

Press release

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FSB publishes annual report on non-bank financial intermediation

The Financial Stability Board (FSB) today published the [Global Monitoring Report on Non-Bank Financial Intermediation 2019](#). The report presents the results of the FSB's annual monitoring exercise to assess global trends and risks from non-bank financial intermediation (NBFi).

The annual monitoring exercise is an important part of the FSB's policy framework to enhance the resilience of NBFi. It covers data up to end-2018 from 29 jurisdictions, which together represent over 80% of global GDP. The FSB focuses particularly on those parts of NBFi that may pose bank-like financial stability risks and/or regulatory arbitrage (i.e. the narrow measure of NBFi).

Main findings from the 2019 monitoring exercise include:

- Total global financial assets grew by 1.4% to \$378.9 trillion in 2018, driven largely by banks. Assets of insurance corporations and pension funds remained largely unchanged, while those of Other Financial Intermediaries (OFIs)¹ declined marginally as a result of stock market declines in late 2018 and, to a lesser extent, outflows from some of these entities.
- The narrow measure of NBFi grew by 1.7%, to \$50.9 trillion in 2018, significantly slower than the 2012-17 average annual growth rate of 8.5%. It now represents 13.6% of total global financial assets. Collective investment vehicles with features that make them susceptible to runs grew by 0.4% in 2018, much slower than the 11% average annual growth rate from 2012-17. At the end of 2018, such collective investment vehicles represented 72% of the narrow measure.
- Lending by OFIs has continued to grow. OFI lending assets grew by 3.0% in 2018, largely driven by the euro area.
- Interconnectedness between banks and OFIs through credit and funding relationships has been largely unchanged since 2016. Investment funds and money market funds remain the largest OFI providers of credit to banks.

Klaas Knot, Chair of the FSB Standing Committee on Assessment of Vulnerabilities, said: "Non-banks play an increasingly important role in the global financial system. The FSB's monitoring report provides a significant resource for authorities to assess trends and risks from NBFi. Such information is essential for a forward-looking, system-wide oversight framework."

Notes to editors

¹ OFIs includes all financial institutions that are not central banks, banks, insurance corporations, pension funds, public financial institutions or financial auxiliaries.

In response to a G20 Leaders' request at the Seoul Summit in 2010, the FSB adopted a two-pronged strategy to address financial stability risks in NBFIs (previously called shadow banking). First, it created a system-wide monitoring framework to track developments in NBFIs with a view to identifying the build-up of systemic risks and initiating corrective actions where necessary. Second, it has been coordinating and contributing to the development of policies to mitigate potential systemic risks associated with NBFIs.

The FSB will continue to monitor and assess developments to ensure that non-bank financing is resilient. As noted in its [work programme for 2020](#), the FSB will further strengthen its annual NBFIs monitoring exercise and data framework to assess the evolution of risks from NBFIs developments globally. It will also review the organisation of its work on NBFIs this 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 Randal K. Quarles, Governor and Vice Chairman for Supervision, US Federal Reserve; its Vice Chair is 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.