

Press release

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FSB sets out potential financial stability implications from crypto-assets

The Financial Stability Board (FSB) today published [Crypto-asset markets: Potential channels for future financial stability implications](#). This report sets out the analysis behind the FSB's proactive assessment of the potential implications of crypto-assets for financial stability. The reports follows up on the initial assessment set out in the [FSB Chair's March 2018 letter to G20 Finance Ministers and Central Bank Governors](#), and the [summary of the work of the FSB and standard-setting bodies](#) on crypto-assets the FSB published in July.

The report published today includes an assessment of the primary risks present in crypto-assets and their markets, such as low liquidity, the use of leverage, market risks from volatility, and operational risks. Based on these features, crypto-assets lack the key attributes of sovereign currencies and do not serve as a common means of payment, a stable store of value, or a mainstream unit of account.

Based on the available information, crypto-assets do not pose a material risk to global financial stability at this time. However, vigilant monitoring is needed in light of the speed of market developments. Should the use of crypto-assets continue to evolve, it could have implications for financial stability in the future. Such implications may include: confidence effects and reputational risks to financial institutions and their regulators; risks arising from direct or indirect exposures of financial institutions; risks arising if crypto-assets became widely used in payments and settlement; and risks from market capitalisation and wealth effects.

Crypto-assets also raise several broader policy issues, such as the need for consumer and investor protection; strong market integrity protocols; anti-money laundering and combating the financing of terrorism (AML/CFT) regulation and supervision, including implementation of international sanctions; regulatory measures to prevent tax evasion; the need to avoid circumvention of capital controls; and concerns relating to the facilitation of illegal securities offerings. These risks are the subject of work at national and international levels and are outside the primary focus of this report.

FSB members have to date taken a wide variety of domestic supervisory, regulatory, and enforcement actions related to crypto-assets. National authorities and standard-setting bodies have issued warnings to investors about the risks from crypto-assets, as well as statements supporting the potential of the underlying distributed ledger technology (DLT) that they rely on to enhance the efficiency of the financial system. These actions are balanced between preserving the benefits of innovation and containing various risks, especially those for consumer and investor protection and market integrity.

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 65 other jurisdictions through its six regional consultative groups.

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.