

Press release

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Recent FSB reports to G20 Finance Ministers and Central Bank Governors

The Financial Stability Board (FSB) today released three reports that were sent to G20 Finance Ministers and Central Bank Governors ahead of their meetings in Ankara on 4-5 September. The reports, available on the FSB website, are:

- [Corporate Funding Structures and Incentives](#) – in their [February communiqué](#), G20 Finance Ministers asked the FSB, to coordinate with the International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), Bank for International Settlements (BIS), International Organization of Securities Commissions (IOSCO) and World Bank Group, to present a report in September on the factors that shape the liability structure of corporates, focusing on the implications for financial stability. The report presented to the G20 highlights the growth of non-financial corporate debt in many countries over the past 15 years, including an acceleration in emerging markets since the financial crisis. It notes that high corporate leverage can amplify shocks and dampen economic growth and considers whether there are factors incentivising firms to choose to issue debt rather than equity.

The G20, in their [September communiqué](#), recognised potential risks to financial stability arising from liability structure distortions in corporate balance sheets and have asked the FSB, in coordination with other international organisations, to continue to explore any systemic risks and consider policy options. The FSB report proposes that further work in 2016 could include: further data analysis on economic factors driving corporate liability decisions and whether any financial stability risks arise; case studies on countries' actions to address the debt-equity tax bias; and sharing country experiences on the use of macro-prudential tools to counter these risks.

- [The Financial Crisis and Information Gaps](#) – the IMF and the FSB published their sixth annual progress report on the implementation of the G20 Data Gaps Initiative begun in 2009. The report notes significant progress over the six years in addressing the data gaps identified following the financial crisis, with data increasingly being used to support financial stability analysis and macro-policy decision making. The report proposes a second phase with a five-year horizon with more specific objectives that promote the regular flow of high quality statistics for policy use. The G20 September communiqué, endorsed the recommendations in the report for this second phase.

- [Work on Foreign Currency Exposures](#) – the IMF, FSB and BIS presented a report providing an update on their work to address data gaps involving foreign currency exposures. The main objective of this ongoing work is to set the stage for improved assessments of cross-border risks. The G20 September communiqué notes the expectation that this work will be taken forward as part of the second phase of the overall Data Gaps Initiative.

Notes to editors

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote 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 is chaired by Mark Carney, Governor of the Bank of England. Its 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