

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 2021*. The report presents the results of the FSB's annual monitoring exercise to assess global trends and risks in non-bank financial intermediation (NBFI).

This report presents NBFI developments up to end-2020, the first year of the COVID-19 pandemic, covering 29 jurisdictions that account for approximately 80% of global GDP. The FSB focuses in the report particularly on those parts of NBFI that may pose bank-like financial stability risks and/or regulatory arbitrage (the so-called narrow measure of NBFI).

The main findings from this year's monitoring exercise include:

- Total global financial assets exhibited strong growth in 2020, increasing by 10.9% to \$468.7 trillion. This was mainly driven by banks and central banks, which grew at their highest rate since the 2008 global financial crisis. In contrast to the trend over the past decade, the NBFI sector grew less (7.9%) than the banking sector (11.1%) in 2020. The sector's share of total financial assets declined from 49.7% in 2019 to 48.3% in 2020.
- The narrow measure of NBFI grew by 7.4% in 2020 to \$63.2 trillion, broadly in line with its annual growth rate of 7.3% between 2014 and 2019. This growth was driven mainly by collective investment vehicles with features that make them susceptible to runs, which grew by 9.0% in 2020, remaining by far the largest component of the narrow measure (75.1%). As a share of total global financial assets, the narrow measure decreased slightly from 14.1% in 2019 to 13.7% in 2020.
- Despite the substantial volatility in financial markets during the first half of 2020, measures of vulnerability in NBFI appeared broadly stable when comparing 2020 to 2019. Largely unchanged measures of credit intermediation, maturity and liquidity transformation and leverage highlight the rapid response and impact of official sector intervention in the wake of the March 2020 market turmoil.

As part of its work programme to enhance the resilience of the NBFI sector, the FSB will consider further enhancements to the annual monitoring exercise in light of the COVID-19 experience.

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. The FSB published, in November 2021, a report describing the progress and planned work under its NBFIs work programme.

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.