

Press release

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FSB Chair reports to G20 Leaders ahead of the Buenos Aires Summit

The Financial Stability Board (FSB) today published a [letter from FSB Chair Mark Carney to G20 Leaders ahead](#) of their Summit in Buenos Aires this weekend.

The Chair highlights that 2018 has been a year of transition:

- from robust, broad-based global growth to a more uneven global expansion with emerging downside risks;
- from accommodative to tightening financial conditions; and
- from strong capital inflows to emerging market economies to capital outflows from many of them, in some cases significantly so.

These transitions are taking place against a backdrop of important structural changes in the financial system, with fast-growing sectors such as fintech and non-bank finance bringing welcome diversity while also creating potential vulnerabilities.

The FSB has also transitioned. After a decade delivering the G20's ambitious reforms to address the fault lines that caused the global financial crisis, the FSB is pivoting to focus on implementing those reforms, evaluating their effectiveness, and adjusting them where necessary. In parallel, new policies are being developed to address new risks to financial stability.

The letter reports on the FSB's delivery against its four priorities for this year:

Addressing emerging vulnerabilities while harnessing the benefits of innovation

The letter highlights the importance of continued vigilance to contain the risks of non-bank finance, including implementing the FSB's recommendations to address structural vulnerabilities associated with asset management; the publication of a cyber lexicon, and new work to develop effective practices for financial institutions' responses to, and recovery from, major cyber incidents. It also highlights the FSB's work to ensure that the G20 can harness the benefits of new financial technologies, while containing risks to financial stability.

Disciplined completion and implementation of the G20's reform priorities

G20 post-crisis reforms have delivered a safer, simpler and fairer financial system. To reinforce this progress, the FSB is working with standard-setters to complete work on a few final policy areas and focus on the implementation of the agreed financial reforms. Priorities include: full, timely and consistent implementation of Basel III; finalising policy to deliver resilient, recoverable and resolvable central counterparties; and work by the International Association of Insurance Supervisors to deliver a new framework for addressing systemic risks in insurance sector. The letter also highlights deliverables including completing a toolkit of measures to address the underlying causes of misconduct; maintaining an open and inclusive financial

system through the Correspondent Banking Action Plan; and encouraging progress in mitigating the financial stability risks from climate change through the Taskforce on Climate-related Financial Disclosures.

Pivoting to policy evaluation to ensure reforms are delivering resilience efficiently

As its work to fix the fault lines that caused the financial crisis draws to a close, the FSB's objectives are to assess whether reforms are operating as intended, and to identify and deliver adjustments where appropriate, without compromising on the agreed level of resilience. This dynamic implementation will ensure that the G20 reforms remain fit for purpose amidst changing circumstances. To this end the FSB delivered to the G20 Leaders Summit the first two evaluations of reforms, on the effects on infrastructure finance and on incentives to centrally clear over-the-counter derivatives.

Optimising how the FSB works to maximise its effectiveness and transparency

A decade ago, the G20 created the FSB to identify and address vulnerabilities that could threaten the stability of the global financial system. The FSB's strength results from its multidisciplinary, consensus-based and member-driven approach. To make sure the FSB is fit for the next phase, the FSB has reviewed how it works and will take a number of steps to improve process and transparency, including an enhanced approach to prioritisation of work focused on promoting financial stability and outreach with external stakeholders.

Conclusion

The letter ends by noting that, having built a safer, simpler and fairer financial system the G20 and FSB bear heavy responsibilities to safeguard recent progress, address new risks, and seize new opportunities presented by the major transitions underway in the global economy and financial system. Seizing new opportunities includes building a more open, integrated and resilient financial system on the strong platform created.

Mark Carney's term as Chair of the FSB ends at the conclusion of the G20 Summit on 1 December. In his letter, he highlights that the new FSB Chair, Randal K Quarles, and the new Vice Chair, Klaas Knot, will provide strong leadership as the FSB moves forward with implementing the post-crisis reforms and addressing any emerging vulnerabilities in the global financial system.

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.

On 26 November 2018, the FSB appointed Randal K. Quarles (Governor and Vice Chairman for Supervision at the US Federal Reserve) as its new Chair and Klaas Knot (President of De Nederlandsche Bank) as Vice Chair, for a three-year term starting on 2 December 2018. The

Plenary also agreed that after three years on 2 December 2021 Mr Knot will take over as Chair for the next three-year term.

For further information on the FSB, visit the FSB website, www.fsb.org.