

Press release

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FSB reports on global trends and risks in non-bank financial intermediation

The Financial Stability Board (FSB) today published the *Global Monitoring Report on Non-Bank Financial Intermediation 2022*. The report presents the FSB's annual monitoring exercise assessing global trends and risks in non-bank financial intermediation (NBFi).

The report mainly covers developments in 2021, when most economies experienced a better than expected recovery from the COVID-19 shock, in many ways because of the extraordinary steps taken by official sector authorities to support key financial markets and the real economy. It describes broad trends in financial intermediation across 29 jurisdictions that account for approximately 80% of global GDP, before narrowing its focus to the subset of NBFi activities that may be more likely to give rise to vulnerabilities. The main findings from this year's monitoring exercise include:

- The NBFi sector exhibited strong growth in 2021, driven in particular by investment funds. These benefited from the economic recovery and experienced both inflows and higher valuations of a wide range of their investments. The NBFi sector grew by 8.9%, and its share of total financial assets remained stable at 49%.
- The narrow measure of the NBFi sector – comprising entities that authorities have assessed as being involved in credit intermediation activities that may pose bank-like financial stability risks – reached \$67.8 trillion in 2021, representing 28.3% of total NBFi assets and 14.1% of total global financial assets. Collective investment vehicles with features making them susceptible to runs remained by far the largest component of the narrow measure, and their aggregate measures of credit intermediation, liquidity and maturity transformation remained at elevated levels.
- Since 2013, NBFi sector linkages with the banking sector through funding and exposures have continued to decrease. However, the sector continued to be a net provider of cash in the repo market and its net level of repo assets rebounded strongly in 2021.

Global economic and financial conditions have deteriorated significantly since the beginning of 2022, with knock-on effects on the NBFi sector, and Box 1-1 of the report provides some detail on the NBFi entities most sensitive to these developments. As part of its work programme to enhance the resilience of the NBFi sector, the FSB has identified key amplifiers of liquidity stress and will continue to develop metrics and tools to monitor associated vulnerabilities.

Notes to editors

The FSB created a system-wide monitoring framework to track developments in NBFIs in response to a G20 Leaders' request at the Seoul Summit in 2010. The objective of the monitoring exercise is to identify the build-up of vulnerabilities in NBFIs and initiate corrective actions where necessary. Complementing this monitoring, the FSB has been coordinating the development of policies to mitigate potential vulnerabilities associated with NBFIs.

In November 2020, the FSB published a *Holistic Review of the March Market Turmoil*, which lays out a comprehensive and ambitious work programme for strengthening the resilience of the NBFIs sector while preserving its benefits. This work is being carried out within the FSB as well as by its member standard-setting bodies and international organisations, to ensure that relevant experiences and perspectives are brought to bear. Progress under the FSB NBFIs work programme is detailed in its November 2022 report.

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.