

Press release

Press enquiries:
+41 61 280 8138
press@fsb.org

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FSB publishes report on international cooperation to address the financial stability implications of COVID-19

The Financial Stability Board (FSB) today published a [report delivered to the G20](#) on international cooperation and coordination to address the financial stability implications from COVID-19.

The COVID-19 pandemic represents the biggest test of the post-crisis financial system to date. The global financial system faces the dual challenge to sustain the flow of credit amidst declining growth and manage heightened risks. Nevertheless, the global financial system is more resilient and better placed to sustain financing to the real economy as a result of the G20 regulatory reforms in the aftermath of the 2008 global financial crisis.

The FSB is closely monitoring the resilience of key nodes in the financial system that are critical for financial stability. These include: the ability of financial institutions and markets to channel funds to the real economy; the ability of market participants around the world to obtain US dollar funding, particularly in emerging markets; the ability of financial intermediaries, such as investment funds, to effectively manage liquidity risk; and the ability of market participants and financial market infrastructures (including central counterparties) to manage evolving counterparty risks.

The report sets out five principles that underpin the official community's rapid and coordinated response to support the real economy, maintain financial stability and minimise the risk of market fragmentation. Using these principles, authorities will: monitor and share information on a timely basis to assess and address financial stability risks from COVID-19; recognise and use the flexibility built into existing financial standards to support our response; seek opportunities to temporarily reduce operational burdens on firms and authorities; act consistently with international standards, and not roll back reforms or compromise the underlying objectives of existing international standards; and coordinate on the future timely unwinding of the temporary measures taken.

On the basis of these principles, the FSB is supporting international cooperation and coordination on the COVID-19 response in three ways. First, the FSB is regularly sharing information among financial authorities on evolving financial stability threats, on the policy measures that financial authorities are taking or are considering, and on the effects of those policies. Second, the FSB is assessing potential vulnerabilities in order to better understand the impacts of COVID-19 on financial markets in individual jurisdictions and across the globe and inform discussions of policy issues. Third, FSB members are coordinating on their responses to policy issues, including measures that standard-setting bodies and national authorities take to provide flexibility within international standards or reduce operational burdens.

Notes to editors

Yesterday the FSB published a [letter from its Chair](#), Randal K. Quarles, to G20 Finance Ministers and Central Bank Governors setting out the FSB's work to tackle the implications for the financial system of COVID-19.

Additional information on the FSB's response to COVID-19 is available [here](#).

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 Randal K. Quarles, Vice Chairman, US Federal Reserve; its Vice Chair is Klaas Knot, President, 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.