Centre Supervisors. The European Commission, the European Central Bank (ECB) and the ECB Banking Supervision also attended the meeting.

The FSB has six Regional Consultative Groups, established under the FSB Charter, to bring together financial authorities from FSB member and non-member countries to exchange views on vulnerabilities affecting financial systems and on initiatives to promote financial stability.¹ Typically, each Regional Consultative Group meets twice each year.

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.

¹ The FSB Regional Consultative Groups cover the following regions: Americas, Asia, Commonwealth of Independent States, Europe, Middle East and North Africa, and sub-Saharan Africa.