

2023 List of Global Systemically Important Banks (G-SIBs)

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The **Financial Stability Board** recently removed Italy's UniCredit from its list of **Global Systemically Important Banks (G-SIBs)** and moved three banks up a category.



[Ref-Press Express]

About 2023 List of Global Systemically Important Banks (G-SIBs):

- It was identified by the **Financial Stability Board (FSB)**, in consultation with **Basel Committee on Banking Supervision (BCBS)** and national authorities.
- These **annual rankings** began after the **global financial crisis of 2007-09**.
- It requires the **world's biggest lenders** to hold an extra buffer of capital, calibrated across five buckets, and to undergo **tougher scrutiny** of their operations.
- The list for 2023 includes **29 G-SIBs** which largely reflect the effects of changes in the underlying **activity of banks**.
- The **cross-jurisdictional activity category** is the **largest contributor** to score movements.
- **Role of BCBS:** It publishes high level indicators, annually updated denominators used to calculate banks' scores, and thresholds used to allocate the banks to buckets.
 - It provides links to **public disclosures** based on the sample criteria set out in the **BCBS G-SIB framework**.

Requirements for GIBs:

- **Higher capital buffer:** It should be held by national authorities in accordance with international standards.
- **Total Loss-Absorbing Capacity (TLAC):** G-SIBs are required to meet the TLAC standards and regulatory capital requirements set out in the Basel III framework.
 - **Basel III** is an internationally agreed set of measures developed by the Basel Committee on Banking Supervision in response to the financial crisis of 2007-09.
- **Resolvability:** It is reviewed in the FSB Resolvability Assessment Process (RAP) by senior regulators within the firms' Crisis Management Groups.
- **Higher supervisory expectations:** For risk management functions, risk data aggregation capabilities, risk governance, and internal controls.

About Financial Stability Board (FSB):

- It is an **international body** that monitors and makes recommendations about the global financial system.
- **Objective:** To promote international financial stability by coordinating with national financial authorities and international standard-setting bodies.
- Its decisions are **not legally binding on its members**, as it operates by moral suasion and peer pressure, in order to set internationally agreed policies and minimum standards.

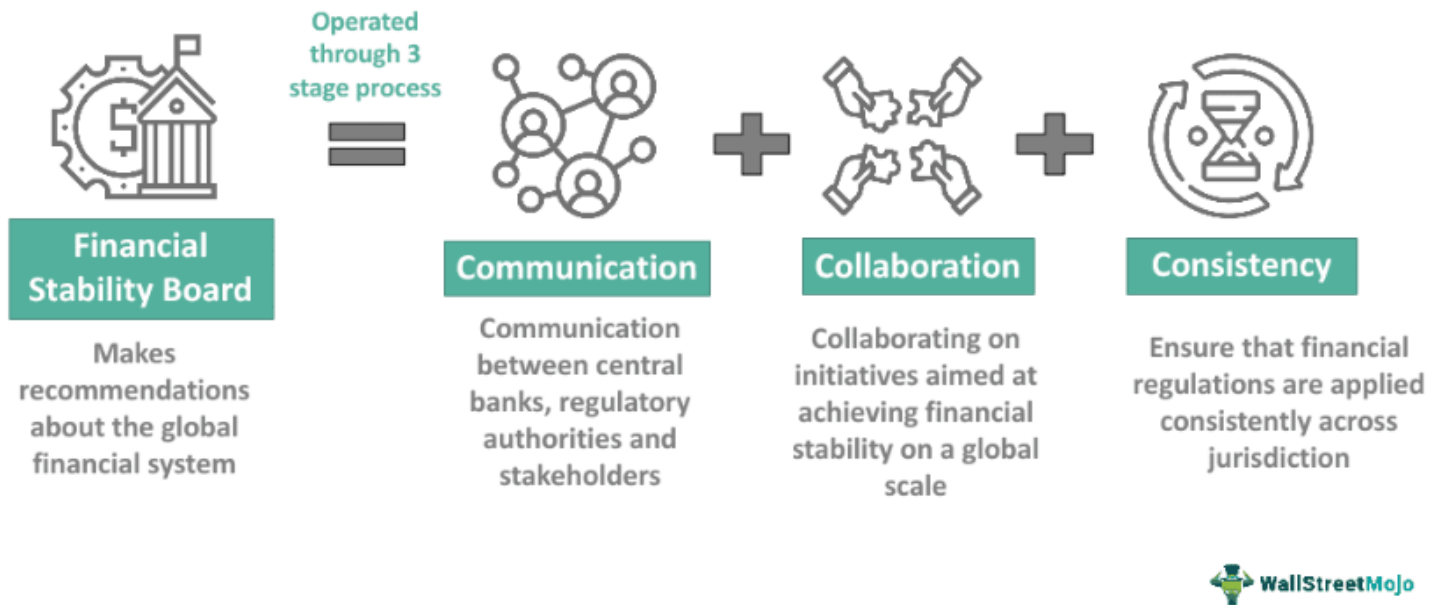
Functions:

- **Assess vulnerabilities** affecting the global financial system, identify and review them in a time-bound manner.
- To work for developing strong **regulatory, supervisory** and other financial sector policies and encourage a **level playing field** for its implementation.
- Support **contingency planning** for **cross-border crisis management**, particularly with regard to systemically important firms.
- Collaborate with the **International Monetary Fund (IMF)** to conduct Early Warning Exercises.
- Promote **member jurisdictions' implementation** of agreed commitments, standards and policy recommendations, peer review, and disclosure.

Framework of FSB:

- **Standing Committee on Assessment of Vulnerabilities (SCAV):** FSB's main mechanism for identifying and assessing risks in the financial system.
- **Standing Committee on Supervisory and Regulatory Cooperation (SRC):** It undertakes supervisory analysis or frames regulatory policy response to a material vulnerability identified by SCAV.
- **Standing Committee on Standards Implementation (SCSI):** It monitors the implementation of agreed FSB policy initiatives and international standards.
- **Standing Committee on Budget and Resources (SCBR):** It provides oversight of the FSB's resources and budget and presents recommendations as necessary.

What Is Financial Stability Board (FSB)?



[Ref- Wall Steet Mojo]