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Banks' business models: trends towards  
specialisation or outsourcing to the shadow  
banking system?

SUERF-Bundesbank Conference  
4 February 2016

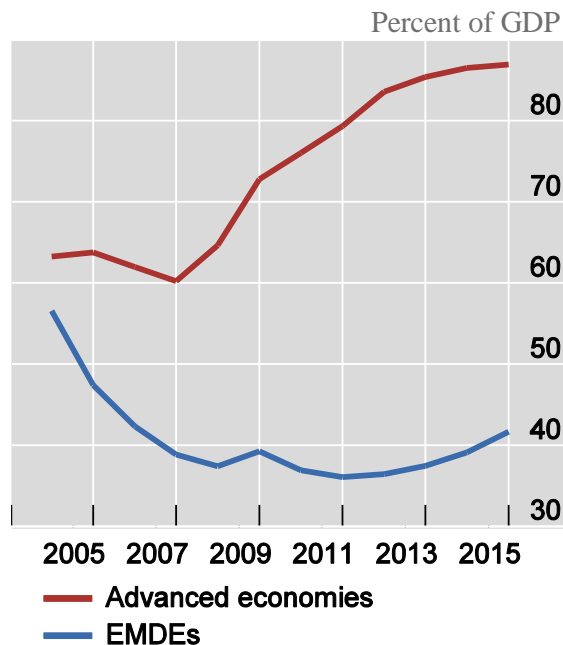
Svein Andresen

@FinStbBoard

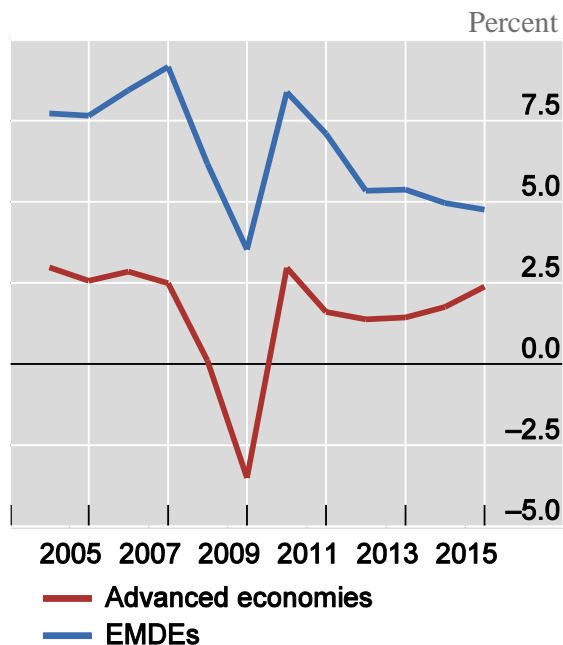
# Costs of the crisis

The costs of the recent global financial crisis have been substantial

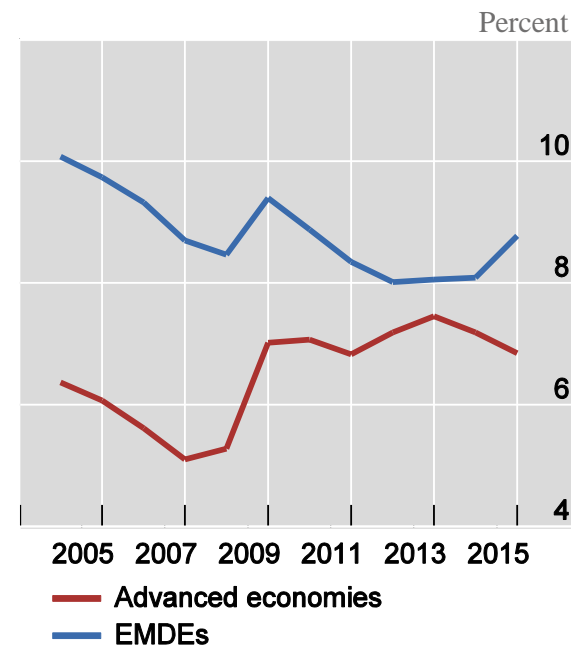
Public debt has increased in the countries hit by the crisis



The crisis caused a large output loss

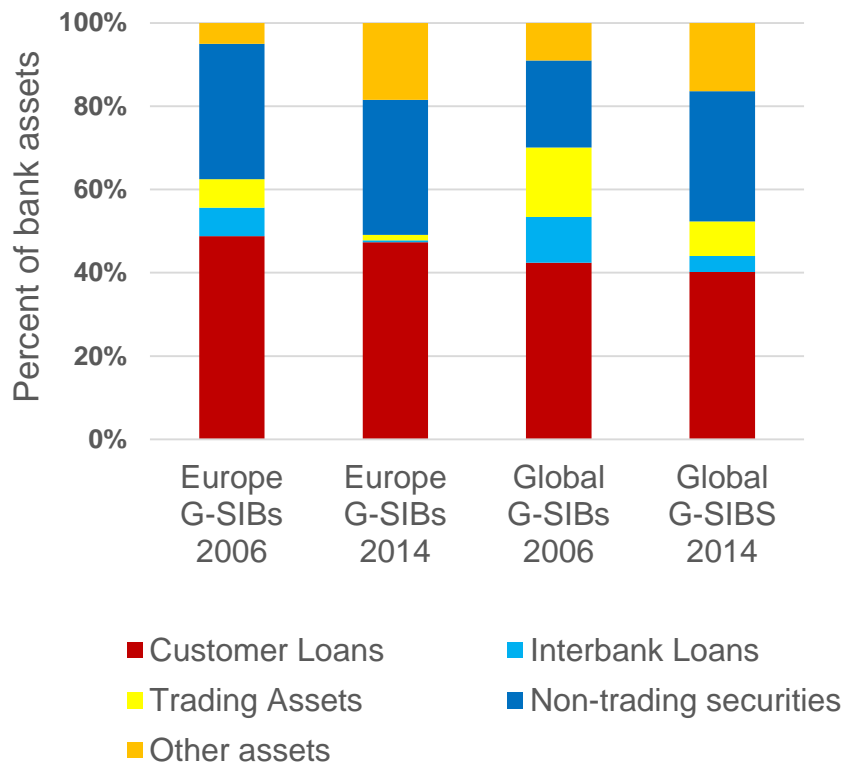


Unemployment is well above pre-crisis levels in advanced economies

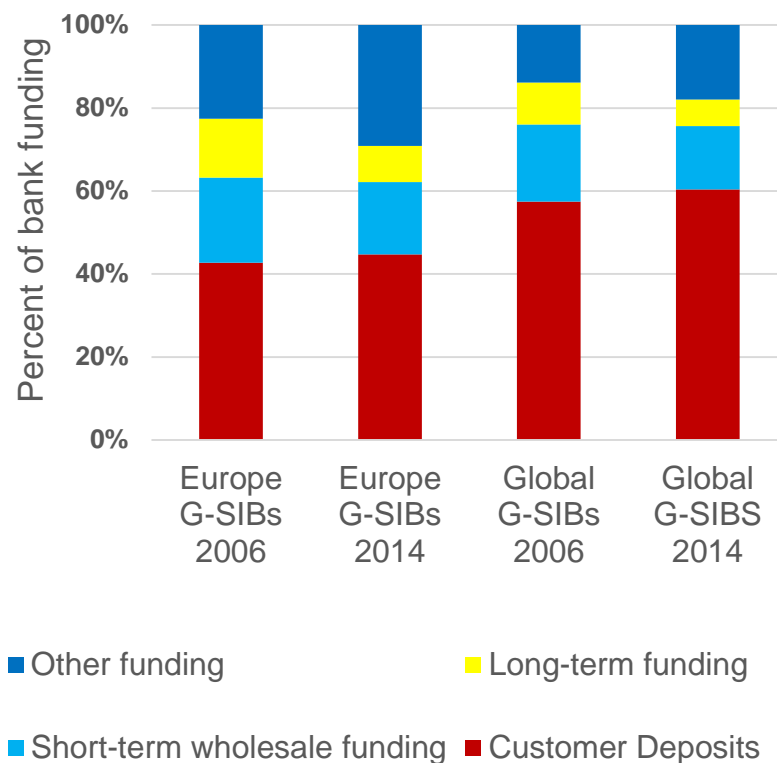


# Changing banks

Most G-SIBs have reduced trading and interbank lending, and increased non-trading securities holdings

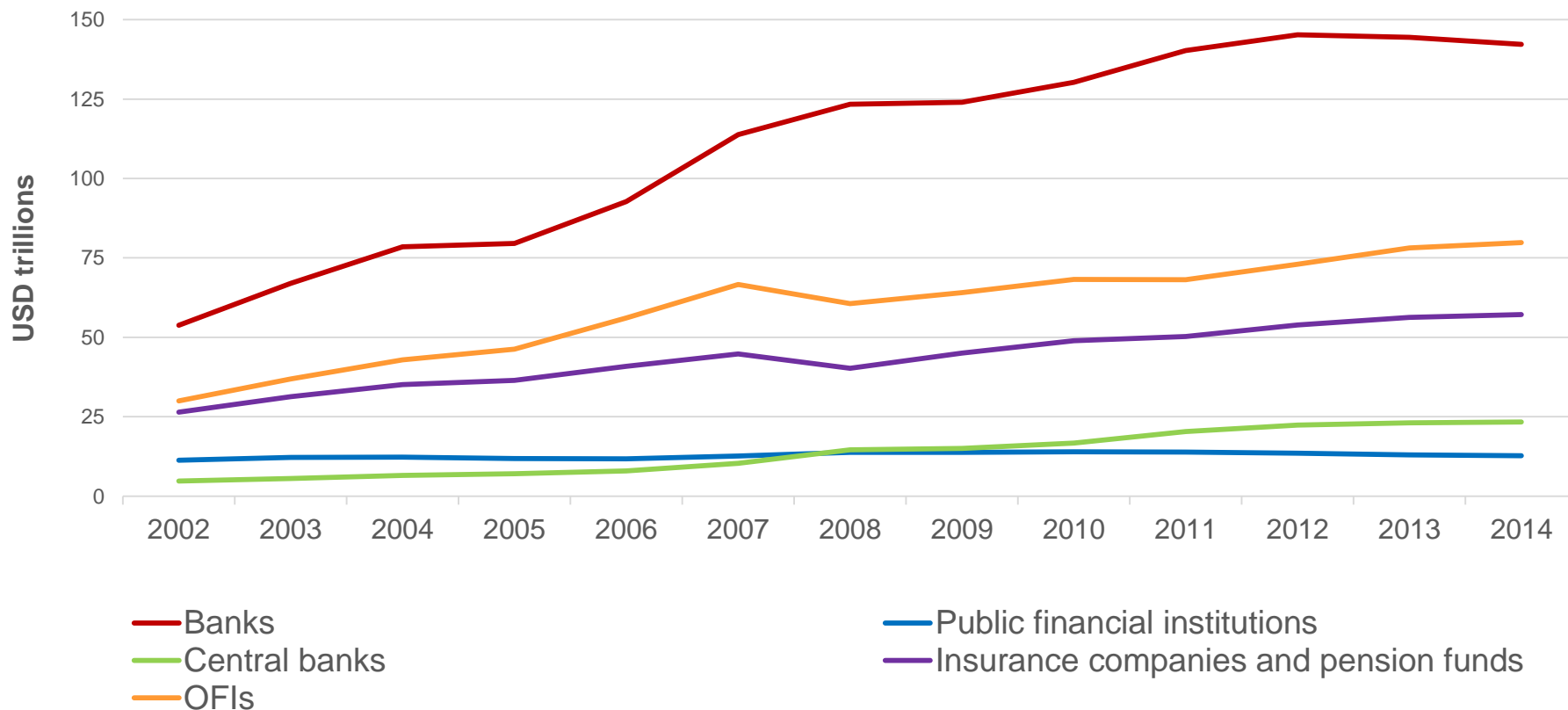


Most G-SIBs have increased retail deposits, and reduced short-term wholesale and long-term funding



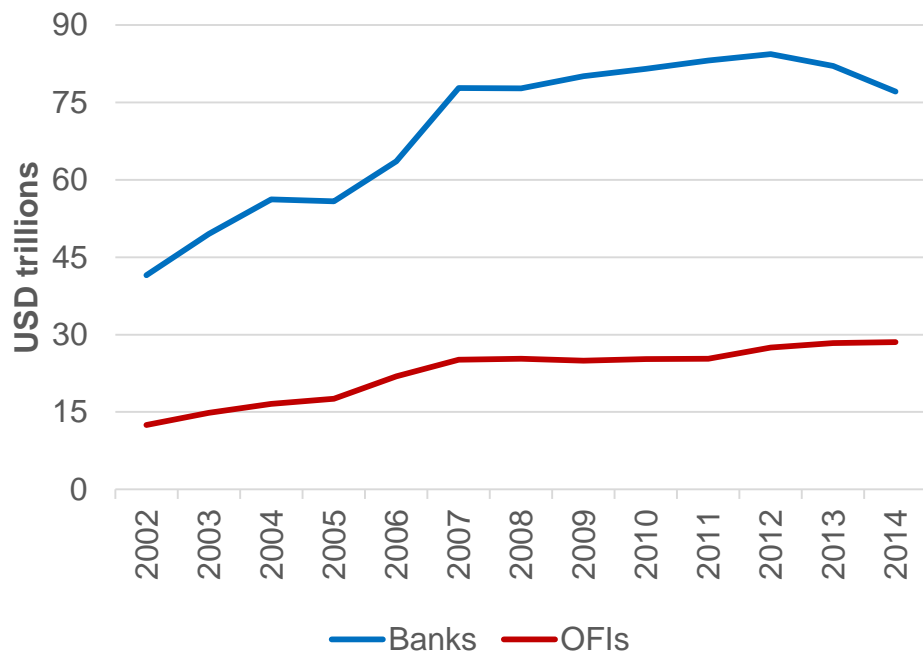
# Assets of financial intermediaries

## Total financial assets

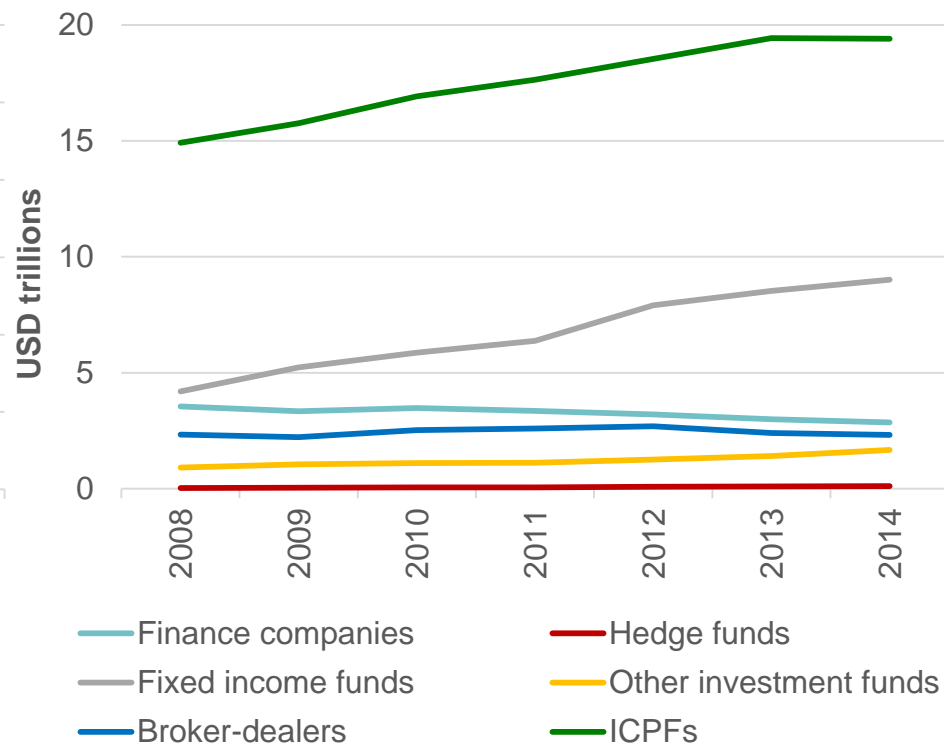


# Credit, by entity type

Credit by Banks and OFIs

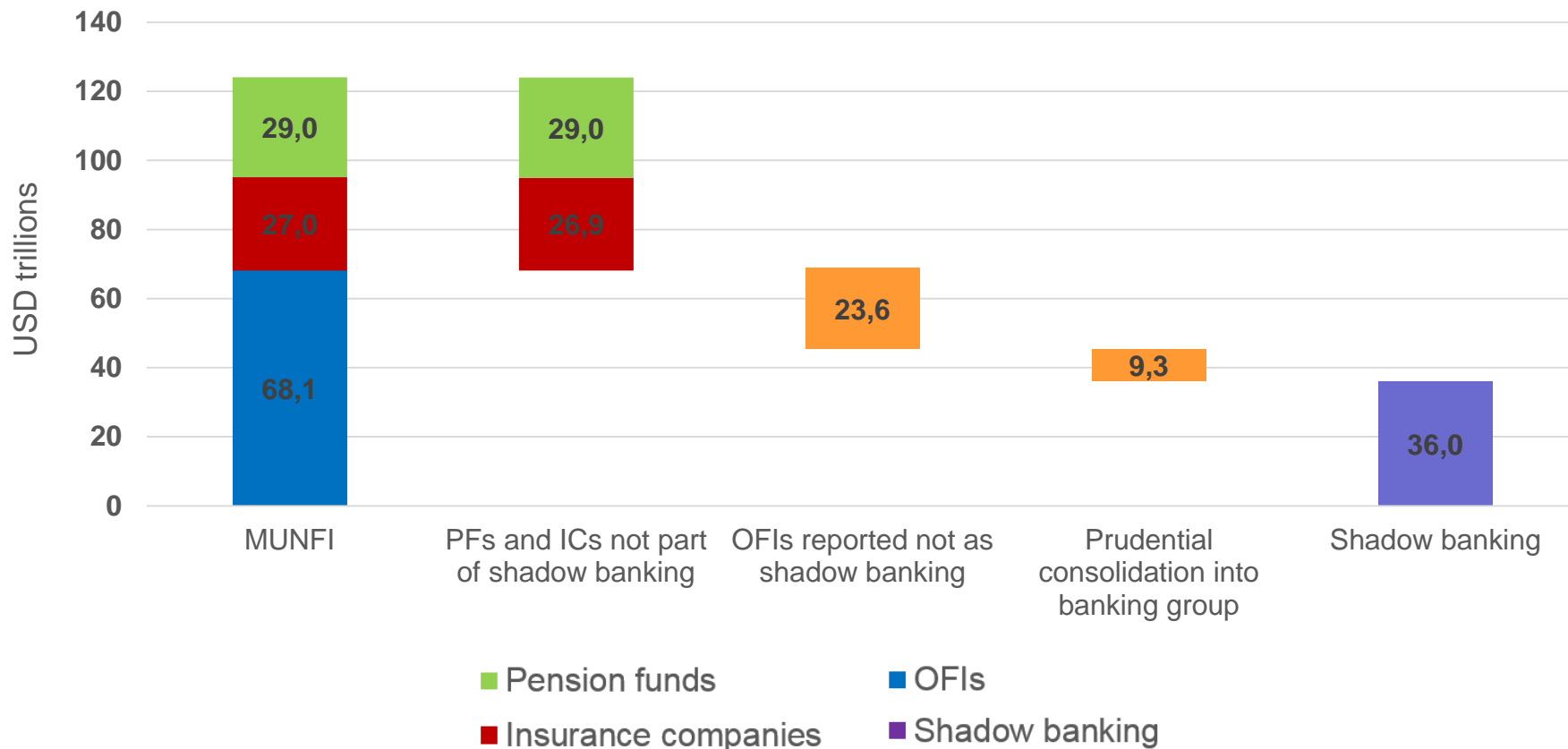


Credit by ICPFs and selected OFI subsectors



# Monitoring shadow banking

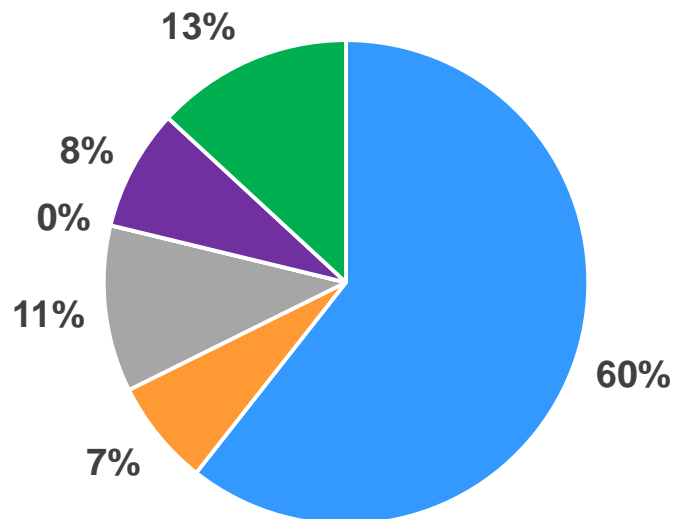
Narrowing down shadow banking (as of end-2014)



Note: Data from 26 countries, comprising 20 FSB member jurisdictions and euro area countries  
 MUNFI = Monitoring Universe of Non-bank Financial Intermediation (insurance companies (ICs) + pension funds (PFs) + other financial intermediaries (OFIs)).

# SB by economic function

Relative size of economic functions ( at end-2014)



- EF1 – Collective investment vehicles
- EF2 – Loan provision dependent on short-term funding
- EF3 – Market intermediation dependent on short-term funding
- EF4 – Facilitation of credit intermediation
- EF5 – Securitisation-based credit intermediation
- SB not classified into EFs

# Policy measures

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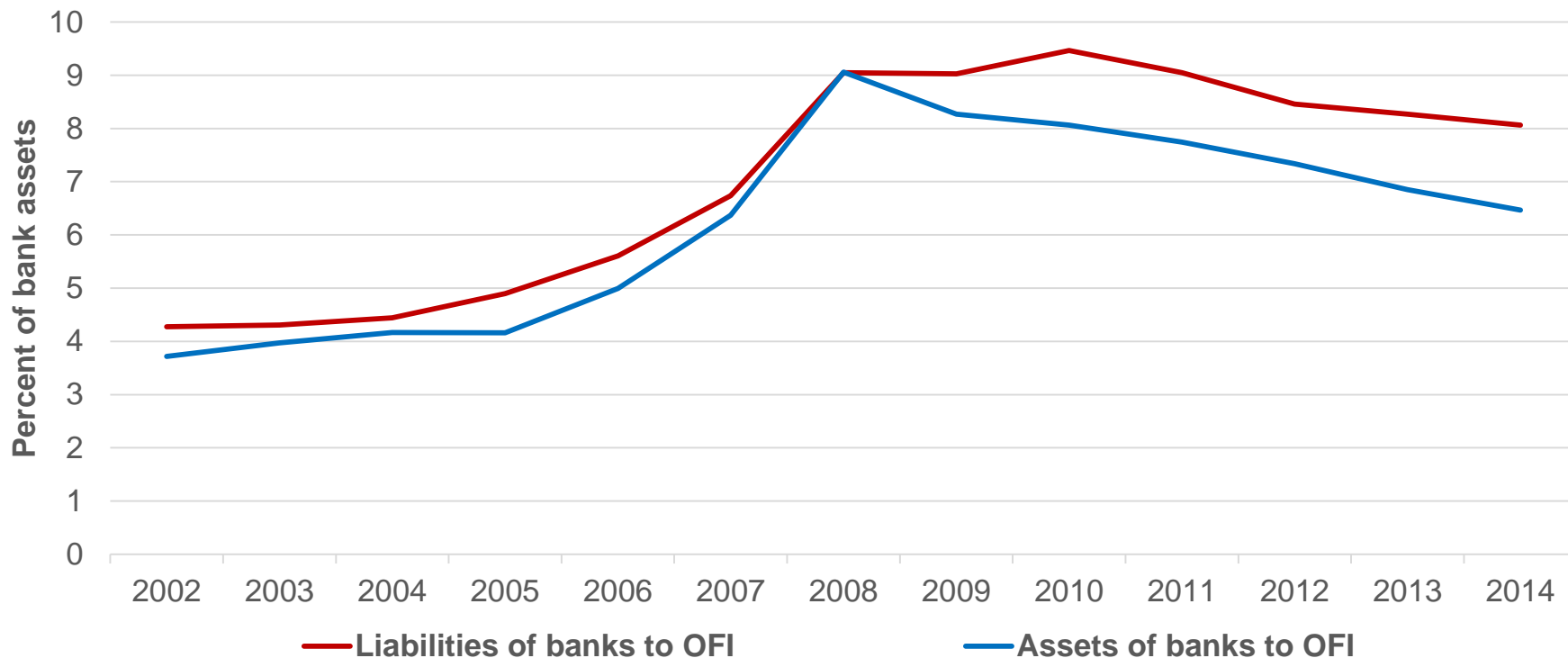
The FSB has been coordinating and contributing to the development of policies to strengthen oversight and regulation of shadow banking, focusing on measures that seek:

- (i) to mitigate risks in banks' interactions with shadow banking entities;
- (ii) to reduce the susceptibility of money market funds to "runs";
- (iii) to improve transparency and align the incentives in securitisation;
- (iv) to dampen procyclicality and other financial stability risks in securities financing transactions (such as repos and securities lending); and
- (v) to assess and mitigate financial stability risks posed by other shadow banking entities and activities.



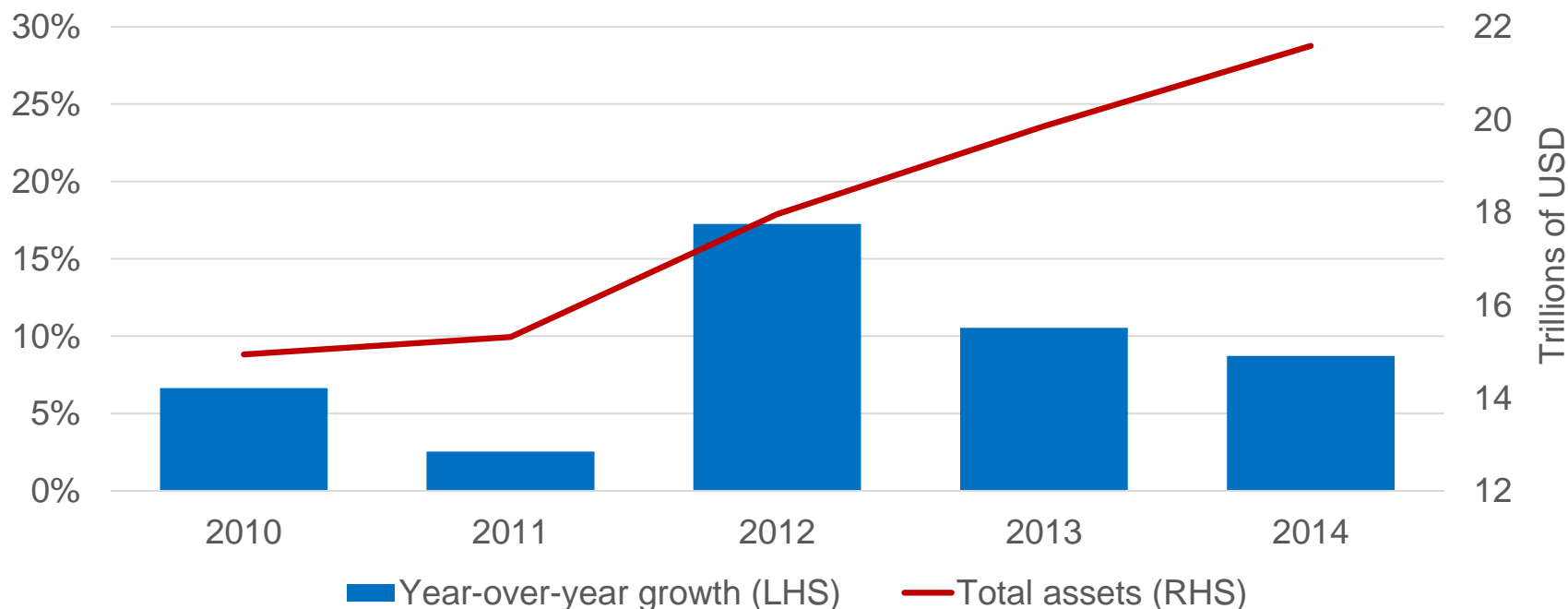
# Bank-OFI interconnectedness

**Assets and liabilities of banks to OFIs as percent of bank assets**



# Growth in EF1

## Growth in assets of funds with features that make them susceptible to runs



Note: Data from 26 jurisdictions, comprising 24 FSB member jurisdictions plus Ireland and Chile.

# Annex - Notes

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Note: Data on slides 4-7 from: Argentina, Australia, Brazil, Canada, Chile, China, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Korea, Mexico, Netherlands, Russia, Saudi Arabia, Singapore, South Africa, Spain, Switzerland, Turkey, United States, and United Kingdom.

Data on slide 9 does not include China, Hong Kong, Japan, Korea and Singapore.

Banks = deposit-taking institutions.

ICPFs = insurance companies and pension funds.

OFIs = other financial intermediaries.

SB not classified into EFs = Residual OFI with some shadow banking risks but not classified into any of the five economic functions.

Some underlying series have breaks.

Sources: National flow of funds data; other national sources, FSB calculations.