

Press release

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FSB Plenary meets in Hong Kong

The Financial Stability Board (FSB) Plenary met yesterday and today in Hong Kong. Members discussed the outlook for global financial stability, including issues of particular relevance to emerging market and developing economies (EMDEs). The Plenary also reviewed policy work in several areas, including climate-related financial risks, crypto-assets and global stablecoins, cross-border payments, and non-bank financial intermediation (NBFi).

Members also agreed on the FSB's work programme for 2025, confirmed the extension of Klaas Knot's term as FSB Chair until 1 July 2025, and discussed the process for selection of a new FSB Chair.

Financial stability outlook

Long-standing vulnerabilities in the financial system remain. The global economy and financial system continue to be affected by economic and financial conditions, policy uncertainty, and geopolitical tensions. Globally, asset valuations remain elevated, while the heightened market volatility in early August suggests they are susceptible to further shocks.

Members discussed a number of issues, including the combination of high private and public debt and large bank holdings of domestic government bonds in some jurisdictions, which may lead to greater transmission of shocks between sovereigns and banks. Changing investor expectations about interest rates or geopolitical tensions could also spark market and capital flow volatility. Members also discussed recent developments in crypto-asset markets and global stablecoins, and the FSB's work in this area.

Climate-related financial risks

The FSB supports international coordination of work to address financial risks from climate change through its *Roadmap for Addressing Climate-related Financial Risks*. The Plenary discussed progress in the four areas of the Roadmap as well as EMDE-specific climate vulnerabilities and ways to help address those vulnerabilities. Members stressed the importance of continued external engagement and coordination with international bodies on climate-related financial risks. The FSB will issue its next report on progress with the Roadmap in mid-2025.

Cross-border payments

In October 2022, the FSB published a prioritisation plan and engagement model for taking the G20 Roadmap for Enhancing Cross-Border Payments forward. It followed up, in 2023, by setting out priority actions for achieving the G20 goals for cheaper, faster, more transparent, and more accessible cross-border payments. While more than half of the priority actions have been completed, the FSB's latest Key Performance Indicators report suggests that the work done so far is not yet sufficient and that further efforts are needed to improve the user experience across all payments market segments.

The Plenary discussed ongoing legal, regulatory, and supervisory challenges and measures to address them, including the finalisation of the FSB's recommendations to promote greater alignment and interoperability in data frameworks that apply to cross-border payments, and recommendations to strengthen the consistency in the regulation and supervision of banks and non-banks in their provision of cross-border payments services. The group discussed measures to promote their implementation, within and beyond the G20.

Non-bank financial intermediation (NBFi)

The FSB is continuing its substantial work programme to enhance the resilience of NBFi. As part of this, the FSB will shortly publish its final policy recommendations on measures to enhance liquidity preparedness of non-bank market participants for margin and collateral calls and will be launching a consultation on proposed policy recommendations to monitor and address financial stability risks from NBFi leverage. Data issues are hampering efforts to further improve the ability of authorities to effectively assess vulnerabilities stemming from the non-bank sector and to calibrate appropriate policies. The Plenary agreed to steps for how to overcome these challenges.

Implementation of resolution reforms

Members discussed progress in addressing the lessons learnt for resolution from the 2023 banking turmoil and key resolution work priorities for 2025. The Plenary agreed on the list of insurers subject to the resolution planning standards of the FSB Key Attributes of Effective Resolution Regimes for Financial Institutions.

FSB work programme

The Plenary discussed the FSB's work programme for 2025, including deliverables to South Africa's G20 Presidency. In addition to advancing work on NBFi, crypto-assets and global stablecoins, artificial intelligence, cyber and operational resilience, cross-border payments, climate-related financial risks, and resolution, members stressed the importance of policy implementation and the role the FSB could take in promoting this. The finalised work programme will be published in early 2025.

Notes to editors

The FSB Chair is selected from representatives on the Plenary and appointed by the Plenary for a term of three years renewable once. Klaas Knot's first term as FSB Chair ends on

1 December 2024. His term has been extended to 30 June 2025, when his term as President of De Nederlandsche Bank ends.

The process for appointing the FSB's Chair is set out in the FSB's Procedural Guidelines and the Charter.

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.