

## Press release

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### FSB Chair updates G20 on COVID-19 support measures, and a roadmap to address climate-related financial risks

The Financial Stability Board (FSB) today published a [letter from the FSB Chair, Randal K. Quarles, to G20 Finance Ministers and Central Bank Governors](#) ahead of their virtual meeting on 7 April. The FSB also delivered to the G20 a [report on factors to be considered in extending, amending and ending COVID-19 support measures](#).

The letter notes that, while progress is moving at different speeds across jurisdictions, the vaccine rollout heralds an inflection point in the COVID-19 pandemic. While it is sensible to keep measures that support financial system stability and financing of the real economy in place as long as needed, the factors to be considered in deciding whether to extend, amend and, eventually, end support measures are taking shape.

The FSB report on these factors notes that withdrawal of support measures before the macroeconomic outlook has stabilised could be associated with significant immediate risks to financial stability. But financial stability risks may gradually build if support measures remain in place for too long. On balance, most authorities currently believe that the costs of premature withdrawal of support could be more significant than maintaining support for too long. Overall, a flexible, state-contingent approach can help to minimise financial stability risks. FSB members have committed to coordinate on the unwinding of support measures and the FSB will continue to support that coordination.

The Chair's letter applauds the significant progress made on too-big-to-fail (TBTF) reforms for banks. The [evaluation of TBTF reforms for banks](#) – the largest evaluation that the FSB has carried out so far – suggests that reforms have reduced systemic risks, enhanced the credibility of resolution and market discipline, and ultimately produced net benefits to society. Nevertheless, TBTF reforms can be developed further, notably on implementation of Total Loss Absorbing Capacity (TLAC) and transparency of resolution funding mechanisms.

Moreover, some risks have moved outside the banking system. The [FSB's Holistic Review of the March 2020 market turmoil](#) examined the increasingly important role of – and vulnerabilities in – non-bank financial intermediation (NBFIs). The FSB's NBFIs work programme seeks to address these vulnerabilities. A first deliverable will be to submit policy proposals to enhance money market fund resilience to the G20 in July.

Finally, the letter notes the importance of addressing issues related to climate change. Three climate-related workstreams are currently underway in the FSB, covering data, disclosures and regulatory and supervisory practices. In July, the FSB will provide the G20 with two reports,

on ways to promote consistent, high-quality climate disclosures in line with the recommendations of the Task Force for Climate-related Financial Disclosures; and on the data necessary for the assessment of financial stability risks and related data gaps.

While the greater momentum in climate work by various bodies is welcome, it also increases the importance of strategic vision, good coordination, and clear communication to the G20 and the public. The FSB will present to the G20 a coordinated, forward-looking roadmap to address climate-related financial risk. This roadmap will be key to promoting rapid progress amongst jurisdictions. To enable better coordination, the FSB has invited the Network for Greening the Financial System (NGFS) to participate in FSB climate-related work, and the FSB will apply for observer status in the NGFS. The FSB will also coordinate closely with the G20 group on sustainable finance re-established by the Italian G20 Presidency as it develops its broader roadmap on sustainable finance, so that the FSB's work dovetails with theirs.

## 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 approximately 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Randal K. Quarles, Vice Chairman, 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](http://www.fsb.org).