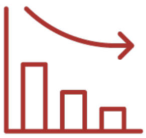
Financial Stability Institute | BIS

Enhancing the resilience of non-bank financial intermediation – Executive Summary

The Financial Stability Board (FSB) has been at the forefront of international efforts to strengthen the resilience of non-bank financial intermediation (NBFI). Recognising the sector's critical role in global financial markets and its potential to amplify systemic risks, the FSB has undertaken significant work in the wake of the Great Financial Crisis to mitigate vulnerabilities. Since 2011, the FSB has conducted an annual monitoring exercise to identify the build-up of systemic risks within the NBFI sector and, in cooperation with standard-setting bodies (SSBs), has taken further steps where necessary.

The resilience and functioning of the NBFI ecosystem rely on the availability of liquidity and the effective intermediation of that liquidity during periods of stress. Strengthening NBFI resilience aims to ensure a more stable flow of financing to the economy while reducing the need for extraordinary central bank interventions. The FSB's work programme is built around three overarching goals:



Reducing excessive spikes in liquidity demand: Policies are focused on addressing vulnerabilities that lead to excessive liquidity demand, such as the structural liquidity mismatches or leverage in certain non-bank entities.

Enhancing liquidity provision in periods of stress: Policies to enhance the resilience of liquidity supply during periods of market stress include pursuing reforms where appropriate to improve the functioning of key markets, such as those for government bonds, commercial paper (CP) and certificates of deposit (CD).

Improving risk monitoring and preparedness: Efforts are ongoing to deepen understanding and continuously improve the monitoring of NBFI vulnerabilities. This involves developing additional metrics and new analytical tools, addressing data gaps and fostering international cooperation.

Core policy initiatives

The FSB's ongoing efforts to address systemic risks within the NBFI sector include the following initiatives and achievements:

- **Strengthening the resilience of money market funds (MMFs).** The FSB has pursued reforms aimed at addressing the structural vulnerabilities of MMFs that are susceptible to runs due to liquidity mismatches. Following the publication of its 2021 policy proposals to enhance MMF resilience, the FSB conducted a thematic peer review in 2024 to assess the measures adopted or planned by FSB member jurisdictions. Furthermore, the FSB carried out an assessment of vulnerabilities in CP and negotiable CD markets across core funding jurisdictions (the European Union, Japan, the United Kingdom and the United States) and evaluated potential market reforms.
- **Addressing liquidity mismatches in open-ended funds (OEFs).** In 2023, the FSB issued revised policy recommendations to address structural vulnerabilities from liquidity mismatches in OEFs. These were complemented by guidance from the International Organization of Securities Commissions (IOSCO) on anti-dilution liquidity management tools. To operationalise the FSB's 2023 revised policy recommendations, IOSCO published revised recommendations for liquidity

risk management for collective investment schemes, along with accompanying implementation guidance in 2025.

- **Improving margining practices.** The FSB, in collaboration with the Basel Committee on Banking Supervision (BCBS), the Committee on Payments and Market Infrastructures (CPMI) and IOSCO, is addressing risks arising from margin and collateral calls during periods of market stress. The following reports, published in 2024 and 2025, form part of a comprehensive approach to enhancing transparency, streamlining margin processes, increasing the predictability of margin requirements and improving the liquidity preparedness of non-bank market participants for margin calls:

SSBs	Reports
FSB	Report outlining steps to enhance the liquidity preparedness of non-bank market participants for margin and collateral calls in centrally and non-centrally cleared derivatives and securities markets
BCBS, CPMI and IOSCO	Report setting out 10 policy proposals to aid market participants' and regulators' understanding of initial margin requirements and responsiveness through increased transparency
CPMI and IOSCO	Report detailing eight effective practices and examples of how standards set out in the CPMI-IOSCO Principles for financial market infrastructures can be met
BCBS and IOSCO	Report with eight recommendations encouraging the implementation of good market practices to streamline variation margin processes and increase the responsiveness of initial margin models

- **Monitoring and addressing financial stability risks created by NBFI leverage.** In 2023, the FSB published a report on the financial stability implications of leverage in NBFI, noting its significant role in prior stress episodes. In 2025, the FSB issued policy recommendations advising authorities to establish a domestic framework to effectively identify and monitor financial stability risks from NBFI leverage and to implement targeted, flexible and proportionate policy measures to mitigate the risks identified. In addition, in 2024 the BCBS released revised guidelines for counterparty credit risk management, addressing issues related to banks' provision of leverage to non-banks.

- **Other NBFI vulnerabilities.** The FSB continues to monitor and analyse NBFI vulnerabilities through the development of additional metrics, analytical tools and targeted assessments. In 2025, the FSB issued an evaluation of the effects of the G20 financial regulatory reforms on securitisation and a report on vulnerabilities in non-bank commercial real estate investors. Additionally, the FSB is conducting an in-depth analysis of vulnerabilities in private credit.

Future directions

The FSB's ongoing and planned work (2025–28) is structured in four main areas:

- ongoing monitoring and in-depth assessment of specific vulnerabilities in NBFI
- further work to address data challenges (as outlined in the FSB's 2025 workplan to address non-bank data challenges)
- information-sharing and supervisory discussions on authorities' policy approaches to enhance NBFI resilience
- monitoring implementation of the agreed policies and evaluating their effects

This Executive Summary and related tutorials are also available in FSI Connect, the online learning tool of the Bank for International Settlements.