INTERNATIONAL MONETARY FUND

IMF POLICY PAPER

2026 FINANCIAL SECTOR ASSESSMENT PROGRAM REVIEW—STRENGTHENING AGILITY, FOCUS, AND IMPACT

September 2026

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following documents have been released and are included in this package:

- A Press Release summarizing the views of the Executive Board as expressed during its September 3, 2026 consideration of the staff report.
- A Policy Paper, prepared by IMF staff and completed on August 3, 2026 for the Executive Board's consideration on September 3, 2026.
- Two supplement reports.

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International Monetary Fund
Washington, D.C.

PRESS RELEASE

PR26/298

IMF Executive Board Concludes Periodic Review of the Financial Sector Assessment Program

FOR IMMEDIATE RELEASE

Washington, DC – September 21, 2026: The Executive Board of the International Monetary Fund (IMF) completed a periodic review of the Financial Sector Assessment Program (FSAP) on September 3.

The FSAP provides in-depth assessments of financial sectors and provides important input to Fund surveillance. Assessments of financial sectors are usually conducted jointly with the World Bank in emerging market and developing economies and by the Fund alone in advanced economies. These assessments provide valuable analysis and policy recommendations for surveillance and capacity development. Since the program's inception in 1999, 416 assessments have been completed across 161 Fund members, covering nearly all global financial assets.

This review builds on past assessments of the program. A landmark change in the FSAP took place in 2010 when the IMF's Executive Board mandated that jurisdictions with Systemically Important Financial Sectors (SIFS) participate in financial stability assessments as a part of Fund surveillance. Subsequent reviews expanded the list of SIFS, recommended greater integration with Article IV surveillance, suggested more flexible use of international standards, and strengthened analytical tools for assessing systemic risk. Following the 2021 Review, FSAPs enhanced coverage of emerging risks in line with evolving international standards, introduced a two-tier frequency of mandatory assessments of SIFS, specified ways to integrate FSAP findings in Article IV consultations, and clarified the framework for expected periodic assessments with supra-national authorities.

The review examined the Fund's role and responsibilities in the FSAP against the backdrop of a fast-changing global financial system. Growing interconnections between banks, non-bank financial intermediaries and market infrastructure providers call for systemwide analysis. Elevated uncertainty, high public debt, accelerating digitalization and adoption of artificial intelligence are reshaping the risk landscape. Reforms in this review aim at making the program more agile, tailored in topic coverage, and focused on the most material risks as they emerge. More risk-focused identification of SIFS and sharpened criteria for voluntary assessments target rebalancing resources between mandatory and voluntary assessments to

preserve the global nature of the program and capacity to respond to new risks in a timely manner. The review was based on staff analyses and informed by surveys of country authorities and Executive Directors.

Executive Board Assessment[1]

Executive Directors welcomed the Financial Sector Assessment Program (FSAP) Review and reaffirmed the program as a critical instrument of the Fund's financial sector surveillance. They noted that rapid changes in the financial landscape—including the growing role and interconnectedness of nonbank financial institutions (NBFIs), the systemic importance of financial market infrastructures (FMIs), digitalization, artificial intelligence (AI), crypto assets including stablecoins, cyber threats, and climate risks—are broadening the range of financial stability risks and increasing the resource intensity of the FSAP program for the Fund and the authorities. Against this backdrop, Directors broadly supported reforms to make the FSAP more agile, focused, and impactful, while preserving the quality, effectiveness, and evenhandedness of its assessments.

Directors supported a more risk-based and modular approach guided by stronger initial diagnostics to define the scope of FSAP coverage across and within the three FSAP pillars comprising risk analysis, financial stability policy frameworks, and authorities' capacity to manage and resolve financial crises. They generally endorsed a stronger emphasis on systemwide and emerging risks where relevant, tailoring coverage and the materiality of risks to country circumstances, with a number of Directors cautioning against the displacement of core financial stability analysis. Directors emphasized the importance of safeguards for preserving evenhandedness and credibility of staff analysis, calling for early discussions on scoping with country authorities, as well as for clear and transparent prioritization criteria and operational guidance to guard against major surveillance gaps, especially for emerging market and developing economies. Noting the important role of the proposed FSAP Guidance Note to operationalize these safeguards, many Directors stressed that staff's engagement with the Board would be critical. A number of Directors also emphasized the need for adequate coordination with other international assessments.

Directors welcomed measures to strengthen the FSAP's traction and reach. They supported closer integration of FSAP findings with Article IV surveillance and capacity development to support reform implementation. Directors favored proposals to make recommendations better prioritized, sequenced, and actionable, tailored to country circumstances and implementation

[1] At the conclusion of the discussion, the Managing Director, as Chair of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: http://www.IMF.org/external/np/sec/misc/qualifiers.htm.

capacity, including allowing a longer timeframe for implementation if needed. They also welcomed greater transparency in the FSAP's approach, including publication of analytical methods and technical manuals, wider use of the iFSAP database—collecting all published FSAP materials—and a communication strategy for mandatory assessments.

Most Directors supported revisions to the methodology for identifying jurisdictions with systemically important financial sectors (SIFS) to make FSAP coverage more agile and better aligned with evolving risks. They noted that the addition of an overlay of staff's judgment to account for systemically important FMIs and cross-border data gaps would help address limits in the methodology. Directors stressed the importance of the application of staff judgment being evidence based, evenhanded, and periodically reviewed by the Board. Directors also supported the reform's objective of increasing the number of voluntary FSAPs, and broadly agreed with their transparent prioritization according to Board-approved criteria, while also taking into account regional balance and requests from jurisdictions on the 10-year cycle or exiting the mandatory list. A number of Directors, however, saw a need for further refinement in the methodology and staff judgment to better capture systemic importance, with consideration of regional linkages and transmission channels, and called for greater flexibility to revisit the SIFS classification between FSAP policy reviews, if circumstances warrant. Many Directors emphasized the need for clear external communications to avoid adverse signaling effects for financial systems with changes in their mandatory status or general perceptions that the Fund is scaling back financial sector surveillance. Directors noted that staff will engage with the relevant member authorities on the appropriate modalities for following up on the FSSA recommendations stemming from the FSA of a territory of a member with a systemically important financial sector with respect to which no separate Article IV consultation discussions are held.

Directors welcomed the central objective of the reforms to make the FSAP more effective in supporting financial sector surveillance. They agreed that the reforms would help keep the FSAP fit for purpose in a fast-changing financial landscape. They also supported greater use of AI to enhance efficiency, subject to strong safeguards on validation, accountability, data protection, and confidentiality.

INTERNATIONAL MONETARY FUND

August 3, 2026

2026 FINANCIAL SECTOR ASSESSMENT PROGRAM REVIEW—STRENGTHENING AGILITY, FOCUS, AND IMPACT

EXECUTIVE SUMMARY

FSAP Overview: Launched in 1999 after the Asian Financial Crisis, the Financial Sector Assessment Program (FSAP) provides in-depth assessments of financial systems. Jointly conducted with the World Bank in emerging market and developing economies (EMDEs), and solely by the IMF in advanced economies (AEs), FSAPs inform surveillance and capacity development (CD). Since inception, 416 assessments have been completed across 161 members, covering nearly all global financial assets.

Historical Reforms: Following the Global Financial Crisis, the IMF mandated regular financial stability assessments (FSAs) for members with Systemically Important Financial Sectors (SIFS). Mandatory FSAs are required to cover three pillars of stability module: risks and vulnerabilities, financial stability policy framework, and crisis management and resolution capacity. To sharpen focus, staff delineated stability and developmental modules between the Fund and the Bank and focused standard and code assessments.

2021 Review: The Review called for enhanced risk discussion for nonbank financial intermediation (NBFI), climate, cybersecurity, and digitalization, matching the expanding agenda of international fora, such as the Financial Stability Board (FSB). Staff incorporated new standards, developed targeted analytical tools and made standard stress test tools more efficient. Strict scope prioritization became essential.

Reform needs—substance: The global financial system is changing fast, and the risks most relevant tomorrow may differ markedly from those we face today. Growing interconnectedness among NBFIs, banks, and market infrastructures, together with accelerating digitalization call for systemwide analysis. Elevated macro-financial and geopolitical uncertainty, high public debt, artificial intelligence (AI) and climate risks are further reshaping the landscape. To maximize value, the FSAP design should support agile reprioritization toward the most material risks as they emerge.

Reform needs—intensity: FSAP remains highly valued by the membership for its in-depth analysis. As financial sector risks and international standards have grown more complex, its comprehensive approach has become increasingly resource-intensive for both national authorities and the IMF. This underscores the need for more targeted assessments, especially as most jurisdictions with SIFS have already undergone several rounds of assessments, yielding recurring findings and messages.

Reform needs—tradeoff: The total FSAP costs averaged about three percent of the IMF's budget. Yet, enhanced coverage of emerging risks has increased per-FSAP costs, especially for jurisdictions with five-year mandatory assessments. As the SIFS list has expanded over time, most of FSAP resources are now tied to mandatory assessments, limiting timely, agile, and impactful reviews for the broader membership, including voluntary FSAPs, where two–three years waiting times have weakened the program's role as a catalyst for financial sector reforms and for raising the global quality of policy frameworks.

Strategy for the 2026 Review: Future FSAPs must proactively adapt to the evolving financial landscape, focus in-depth reviews on the most material risks, and deliver where—and when—they can have the greatest impact. Resources should be deployed more flexibly, rather than earmarked for recurring mandatory assessments concentrated in a few regions. While staff will continue pursuing efficiencies, the program's full potential depends on confronting this tradeoff decisively. The following reforms are proposed:

- *Proposal—Modular Approach*: Mandatory FSAs would retain three-pillar structure, but staff could tailor depth of selected pillars drawing on initial diagnostics for risk-based scoping. Staff would pursue more risk-based quantitative risk assessments, including where they overlap with supranational FSAPs. Assessments of financial stability policy frameworks would focus more on targeted reviews of critical topics, consistent with understandings reached with standard setting bodies (SSBs). Voluntary assessments could use greater flexibility across and within pillars.

- *Proposal—Safeguards*: Mandatory FSA scope is anchored in members' Article IV obligations and the Fund's surveillance needs. The Board decision on mandatory FSAs defines the core elements needed to assess systemic stability. Staff would safeguard adequate FSAP scope with a guidance that would strengthen initial diagnostics and review while balancing evenhandedness and tailoring, without introducing undue rigidity that could limit agility in an uncertain global environment.

- *Proposal—Mandatory FSAs*: Staff proposes modifying the SIFS methodology to make it more risk-based and allowing a staff-judgement overlay to account for data gaps and presence of systemically important financial market infrastructures (FMIs). The reduced number of five-year mandatory FSAs would help reprioritize FSAP resources more nimbly, including to jurisdictions requesting voluntary FSAPs.

- *Proposal—Efficiency Gains*: Staff would continue improving quantitative assessment tools and leverage artificial intelligence (AI) to enhance work efficiency.

Approved By
Tobias Adrian

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CONTENTS

Glossary

AI	Artificial Intelligence
AML/CFT	Anti-Money Laundering / Combating the Financing of Terrorism
BCBS	Basel Committee on Banking Supervision
BCP	Basel Core Principles for Effective Banking Supervision
BIS	Bank for International Settlements
CCP	Central Counterparty
CD	Capacity Development
CPIS	Coordinated Portfolio Investment Survey
CPM	Clique Percolation Method
CPMI	Committee on Payments and Market Infrastructures
CSR	Comprehensive Surveillance Review
DAR	Detailed Assessment Report
FATF	Financial Action Task Force
FMI	Financial Market Infrastructure
FSA	Financial Sector Assessment (under the FSAP)
FSAP	Financial Sector Assessment Program
FSB	Financial Stability Board
FSR	Financial Stability Report
FSSA	Financial System Stability Assessment
FSSR	Financial Sector Stability Review
GFC	Global Financial Crisis
GFSR	Global Financial Stability Report
GST	Global Bank Stress Test
IADI	International Association of Deposit Insurers
IAIS	International Association of Insurance Supervisors
ICP	Insurance Core Principles
IEO	Independent Evaluation Office
IOSCO	International Organization of Securities Commissions
ISD	Integrated Surveillance Decision
KA	Key Attributes of Effective Resolution Regimes for Financial Institutions
MMF	Money Market Fund
NBFI	Nonbank Financial Intermediation / Intermediaries
OFI	Other Financial Institution
PFMI	Principles for Financial Market Infrastructures
RCAP	Regulatory Capital Assessment Program
SIFS	Systemically Important Financial Sector
SSB	Standard Setting Body
TA	Technical Assistance
TN	Technical Note
WB	World Bank

CONTEXT

1. The FSAP is the core of the Fund's financial sector work, providing in-depth assessments of financial system resilience and policies (Annex I and Annex II). The FSAP was launched in 1999 with two goals in mind: to gauge the stability and soundness of a country's financial sector and assess how the financial sector can contribute to growth and development. Over the past quarter century, 411 FSAP assessments have been concluded across 161 jurisdictions, covering nearly all global financial assets and informing both surveillance and capacity development (CD). Following the Global Financial Crisis (GFC), the FSAP became mandatory for jurisdictions with SIFS and increasingly integrated with Article IV consultations. FSAPs are led by the IMF in AEs and conducted jointly with the World Bank in EMDEs: IMF focuses on financial stability issues through the stability module while the Bank covers developmental topics through the developmental module. The 2009 reform allowed stability and developmental modules to delineate the institutional contribution of the Fund and the Bank. This separation also increased the flexibility of the program: some voluntary FSAPs in EMDEs now include only a developmental module. Stakeholder surveys confirm the program's unique role and value (Figure 1 and Background Note on Survey Results).

2. Following the 2021 Review, FSAPs enhanced coverage of emerging risks in line with evolving international focus (Annex III). The 2021 Review called for deeper assessments of NBFI, systemwide interconnectedness, climate, cybersecurity, and digitalization. Staff developed new risk analysis tools in many of these areas, including tools to assess climate-related and investment fund risks, exploratory systemwide analysis, and enhanced pension and insurance stress tests that incorporate margin-call-related liquidity risks. Traditional risk-assessment tools were made more standardized and efficient. Staff now assess financial stability policy frameworks using updated guidance and standards from the FSB and other standard-setting bodies (SSBs), which have integrated climate- and digitalization-related risks into sectoral regulation and supervision standards. The iFSAP database, using text-mining models, supports cross-country comparisons and improves the consistency of recommendations. Recent FSAP assessments find banking systems broadly resilient, while highlighting vulnerabilities in smaller banks and NBFIs and some structural challenges for reforms (Annex IV).

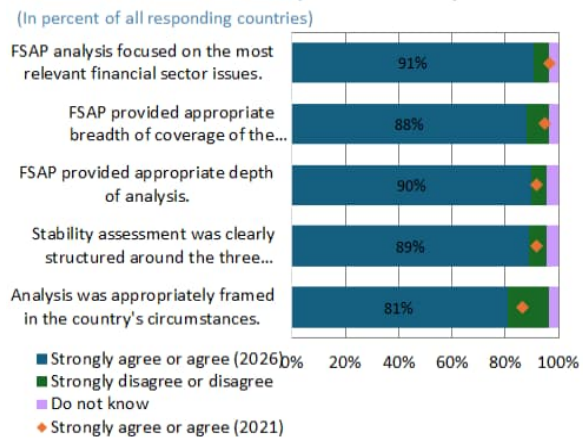
3. At the same time, the macro-financial risk landscape continues to change rapidly. Concerns about new systemic risks from NBFIs have grown, particularly those linked to offshore hedge funds, private credit, lightly monitored family offices, and the rapid transformation of insurers owned by private equity firms in some jurisdictions. The rapid growth of these activities is increasing interconnectedness among NBFIs and between NBFIs and banks through market finance, while also changing transmission channels. Financial digitalization offers broad benefits but may also create new financial stability risks especially through wider use of AI and newer digital assets such as stablecoins. Digitalization and market finance have increased the importance of Financial Market Infrastructures (FMIs), including central-clearing counterparties (CCPs), especially in cross-border finance, as the sector has become globally concentrated among a few firms. Elevated macro-financial and geopolitical uncertainties, combined with historically high public debt, leave systems vulnerable to shocks. Weather-related disasters have intensified globally, threatening greater

damage to physical assets and economic activity amid widening insurance protection gaps. Cyber-attacks and fraud have also risen and could escalate further with advances in AI and quantum computing, alongside the growing complexity and reach of cyber threats to critical financial services.

Figure 1. Survey Responses: Authorities' Perspectives on the FSAP

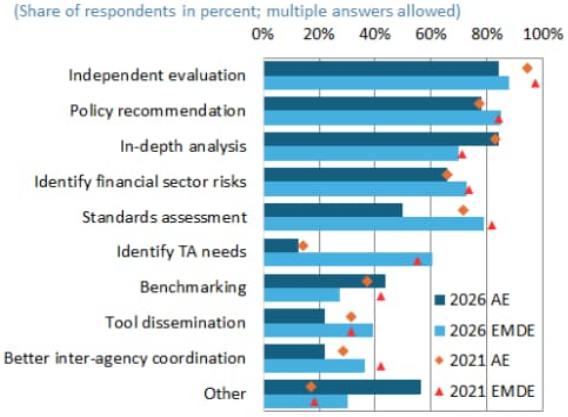
Authorities largely confirm that the FSAP's design and coverage are fit for purpose…

Authorities' Views on the Scope of FSAP Analysis



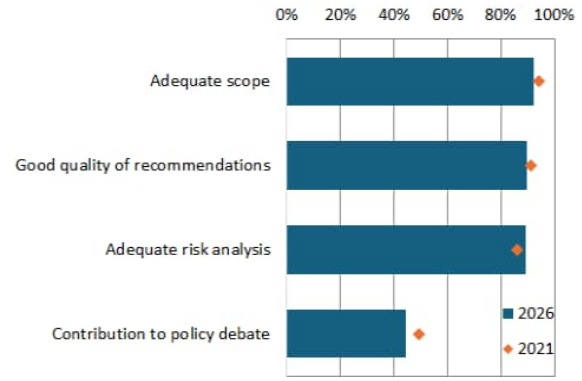
…and they continue to value independent evaluations, clear recommendations, and in-depth risk assessment.

Where FSAP Delivers the Greatest Value to the Recipient



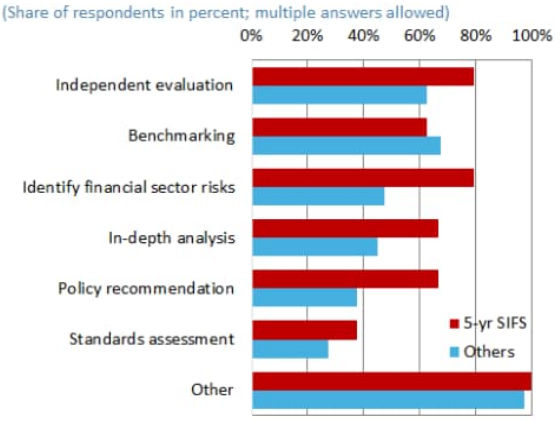
While the quality of FSAP work and recommendations are highly appreciated, the FSAP's contribution to national policy debates could be enhanced.

Country Authorities' Overall Views on FSAP



FSAPs in peer countries provide significant value-added to SIFS on the 5-year list that appreciate independent evaluation as well as identification of risks.

Value-added from Peer FSAPs: by Systemicity (2026)



Source: IMF FSAP Review Surveys (2021 and 2026) and staff calculations.
Notes: See further details in the background paper on the survey results. More than half of the respondents from national authorities are central banks, with the rest divided between financial supervisors and ministries of finance.

4. The FSAP must become more agile, modular, and tailored in topic coverage and delivery, drawing on the rich repository of past findings on slow-moving structural issues. Assessments should be better tailored to each jurisdiction's financial structure and cyclical conditions. Where relevant and supported by data, FSAPs should place greater emphasis on emerging risks from NBFIs, market-based finance, and digitalization, while streamlining standard bank solvency analysis—particularly where initial diagnostics indicate broad resilience. Issues constrained by long-standing legislative and political-economy bottlenecks can be updated

factually. As the global financial landscape evolves, some jurisdictions or issues may become more relevant for global or regional spillovers. To preserve agility, the program should retain sufficient flexibility to reallocate resources to jurisdictions and issues where it can add the greatest value, including by adopting a more risk-focused methodology for the SIFS list and a more modular approach. These aims resonate well with the 2026 CSR's call for more selective and risk-based surveillance.

5. Such reforms can also help restore the balance between supply and demand for voluntary assessments. Since 2015–19, the average cost per assessment has increased by 25 percent, mainly due to expanding coverage of critical emerging risks (Figure 2). Cost pressures are highest in members with five-year FSAs and, albeit from a lower base, for voluntary participants. Over the past three years, annual FSAP expenditure averaged $22 million, three percent of the Fund's budget and consistent with overall budget growth. This was achieved through cost-saving measures following the 2021 Review and fewer FSAPs amid pandemic-related delays. However, with renewed voluntary demand for FSAP, the current wait time has grown to 2–3 years.

6. Against this backdrop, this FSAP Review examined the following areas of reforms:

- Continuing to adapt the program to evolving financial stability landscape and emerging risks;
- Establishing a more modular approach across three pillars and tailored risk-based topic coverage within each pillar and approaches of assessments;
- Enhancing internal and external traction to ensure FSAPs contribute to policy actions;
- Reviewing the methodology for identifying members with SIFS; and
- Pursuing efficiency gains.

This main paper is accompanied by two background papers, one discussing the role of NBFIs in financial stability risks and how FSAP's pillar 1 analysis should integrate them, and the other showing the details of stakeholder survey results.

7. The main reform proposals for Board's approval are summarized in Table 1, with resource implications discussed in the last chapter. The reforms would help the FSAP adapt to the evolving financial sector landscape and member needs and deliver more agile, modular, and tailored assessments. Measures such as introducing modularity across pillars and SIFS reform to reduce five-year mandatory FSAs would generate significant gross savings. The savings should be redeployed to focus resources where risks are rising and to strengthen tools and coverage for emerging risks. More timely voluntary assessments would also reinforce the program's role as a catalyst for financial sector reforms. Such reprioritization would allow limited FSAP resources to be deployed where the program can add the greatest value for national, regional, and global financial stability, and, ultimately, for safeguarding the international monetary system.

8. The FSAP Review is closely aligned with the 2026 Comprehensive Surveillance Review (CSR). Staff engaged actively with key stakeholders, including IMF staff and management, Board members, national authorities, SSBs, and the CSR team. The World Bank is working on their FSAP Review. Reflecting the joint nature of the program, the Bank-Fund Financial Sector Liaison Committee is ensuring close coordination of the two FSAP Reviews.

Table 1. Reform Recommendations

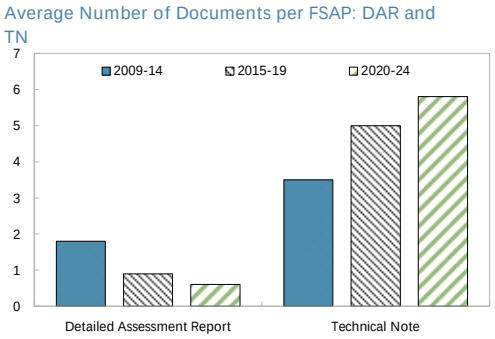
Recommendations	Net FSAP resource Implication	
	One time	Permanent
Scope and Analytical Methods:		
Introduce a modular-based approach across pillars: for mandatory FSAs, all three pillars would be required for the initial diagnostics, but not all pillars would necessarily require an in-depth assessment.	↔	↓
Enhance tailored and risk-based topic coverage within pillars.	↑[1]	↓
Develop a Guidance Note to operationalize risk-based scoping to determine modularity choice across pillars and topic coverage within pillars.	↑	↔
Revise and enforce internal resource guidelines with more tailored jurisdiction- specific resource limits.	↑	↔[1]
Strengthen the integration of financial integrity and financial stability risks in FSAP in line with the 2023 Review of the Fund's AML/CFT strategy.	↔	↔
Traction:		
Make FSAP recommendations more prioritized based on macro-financial relevance, sequenced, actionable, and tailored to country-specific conditions and systemwide perspectives. Allow for a longer timeframe for implementation, if necessary.	↔	↔
Enhance transparency by publishing FSAP analytical methods and technical manuals in a dedicated external website.	↑	↔
Share iFSAP database within the IMF and eventually with authorities to enable cross-country comparisons of published FSAP findings.	↑	↔
Adopt a communication strategy for mandatory FSAs.	↑	↔
Discuss CD strategy as a follow-up to the FSAP, where relevant, to support implementation of recommendations.	↔	↔
Participation:		
Adopt methodological improvements in the identification of SIFS to make it more risk focused.	↔	↓[2]
Sharpen the criteria for voluntary assessments to better align with IMF-supported program timelines and FSSRs.	↑	↑[2]
Support WB Development Modules with a stress testing expert if a joint FSAP is not warranted under the voluntary criteria.	↔	↓
Efficiency:		
Consolidate FSAP missions when suitable, using flexible scheduling to manage capacity constraints, especially for joint IMF-WB assessments.	↔	↓
Apply AI in analysis and process management for consistency and enhanced efficiency	↑	↓

1/ The proposals would reprioritize the resource envelope for each FSAP: gross savings from greater selectivity on traditional issues would be redeployed to cover emerging risks. Per-assessment costs may fall for some jurisdictions but rise for others with greater systemic importance of emerging risks; these effects are expected to average out across countries. In the near term, there will be fixed costs to develop the skills and approaches needed to assess emerging risks.

2/ The proposed SIFS reform reallocates resources from mandatory FSAs to voluntary assessments, including interim assessments for jurisdictions with 10-year cycle SIFS.

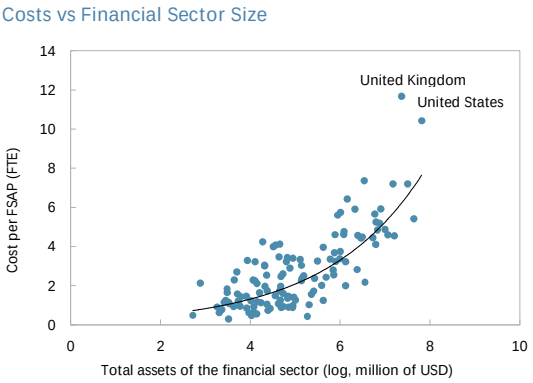
Figure 2. FSAP Resources and Prioritization

Over the years, FSAPs have made more use of technical notes based on prioritization agreed with the SSBs.



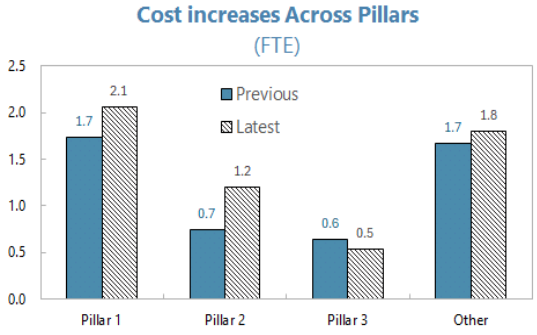
Note: Detailed Assessment Reports provide graded standards assessments; TN refers to Technical Notes that do not provide grades.

FSAP costs are higher for larger, more complex systems.



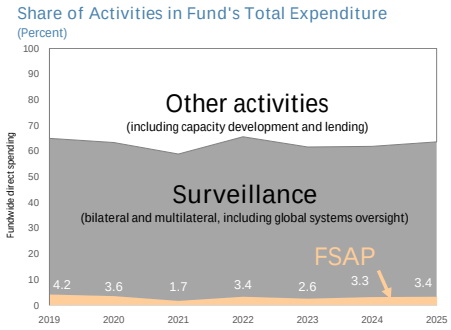
Notes: Based on FSAPs between 2020-24. Excludes the euro area FSAP.

Cost increases were most prominent in pillars 1 (risk) and 2 (policy frameworks).



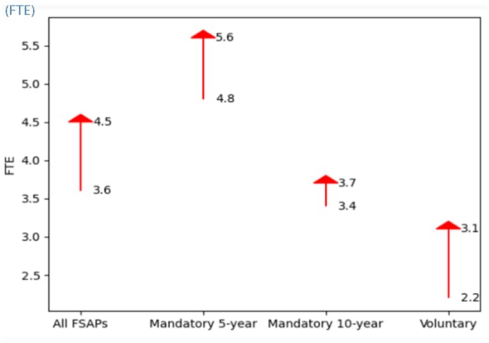
Note: "Other" represents mission leadership, reviews, area department participation, review and integration with Article IV, and analytical and administrative support.

FSAP costs in Fund's overall expenditure have fluctuated, averaging 3.3 percent since 2019.



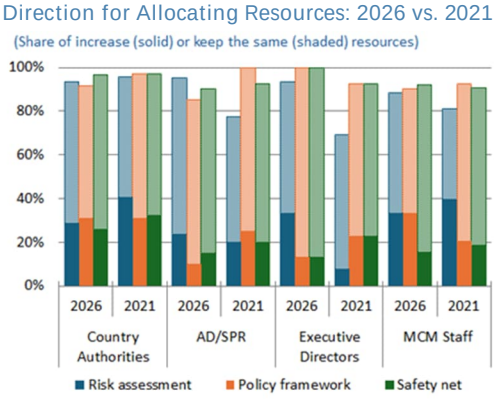
Notes: Financial years (May-April), Fund-financed spending only (for comparability, donor-financed activities not included).

...but have increased for all types of assessments.



Note: The chart shows the average FSAP cost for the latest (2020–2024) cycle versus the previous (2015–2019) cycle for each aggregate in the horizontal axis.

More Fund staff and Executive Directors want to maintain or increase resources for risk analyses.



Sources: iFSAP; IMF Financial Soundness Indicators, IMF Office of Budget and Planning, IMF TRACES and IMF staff estimates.

EVOLVING FINANCIAL STABILITY LANDSCAPE

9. The landscape is changing fast, creating uncertainty about the future shape of the international monetary system. New risks and vulnerabilities may quickly take center stage. New business models and strategies could gain systemic importance, especially if macro-financial conditions shift sharply amid rising geopolitical risks, historically high global public debt, and renewed inflationary pressures. AI has already changed how financial institutions and markets operate in months, not years.

10. Since the last Review, new types of NBFI business models have emerged, increasing NBFI's potential contribution to systemic risks (Figure 3). While NBFIs' share of the global financial assets has grown only slightly over the past quarter century, their contribution to systemic risk has risen (FSB 2025a). The asset management industry—classified as "other financial institutions" in Box 1, and including hedge funds, leveraged funds, and new private credit funds—has gained share among NBFIs. Its footprint has expanded sharply in off-balance-sheet derivatives and repo markets, which often support leverage buildup and create complex interconnectedness among banks and NBFIs. As a result, FMIs—especially CCPs that stand between buyers and sellers in key derivatives and repo markets—have gained systemic importance. Pension and insurance companies have become more closely linked to asset management through exposures to derivatives and repos—making them vulnerable to margin and collateral calls—and to alternative assets such as private credit. Private-equity-owned insurers and new reinsurance instruments are also blurring the distinction between asset management and insurance in some AEs (IAIS, 2025 and IMF, 2023). NBFIs tend to play more prominent roles in AEs, whereas banks remain dominant in most EMDEs, with notable differences across jurisdictions.

11. These new trends have deepened NBFIs interconnections with banks, among NBFIs, and across borders through multiple channels (Figure 3 and 4).

- Derivatives and repo markets: Since around 2023, some G7 interest rate derivative and repo markets have replaced LIBOR and other interbank offer rates as key benchmark-rate market referenced many financial transactions (FSB, 2025). Combined with rising global public debt and shifts in monetary policy, this has fueled basis trades by global hedge funds—buying sovereign securities, financing them from repo, and shorting sovereign futures—raising marginal sovereign financing dependence on leveraged hedge funds, benchmark repo-rate volatility, systemwide liquidity spillover risks, and monitoring and data gaps, especially as global hedge funds are often incorporated in offshore jurisdictions.

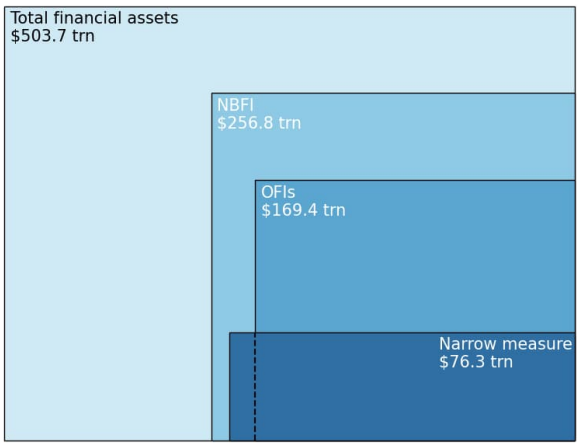
- Direct credit exposures, private finance, and AI boom: European and U.S. banks have significant exposures to NBFIs, including growing links to private credit funds. A notable risk is a potential AI investment bust. The April 2026 GFSR noted that AI investment remains largely equity financed, but systemic risks would rise as the build-out shifts toward private credit, securitization, and lending by insurers and banks.

- New business models: For insurers, private-equity-owned firms tend to invest more heavily in alternative and riskier assets. Emerging asset-intensive insurance gives insurers more scope to offload risks by securitizing insurance liabilities backed by reserve assets. This diversifies insurance risks across the financial system but also increases interconnectedness.

12. As financial systems become more connected through market finance, some FMIs have moved to the center of global transaction networks, increasing their systemic importance. They provide the "plumbing" that executes financial transactions by clearing (netting buy-sell obligations), settling, and recording transactions. In particular, CCPs reduce counterparty and settlement risks by standing between buyers and sellers. Post-GFC reforms mandated clearing of derivatives and repos with CCPs, elevating systemic importance of some global FMIs. While CCPs' resilience is supported by various risk management and recovery and resolution tools, some resilience tools—especially margin requirements—can create large liquidity demands for banks and NBFIs when volatility spikes, as seen in the March 2020 "dash for cash" and the 2022 U.K. liability driven investment crisis. Financial stability analysis, therefore, needs to consider not only the resilience of FMIs themselves, but also how their risk management can transmit stress to the wider financial system taking a systemwide perspective (FSB 2024).

Box 1. NBFI Classification

This Review uses the FSBÍs classification system to measure NBFIs, leveraging annual global data from 29 jurisdictions as reported in the NBFI monitoring report.



NBFI: All financial institutions, excluding central banks, banks, and public financial institutions.

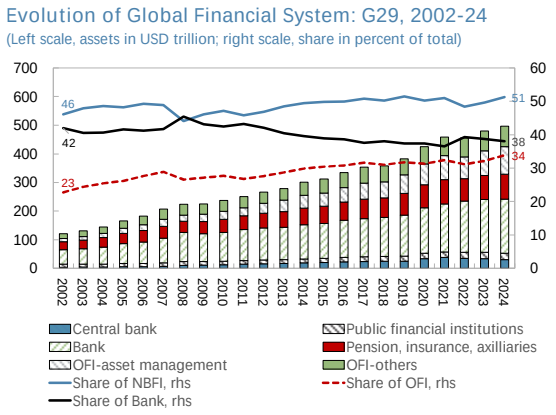
Other Financial Institutions (OFIs): A subset of NBFIs that excludes insurers, pension funds, and financial auxiliaries. Financial auxiliaries facilitate transactions but do not own financial assets or liabilities, unlike intermediaries. OFIs include money market funds (MMFs), hedge funds, other investment funds, captive financial institutions, money lenders, CCPs, broker-dealers, financial companies, trust companies, and structured finance vehicles. In this Review, "asset management industry" refers to the sum of MMFs, hedge funds, and other investment funds.

Narrow measure of NBFI "bank-like" NBFI: A subset of NBFIs engaged in credit intermediation with maturity or liquidity transformation and leverage, posing bank-like risks or enabling regulatory arbitrage. This segment includes OFIs and some insurers, pension funds, and auxiliaries. Within this measure, there are five sub-categories including (i) collective investment vehicles susceptible to runs such as certain investment funds with liquidity mismatch, (ii) loan providers with short-term market funding such as finance companies, (iii) certain broker-dealers and FMIs that support market transactions with short-term funding, (iv) credit enhancement/insurance providers, and (v) structured finance vehicles.

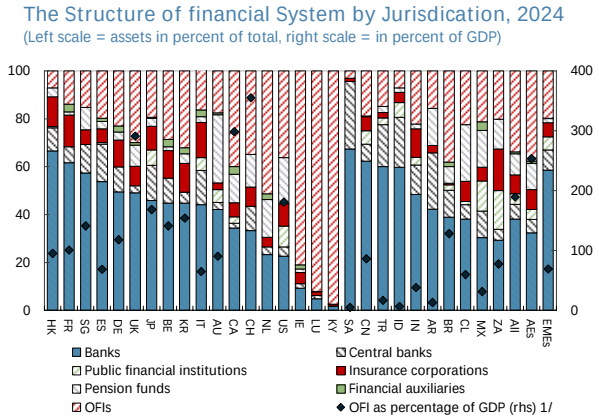
Note: The 29 jurisdictions include: Argentina, Australia, Belgium, Brazil, Canada, UK-Cayman Islands, Chile, China, France, Germany, China-Hong Kong SAR, India, Indonesia, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, The Netherlands, Russia (data up until 2020), Saudi Arabia, Singapore, South Africa, Spain, Switzerland, Türkiye, United Kingdom, United States.
Source: FSB NBFI Monitoring report, FSB (2025a).

Figure 3. Evolution of the Global Financial Landscape

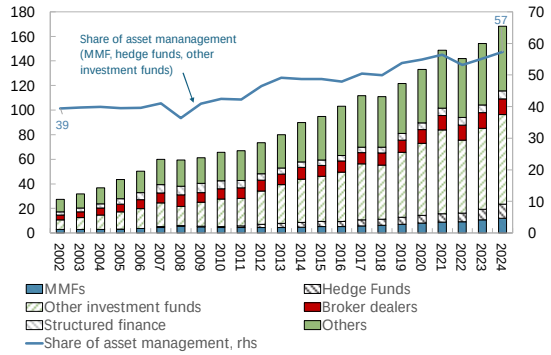
Over the past two decades, the shares of NBFIs and banks remained broadly constant.



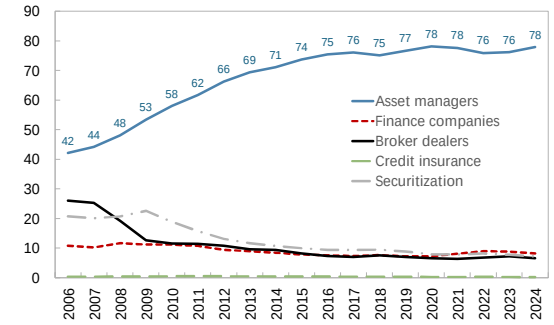
The global picture masks substantial differences across countries.



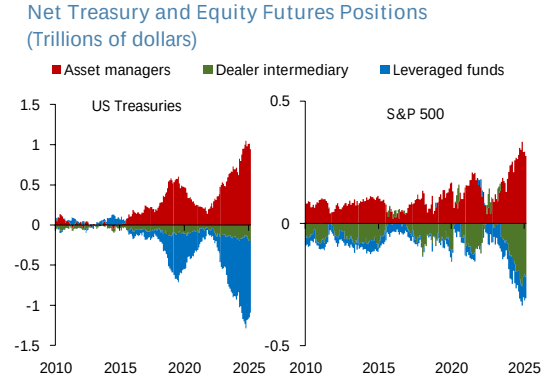
Among NBFIs, the asset management segment grew significantly in the total global financial system…



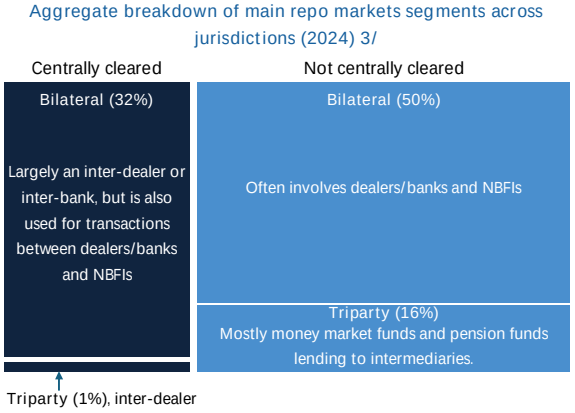
…and among "bank-like" NBFIs.



Moreover, the asset management segment further increased its footprint in key off-balance-sheet derivatives not reflected in size indicators…



…and repo markets, many of which have become benchmark rate markets around 2023, replacing LIBOR and other interbank offer rates.[2]



Sources: FSB NBFI Monitoring Report (2025a), FSB Vulnerabilities in Government Bond-backed Repo Markets (2026), and staff calculation.

[1] The percentage of OFI assets to GDP for the Cayman Islands (287,381), Luxembourg (20,854), Ireland (1,480) and the Netherlands (544) are not shown since they are particularly high compared to the rest of the jurisdictions.

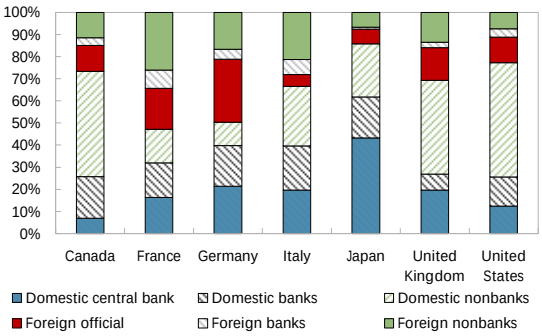
[2] LIBOR and other interbank offer rates were previously used as benchmark rates for pricing financial contracts. Following concerns about these markets, G7 central banks adopted new benchmark rates based on repos or interest rate swaps that reflect NBFI trading activity (see FSB, "Goodbye Libor, hello basis traders," 2025).

[3] Outstanding amounts, reported by FSB members.

Figure 4. NBFI and Interconnectedness

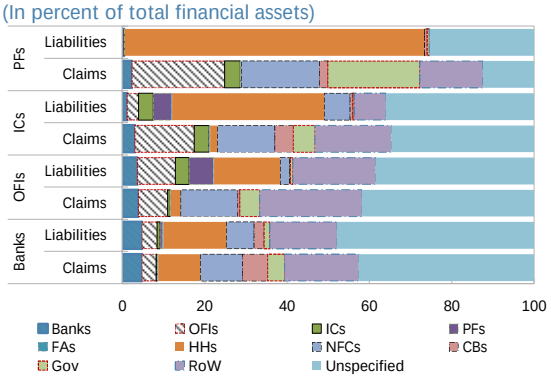
Banks and NBFIs are closely interconnected through common exposures to sovereign debt within and across borders.

Investor Base of G7 General Government Debt, 2025Q2
(In percent)



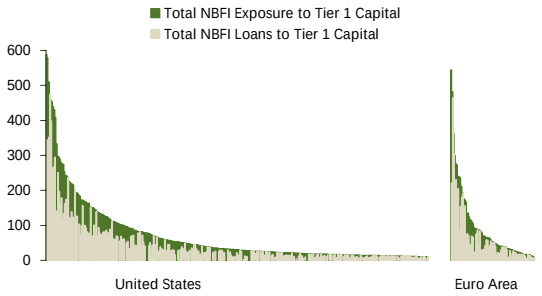
Globally, all types of NBFIs are interconnected with banks, among themselves, and across-borders.

Aggregated linkages by institution type
(In percent of total financial assets)



Linkage between NBFIs and banks has become substantial for banks. In the United States, banks representing almost 50 percent of banking system assets have exposures to NBFIs exceeding their Tier 1 capital, and these links may increase both solvency and liquidity risks in the banking sector.

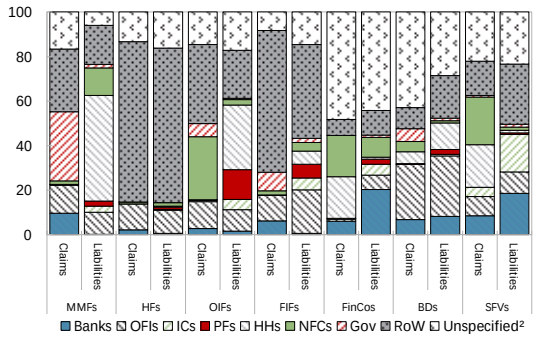
Banks' NBFI Exposure to Tier 1 Capital
(Percent)



Banks rated from highest to lowest NBFI exposure concentration

The patterns of interconnections (asset side, liability side) differ across different segments of NBFIs—Cross-border linkage of hedge funds stands out as many of them are domiciled in financial centers with beneficial tax regimes.

Identified OFI linkages with other financial market participants (In percent of entity's total assets)



Sources: Arslanalp and Tsuda (2014), data updated; FSB (2025a), IMF October 2025 GFSR, IMF staff estimates.
Notes: The abbreviations stand for: Insurance corporations (ICs), Pension funds (PFs), Financial auxiliaries (FAs), Households (HHs), non-financial companies (NFCs). CBs include CBs and PFIs and nonbank DTCs. Unspecified indicates linkages to other sectors not identified by jurisdiction or type of institutions not defined above. The following types of OFIs are included: MMF = money market funds; HFs = hedge funds; OIFs = other investment funds; FIFs = fixed income funds; FinCos = finance companies; SFVs = structured finance vehicles.

13. Digitalization is reshaping the global financial system, driving rapid innovation and efficiency, but also risks across markets, institutions, and products:

- Cyber risk: The growing digitalization of financial services and products and advancement with AI tools and quantum computing have led to a marked increase in the intensity and complexity of the cyber threat landscape for the global financial system. The incidence of cyber events in the financial sector has increased ten-fold over the last decade, most prominently in securities markets and the banking sector and cyber-enabled fraud has increased three-fold over the same period.

- Crypto assets and tokenization: Tokenization—representation of financial assets and liabilities on programmable digital ledgers—could reshape market infrastructures by enabling smart-contract-based (atomic) settlement, continuous liquidity management, and programmable compliance. It could then alter the nature of settlement liquidity and systemic risks, including through margin calls (Adrian, 2026). Nascent in most markets, tokenized assets, such as stablecoins and unbacked crypto assets, are growing rapidly (IMF 2025). As of 2025, stablecoins' market capitalization exceeded $300 billion, and tokenized treasury funds are under $10 billion, compared with $30 trillion in U.S. Treasury securities outstanding. Nevertheless, the use of global stablecoins has become significant in some EMDEs and a driver of cross-border capital flows and remittances. In countries with weak monetary systems, these assets may heighten risks of currency substitution, bank runs, disintermediation, capital outflows, and AML/CFT breaches. Their cross-border nature underscores the need for internationally consistent regulation.

- AI: AI adoption by financial institutions has improved operations, risk management, customer service, and fraud detection, but may also increase systemic risk (Adrian 2026; FSB 2024, 2025a). Key channels include operational risk, especially from reliance on a small number of critical third-party providers: the FSB (2025a) found that the top three providers supply more than 70 percent of cloud infrastructure, over 40 percent of AI models, and about one-third of data services. AI and quantum computing could also raise the frequency and impact of cyberattacks. Widespread use of common models and data sources may increase correlated trading, lending, and pricing decisions, amplifying market stress, accelerating fire sales, and exacerbating liquidity strains, especially as automation rises. Limited explainability, opaque training data, and new failure modes, such as hallucinations, also heighten model risk where AI governance is weak.

14. Weather-related physical risks continue to increase in frequency and impact. As catastrophe risks become more severe, insurance protection gaps are widening (FSB 2025b). These gaps can shift risks to affected borrowers, banks, or sovereigns and may hamper the flow of credit or result in pressures for government-subsidized coverage without adequate adaptation as well as insurance, guarantees and other risk-diversification mechanisms.

15. Financial integrity risks are increasingly relevant to financial sector stability. Their impact can materialize in jurisdictions where illicit proceeds originate, where they transit, and where they are integrated. The financial stability impacts of ML and its predicate crimes can be grouped into (i) de-stabilizing effects on the financial sector with pressure on correspondent banking relationships, (ii) adverse impacts on the broader economy, and (iii) inward and outward spillover effects. While banks continue to present high levels of ML/TF risk and remain a key entry point for illicit financial flows, increasing ML/TF risks are present in some NBFIs and virtual asset service providers (including those involved in stablecoins) that do not have well established controls for know-your-client (KYC).

FSAP SCOPE: CHARTING THE PATH AHEAD

16. FSAPs have made substantial progress in covering emerging risks identified in the 2021 Review, but further work is needed as the risk landscape continues to evolve. Staff have expanded coverage of NBFIs, climate, cybersecurity, and digitalization, supported by new tools and updated policy assessment frameworks. These advances reflect new FSB and SSB guidance. Policy assessments should incorporate emerging standards, while risk analysis should move from better-covered areas to more challenging ones, including hedge funds, private finance, derivatives and repo transactions, digital assets, and AI-related risks.

17. Maintaining FSAP effectiveness requires more agile, tailored, and targeted scope while preserving the minimum required for a well-rounded assessment of financial vulnerabilities, macro-financial linkages, and financial stability policies. The three-pillar structure required for mandatory FSAs (IMF 2010)—risk assessment, assessment of financial stability policy framework, and assessment of the authorities' capacity to manage and resolve a financial crisis—anchors evenhanded assessments. But after multiple rounds, repeated comprehensive assessments of stable, slow-moving issues may yield diminishing returns even as risks and standards evolve: survey results suggest that many AE authorities subject to mandatory FSAs now see more limited value in comprehensive standards assessments and bank stress testing. Greater flexibility and a move beyond the traditional FSAP model would allow leaner assessments that better target current and future risks.

A. Implementation of the 2021 Review Recommendations

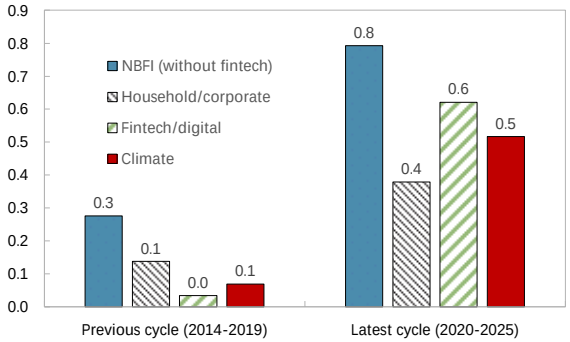
Emerging Risks

18. Following the 2021 Review recommendations, FSAPs have expanded the scope to address new risks at that time where relevant (Figure 5 and Annex III). Staff have made significant strides in developing systemwide risk assessment tools that capture cross-sector linkages and have developed and deployed quantitative tools to assess both physical and transition climate risks. Progress has been made in integrating macro-financial feedback effects into bank stress tests, supporting more robust macroprudential policy discussions. This broadening was essential to ensure that the assessment framework aligns with the full range of risk factors identified as critical by staff, SSBs and national authorities, thereby strengthening the overall effectiveness and relevance of FSAP. As international standards and guidance now explicitly cover climate, digitalization, and cyber risks, these risks are also incorporated in regulatory and supervisory assessments (see IMF 2024, for example).

Figure 5. Enhanced Coverage of Digitalization, NBFI, and Climate in FSAP

The number of staff covering Board-endorsed emerging topics in the 2021 Review increased in the last five years.

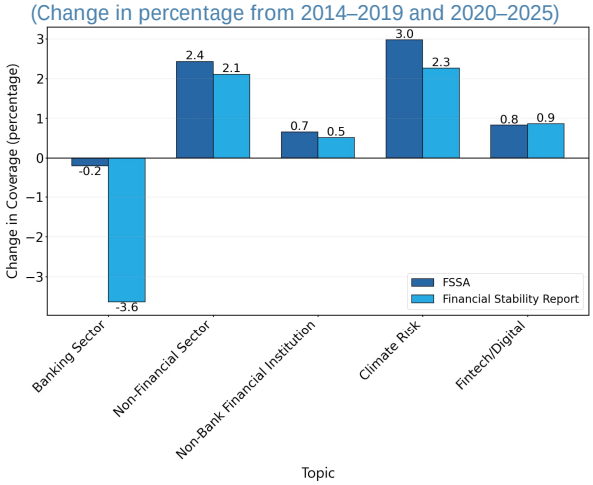
Coverage of New Topics for Mandatory (S32) Assessments
(Average number of staff per FSAP)



Source: MCM Mission Tracking System database, IMF staff calculations.
Note: S32 refers to the 32 countries with mandatory FSAs on a 5-year frequency (2021 FSAP Review).

The FSAP coverage of emerging topics mirrored that in authorities' Financial Stability Reports (FSR).

Change in Topic Coverage: FSSA and FSR (SIFS)
(Change in percentage from 2014–2019 and 2020–2025)



Source: FSSAs and FSRs; IMF staff estimates.
Note: The textual analysis shows the change in the share of paragraphs related to each topic over the two periods for 5-year and 10-year cycles of members with SIFS.

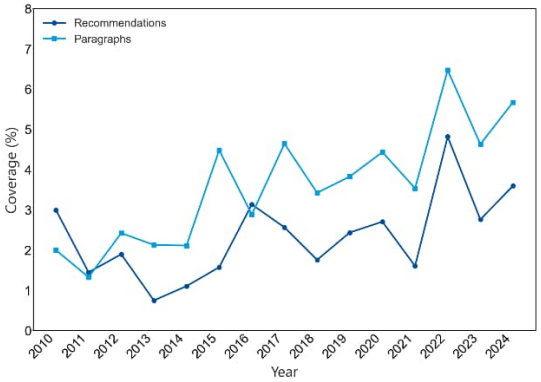
NBFI and Systemwide Risk Analysis

19. Staff developed new tools to assess key risks from NBFI and systemwide interlinkages and widely deployed them in recent FSAPs (Figure 6, Annex III, Table 2). There are two generic tools (see the summary by Oura and Arnould (forthcoming) and the NBFI background paper for this Review). One is an Excel-based tool for EMDEs and high-level diagnostic for AEs using Balance Sheet Approach (also called flow-of-funds by counterpart) data. The other is Market Impact from Investment Funds Liquidity Distress (MILD), which assesses spillover effects from asset fire sales by stressed investment funds. Many FSAPs adapted these tools to available data, often with extensive enhancement. Most notably, the 2025 euro area FSAP assessed bank-insurance-investment fund linkages, including off-balance derivatives and repo transactions that are rarely incorporated in leading central banks' desktop models. Of 39 FSAPs since 2021, 77 percent featured high-level diagnostics of NBFIs and cross-sector linkages, often supported by network maps. Investment fund stress tests were done in 23 percent and systemwide interlinkages examined in 46 percent of FSAPs. In addition, 26 percent and 15 percent of FSAPs, respectively, included stress testing of insurers and pension funds, where relevant, including new risk factors such as liquidity needs for margin calls.

Figure 6. NBFI Coverage in FSAP

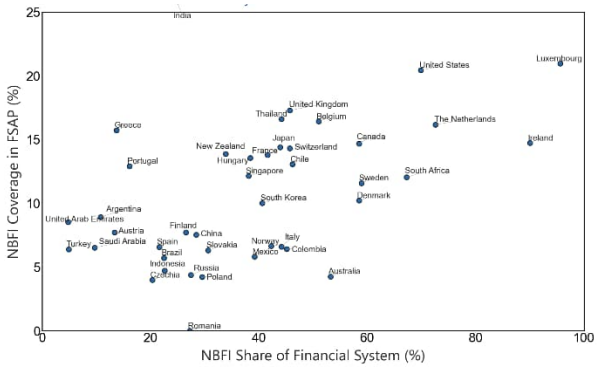
The coverage of NBFIs in FSAPs has increased over time, driven by work on investment funds, in line with their significant growth among NBFIs.[1]

Trends in Investment Fund Coverage in FSAPs
Share of Investment Fund related recommendations and paragraph over time



Countries with a larger share of the NBFI sector in their financial systems tend to receive more extensive NBFI coverage in FSAPs[2]

Relationship Between NBFI Sector Size and FSAP Coverage
Share of NBFI sector in financial system vs. share of NBFI content in latest FSAP



Sources: IMF Staff Calculations.
[1] The chart shows coverage of investment funds in FSAPs in terms of percentage of recommendations and paragraphs over the total in FSSAs using a keyword search for NBFIs and investment funds.
[2] The chart shows, for each country, the NBFI asset share relative to total financial system assets plotted against the number of NBFI-related sentences in its most-recent FSAP, as identified by a large language model.

20. Staff and authorities still view systemwide analyses as exploratory and too preliminary to draw firm conclusions on resilience, but they often agree on recommendations to strengthen supervision. Quantitative analyses are used to explore several behavioral scenarios to identify critical risk-propagation channels, influential actors, and weak links. Policy recommendations from risk analyses have typically focused on strengthening risk surveillance, including through targeted data collection, inter-agency data sharing, and developing better analytical tools focused on key identified channels. They are often complemented by Pillar 2 recommendations on the asset management industry, which is central to the systemwide vulnerabilities in AEs. These recommendations focused on liquidity risk management, reporting, and supervisory intensity. The perimeter of oversight is particularly important, as the industry includes lightly regulated hedge funds, private funds, and family offices that are often domiciled abroad and outside the mandate or powers of national regulatory agencies.

Cyber Risks

21. The work on cybersecurity has focused on improving regulation and supervision of banks and FMIs (Annex III. Table 3). Core areas included cyber risk strategy and governance, regulatory and supervisory frameworks, supervisory tools, risk mapping, and cross-agency coordination. Cyber risk and fraud, along with other operational risks, have not been a part of FSAP's quantitative risk assessments due to data and technical limitations.

Digitalization

22. Work on digitalization in financial products and services has focused on supervisory issues (Annex III. Table 4). Recent reviews have spanned the regulatory and supervisory frameworks for payments; crypto assets, including stablecoins; big-tech firms and their financial activities; institutional arrangements for supervision and regulation of digital financial services and products; and AML/CFT considerations. Quantitative risk analysis remains limited due to the small size of these segments and insufficient data, though some have explored interlinkages, contagion and concentration risks from new digital financial providers on banks and vice versa.

Financial Market Infrastructures

23. FSAP evaluates the regulation and supervision of FMIs selectively, given the specialized nature of the topic. The Principles for FMIs (PFMI) set international standards for both oversight agencies and FMIs—unlike other standards that only cover responsibilities of relevant authorities. IMF assessments in FSAPs cover the regulatory framework, oversight practices, and occasionally crises management arrangements. Since the 2021 FSAP Review, the Fund has selectively conducted FMI assessments with seven FSAPs examining systemic FMIs, resulting in two DARs and six TNs. FSAPs do not perform stress testing of FMIs and instead rely on the exercises conducted, or supervised, by the FMIs' oversight authorities, which typically employ a bottom-up approach and involve significant participation by the FMIs. In some cases, FSAPs use transaction-level data collected by FMIs for systemwide analysis, but not necessarily to evaluate the soundness of the FMIs themselves in line with recent FSB work on FMI risks (FSB 2024).

24. Several FMI-linked risks in payments are evolving rapidly. These include the consolidation of global FMIs and growing linkages between national fast payment systems, which are concentrating cross-border risks; cyber and third-party operational risks, including reliance on critical service providers; stablecoin and tokenized payment arrangements, which are testing the PFMI's perimeter; systemwide liquidity strains from margin and collateral calls transmitted through CCPs; and incomplete frameworks for recovery, resolution, and central bank backstops for systemic FMIs. FSAP coverage has so far focused largely on domestic frameworks—cross-border payment issues have rarely been assessed, except in limited cases such as euro area TARGET Services.

Macro-financial Linkages

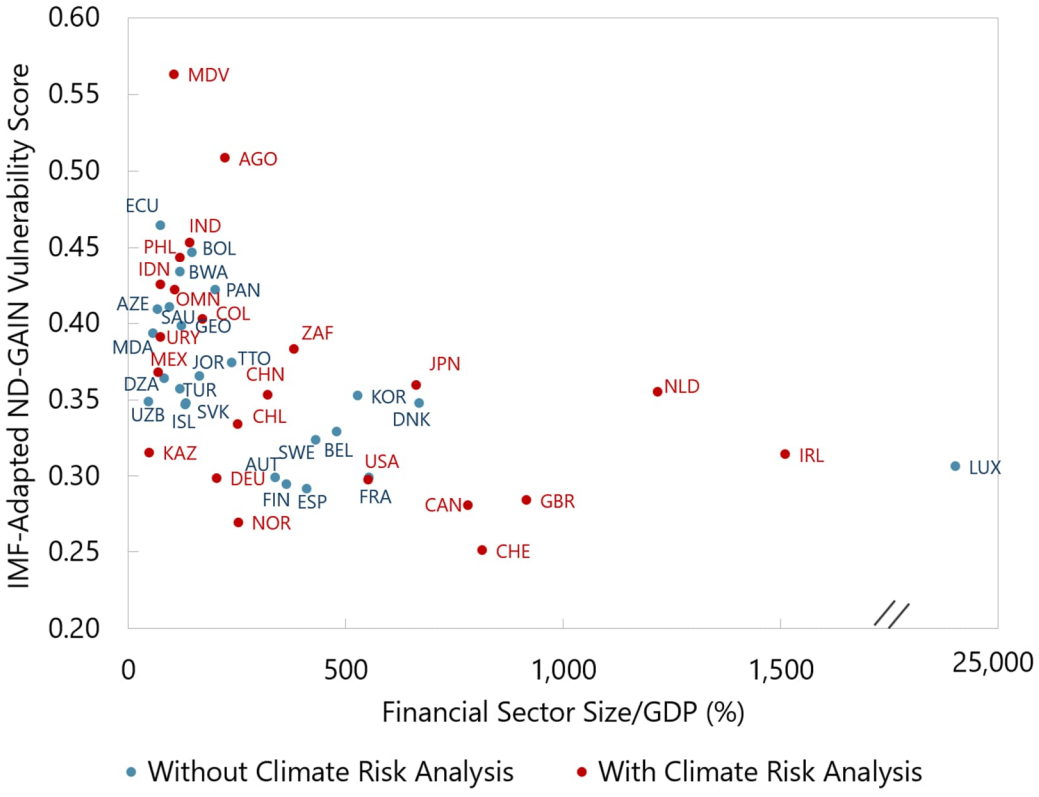
25. Staff have piloted ways to integrate macro-financial linkages to inform policy discussions on capital buffers. The 2021 FSAP Review and Adrian, Morsink, and Schumacher (2020) called for adding "second-round effects" into bank stress tests, assessing how banking sector stress impact the real economy. Pilot exercises incorporating feedback through credit supply and lending-rate channels had mixed traction, as reflected in survey results. The main constraints are empirical and practical. Estimating these links robustly and reliably turned out to be challenging for most members. Given resource constraints and prioritization needs, FSAP teams have often had to choose between standard supervisory-style bank stress tests and building macro-financial models with the parsimonious banking sector. However, many FSAPs successfully conducted household and corporate vulnerability assessments, connecting them to borrower-based measures.

Climate

26. Since 2021, FSAPs performed around four quantitative climate risk analyses annually as well as assessments of effectiveness of climate-related supervisory frameworks (Annex III, Tables 5 and 6). Climate risk analysis pilots were selected according to vulnerability, data availability and authorities' demand (Figure 7). Staff developed quantitative tools to assess physical risks from natural disasters and transition risks linked to moving toward a low-carbon economy (2022 Staff Climate Note and forthcoming Technical Manual Note). Bank climate risk vulnerabilities have been the main focus (FSB 2025c), while oversight assessments have covered both banks and insurers. Recommendations focused on closing data and resource gaps, enhancing supervisory capacity, adopting risk-based approaches to climate risk supervision, and strengthening the assessment of climate-related drivers of credit and market risk. In joint FSAPs, the World Bank has taken the lead on green finance.

Figure 7. Climate Risk Diagnostics for FSAPs: FY2020–25

FSAP climate risk analysis has been targeted to jurisdictions exposed to high physical or transition risks (or both), while also considering a range of qualitative factors.



Sources: ND-GAIN; Global Findex Database; Worldwide Governance Indicators; World Development Indicators; and IMF staff calculations.
Note: The vertical axis depicts the vulnerability score for physical risks, with risks increasing with higher scores. FSAPs with climate risk analysis encompass both full-fledged and targeted assessments of climate risk. Staff started applying the quantitative climate risk analysis framework systematically after the publication of the 2022 Staff Climate Note.

27. Pilar 1 risk analyses have shown that climate risks typically have moderate quantitative effects on banking sectors within FSAP horizon. Both physical and transition climate risks have been found to exert a generally manageable impact on bank solvency, with effects that are notably less acute than those seen in traditional macroeconomic stress scenarios. Nevertheless, physical risks can cause severe losses in smaller jurisdictions, particularly those with fragile infrastructure or where multiple disasters occur in quick succession (so-called compounded risks). Furthermore, both physical and transition risks may disproportionately affect banks with concentrated exposures to highly vulnerable borrowers. Assessments of supervision of climate-related financial risks have commonly found lack of resources. In certain instances, collaboration with the World Bank has addressed technical and data challenges by leveraging its expertise in disaster risk assessment and support programs.

Streamlining and Prioritization

28. Since 2021, a risk-focused approach enabled prioritization of FSAP scope and streamlined assessment methods.

- Risk analysis: Staff developed standardized tools and guidance for recurring risk analysis, providing common starting points and streamlining bank stress testing. The two generic tools—for systemwide and investment fund liquidity stress tests—support efficient benchmark diagnostics of NBFI and cross-sectoral assessments. A macro scenario stress testing tool using public data for banks (Global Bank Stress Test, GST) and corporates is updated at least annually for selected economies, and standardized household sector vulnerability analysis is implemented for the euro area countries.

- Assessments of implementation of international financial sector standards: FSAP work complements that of standard setting bodies (Box 2). The FSAP follows methodologies set by relevant SSBs and formally endorsed by the IMF Executive Board for use as assessment tools. This supports evenhandedness as the standards include the principle of proportionality, that takes into account the circumstances of each jurisdiction. The 2017 agreement with SSBs further facilitated the flexibility by shifting from graded detailed assessments to focused reviews published in TNs. From 2021 to 2025, 19 out of 38 FSAPs included detailed assessments of the Basel Core Principles (BCP) for Effective Banking Supervision, and three included a detailed assessment of the Insurance Core Principles (ICP). In the euro area, member-state assessments focus on supervision of less significant banks, while the euro area FSA covers Single Supervisory Mechanism supervision of significant banking institutions.

Box 2. Standards Assessment Work—Role of the Fund vis-à-vis Standard Setting Bodies

The FSB and sectoral SSBs set internationally recognized standards relevant to financial stability. They comprise heads of financial agencies and central banks of members, while the IMF and other international financial institutions participate as members or observers. They develop standards and assessment methodologies and issue guidance on emerging risks, though only evolving guidance is available for some topics such as systemic liquidity support or systemwide stress tests.

The Fund assessment of jurisdictions' observance of standards was integrated into surveillance with the Standards and Codes Initiative launched in 1999. The Executive Board agreed that the Fund should focus its standard assessments on core areas where it has the relevant expertise and mandate. The IMF aligns its policies with these standards endorsed by the Board to apply for staff's work.

Of the 15 key international standards, seven are considered as central for sound financial systems by the FSB. These include (a) the Basel Core Principles for Effective Banking Supervision (BCP) of the BCBS; (b) the Insurance Core Principles (ICP) of the IAIS; (c) the Principles and Objectives of Securities Regulations of IOSCO; (d) the Key Attributes of Effective Resolution Regimes for Financial Institutions (KAs) of the FSB; (e) the Core Principles for Effective Deposit Insurance Systems of the IADI; (f) the Principles for Financial Market Infrastructures (PFMI) of the CPMI; and (g) the Recommendations on Combating Money Laundering and the Financing of Terrorism and Proliferation of the Financial Action Task Force (FATF).

FSAPs provide independent, country-level assessments. As part of a comprehensive assessment, FSAPs examine how standards are applied in each jurisdiction for broader memberships than the FSB and SSBs. Most SSBs lack the capacity for such assessments; where they exist, they are often narrower in scope and rely heavily on self-assessments by the national authorities. As a result, SSBs primarily undertake thematic peer reviews across jurisdictions. While useful for gauging global compliance, these reviews are not designed to assess how standards contribute to national financial stability.

The thematic assessments by SSBs and FSAPs are complementary:

- The FSB's peer reviews are either thematic or follow up on FSAP recommendations. The FSB guidance states that country peer reviews will be held "in between" FSAPs and the Fund and the FSB coordinate their scheduling.
- The BCBS initiated its Regulatory Capital Assessment Program (RCAP) in 2012, focusing on the compliance of national regulatory frameworks with Basel III (but not the supervision). By design, RCAP peer reviews are limited to the 28 BCBS jurisdictions. FSAP complements RCAP by accounting for both regulation and supervisory practices carried out in the wider context of financial stability analysis.
- The IOSCO has an assessment program including thematic reviews, implementation monitoring of a set of principles, and country reviews. Country peer reviews are based on self-assessments. There have only been two full jurisdictional assessments since 2016. Given the wide scope of the IOSCO's Principles and Objectives of Securities Regulation, IMF FSAP assessments have been targeted and anchored to material domestic financial stability risks since 2016.
- The IAIS has two jurisdictional assessment programs, both narrower than FSAP. The member assessment program is similar to the detailed ICP assessments but is voluntary and only for developing economies. IAIS' capacity constraints enabled only six assessments in the last six years. In contrast, thematic peer reviews typically cover only about 10 percent of the ICPs, mostly based on self-assessment and focus only on regulation.
- The CPMI and IOSCO monitor the PFMI implementation through (i) self-assessment, (ii) peer review, and (iii) the thematic reviews of FMIs. Due to resource constraints, CPMI-IOSCO peer reviews have not fully covered all FMIs, with only 10 of 28 CPMI members assessed through the CPMI-IOSCO peer review program since 2012.
- The FATF provides a comprehensive assessment of a jurisdiction's AML/CFT framework against FATF standards. Over the next 6 years, 126 assessments are planned. In contrast, FSAP discussions focus only on financial stability issues, and draw on a range of sources, including FATF assessments, national risk assessments, and data, including on correspondent banking and cross-border flows.

- AML/CFT assessments: FSAPs often rely on HQ-based reviews, drawing extensively on broad-based Financial Action Task Force (FATF)-related evaluations. In contrast, the FSAP AML/CFT workstream is narrower, focusing on financial sector-related issues, and applies a financial stability lens. It draws on findings from relevant sections of FATF/FSRB mutual evaluation reports where available, but staff analysis focuses on identifying AML/CFT weaknesses that could create vulnerabilities in the financial sector, the channels through which those vulnerabilities could transmit stress, and targeted measures to mitigate potential financial stability impacts. As FSAPs are required to discuss AML/CFT issues relevant to the financial sector—through correspondent banking relationships, virtual asset providers, and cross-border financial activities—they may also draw on additional materials as needed. The 2023 Review of the Fund's AML/CFT strategy emphasized a more risk- and context-based approach, which supports more streamlined and targeted coverage in FSAP.

- Overall resource management: Jurisdiction-specific resource limits helped cap the headcount and scope for each FSAP since 2019.

29. However, subsequent developments resulted in less than expected savings:

- 2023 bank turmoil. The 2023 bank runs in the United States and Switzerland were a reminder that bank stability risks remain material globally and a critical component of FSAs. In addition, as policy frameworks continue to evolve and financial and operational interconnections between banks and other entities, NBFI, and third-party service providers grow stronger, it is important to consistently and carefully assess any risks that may impact the sector.

- Revisions to international standards. International financial sector standards and guidance are regularly updated by the standard setters, and now integrate climate, digital, and operational (including cyber) risks. As a result, assessments of effectiveness of regulatory and supervisory frameworks are increasingly resource-intensive for both Fund staff and national authorities.

- New standards. The IMF Board endorsed the Core Principles for Islamic Finance Regulation developed by the Islamic Financial Services Board in 2018. Since then, the FSAPs for Indonesia, Saudi Arabia, and Oman have included a targeted review of the standard as a supplement to Pillar 2 discussion on banks.

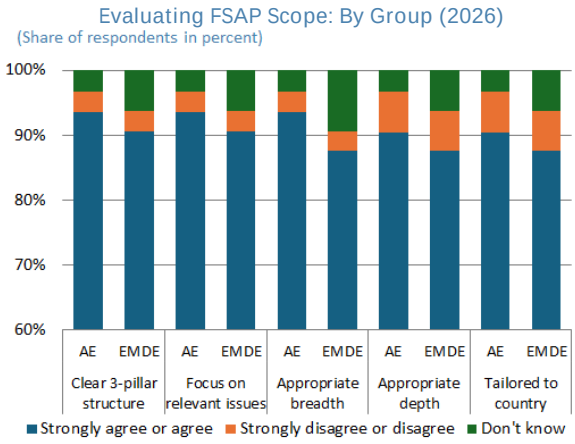
Authorities' Feedback—Survey Results

30. Authorities generally perceive risk assessments to be well-scoped, though the analysis could better incorporate country-specific and systemwide factors (Figure 8). Over 85 percent of respondents found stress tests appropriately tailored to national risks, while 15 percent see room for improvement, especially for AEs. Some advanced jurisdictions suggest using authorities' own stress tests to free up resources. Although the majority agree that NBFI risks are sufficiently covered, about 20 percent would like to see more coverage of systemwide and cross-border risks.

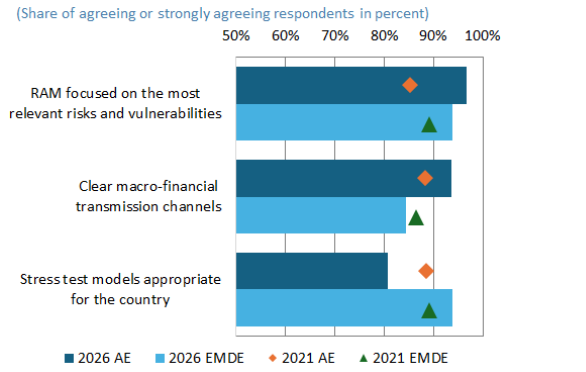
31. Cyber risk, systemwide analysis, and digital finance are widely regarded as top priorities, though Executive Directors and national authorities place varying degrees of emphasis on these issues. Notably, authorities assign a higher priority to bank stress testing—ranking it fourth—over NBFI stress tests and macro-financial linkages, whereas Executive Directors place greater importance on systemwide risks and NBFI stress testing. While climate-related physical risks are generally not viewed as a primary concern, a larger proportion of Executive Directors consider them more significant than transition risks, a view not shared by national authorities. Macro-financial feedback and household/corporate sector risk analysis rank lowest.

Figure 8. FSAP Scope and New Risks—Survey Results

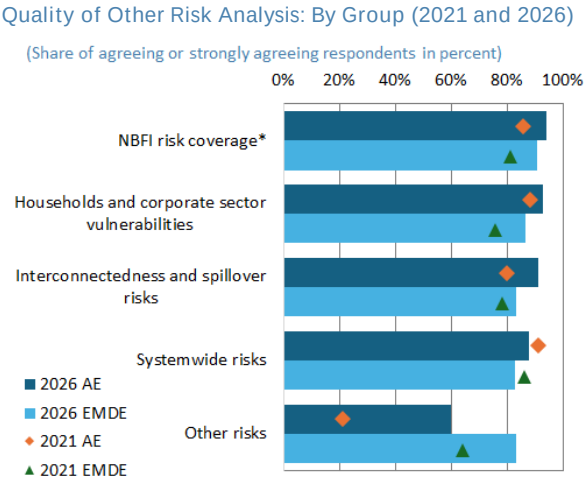
While scope of the assessments was broadly appropriate, these could be tailored more to country-specific conditions...



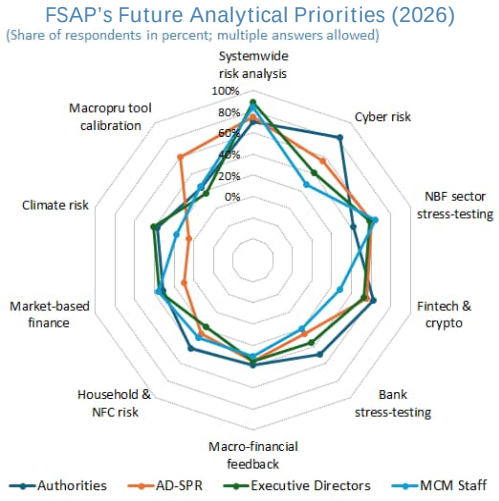
...including for stress test models and identification of macro-financial channels.



Quality of coverage of nonbank risks in recent FSAPs was high.



For future FSAPs, strong support for more systemwide risk analysis among various survey respondents, with cyber risk top of the agenda among the authorities.



Source: 2026 FSAP Review Surveys; staff calculations.

* NBFI risk coverage in 2026 survey shows the average across sector-specific responses on pension funds, investment fund and insurance companies with similar rating scores for each.

Notes: Survey questions related to the charts in this figure ordered from left-to-right, then top-to-bottom. (i) Please share your views on the scope of FSAP work. (ii) Please assess the strength of FSAP risk analyses in bank stress testing. (iii) Please assess the strength of FSAP risk analyses other than bank stress-testing. (iv) Looking ahead, which areas of risk analysis should future FSAPs prioritize further? Results of surveys for Country authorities (CA), Area Departments and SPR Reviewers (AD), Executive Directors (ED), MCM staff (MCMS). "NBF" refers to Nonbank Financial.

B. Looking Ahead: Balancing Breadth and Focus of the FSAP

Strategic Direction

32. Looking ahead, FSAP should sharpen its focus on risks that are rising today and retain the agility to reprioritize as the landscape evolves. In the near term, assessments should give greater weight to less-understood or rapidly emerging NBFI activities, systemwide interconnectedness through market-based finance, derivatives and repo markets, and the role of FMIs, where relevant, while continuing to assess bank resilience and policy frameworks in most jurisdictions where banks remain systemically important. The FSAP should also integrate evolving FSB and SSB guidance and standards promptly to assess financial stability, operational resilience, and integrity risks from continued evolution of digitalization, cyber threats, and AI.

33. NBFI work across pillars, including FMIs, should be extended to less-well-analyzed issues from a systemwide perspective (see BN on NBFI). System mapping using aggregate flow-of-funds data—already included in 77 percent of FSAPs—should become a standard part of initial diagnostics, complemented, where relevant, by semi-automated liquidity risk analysis of open-ended investment funds and spillovers to banks and securities markets. For complex systems, FSAPs would continue deepening analysis of less-studied entities—such as hedge funds, private credit funds, and private-equity-owned insurers—their links through derivatives and repo markets, and exposures to opaque private and structured assets. Macrofinancial linkage analysis including NBFI and market financing will become important as more credit comes from nonbank sources. Despite persistent data gaps, FSAPs can make better use of reporting by regulated entities and transaction-level activity data collected by FMIs, in close collaboration with authorities within and beyond the FSAP. Given CCPs' central role, the Fund should strengthen assessments of their resilience and oversight. A broader systemwide approach to FMI risk is also needed: margining is critical to CCP resilience, but can amplify liquidity pressures across markets, especially through highly leveraged NBFIs (FSB 2024).

34. AI-related risks will be assessed mainly through qualitative financial sector policy framework reviews. The comprehensive assessment of broader IT capacity, cyberattack and fraud risks, law enforcement, and national securities issues exceeds the capacity of Fund staff and national financial regulators. FSAPs therefore focus on whether and how financial regulators ensure that supervised institutions and markets remain resilient to these risks. Relevant elements of the AI-risk oversight include mapping operational risk transmission channels among key financial institutions, markets, and critical third-party service providers; requiring internal risk and crisis management frameworks; conducting crisis simulation exercises; validating AI models and assessing their governance. The Fund will continue to incorporate evolving FSB and SSB guidance on regulating and supervising these risks. Quantitative risk models—especially liquidity risk assessments that rely heavily on assumptions about investor behavior—should also update key parameters regularly and account for uncertainty.

35. Risks from crypto assets and tokenization will also be assessed mainly through high-level diagnostics and policy framework reviews. Several major jurisdictions have recently adopted distinct regulatory frameworks, with uncertain implications for cross-border treatment and

AML/CFT risks. Most crypto and tokenized assets remain small relative to traditional financial systems, and reliable data are limited. Still, where relevant, the Fund will examine their potential systemic role, as was done, for example, in the 2026 Brazil FSAP, where foreign-issued stablecoins have become more visible in cross-border financial flows.

36. Climate risk analysis will prioritize physical risks. With a previously augmented budget, MCM will continue to target Pillar 1 climate risk analysis up to four FSAPs per year. Recent FSAPs covered both physical and transition risks with one expert; future assessments will streamline this work by focusing on one, with priority given to physical risks and widening insurance protection gaps, consistent with SSB priorities (FSB 2025b and c, IAIS 2025). Transition risk analysis toolkit would remain available where warranted by country circumstances and authorities' demand.

More Agile and Prioritized Scope

37. FSAP scope will be made more agile with the reforms below in order to support this strategic direction and further reprioritize in the future as needed. The scope of IMF financial stability module is determined by the following three steps: initial diagnostics for all pillars, choices across the three pillars for in-depth assessment, and topic selection within pillars from the potential menu shown in Annex 1, Table 4 as informed by the diagnostics. In this paper, "modularity" refers to choosing whether to undertake in-depth assessment after initial diagnostics. The World Bank's developmental module option is already part of the modular approach in a broader sense. Staff determine the final scope of the FSAP in consultation with authorities, including scoping mission that takes place after initial diagnostics.

38. At the same time, key structure will be retained to safeguard the program's effectiveness and evenhandedness. Staff will continue to consult with the authorities, as is the case at present, on the issues to be covered in the FSAP. That said, for both mandatory and voluntary assessments, staff will retain the final decision on the scope of the FSAP. The three-pillar structure for mandatory FSAs will also be maintained. Established by the 2009 FSAP Review and embedded in the 2010 reform, it provides the basis for assessing financial vulnerabilities, macro-financial linkages, and financial stability policies. Staff consider that some coverage of each of these elements remains necessary for a well-rounded financial stability assessment.

Modular Approach Across Three Pillars

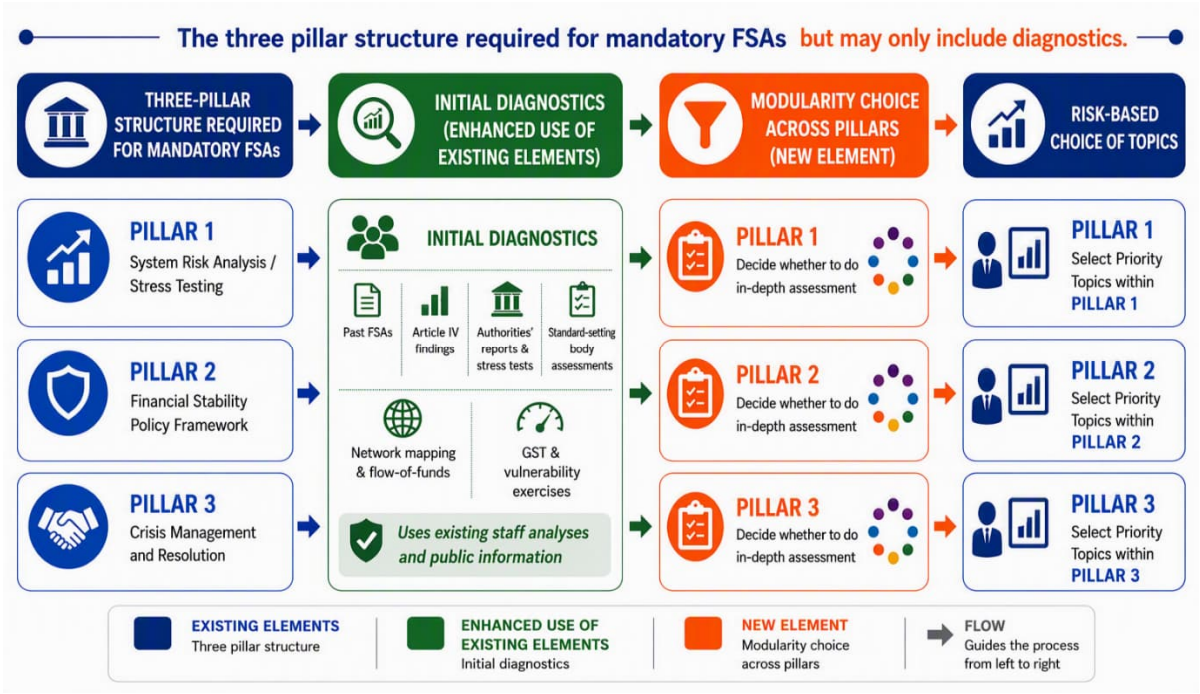
39. This Review proposes introducing a modular approach for mandatory FSAs across pillars by introducing more flexibility for the depth of assessments under each pillar (Figure 9). Modularity would allow some pillars to be substantially streamlined: some pillars may be covered in less depth based on initial diagnostics.

40. Staff would prepare a Guidance Note to safeguard appropriate scope and depth in modular mandatory FSAs. The Guidance would call for front-loading and strengthening initial diagnostics. Diagnostics would benchmark the financial system's structure, recent macro-financial developments, and key vulnerabilities against peers, and progress on past recommendations drawing on past staff work and publicly available information, such as, past FSAs, standard setting body assessments, recent Article IV findings, and the regularly updated Global Bank Stress Test. Staff

would avoid overly prescriptive guidance and instead propose an agile approach that preserves the three-pillar structure, while allowing lighter coverage of within each pillar informed by initial diagnostics.

41. The approach to determining the modularity can also be applied to voluntary assessments. Voluntary assessments cover jurisdictions without SIFS and interim assessments requested between mandatory FSAs by jurisdictions with SIFS. The design of voluntary FSAPs can be made fully flexible: informed by initial diagnostics, they could cover all three pillars or focus on a specific pillar. Staff will continue the current practice to prioritize scope in consultation with authorities. In addition, where the primary challenges are developmental, the Bank's developmental module—optionally with support by Fund staff on risk analysis—is best suited to address country needs.

Figure 9. Changes to Scoping Process: Modularity Across Pillars



Source: staff.

Tailored and Risk-Based Topic Coverage within Pillars

42. Future FSAPs should adopt a more targeted risk-based topic coverage within pillars:

- Increasing flexibility of Pillar 1 coverage: Staff will always assess the sources, probability, and potential impact of the main risks to macro-financial stability, using stress tests and other quantitative and qualitative tools. Macro-scenario bank solvency tests will remain suitable in most cases. In limited cases where risks are shifting toward NBFIs and systemwide linkages, staff may streamline or omit such bank scenario tests and instead rely on sensitivity analysis using bank counterparty credit and concentration risks and other supervisory data. Standard corporate and household sector analysis can be conducted at HQ using publicly available cross-country

data or MCM's periodic corporate sector stress tests, whenever feasible. Authorities' stress test results may inform diagnostics but not substitute for staff analysis.

- More focused financial stability policy framework discussions under Pillar 2: The choice of sectors and topics to be assessed (banks, NBFIs, FMIs, fintech, crypto, cyber, climate) and the depth of assessments should take into consideration their systemic relevance and the enhanced initial diagnostics. Standards assessments could rely more on targeted thematic reviews through TNs or without them. Work on macroprudential policies would be better tailored and integrated with the broader prudential policy discussions, including the discussion on appropriate prudential tools and frameworks to address systemic risks identified in Pillar 1. This targeted approach will include following up on past recommendations, informed by evolving systemic risks. The number of TNs would be reduced with more analysis directly reflected in the Aide-Memoire and FSSA.
- Targeted coverage of the authorities' capacity to manage and resolve potential financial crisis should the risks materialize under Pillar 3. Major advances in this area on recovery and resolution frameworks took place internationally and nationally post-GFC. Subsequent developments tend to be slower moving, allowing for streamlined coverage in recent FSAs. FSAPs may pursue further streamlining, including relying more on HQ-based initial diagnostics and by omitting in-depth analysis of previously assessed topics with little structural change since the previous assessment. This would create room for enhanced coverage of central bank emergency liquidity backstops, which are evolving rapidly as the growing role of NBFIs, cross-border transactions, and market financing may warrant adjusting the policy frameworks.

43. Assessments could rely more on HQ-based desk reviews. The AML/CFT model offers a precedent: drawing on available materials, including FATF reports, in many cases LEG conducts analysis of financial stability-related AML/CFT issues, carries out a desk-based review and remotely meets with all relevant AML/CFT stakeholders. MCM experts could apply this approach to other topics using remotely shared information, including authorities' self-assessments. Wider use, however, has limits: it could increase MCM's staffing burden, rely on a thin evidence base as SSBs other than FATF do not conduct comprehensive assessments, and weaken FSAP independence if based heavily on self-assessments rather than direct engagement and review of actual practices. Many authorities are also reluctant to share strictly confidential supervisory information remotely.

Scoping Supranational and Member Country FSAPs

44. For euro area member states, limiting overlaps with the euro area FSA is imperative. The Single Supervisory and Single Resolution mechanisms cover all the systemic banks, which are discussed extensively in the union-level FSA. Euro area FSAP also undertakes broad NBFI risk analysis and assesses harmonized NBFI regulations. A new regional AML/CFT supervisor, the Anti-Money Laundering Authority, will commence supervision in 2028 for a select number of high ML/TF risk institutions. In line with the 2021 FSAP Review Board Decision, the euro area FSA constitutes an integral part of the FSSA and the Article IV consultation with each individual member. Individual member states assessments should therefore adopt lean, modular approaches to leverage on and avoid duplication with the euro area FSA. Specifically:

- Streamlining risk assessments: Macro scenario bank solvency stress tests could be omitted or significantly streamlined to sensitivity analysis focusing on country-specific issues in national FSAPs, drawing on the initial diagnostics for modularity choice and euro area FSAP findings. Systemwide risk analysis and NBFI stress tests could also be omitted when covered by the union-level assessments that also account for within union cross-border interconnectedness or would be narrowed to sensitivity analyses examining national specificities. For example, in euro area member countries, investment fund stress tests will not be covered since these entities are covered in the systemwide analysis in the euro area FSAP exercise.
- Tailoring policy framework assessment: The EU regulatory and supervisory architecture is complex and multilayered. The euro area FSAP focuses on European supranational agencies, while member state FSAPs focus on areas where national level agencies retain relevant power and responsibilities. Member state FSAPs should follow up on the implementation of euro area-wide policies in the national context but should avoid recommendations directed at supranational institutions. Where less systemic institutions are not jointly systemic and no material changes have occurred since the previous FSAP, review of their oversight framework could be streamlined without dedicated TNs. Updates to crisis management recommendations can also be made without TNs.

Operational Considerations

45. Responsible use of AI can further strengthen diagnostics and assessment efficiency, with appropriate safeguards to preserve confidentiality. Staff already leverage machine learning and large language models for data management and model selection in certain risk analyses, as well as AI tools to facilitate data, coding, and initial policy-framework diagnostics. A new AI agent, released in late 2025, offers quick access to internal procedural guidance, and the iFSAP database will soon feature AI-driven extraction of cross-country insights from past FSAPs. At the same time, broader AI adoption must respect confidentiality agreements with national authorities, as FSAP critically depends on strictly confidential supervisory information. Other approaches could be pursued over the next five years as technology develops even further. Responsible use of AI would still need human interaction to minimize risks like disinformation, misinformation, hallucinations, personal and confidential data breaches, intellectual property infringement, and biased outcomes.

46. Revised staffing and operational guidelines will support risk-based prioritization. MCM already sets jurisdiction-specific resource limits, including on headcount, mission travel, and mission days. These limits are closely linked to FSAP scope: broader breadth generally requires more specialized experts, while deeper assessment of a topic typically requires longer mission time. For voluntary FSAPs, staff also intend to use single FSAP missions more—returning to pre-pandemic practice: this would impose stricter discipline for more risk-based scoping. The staffing guidelines would be revised to reflect the latest financial system landscape, structural complexity, vulnerabilities, and relevance of emerging risks in each jurisdiction. It could also be updated as conditions evolve, allowing the modular approach to remain agile over time and across economies.

C. Recommendations

Table 2. Recommendations: I. Scope and Analytical Methods	
#	Recommendations
I.1	Introduce a modular-based approach across pillars: for mandatory FSAs, all three pillars would be required for the initial diagnostic, but not all pillars would necessarily require an in-depth assessment.
I.2	Enhance tailored and risk-based topic selection within pillars.
I.3	Develop a Guidance Note to operationalize risk-based scoping with modularity choice across pillars and topic coverage within pillars.
I.4	Revise and enforce internal resource guidelines with more tailored jurisdiction specific resource limits.
I.5	Strengthen the integration of financial integrity and financial stability risks in FSAP in line with the 2023 Review of the Fund's AML/CFT strategy.

TRACTION: IMPROVING FSAP'S REACH

A. Traction with Authorities

47. Several surveys helped assess traction of FSAPs. Respondents included country authorities, Executive Directors, Article IV mission chiefs and SPR Reviewers of countries with FSAPs in the last seven years, MCM mission managers, and MCM staff (see Text Table). Staff also conducted text-based analyses to form independent views on the extent of traction.

FSAP Review Survey Respondents	Number of Respondents 2021	2026
Executive Directors	14	17
Area Department Mission Chiefs & SPR Reviewers	45	22
MCM staff	53	57
FSAP Mission Managers	91	23
Country Authorities		
Number of countries	75	70
Number of authorities	131	114
Advanced Economies (AE)	36	33
Emerging and Developing Economies (EMDE)	39	37
IMF Departments:		
WHD	14	12
EUR	38	38
APD	12	11
MCD	11	9
Euro Area (EA) Members	18	15
Non-EA Member	57	55
5-year SIFS	28	24
10-year SIFS	14	9
Non-SIFS	33	37
Memoranda		
Number of completed FSAPs (2014-19) and (2020-25)	72	51

Note: See Annex I for details. "SIFS" = Systemically Important Financial Sectors. "IMF departments" refers to the jurisdictions with FSAPs for which surveys were conducted for area department mission chiefs and SPR reviewers. Responses from multiple authorities within a country are included after taking a simple average of the responses and counted as one in this table.

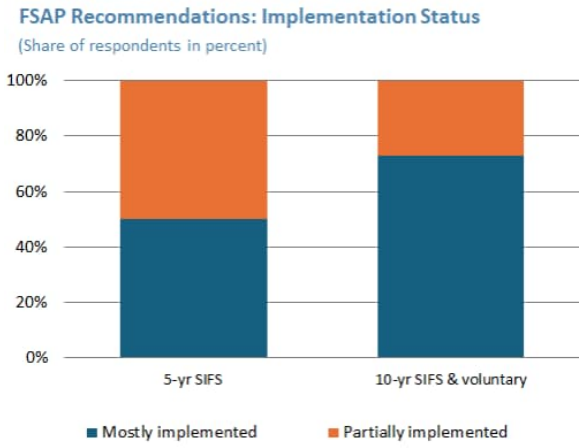
48. Authorities report a high implementation rate of FSAP recommendations and value the FSAP for promoting policy discussions among national stakeholders. Nearly half of surveyed authorities reported that most FSSA recommendations were implemented, though the rate is somewhat lower among members with five-year mandatory assessments (Figure 10). Moreover, three-quarters of respondents said that the FSAP encouraged discussion across financial sector authorities, and half observed that it also fostered dialogue between financial sector authorities, other government agencies, and supervised entities.

49. Most authorities feel their views were well represented in FSSAs, but recommendations could be more actionable. Over 90 percent consider the "Authorities' Views" section—added to the FSSAs following the 2021 Review—adequately reflecting their perspectives.

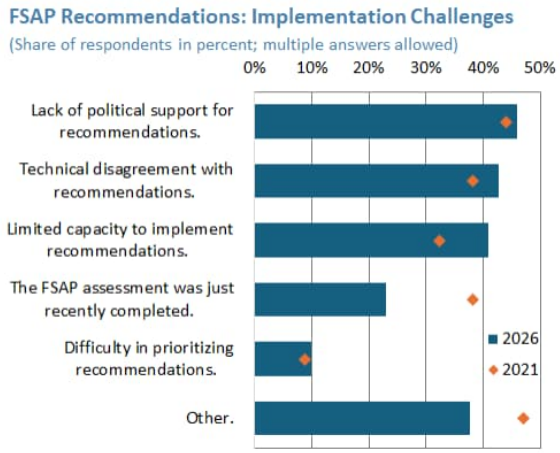
Where recommendations were not implemented, key obstacles included lack of political support, technical disagreements, or limited capacity. These responses are broadly the same as the past surveys, although the share of respondents reporting capacity constraints has noticeably grown since the 2021 Review. Some respondents called for clearer prioritization, with both area department mission chiefs and SPR reviewers echoing the need for better sequencing of recommendations.

Figure 10. Traction of FSAP Recommendations: Survey Results

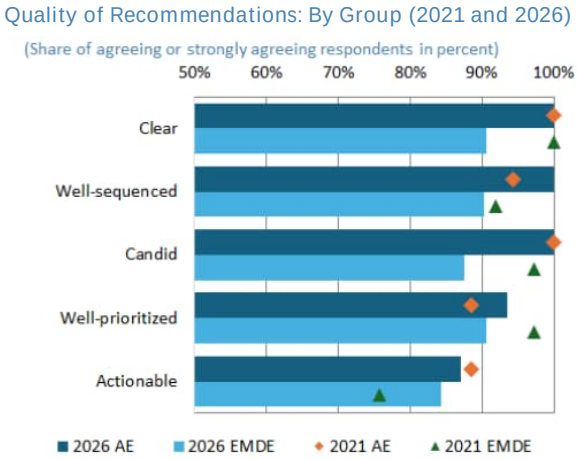
Around half of the Authorities perceived that FSAP recommendations were mostly implemented.



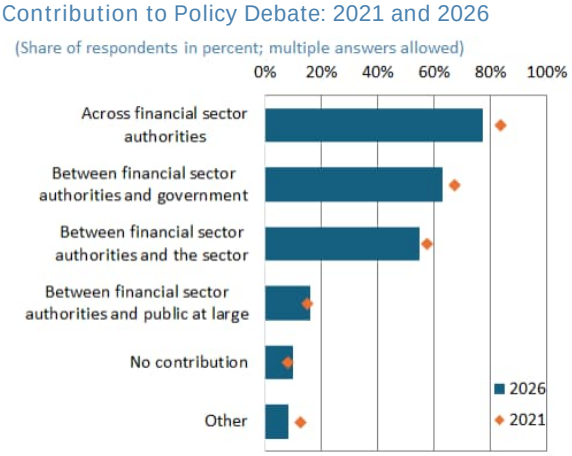
Lack of political support is the most important reason for recommendations not being implemented.



Some of the authorities and staff survey respondents felt that FSAP recommendations can be made more actionable and better sequenced.



The FSAP promoted discussions between authorities and other stakeholders.



Sources: 2026 FSAP Review Surveys for Authorities; and Area Department Mission Chiefs and SPR Reviewers; IMF staff calculations.
Notes: Survey questions related to the charts in this figure ordered from left-to-right, then top-to-bottom. (i) In your country, the FSAP main recommendations were subsequently… For the FSAP main recommendations that were not implemented, what were the reasons? (iii) Indicate your level of agreement with the following statements regarding FSAP recommendations. The recommendations were… (iv) How has the FSAP influenced policy discussions in your country?

50. Staff analyses of the Authorities' Views section of the FSSAs show that disagreements with staff assessments are rare. Textual analyses reveal that around half of the views suggest

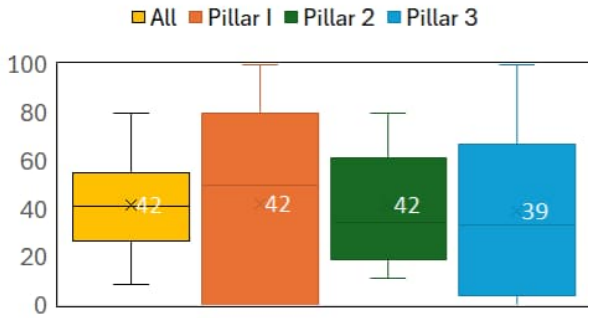
"moderate agreement" with staff assessments, with the other half taking a neutral stance (Figure 11). Authorities suggest inclusion of methodological caveats, especially in more complex financial systems. These caveats are related to the severity of scenarios, interpretation of risks, and model assumptions. As in the survey results, the "Views" also urge citations of political, capacity, and institutional constraints alongside the FSAP findings and recommendations.

51. Staff analyses broadly confirm authorities' self-assessment and suggest the need to strengthen traction in EMDEs (Figure 11). Recent 5-year mandatory FSAs report that about 42 percent of previous FSAP recommendations have been fully or largely implemented, closely matching authorities' perception. The share is higher in AEs than in EMDEs. Survey comments suggest that the shortfall in EMDEs is mainly due to delays in legal amendments, external shocks, and the lack of clarity regarding which agency should lead the reforms. Making recommendations more actionable, therefore, could strengthen implementation. The 2026 CSR also emphasizes the importance of recommendation quality, institutional ownership, and tailoring to capacity constraints in strengthening implementation of policy advice in Article IVs.

Figure 11. Traction of FSAP: Staff Assessment

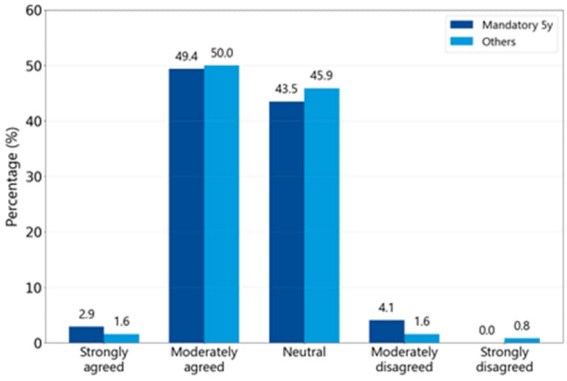
About 40 percent of key recommendations highlighted in FSSA are implemented across the three pillars within five years after the FSAP.

Share of Recommendations Fully or Largely Implemented by Pillar
(5-year mandatory FSAs, based on staff assessment in subsequent FSAs)



In the Authorities' Views section of the FSSA, most authorities moderately agree or are neutral with staff assessments.

Agreement Level of Authorities' Views: Mandatory 5-Year vs. Others
(42 mandatory and voluntary FSAPs published in 2020–2025)



Source: IMF staff analysis.
Note: The right figure draws on paragraph-level observations from FSSAs' Authorities' View section. Using a large language model (LLMs), text was extracted and classified into five categories: strong agreement (+2), moderate agreement (+1), neutral (0), moderate disagreement (-1), and strong disagreement (-2).

52. Policy disagreements most often arise on supervision and regulation, with many issues recurring across countries and over time (Annex IV Figure 3). For example, BCP assessments show that many AEs and EMDEs repeatedly fall short on supervisory independence, mandate and powers among others. These gaps are unlikely to narrow as they often reflect fundamental differences between national policy preferences and international standards. The IMF bases FSAP assessments on internationally agreed standards, which are endorsed by the Executive Board as the

basis for FSAP assessments. While the use of standards supports evenhandedness, it is important to ensure recommendations are well targeted. On supervisory independence, the standards generally require the governance and budgetary processes of supervisory authorities to be protected from political or industry interference. On mandates, they require supervisors to prioritize safety and soundness and financial stability. In many jurisdictions, however, supervisors are also required by law to pursue objectives such as development and competitiveness; the presence of multiple objectives would raise the need for the law or regulation to establish clear priorities among them. Assessments under the updated 2024 BCPs have also revealed widening gaps in some areas, as the revision raised goalposts.

53. For FSAPs to contribute more to national policy debates, a more systematic communication and outreach strategy is needed. While political and legal feasibility of FSAP recommendations could be binding constraints on traction of the program, survey results show that FSAPs could contribute more to national policy debates (Figure 10). The joint Article IV-FSAP press conference concluding both discussions is key to drawing attention to the FSAP's findings and an opportunity for the FSAP team to explain recommendations focusing on financial stability and their trade-offs with other policy objectives. Along with better prioritized and tailored scoping and more focused policy recommendations, creating a communication plan for FSAs could help keep the assessment's recommendations relevant and influential in policy debates after their publication.

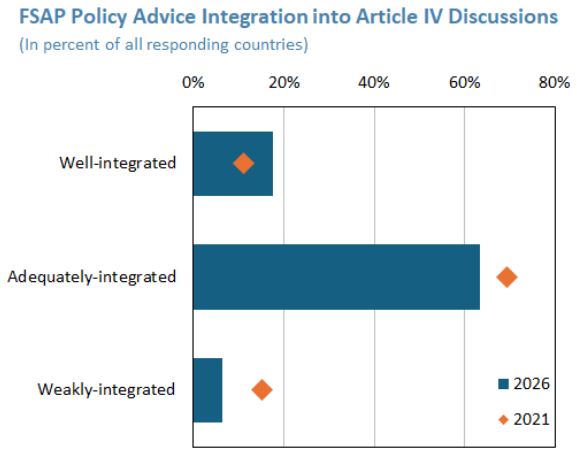
B. Integration with Article IV Consultations

54. Survey results show improved integration of FSAPs with Article IV consultations. Almost 80 percent of national authorities view FSAPs to be well or adequately integrated, with a higher share rating Article IVs to be well-integrated than in 2021. Authorities note that integration is greater when FSAPs build on risks already identified by the Article IV team and where there is greater personnel continuity and team collaboration.

55. Analyses of Article IV staff reports indicate that a process introduced in the 2021 CSR is improving integration with FSAPs. In addition to well-established *ex-ante* consultations on FSAP scoping, the new process involves early engagement discussions between Article IV and FSAP teams after an FSAP, helping the Article IV team to identify and focus on the most important macro-financial recommendations. These discussions take place over two Article IV cycles. Detailed analyses of 2023-2025 Article IV reports show that follow-up of FSAP recommendations has gone up steadily in both AEs and EMDEs (Figure 12, 2026 CSR Background Note). While there is consistent integration of financial sector risk assessments, stress-testing results, and macroprudential policy advice, integration, however, remains largely descriptive. Deeper FSAP–Article IV integration requires embedding FSAP insights into the Article IV policy mix discussion.

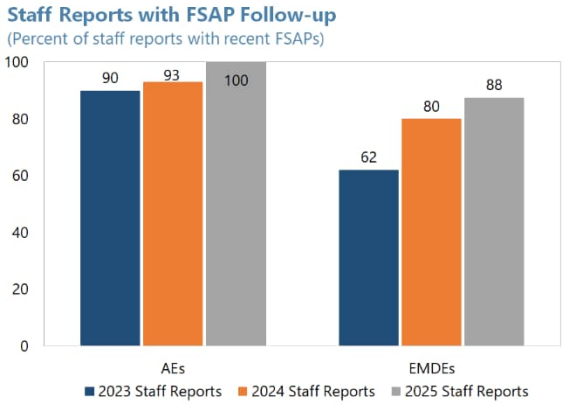
Figure 12. Integration of FSAP-Article IV Surveillance

Authorities view FSAPs to be well integrated with the Article IVs.



Source: 2026 FSAP Review Survey for Authorities; IMF staff estimates.
Note: Survey question: please indicate the degree to which FSAP findings and policy advice are incorporated into the Article IV consultation discussions.

Staff analysis of FSAP-Article IV integration suggests that the "early engagement" discussions introduced in the 2021 CSR helping with more integrated reports.



Source: MCM MacFin Database; IMF staff estimates.

Note: The chart is based on whether there is descriptive coverage of FSAP findings and recommendations in Article IV reports.

C. Recommendations

Table 3. Recommendations: II. Traction

#	Recommendations
II.1	Make FSAP recommendations more prioritized based on macro-financial relevance, sequenced, actionable, and tailored to country-specific conditions and systemwide perspectives. Allow for a longer timeframe for implementation, if necessary.
II.2	Enhance transparency by publishing FSAP analytical methods and technical manuals in a dedicated external website.
II.3	Share iFSAP database within the IMF, and eventually with authorities, to enable cross-country comparisons of published FSAP findings.
II.4	Adopt a communication strategy for mandatory FSAs.
II.5	Discuss CD strategy as a follow-up to the FSAP, where relevant, to support implementation of recommendations.

RISK-BASED FSAP PARTICIPATION

A. Overall Considerations

56. The FSAP has global coverage, being available to all members, while FSAs are mandatory only for members with SIFS. In 2010, the Board made FSAs a mandatory part of Article IV surveillance for members with SIFS, citing the need for heightened scrutiny of financial sector policies for such members, given the increased risks of domestic and BOP instability and spillovers that could impact the international monetary system. The Managing Director determines the list of SIFS, in consultation with the Executive Board, using a Board-approved methodology ("SIFS Methodology"). This definition of systemic importance has important limits: it is not a proxy for a jurisdiction's overall importance; does not capture market perceptions and does not reflect the extent of vulnerabilities. The data-driven methodology also depends on data quality and gaps and is reviewed periodically by the Board to reflect dynamism of the financial sector landscape.

57. While mandatory FSAs successfully brought many systemic jurisdictions to FSAP for the first time, they reduced the program's flexibility over time. The original list of 25 SIFS in 2010 expanded to 47 under the 2021 Review, 32 on the five-year cycle and 15 on the 10-year cycle, alongside euro area assessment expected every five years (Box 3). Members with SIFS have more complex financial systems, and the intensity and resource needs for each mandatory FSA increased. Much of the program's resources are now tied to mandatory assessments, revealing tradeoffs with the need for more timely, agile, and impactful reviews for all memberships, including voluntary FSAPs, where the current wait time of two to three years weakens the program's role as catalyst of financial sector reforms.

Box 3. Supranational Assessments

The 2021 Review clarified expectations of FSAP to supranational authorities:

Mandatory. In the euro area, where members with SIFS have delegated some financial stability policies to supranational authorities, a recurring FSA is conducted every five years. FSA discussions with supranational institutions are focused on the delegated policies, paralleling discussions with currency-union institutions in the context of the euro area Article IV consultations and avoiding duplications with member state FSAPs. Euro area FSAP cycle is five years and tied to its member with the shortest mandatory FSA cycle. Two euro area FSAs (2018 and 2025) have been completed to date. The union-level FSA helps mitigate the risk of missing key vulnerabilities in the euro area member countries.

Voluntary. Some other Fund members have also delegated aspects of financial sector oversight to supranational authorities. Voluntary FSAPs have been conducted with the Central African Economic and Monetary Community, Eastern Caribbean Currency Union, and the West African Economic and Monetary Union.

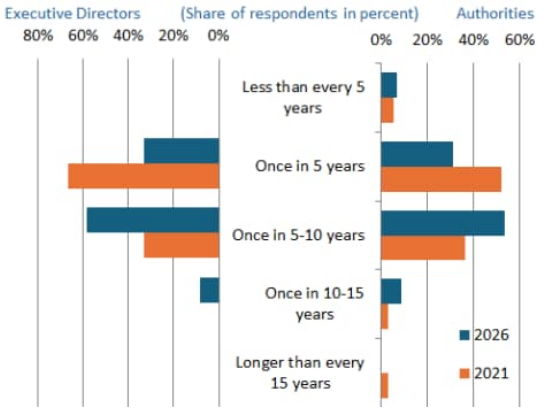
58. Most surveyed authorities prefer longer assessment cycles and support risk-based prioritization of voluntary FSAPs. Slightly over half of authorities subject to five-year assessments prefer to maintain the current frequency, while around 40 percent (twice the 2021 share) of all surveyed authorities and Executive Directors favor moving mandatory FSAs to somewhat longer 5–10-year intervals. Around 90 percent of stakeholders support the existing criteria for prioritizing

voluntary requests (Figure 13): systemic global and regional importance, and financial vulnerabilities. Authorities and Executive Directors from EMDEs appreciate voluntary FSAPs in supporting major financial sector reforms.

Figure 13. FSAP Frequency and Criteria for Prioritizing Voluntary FSAPs: Survey Results

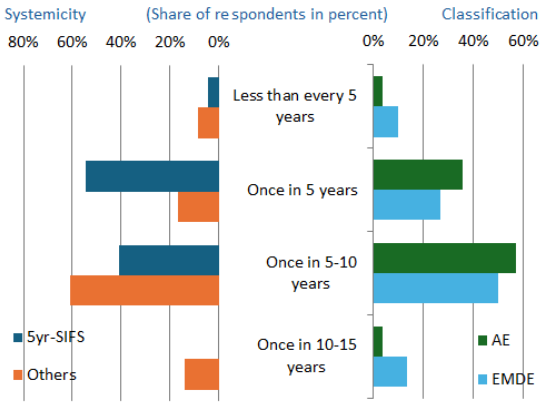
Both authorities and Executive Directors now prefer longer FSAP cycles on average, from once in 5 years to once in 5-10 years.

Ideal Frequency of FSAPs: Authorities & Executive Directors



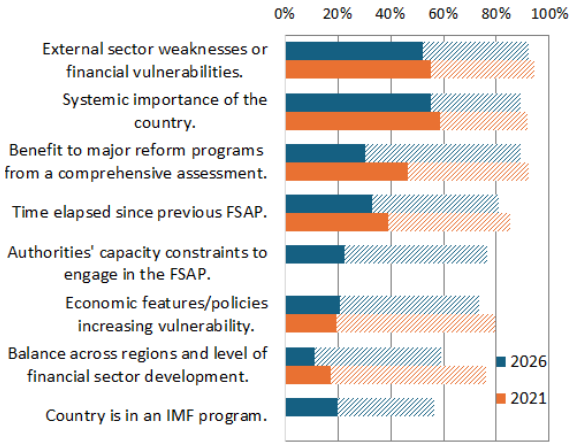
Among the authorities from 5-year SIFS, 40 percent prefer 5-10 year frequency.

View on Ideal Frequency of FSAPs: Comparing Breakdowns



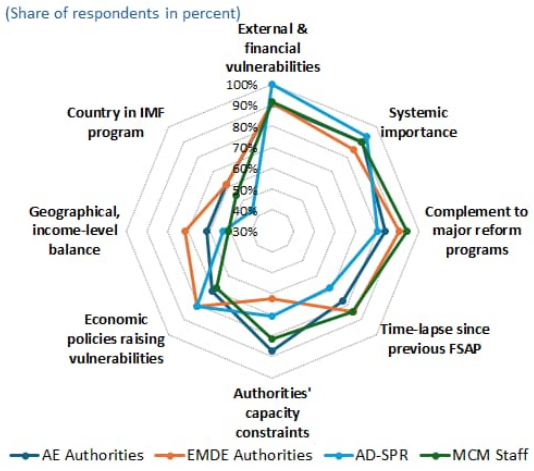
Around 90 percent of all stakeholders support existing criteria for prioritizing voluntary FSAP requests: external sector weakness, systemic importance, as well as major reform programs.

Prioritizing Voluntary FSAPs: Aggregated (2021 and 2026)
(Share of relevant or strongly relevant (shaded) averaged over groups)



Risks and vulnerabilities rank high as a criterion to prioritize voluntary FSAPs, both for authorities and staff.

Prioritizing Voluntary FSAPs: By Stakeholders (2026)
(Share of respondents in percent)



Sources: 2026 FSAP Review Survey of Authorities, Executive Directors, AD-SPR, and MCM staff; and staff calculations.
Note: Survey questions related to the charts in this figure ordered from top-to-bottom. (Top panel) What do you consider to be the ideal frequency for conducting FSAP assessments? (Bottom panel) How relevant should the following criteria be for Fund's decision on which jurisdictions to prioritize for voluntary FSAP assessments?

B. Members with Systemically Important Financial Sectors

59. The SIFS Methodology is designed to identify members with systemically important financial sectors, where heightened scrutiny of financial sector policies through FSA is required as part of Article IV surveillance (IMF 2010). The SIFS Methodology is based on the size

and global interconnectedness of the financial sector (Annex V). The initial 2010 framework measured size by financial services volume and interconnectedness through bank-based network analysis. The 2014 FSAP Review adopted an enhanced network model that captures the full financial network structure: a jurisdiction's importance depends both on its direct links and its counterparts' links to the rest of the global financial system. It also expanded the analysis to four cross-border networks: bank, debt, equity, and stock market return correlations to better account for NBFI and capital market-based linkages. The 2021 FSAP Review retained the methodology with minor adjustments and introduced two assessment cycles to bring more, relatively less interconnected, jurisdictions into the mandatory framework, including a number of euro area member countries.

60. Two key parameters identify members with SIFS. These are (i) the *number—cliques*—of significant interconnections among members with SIFS, maintained at five since the introduction in 2014; and (ii) the threshold for the *intensity* of the linkage to filter out insignificant exposures, currently at a high (low) threshold for the 5 (10)-year cycle chosen statistically. However, staff have identified two significant shortcomings that may discount members' linkages and propose to account for them with the application of judgment, as indicated (Annex V).

a. *Data gaps*: Since the model considers the full global financial network structure, a country linked mainly to global or regional financial centers may appear more systemic, while one connected primarily to neighbors that do not report data on cross-border links may appear less so. This creates a data challenge: for example, the BIS banking network data rely on its members' reporting. Connections among nonmembers are not captured, as only their connections with reporting members are included. Staff propose to add an additional clique to members known to have significant cross-border financial linkages where regional partners are not reporting cross-border data to the BIS or IMF.

b. *FMIs*: They facilitate transactions without holding large balance sheets, making their systemic importance difficult to capture through standard size- and exposure-based interconnectedness. Yet they provide critical market plumbing—especially for payments and central clearing of derivatives and repos—and the failure of a major FMI could significantly disrupt domestic and cross-border transactions. Such risks are unlikely but plausible and rising as activity becomes concentrated in a small number of global FMIs and digitalization increases exposure to cyber and operational disruptions. Staff propose to add an additional clique to members hosting systemic FMIs to account for these factors.

61. Consideration of the above-mentioned staff judgment factors would result in four members being placed on the five-year cycle by applying staff judgment (Annex V). The factors add an additional clique to each of the four countries—Belgium, Luxembourg, and Sweden, as they host systemically important FMIs, and Saudi Arabia because of its strong regional financial network linkages in a region with extensive data gaps including with neighbors that do not report cross-border financial data to the BIS or with the IMF.

62. This paper also proposes refining the data-driven methodology to make it even more risk-based, focusing on jurisdictions with the most potential for outward spillovers. The main change would adjust the key model parameters to raise the bar to be on the five-year mandatory

FSA cycle, especially for euro area member states, which now account for a significant share in the jurisdictions with SIFS, while benefiting from a regular euro area FSA every five years. Specifically:

a. *Network model parameters*: increase the number of significant interconnections (clique parameter) required for the five-year mandatory FSA cycle from five to six, while keeping jurisdictions with five connections on the 10-year cycle.

b. *Euro area members*: discount intra-euro area cross-border exposures by 67 percent following a logic similar to the BCBS method for setting the Globally Systemically Important Bank charges to reflect the presence of supranational authorities and the common regulatory environment, recognizing a still incomplete union. The expectations for a five-yearly euro area FSAP remain, given that the proposed methodology will result in at least one euro area member on the 5-year cycle.

c. *Structure vs. cycle*: use longer-term—10-year instead of 5-year—average to smooth out data volatility related to COVID-19; nominal rather than PPP GDP weights to acknowledge greater spillover potential for larger countries; and a higher threshold to stock market correlation, reducing the effects of noisy market prices.

63. Under the proposed methodology, the number of members with SIFS drops from 47 to 42 with 21 jurisdictions on the five-year cycle (Table 4). This group would account for over 90 percent of global financial assets. Authorities of members with SIFS on the 10-year cycle would retain the option of requesting an earlier FSAP. Such requests would be prioritized under the criteria for voluntary assessments (see below). For the jurisdictions moving to 10-year cycle, financial surveillance in Article IVs and other staff work on systemic risk should mitigate the potential monitoring gap, along with the comprehensive euro area FSAP for euro area members, with emerging risks followed up by modular voluntary assessments if needed.

64. The potential costs of fewer mandatory FSAs should be weighed against its benefits. The risk of missing financial stability risks in countries newly on longer cycles would be partly mitigated by macro-financial analyses in Article IVs; the 2026 CSR finds that such coverage has grown while remaining uneven in quality. A shorter list allows greater agility to FSAP's country and risk coverage. It would enable serving voluntary requests in a timely manner and allow for an even shorter cycle of voluntary assessments on a modular basis if requested. It is also necessary to direct resources toward building staff capacity for emerging risks.

65. The resulting SIFS List would include the Cayman Islands, a British Overseas Territory. Similarly, the SIFS List continues to include China-Hong Kong SAR. Other territories or constituent parts of Fund members would not meet the thresholds of the SIFS methodology. The Cayman Islands economy stands out as the home for many global asset managers, including hedge funds, and crypto exchanges (Figure 2 and Annex V) and shows growing portfolio connections with the rest of the world. Staff would engage with the U.K. authorities or, at their direction, the Cayman Islands officials, on the mandatory FSA. Because the territory has no separate Article IV consultation discussion, staff proposes to amend the Board Decision to delink the mandatory FSA cycle for territories from a territory-specific Article IV consultation discussion. Follow-up on FSAP recommendations would occur through the U.K. Article IV consultation.

Table 4. List of Jurisdictions with Systemically Important Financial Sectors (SIFS)

		Current, 2021 FSAP Review (47)		Staff Proposal (42) 1/ 2/	
5-yr cycle		32		21	
10-yr cycle		15		21	
Intra-EA inclusion		100%		33%	
Clique Size		5 for all		6 (5-yr), 5 (10-yr)	
Intensity thresholds (5-yr, 10-yr)		(High, Low)		(High, Low)	
	1	Australia	1	Australia	
	2	Austria	2	*Belgium*	
	3	Belgium	3	Brazil	
	4	Brazil	4	Canada	
	5	Canada	5	China	
	6	China	6	France	
	7	Denmark	7	Germany	
	8	Finland	8	China - Hong Kong SAR	
	9	France	9	India	
	10	Germany	10	Italy	5-year
	11	Greece	11	Japan	
	12	China - Hong Kong SAR	12	Korea	
	13	India	13	*Luxembourg*	
	14	Indonesia	14	Netherlands	
	15	Ireland	15	Singapore	
5-year	16	Italy	16	Spain	
	17	Japan	17	*Saudi Arabia*	
	18	Korea	18	*Sweden*	
	19	Luxembourg	19	Switzerland	
	20	Mexico	20	United Kingdom	
	21	Netherlands	21	United States	
	22	Norway	1	Austria	
	23	Portugal	2	Czech Republic	
	24	Russia	3	Denmark	
	25	Saudi Arabia	4	Finland	
	26	Singapore	5	Greece	
	27	Spain	6	Indonesia	
	28	Sweden	7	Ireland	
	29	Switzerland	8	Malaysia	
	30	Türkiye	9	Mexico	
	31	United Kingdom	10	New Zealand	10-year
	32	United States	11	Norway	
	1	Argentina	12	Poland	
	2	Chile	13	Portugal	
	3	Colombia	14	Romania	
	4	Czech Republic	15	Russia	
	5	Hungary	16	Slovak Republic	
	6	Malaysia	17	South Africa	
10-year	7	New Zealand	18	Thailand	
	8	Peru	19	Türkiye	
	9	Philippines	20	UK - Cayman Islands	
	10	Poland	21	United Arab Emirates	
	11	Romania	1	~~Argentina~~	
	12	South Africa	2	~~Chile~~	
	13	Slovak Republic	3	~~Colombia~~	Exit
	14	Thailand	4	~~Hungary~~	
	15	United Arab Emirates	5	~~Peru~~	
			6	~~Philippines~~	

Memo: Size (Total Financial Sector Assets; 2024 or latest available)					
	Ranking, by absolute size 3/	*Robustness 4/*	*Percent of World GDP, per country*	*Percent of World GDP, cumulati*	*Multiple of country GDP*
1	*United States*	**	*104.8%*	*105%*	*4.1*
3	*China*	**	*65.0%*	*170%*	*4.0*
4	*Japan*	**	*26.1%*	*196%*	*7.1*
5	*United Kingdom*	**	*24.7%*	*221%*	*7.6*
6	*Luxembourg*	*	*17.2%*	*238%*	*210.3*
7	*Canada*	**	*16.0%*	*254%*	*8.0*
8	*France*	**	*15.7%*	*270%*	*5.7*
9	*UK - Cayman Islands*	+	*15.4%*	*285%*	*2425.2*
10	*Germany*	**	*15.4%*	*300%*	*3.7*
11	*Netherlands*	**	*10.4%*	*311%*	*9.8*
12	*Ireland*	o	*9.3%*	*320%*	*17.5*
13	*Korea*	**	*8.6%*	*329%*	*5.3*
14	*Switzerland*	**	*8.0%*	*337%*	*9.7*
15	*Australia*	**	*7.2%*	*344%*	*4.5*
16	*Italy*	**	*5.7%*	*350%*	*2.7*
17	*Spain*	**	*5.6%*	*355%*	*3.7*
18	*India*	**	*5.2%*	*360%*	*1.5*
19	*China - Hong Kong SAR*	**	*4.3%*	*365%*	*12.1*
20	*Singapore*	**	*3.8%*	*368%*	*7.9*
21	*Brazil*	**	*3.5%*	*372%*	*1.8*
22	*Denmark*	*	*2.5%*	*374%*	*6.7*
23	*Belgium*	*	*2.5%*	*377%*	*4.3*
24	*Sweden*	*	*2.2%*	*379%*	*4.2*
25	*Russian Federation*	o	*2.0%*	*381%*	*1.1*
26	*Mexico*	*	*1.7%*	*383%*	*1.0*
27	*Israel*		*1.7%*		*3.5*
28	*Austria*	o	*1.5%*	*384%*	*3.4*
29	*Türkiye*	*	*1.5%*	*386%*	*1.3*
30	*South Africa*	o	*1.3%*	*387%*	*3.8*
31	*Malaysia*	o	*1.5%*	*389%*	*4.1*
32	*United Arab Emirates*	o	*1.1%*	*390%*	*2.3*
33	*Saudi Arabia*	o	*1.1%*	*391%*	*1.0*
34	*Norway*	*	*1.1%*	*392%*	*2.5*
35	*Thailand*	o	*1.0%*	*393%*	*2.2*
36	*Poland*	*	*0.9%*	*394%*	*1.2*
37	*Finland*	*	*0.9%*	*395%*	*3.4*
38	*Indonesia*	o	*0.9%*	*396%*	*0.7*
39	*Vietnam*		*0.8%*		*2.0*
40	*Chile*	x	*0.7%*		*2.5*
41	*New Zealand*	o	*0.6%*	*396%*	*2.8*
42	*Colombia*	x	*0.6%*		*1.7*
43	*Egypt*		*0.5%*		*1.6*
44	*Portugal*	o	*0.5%*	*397%*	*1.8*
45	*Qatar*		*0.5%*		*2.6*
46	*Philippines*	x	*0.5%*		*1.2*
47	*Czech Republic*	o	*0.5%*	*397%*	*1.5*
48	*Greece*	o	*0.4%*	*398%*	*1.9*
49	*Argentina*	x	*0.4%*		*0.6*
50	*Morocco*		*0.3%*		*2.3*
51	*Hungary*	x	*0.3%*		*1.5*
56	*Romania*	o	*0.2%*	*398%*	*0.6*
59	*Slovak Republic*	o	*0.2%*	*398%*	*1.2*
61	*Peru*	x	*0.1%*		*0.5*

[1/] 10-yr average instead of 5-yr average and Nominal GDP is used for weights instead of PPP GDP. Higher intensity threshold is used for the price correlation network.

[2/] Countries that move from 5-yr cycle to 10-yr cycle are shown in blue, new entrants in purple, and those that drop out of the list in orange and crossed. Countries that remain in the 5-yr cycle due to regional FMIs or significance in regions with data gaps are italicized.

[3/] Euro area as a whole, not shown, ranks second.

[4/] ** always remains in 5-yr cycle; * remains in 5-yr cycle only if clique-size is 5; o always remains in 10-year cycle; x exits the list. Countries not included in the SIFS list are not included in the cumulative share of the financial sector in world GDP.

66. Transition arrangements would be available for countries moving to a new frequency or exiting the SIFS list. Members whose assessments are already scheduled to start within a year of the conclusion of this Review will be given the option of keeping that schedule for their next assessment. Voluntary FSAP requests for jurisdictions exiting the list would be prioritized.

C. Voluntary FSAPs

67. The current criteria for prioritizing voluntary FSAPs could be sharpened to leverage complementarity with alternative programs. The Board-approved criteria are (i) systemic or regional importance; (ii) external sector weakness or financial vulnerabilities; (iii) major reform programs that might benefit from a comprehensive financial sector assessment; and (iv) features of the exchange rate and monetary policy regime that make the financial sector more vulnerable. Staff is also expected to balance requests across regions and different levels of financial sector development and consider the time since the last FSAP (Figure 13). Recent experience suggests that LIC authorities may benefit from better sequencing of FSSR and CDs. At times, members requested a voluntary FSAP too soon after an FSSR or without capacity to prepare adequately, leading to overlapping recommendations. For such cases, additional CD before engaging in an FSAP would be preferable. The Bank's Developmental Module, augmented with stress testing by Fund staff or short-term experts, may be an alternative avenue to address the authorities' needs.

68. Against this backdrop, staff propose two additional criteria. No FSAP should be scheduled within five years of an FSSR and until most FSSR recommendations are followed up to allow time for the authorities to implement the CD roadmap. It is also preferable to avoid engaging in voluntary FSAPs for members with an ongoing IMF-supported program, as the authorities' ability to dedicate resources for FSAP engagement may be limited.

D. Recommendations

Table 5. Recommendations: III. Country Participation

#	Recommendations
III.1	Adopt methodological improvements in the identification of SIFS to make it more risk focused.
III.2	Sharpen the criteria for voluntary assessments to better align with IMF-supported program timelines and FSSRs.
III.3	Support WB Development Modules with a stress testing expert if a joint FSAP is not warranted under the voluntary criteria.

RESOURCE IMPLICATIONS

A. Overview

69. The proposals on risk-based scope, efficiency, and participation aim to rebalance resources within the program to make it more agile. Going forward, greater selectivity within each pillar will enable streamlining; less tool development will be needed given prior investment; and rebalancing of country coverage will provide sufficient flexibility to deliver better tailored FSAPs within existing budgets, permitting a return to a modestly higher number of FSAPs.

70. FSAP delivery heavily relies on MCM resources. About 92 percent of recent FSAP costs are concentrated in MCM, followed by area departments at five percent, reflecting mission participation, and LEG at two percent, mainly for assessing AML/CFT risks and, in some cases, resolution frameworks. MCM's share has increased from about 90 percent in 2010-19. Close to 90 percent of MCM costs are personnel-related, and significant cost-savings for each are most likely to come from prioritizing scope and enforcing strict headcount limits, as headcounts often related to the number of topics.

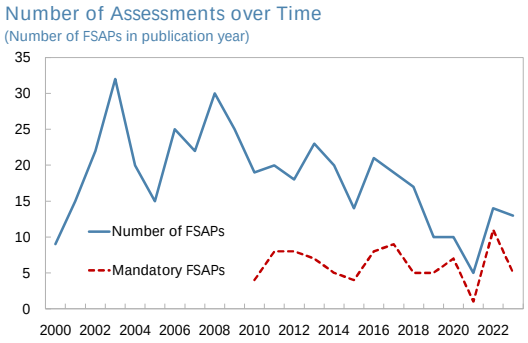
71. The reforms would give MCM greater flexibility to prioritize resources in a fast-evolving macro-financial landscape. Changes to scoping and the SIFS methodology would shift resources toward areas where FSAPs add the most value, including emerging risks, new assessment approaches, and timely voluntary assessments.

- *Reprioritization of scope*: Enhanced scoping would allow FSAPs to use resources more selectively. Savings from scaling back historically traditional work would be redeployed to emerging risks, remaining broadly budget-neutral in steady state. Costs may vary by jurisdiction depending on the systemic importance of emerging risks but are expected to offset across countries. Near-term fixed costs would be needed to develop relevant skills and tools.

- *Reprioritization across members*: SIFS reform would shift some resources from mandatory FSAs to voluntary assessments. The current list of 47 SIFS requires about eight mandatory assessments annually—largely because 32 jurisdictions remain on the five-year cycle—leaving room for only about 2½ voluntary assessments (Figure 14 and Figure 16). A shorter list would also create space for other priorities, including tool development and coverage of relatively less systemic topics where authorities' demand is strong.

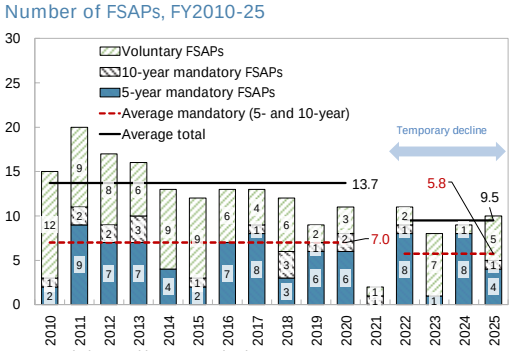
Figure 14. FSAP: Evolution of Program Delivery

Annual number of FSAPs declined as the Program's focus changed from capacity development to surveillance with the introduction of mandatory assessments in 2009…[1/]



Sources: IMF, iFSAP database; and IMF staff calculations.

…and the share of voluntary FSAPs declined from 52 percent in 2010–2020 to 43 percent in 2022–2025.[2/]



Source: Mission Tracking System database.
Note: Using the current 47 SIFS framework throughout.

[1/] Year of publication or the fiscal year of the FSAP for nonpublished documents.
[2/] To enable comparison between 2010–20 and 2021–24, jurisdictions that were included in the mandatory list in the 2021 Review are denoted as mandatory in the two periods.

B. Estimates

72. Indicative calculations suggest staff proposals could generate meaningful savings to support delivery of more voluntary FSAPs, analytical tool-building, and in-depth risk assessments where needed, for about 14 FSAPs per year (Table 6). Because most FSAP costs reflect MCM personnel costs, the estimates focus on FTE impacts, starting from the recent envelope of about 46 FTEs per year. Together, the reform measures—including the operational improvements listed in Table 1—could generate over 13 FTEs in annual gross savings. About two-thirds of these savings would come from SIFS reform, with the remainder from efficiency gains and scope prioritization. Most of the gross savings would be used to restore voluntary assessment capacity to pre-2020 levels and meet continued demand from members moved off the SIFS list, allowing total FSAP delivery to return to about 14 assessments per year. The remaining gross savings would finance strengthened coverage of newer and exploratory risk assessments, with no net increase in resources.

Table 6. Resource Implication of All Recommendations

			S47 (32 + euro area 5-year and 15 10-year)			S42 (21 + euro area 5-year and 21 10-year)		
			Mandatory	Voluntary	Total	Mandatory	Voluntary	Total
			(FTE, unless otherwise indicated)					
1	Total annual FTEs in steady state		**39**	**7**	**46**	**30**	**7**	**37**
	Memo: Average number of FSAPs 1/		8.1	2.5	10.6	6.5	2.5	9.0
2	Gross saving (-) from SIFS reform		**0.0**	**0.0**	**0.0**	**-9.0**	**0.0**	**-9.0**
3	Gross saving (-) from scope and efficiency reforms		**-3.9**	**-1.3**	**-5.2**	**-3.0**	**-1.2**	**-4.2**
3.1	Efficiency	One mission FSAP for voluntary 2/	0.0	-0.6	-0.6	0.0	-0.6	-0.6
3.4	Scope & Analytical Methods	Sub total	-3.9	-0.7	-4.6	-3.0	-0.7	-3.7
3.4.1		Modularity, risk-focused scoping 3/	-1.6	0.0	-1.7	-1.2	0.0	-1.2
3.4.2		Reducing one TN 4/	-0.9	-0.3	-1.2	-0.8	-0.3	-1.0
3.4.3		Standardize risk analysis tools 5/	-1.3	-0.4	-1.7	-1.0	-0.4	-1.4
4 = 2+3	**Total gross savings from all reforms**		**-3.9**	**-1.3**	**-5.2**	**-12.0**	**-1.2**	**-13.2**
5 = 6+7+8	**Gross cost for reprioritization**		**…**	**…**	**…**	**1.6**	**11.6**	**13.2**
6	**Increase voluntary delivery**		…	…	…	0.0	11.1	11.1
6.1	Restore to pre-2020 levels (+6.7 annually) 6/		…	…	…	0	9.4	9.4
6.2	Demand from [S47-S42]		…	…	…	0.0	1.7	1.7
7 = -3.4.3	**Enhance emerging risk analysis**		…	…	…	1.0	0.4	1.4
8	**Buffer + exploratory assessments**		…	…	…	0.6	0.1	0.7
9 = 4+5	**Total effects (- means net saving)**		**…**	**…**	**…**	**-10.4**	**10.4**	**0.0**
	Memo: Average number of FSAPs		…	…	…	6.5	7.3	13.8

Source: Staff estimates.
1/ Assuming the number of voluntary assessments remain at 2.5 after the reform to S42—the same steady state level under the current S47 framework.
2/ One mission for most voluntary assessments after (virtual) scoping mission instead of two under current practice.
3/ The impact of reforming the scope for euro area member FSAPs, given 5-year euro area FSAP and streamlining climate risk analysis in 4 per year exercises by reducing staff's mission participation to one from two.
4/ Reduce the production of one TN across all FSAPs, lowering staffing intensity by one position.
5/ Efficiency gains from using HQ-based risk analysis tools for banks, investment funds, corporate, and households, amounting to one headcount reduction in half of the FSAPs.
6/ In 2010-2020, the average annual delivery of FSAP was 7 mandatory, 6.7 voluntary, and 13.7 total using the S47 classification.

73. The measures outlined above come with both advantages and inherent risks. On the positive side, targeting coverage and streamlining processes, with resources redirected toward areas of higher relative systemic risk, would enhance overall impact. Furthermore, these measures provide additional space for voluntary assessments as well as for responding to emerging risks in an uncertain environment. The measures also alleviate the burden on staff and authorities. However, over-prioritization could lead to certain risks being overlooked, potentially leaving gaps in coverage. For instance, although a sector may not pose an immediate risk at present, its growth pattern could result in potential vulnerabilities over time that remain unaddressed. There is also a risk staff may not be in a position to fully meet the authorities' requests for certain sectoral assessments. Some mitigants include early engagement with authorities in the initial diagnostic phase, follow-up discussions in Article IV consultations, and CD support, as needed.

ISSUES FOR DISCUSSION

- Do Directors agree with the proposals to strengthen the risk-focused approach to scoping FSAs and to introduce modularity across pillars in FSAPs?
- Do Directors agree with the proposals to improve traction and impact by allowing for a longer timeframe for implementing recommendations, adopting communication strategy for FSAs, enhancing transparency by publishing analytical methods and findings of FSAPs, and discussing a CD strategy for implementing recommendations where necessary?
- Do Directors agree with the proposal to refine the methodology to identify the list of members with SIFS with the greatest spillover potential, and by adding a layer of staff judgment to account for systemic financial market infrastructures and data gaps that might undermine the measurement of systemic spillovers in the quantitative methodology (paragraphs 60–62, Annex V)?

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board.

1. Pursuant to paragraph 10 of Decision No. 14736-(10/92), as amended, the Fund has reviewed the decision on Integrating Stability Assessments Under the Financial Sector Assessment Program into Article IV Surveillance ("FSA Decision").
2. The FSA Decision is hereby further amended to read as set forth in Attachment I of this decision.

Attachment

Attachment I. FSA Decision

This Decision sets out the scope and modalities of bilateral surveillance over the financial sector policies of members with systemically important financial sectors and of multilateral surveillance over the spillovers arising from such policies in accordance with Article IV, Sections 3(a) and (b) of the Fund's Articles and the Fund's Decision on Bilateral and Multilateral Surveillance – 2012 Integrated Surveillance Decision (Decision No. 15203-(12/72), adopted July 18, 2012 (the "ISD").

Introduction

1. The obligations of the Fund and its members with regard to bilateral and multilateral surveillance are set forth in Article IV of the Fund's Articles and further elaborated in the ISD.

a. With respect to bilateral surveillance, Article IV, Section 1 requires each member to "collaborate with the Fund and other members to assure orderly exchange arrangements and to promote a stable system of exchange rates" ("systemic stability"). Recognizing the important impact that a member's domestic economic and financial policies can have on systemic stability, Article IV, Sections 1(i) and (ii) establish obligations for members respecting the conduct of these policies, including their financial sector policies. In accordance with the framework set out in Article IV, the ISD provides that systemic stability is most effectively achieved by each member adopting policies that promote its own balance of payments stability and domestic stability—that is, policies that are consistent with members' obligations under Article IV, Section 1 and, in particular, the specific obligations set forth in Article IV, Section 1, (i) through (iv). "Balance of payments stability" refers to a balance of payments position that does not, and is not likely to, give rise to disruptive exchange rate movements. In the conduct of their domestic economic and financial policies, members are considered to be promoting balance of payments stability when they are promoting their own domestic stability that is, when they comply with the obligations of Article IV, Sections 1 (i) and (ii) of the Fund's Articles. For this purpose, the ISD requires the Fund's bilateral surveillance to assess, in particular, whether a member's domestic policies are directed towards domestic stability. It provides that "financial sector policies (both their macroeconomic aspects and macroeconomically relevant structural aspects)" will always be the subject of the Fund's bilateral surveillance with respect to each member. The ISD also provides that, where relevant, each member is accountable for those policies that are conducted by union-level institutions on its behalf.

b. With respect to multilateral surveillance, Article IV, Section 3 (a) requires the Fund to oversee the international monetary system in order to ensure its effective operation, and requires members to consult with the Fund on any issue that the Fund considers necessary for this purpose. The ISD recognizes that the international monetary system may only operate effectively in an environment of global economic and financial stability, and provides that the Fund in its multilateral surveillance will focus on issues that may affect global economic and financial stability, including the spillovers arising from policies of individual members that may significantly influence the effective operation of the international monetary system. The policies of members that may be relevant for this purpose include, among others, members' financial sector policies.

2. While an examination of members' financial sector policies is important in all cases of bilateral surveillance, the Fund decides that, taking into account the framework described above and the overall purpose of surveillance, heightened scrutiny should be given in bilateral surveillance to the financial sector policies of those members whose financial sectors are systemically important, given the risk that domestic and balance of payments instability in such countries will lead to particularly disruptive exchange rate movements and undermine systemic stability. Heightened scrutiny should also be given in multilateral surveillance to the spillover effects of the financial sector policies of those members, given the risk that they may undermine global economic and financial stability. As financial stability assessments are a key tool for assessing members' financial vulnerabilities and financial sector policies, it is appropriate that financial stability assessments be conducted with such members as provided for in this Decision.

3. This Decision does not impose new obligations on members or, in particular, modify the scope of their obligations under Article IV. The Fund, in its bilateral surveillance, will continue to assess whether a member's domestic economic and financial policies are directed toward the promotion of domestic stability. In its multilateral surveillance, the Fund may discuss the impact of members' policies on the effective operation of the international monetary system and may suggest alternative policies that, while promoting the member's own stability, better promote the effective operation of the international monetary system.

Scope and modalities of financial stability assessments

4. *Determination of systemic importance.* The Managing Director, in consultation with the Executive Board, will identify those members that have systemically important financial sectors. This

determination will be made in the context of each review that is conducted under paragraph 10 below, and will be based on an assessment taking into account the size and interconnectedness of members' financial sectors and staff judgment as contemplated in paragraphs 23 to 27 in SM/13/304 and further modified in Appendix V of SM/21/52 and Annex V of SM/26/206. Pursuant to paragraph 7 of Appendix V of SM/21/52 and paragraph 4 of Annex V of SM/26/206, two sets of thresholds are relevant for the methodology. Using the lower set of thresholds, the methodology identifies jurisdictions with financial sectors that are considered systemically important. Using the higher set of thresholds, the methodology identifies the subset of those jurisdictions with systemically important financial sectors that are subject to more frequent financial stability assessments.

5. *Financial stability assessments.* Where the financial sector of a member is determined to be systemically important pursuant to paragraph 4 of this Decision, the member shall engage in a financial stability assessment in the context of bilateral and multilateral surveillance under Article IV of the Fund's Articles in accordance with the terms of this Decision. For this purpose, the member shall consult with the Fund and the authorities of the member shall make themselves available for discussions with Fund staff of the issues that fall within paragraph 6 of this Decision.

6. *Scope of financial stability assessments.* The financial stability assessments undertaken under this Decision will consist of the following elements:

a. An evaluation of the source, probability, and potential impact of the main risks to macro-financial stability in the near-term for the relevant financial sector. Such an evaluation may include: an analysis of the structure and soundness of the financial system; trends in both the financial and nonfinancial sectors; risk transmission channels; and features of the overall policy framework that may attenuate or amplify financial stability risks (such as the exchange rate regime). Both quantitative analysis (such as balance sheet indicators and stress tests) and qualitative assessments may be used to evaluate the risks to macro-financial stability.

b. An assessment of the authorities' financial stability policy framework. Such an assessment may include: an evaluation of the effectiveness of financial sector supervision; the quality of financial stability analysis and reports; the role of and coordination between the various institutions involved in financial stability policy; and the effectiveness of monetary policy.

c. An assessment of the authorities' capacity to manage and resolve a financial crisis should the risks materialize. Such an assessment may include: an overview of the country's liquidity

management framework; financial safety nets (such as deposit insurance and lender-of-last-resort arrangements); crisis preparedness and crisis resolution frameworks; and the possible spillovers from the financial sector onto the sovereign balance sheet.

d. Where relevant, the assessments will also cover the spillovers arising from a member's financial sector policies that may significantly influence global economic and financial stability.

The depth of coverage of each element specified in paragraph 6(a)-(c), as well as the selection of specific topics within each element, will focus on topics determined to have the most impact on present or prospective domestic or balance of payments stability of the member and/or on the effective operation of the international monetary system on the basis of an upfront diagnostic, taking into account developments since the matter was last covered in a financial stability assessment.

7. *Modalities of assessments*. The key findings and recommendations of a financial stability assessment under this Decision will be summarized in a Financial System Stability Assessment Report (FSSA) that will normally be discussed by the Executive Board at the same time as the relevant Article IV consultation report.

8. *Frequency*. Where the financial sector of a member is determined to be systemically important pursuant to this Decision, it will be expected that a financial stability assessment will be conducted and the FSSA resulting from such an assessment will be discussed by the Executive Board by no later than the deadline for completion of the first Article IV consultation with the member that follows the relevant anniversary of such determination. In the case of the financial sector of a territory of a member, such deadline would be the date of completion of the first Article IV consultation discussion with respect to that territory by the Executive Board that follows the relevant anniversary of such determination or, for those territories with respect to which no separate discussion is held, by no later than the relevant anniversary of such determination. It is expected that subsequent FSSAs for a member with a systemically important financial sector will be discussed by the Executive Board by no later than the deadline for completion of the first Article IV consultation with that member that follows the relevant anniversary of the date of completion of the previous Executive Board discussion of the FSSA respecting that member. In the case of the financial sector of a territory of a member, such deadline would be the date of completion of the first Article IV consultation discussion with respect to that territory by the Executive Board that follows the relevant anniversary of the date of completion of the previous Executive Board discussion of the FSSA

respecting the financial sector of that territory or, for those territories with respect to which no separate discussion is held, by no later than the relevant anniversary of the date of completion of the previous Executive Board discussion of the FSSA respecting that territory. For purposes of this paragraph, the relevant anniversary shall be the tenth, except that for members with systemically important financial sectors that are identified by the methodology using the higher set of thresholds referenced in paragraph 4, above, the relevant anniversary for that systemically important financial sector shall be the fifth.

9. *Supranational institutions*. This Decision applies to members that have delegated any of the financial sector policies within the scope of paragraph 6 to supranational institutions, subject to the following considerations.

a. *Financial stability assessment.* Where a member has been identified as having a systemically important financial sector in accordance with paragraph 4 of this decision and the member has delegated any of the financial sector policies within the scope of paragraph 6 to supranational institutions, staff will conduct a financial stability assessment with the relevant supranational institutions.

b. *Scope and modalities.* The scope of financial stability assessments undertaken under this Decision with supranational institutions will be broadly as outlined in paragraph 6 of this Decision to the extent applicable. The key findings and recommendations of a financial stability assessment will be summarized in a FSSA that will normally be discussed by the Executive Board at the same time as the relevant report on common policies in the context of Article IV consultations with member countries.

c. *Frequency.* The financial stability assessment with supranational institutions will occur at the frequency applicable to the relevant member subject to mandatory financial stability assessments with the highest frequency. The FSSA will constitute an integral part of the FSSA for each individual member and of the Article IV consultation with each individual member.

Miscellaneous

10. *Review*. It is expected that the Fund will review this Decision at intervals of five years. In particular, as “systemic importance” is a dynamic concept, the Fund will, in the context of each such review, examine and revise, as necessary, the criteria and methodology for determining members with systemically important financial sectors. Moreover, the Fund may review this Decision at any time to take into account major advances in the availability of data and in the development of methodologies for assessing the systemic importance of financial sectors.

Annex I. FSAP—Basic Facts

Annex I. Table 1. A Brief History of the FSAP

1999	FSAP pilot: a voluntary, comprehensive, in-depth financial sector assessment by the Fund and Bank, recommending medium-term reforms, helping to build capacity. Standards and Codes Initiative launched: financial sector standards to be assessed in the FSAP.
2000	Review of the pilot: broad support for expanding the Program on a voluntary basis, with the expectation that all countries would choose to participate over time.
2005	FSAP Review: publication of FSSAs changed from voluntary to presumed.
2006	Independent Evaluation Office (IEO) review of the FSAP: The FSAP is "a distinct improvement in the IMF's ability to conduct financial sector surveillance," but its voluntary nature raises issues for surveillance.
2008	Offshore Financial Centers: assessments integrated with the FSAP.
2009	FSAP Review introduced stability (Fund) and development (Bank) modules for facilitating integration with Fund's surveillance. It affirmed that FSAPs should cover the three core areas—risk assessment, supervision and regulation (crisis prevention), financial safety nets (crisis management)—at a minimum.
2010	Introducing mandatory financial stability assessments: stability assessments for 25 jurisdictions mandatory every 5 years, as formally part of Article IV surveillance.
2013	Review of mandatory assessments: The list of jurisdictions with mandatory stability assessments was updated to 29.
2014	The FSAP Review discussed the use of a macro-financial filter to identify findings and recommendations, those to be reported in FSSAs.
2017	Use of standards in FSAP: Agreement between International standard setting bodies (SSBs) and the IMF on a refinement of the existing flexible approach, where a standard is either assessed in full, resulting in grades, or used as the basis for a deeper analysis of selected elements of the oversight framework in a focused review, without grades. The agreement identified sets of "base principles" serving as the starting points for focused reviews.https://www.imf.org/en/Publications/Policy-Papers/Issues/2017/07/20/pp060817use-of-supervisory-standards-in-fsap
2018	Initiative to "Modernize and Streamline Fund Operations:" Management sets a 6 full-time equivalent (FTE) cost cap per mandatory financial stability assessment, with potential exceptions.
2019	IEO evaluation of the IMF's financial surveillance and Management Implementation Plan called for better integration of FSAP analysis in Article IV consultations and refocusing FSAP country selection and scope. The latter is to be revisited in the next Review.
2021	The FSAP Review expanded the list of members with SIFS to 47 with two frequencies (Annex I. Table 2 and Table 4, column "current") and committed to "ruthless prioritization" of scope. Staff is expected to conduct a stability assessment with the euro area every five years. The CSR introduced an operational modality to further enhance the integration of FSAP and Article IV consultation.

Annex I. Table 2. 2021 FSAP Review: Jurisdictions with SIFS

Five-year cycle (32)		Ten-year cycle (15)
Australia	Japan	Argentina
Austria	Korea	Chile
Belgium	Luxembourg	Colombia
Brazil	Mexico	Czech Republic
Canada	Netherlands	Hungary
China	Norway	Malaysia
Denmark	Portugal	New Zealand
Finland	Russia	Peru
France	Saudi Arabia	Philippines
Germany	Singapore	Poland
Greece	Spain	Romania
Hong Kong SAR	Sweden	Slovakia
India	Switzerland	South Africa
Indonesia	Turkey	Thailand
Ireland	United Kingdom United	United Arab Emirates
Italy	United States	

Source: 2021 FSAP Review.

Annex I. Table 3. Voluntary FSAPs during 2015–2025, Categorized by IMF Area Departments

Joint with WB; IMF Stability Module (SM); WB Development Module (DM)	AFR	APD	EUR	MCD	WHD
Joint with WB	Angola Botswana CEMAC Madagascar Mauritius Namibia Tanzania WAEMU Zambia	Maldives Samoa Thailand	Belarus Bosnia and Herzegovina Bulgaria Iceland North Macedonia Malta Moldova Montenegro Romania Turks and Caicos	Algeria Armenia Azerbaijan Georgia Jordan Kazakhstan Kuwait Lebanon Morocco Oman Saudi Arabia Tajikistan Uzbekistan	Bolivia Ecuador Guyana Panama Trinidad and Tobago Uruguay
IMF SM				Mauritania Bahrain Azerbaijan	Bahamas Jamaica
WB DM	Cabo Verde Congo, DR Eswatini Guinea Gambia, The Lesotho Malawi Mali Rwanda Sierra Leone Sudan	Bangladesh Maldives Sri Lanka	Kosovo	Azerbaijan Iraq Pakistan	Costa Rica El Salvador Jamaica

Sources: IMF and WB.

Annex I. Table 4. FSAP's Three-Pillar Approach and Coverage Areas	
Pillars	Topic Coverage Within Pillars
First: risk assessment	Stress tests for banks (commercial, cooperative, and Islamic banks), insurance companies, investment funds, and other NBFIs (including nonbank credit institutions, pension funds, among others). Vulnerability assessment of nonfinancial sectors (e.g., households and the corporate sector). Climate-related risk analysis. Systemwide risk analysis (interconnectedness among banks, key NBFIs, and markets). Efforts are underway to expand the analysis for key FMIs, such as CCPs, pending data availability and collaboration with authorities.
Second: supervision and regulation (crisis prevention)—joint with the World Bank	The FSAP includes assessments of certain key standards and codes, such as the Basel Core Principles (BCP) for banks, the Insurance Core Principles (ICP) for insurers, and International Organization of Securities Commissions (IOSCO) principles and standards for securities markets and relevant NBFI entities and activities, such as the asset management sector. Additionally, the Principles for Financial Market Infrastructures (PFMI) guide evaluations of payment systems, central counterparties, and other FMIs. The macroprudential policy framework typically assess institutional arrangements and policy instruments. Many FSAPs also address systemic liquidity risks as a cross-cutting issue, examining financial regulations that impact the nature and management of these risks. For countries where certain elements of digital financial products and services are significant and FSB/SSB standards are developed, e.g., stablecoins and other crypto assets, FSAPs may utilize the assessment methodology for these standards, once developed, to assess the regulatory framework and supervisory practices.
Third: financial safety net (crisis management)	The FSAP assesses the bank resolution framework, informed by the FSB's guidance, specifically the Key Attributes of Effective Resolution Regimes for Financial Institutions. Occasionally, the FSAP takes stock of NBFI resolution frameworks, e.g., insurance companies and FMIs. It also evaluates deposit insurance systems informed by the Core Principles for Effective Deposit Insurance Systems of the International Association of Deposit Insurers (IADI). Additionally, the systemic and emergency liquidity support framework is reviewed to ensure its effectiveness in supporting financial stability.
World Bank developmental topics	Topics could include capital markets and long-term finance, covering market development, financing for infrastructure projects, corporates, SMEs, and sovereign debt markets. Access to finance is also a key focus, alongside market infrastructures such as payment systems. Credit infrastructure is assessed, including credit information systems, credit rating agencies, insolvency regulations, workouts, and creditor rights—the latter has also been covered by the IMF (LEG) in advanced countries' FSAP when warranted. The role of state-owned financial institutions is examined, as well as market conduct aspects like investor protection, competition, and efficiency. Additionally, the analysis covers FinTech and digital finance, along with climate-related considerations, including regulatory frameworks, financing opportunities, and the development of green bond markets.

Annex II. FSSR and FSAP—Complementarities and Differences

	FSSR	FSAP
Primary role in IMF's work	Capacity Development (CD)	Surveillance for members with SIFS; CD for voluntary FSAPs.
Country coverage	Targeted (low and lower-middle-income economies and Fragile and Conflict-Affected States)	Universal (all members)
Participation	Voluntary	Mandatory for members with SIFS, voluntary for all others
Assessment of financial stability	Diagnose authorities' capacity to identify, measure, analyze, monitor, and mitigate risks to financial stability.	Staff conduct risk analysis to assess the resilience of the system to severe but plausible shocks.
Includes a CD roadmap?	Yes	No, although TA may follow
Assessments of observance of international standards	Never included	Voluntary, often included
Findings discussed by the IMF's Executive Board?	No	Yes
Joint with the World Bank?	No, but cooperates and liaises with the World Bank on the CD roadmap.	Yes, except for Advanced Economies (IMF only)
Includes assessment of financial development needs?	No, but takes account of broad development goals.	Yes, when joint with the World Bank
Includes technical assistance on financial stability statistics?	Yes	No
Primary funding	External donors	IMF (and the World Bank when joint)

Annex III. Progress on 2021 FSAP Review Recommendations

Annex III. Table 1. Progress with 2021 FSAP Review Recommendations

		Recommendation	Implementation Status	Comments
I. Scoping	I-1	Use flexibility in the 3-pillar framework and prioritize scope per systemic importance.[1]	Partially Implemented	Flexibility and thematic approaches were applied for euro area members (13 of 47 SIFS), given the euro area FSAP. Jurisdiction-specific resource limits capped the topic list, but additional resources were allocated for emerging areas like climate, digitalization, and cyber risk, supported by a board-approved top-up budget for select topics.
	I-2	Thematic approach in the case of a recent positive comprehensive standard assessment.	Partially Implemented	TNs with a thematic focus increasingly replaced DARs. Between 2021 and 2024, 19 of 30 FSAPs had BCP DARs, while the rest used TNs. However, significant updates—such as the 2024 BCP including climate, digitalization, and cyber risks among others—now require full assessments under the revised standards. The 2023 Bank Turmoil also underscored the ongoing importance of traditional bank risks and their management.[2]
	I-3	Continue risk-focused approach in international standards' assessments.	Partially Implemented	Only select key risks were included in TNs, but, as with I-2, similar challenges prevented additional reduction in the issues addressed.
II. Quantitative Analysis	II-1	Strengthen tools for analyzing macro feedback, macroprudential calibration, interconnectedness, contagion, NBFI.	Implemented	Bank-NBFI linkage, interconnectedness, and systemwide analysis: summary working paper (Oura and Arnould, forthcoming) and the Background paper on NBFI risk. Macro-financial linkage: summary working paper (forthcoming).
	II-2	Develop assessment methodologies for digitalization, cyber and climate, data permitting.	Partially Implemented	Risk analysis: Approaches to climate risk analysis have been developed (2022 and forthcoming) for both physical and transition risks. However, data limitation hindered developing robust tools for digitalization and cyber risks. Effective cyber risk assessment could include ICT services stress testing focused on recovery and response, which falls outside of IMF staff expertise.
III. Traction	III-1	FSSA to include a short section with authorities' views.	Implemented	Implemented since 2021.
	III-2	Article IV mission chief to participate in FSAP mission, resources permitting.	Not implemented	Implementation restricted by resource constraints.
	III-3	Develop stability risk analysis tools for use in Article IV financial surveillance.	Implemented	Two new tools for the largest economies, *Global Bank Stress Test* and *Corporate Sector Stress Test*, have been shared within the IMF and are being used in both bilateral and multilateral surveillance.
	III-4	Early engagement in the preparation of Article IV consultations.	Implemented	A new process of early engagement, also in line with 2021 CSR recommendations, has been implemented for FSAPs since 2023. Preliminary analysis shows that the early engagement meetings have led to more integrated FSAP findings in Article IV staff reports (see Figure 12).

Annex III. Table 1. Progress with 2021 FSAP Review Recommendations (Concluded)				
IV. Country Participation	IV-1	Adopt methodological improvements in the identification of SIFS.	Implemented	The Clique Percolation Method was used as recommended.
	IV-2	Strengthen risk-based approach to surveillance by adding an additional level of risk tolerance to identify additional jurisdictions assessed at a lower frequency.	Implemented	The list of mandatory jurisdictions was expanded to 47 economies on two frequencies: 32 jurisdictions on a 5-year cycle, and 15 on a 10-year cycle.
	IV-3	Use the flexibility within the mandatory framework to conduct assessments before the mandatory deadline when warranted.	Not Implemented	The pandemic and other events led, in fact, to lengthening the cycles for 5-year jurisdictions.
	IV-4	Increase the precision of the criteria for voluntary assessments.	Implemented	Published official guidance (IMF, 2021). Further operational considerations are adopted to inform selection: state of the financial sector, availability of resources for the authorities to engage, market sensitivity.
	IV-5	Where members subject to mandatory assessments delegate financial sector policies to a supranational entity, there will be an assessment at the supranational level focused on these policies. Assessments with suitable modalities should continue for the members.	Implemented	Assessments for the euro area have continued at 5-year frequency (allowing a one-year extension for COVID-19).
	IV-6	Conduct regional exercises on thematic topics subject to resource constraints.	Not implemented	No demand. Some jurisdictions without a supranational financial sector authority showed initial interest but did not provide an official request required for voluntary assessment.

[1] "Pillar" in this context refers to the three core elements of FSAP—risk analyses, supervisory and regulatory policies, and crisis management policies and financial safety nets.
[2] TN: Technical Note; DAR: Detailed Assessment Report.

Annex III. Table 2. Coverage of NBFI and FMIs in recent FSAPs—Stress Tests, Regulation and Supervision (2020–2025)				
FSAP	Solvency Stress Test	Liquidity Stress Test	Systemwide Analysis	Supervision and Regulation
2025 Azerbaijan			X	
2023 Belgium	IC	IC, IF	X	IC, FMI
2023 Botswana	IC, PF		X	
2025 Canada	IC, PF	IC, PF	X	IC, PF, IF
2021 Chile		IF, PF	X	IF, PF, IC
2025 China			X	IC, Markets, IF, FMI, NBFC,
2025 Euro Area	CCP	IF	X	IC, IF, Markets, FMI
2025 France		IF		IC, Markets
2022 Germany				FMI, IC
2021 China—Hong Kong SAR		IF		FMI, IC, Markets
2023 Iceland	PF	PF	X	PF
2025 India	NBFC	NBFC, IF	X	NBFC, IC, Markets, IF
2022 Ireland	IC	IC, IF	X	IC, IF
2020 Korea	IC			IC, Markets
2024 Japan	IC	IC, IF	X	IC, IF, CCP
2023 Jordan			X	FMI
2024 Luxembourg	IC	IC, IF	X	IF, IC
2022 Mexico			X	
2024 Netherlands	IC, PF	IC, PF	X	IC, PF, Markets
2022 South Africa			X	IF, IC, PF
2024 Spain				FMI
2023 Sweden		IF	X	FMI
2025 Switzerland	IC			FMI, IC, Markets
2023 Türkiye			X	IC, PF
2022 U.K.	IC	IC, IF		CCP, IC, IF
2020 US	IC	IC, IF	X	IC, IF, FMI, Markets
Note: IC = Insurance Companies, PF = Pension Funds, IF = investment Funds, NBFC = Non-Bank Financial Corporates, CCP = Central Counterparties, Markets = Securities Markets, FMI = Financial Markets Infrastructure (includes CCPs, Central Securities Depositories, payment systems). Including assessments undertaken by the World Bank for joint FSAPs.				

Annex III. Table 3. Cyber-Resilience Risk Analysis in FSAPs				
Standalone TN	Banking/Insurance sector Supervision and Regulation TN	Financial Markets Infrastructure TN	Systemic Risk TN	FSSA
Mexico (2022) Spain (2024) Japan (2024) Sweden (2023) South Africa (2022) Norway (2020) U.K. (2022)	Australia (2019) Armenia (2018) Brazil (2018) Canada (2020) Denmark (2020) Euro Area (2018) Finland (2023) Germany (2022) China—Hong Kong SAR (2021) Italy (2020) Singapore (2019) Switzerland (2019)	Australia (2019) Austria (2020) Brazil (2018) Canada (2020) Euro Area (2018) Poland (2019) Singapore (2019) Switzerland (2019)	Euro Area (2018) Poland (2019)	Belgium (2023) Euro Area (2018) Finland (2023) Germany (2022) China—Hong Kong SAR (2021) Italy (2020) Namibia (2018) Peru (2018) Poland (2019) Singapore (2019) South Africa (2022) Sweden (2023) Türkiye (2023) U.K. (2022) U.S. (2020)
Focus on: Governance, Cyber risk strategy, information sharing, mapping, simulations.	Regulatory framework; operational risk assessment; cyber risk supervision and inspections; supervisory resources.	Cross-Border and systemwide risk mapping of interdependencies of service providers and FMIs; exchange of information among authorities.	Liquidity risk due to collateral unavailability because of a cyber-attack on FMIs Business impact analysis because of loss of electronic banking channels as well as links with CCPs.	Increase awareness and resources dedicated to cyber risk; provide training and issue supervisory manuals; collect and share data about cyber incidents and draw cyber risk maps; create databases of third-party service providers; conduct simulation exercises.

Annex III. Table 4. Addressing Digitalization Risks in FSAPs				
Standalone TN	Banking/Insurance sector Supervision and Regulation TN	Financial Markets Infrastructure TN	FSSA	AML/CFT
Singapore (2019) Switzerland (2019)* Korea (2020) U.S. (2020) China—Hong Kong SAR (2021) U.K. (2022) Ireland (2022), Sweden (2023) Kazakhstan (2024) Japan (2024) Spain (2024) China (2025)	Germany (2022)	Switzerland (2019) Canada (2020) Germany (2022)	Switzerland (2019) U.K. (2022) Mexico (2022) Germany (2022) Türkiye (2023)	Bahamas (2019) Austria (2020) China (2025) Colombia (2022) France (2019) U.K. (2022) U.S. (2020)
Focus: regulatory perimeter; regulations; institutional arrangements; BigTech supervision; potential risks. Adopt systematic data collection on crypto assets. Consider reputation and contagion risks stemming from Fintech, Crypto assets, CBDC.	Apply cross-organizational approach to supervise crypto exchange sector; require licensing of crypto assets service providers. Monitor developments and use supervisory powers flexibly.	Develop regulatory framework for crypto assets Collect data on crypto assets, platforms and exchanges.	Develop regulatory framework for crypto assets. Make providers subject to conduct and prudential regulations. Focus on containing possible financial stability risks from crypto assets.	Address ML/TF risks associated with crypto assets; obtain identifying information about all parties of crypto asset operations (travel rule). Establish protocols on data sharing among various agencies.

Annex III. Table 5. Climate Risk Analysis in FSAPs—Physical Risk				
Year	Country	Hazards	Scenarios	Approach
2020	United States	Hurricanes, Floods	Historical	Micro
2021	Philippines	Typhoons	RCP 8.5	Macro
2021	Chile	Droughts, floods	Historical	Macro
2022	U.K.	Temperature rise, hurricanes, windstorms, floods	RCP 8.5	Macro
2022	South Africa	Droughts	Historical	Macro
2022	Ireland	Floods, windstorms, hurricanes, wildfires	Historical	Macro
2022	Mexico	Tropical cyclones, floods	RCP 4.5, RCP 8.5	Macro
2023	Uruguay	Coastal floods	RCP 4.5, RCP 8.5	Micro, Macro
2023	Maldives	Coastal floods	SSP2-4.5, SSP3-7.0, SSP5-8.5	Micro
2024	Netherlands	Coastal and river floods	RCP 4.5, RCP 8.5	Macro
2024	Japan	Floods	SSP5-8.5	Macro
2024	Indonesia	Floods, earthquakes	~RCP4.5/RCP8.5	Macro
2025	China	Floods, typhoons	RCP 8.5	Micro-macro
2025	India	Tropical cyclones, droughts and precipitation	RCP 4.5, RCP 8.5	Micro, Macro
2025	Canada	Wildfires	RCP 4.5, RCP 8.5	Micro
2025	Switzerland	Floods	RCP 8.5	Micro

Notes: RCP = representative concentration pathway; SSP = shared socioeconomic pathway

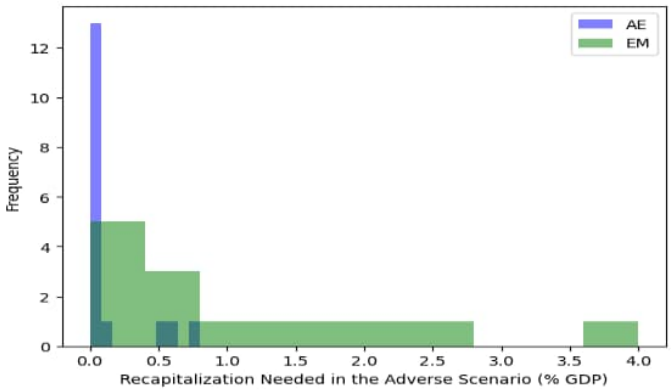
Annex III. Table 6. Climate Risk Analysis—Transition Risk			
Year	Country	Scenarios	Approach
2020	Norway	Carbon pricing	Micro, Macro
2021	Chile	Carbon pricing	Micro-Macro
2022	South Africa	Carbon pricing and technological transition to green energy	Micro-Macro
2022	U.K.	NDC, 1.5°C with Carbon Dioxide Removal, Net-Zero 2050	Micro-Macro
2022	Colombia	Carbon pricing	Micro
2022	Germany	NDC	Macro
2022	Ireland	Carbon pricing	Micro
2022	Mexico	NDC, 1.5°C with Carbon Dioxide Removal, Net-Zero 2050	Micro-Macro
2024	Kazakhstan	NDC, Orderly 1.5°C, Disorderly 1.5°C, Net-Zero 2050	Micro-Macro
2024	Netherlands	Nitrogen exposures	Exposure analysis
2024	Japan	Fragmented World, Net-Zero 2050	Micro-Macro
2024	Indonesia	NDC, NDC+	Micro-Macro
2025	China	Orderly and disorderly	Micro-Macro
2025	India	Current Policies, NDC, Below 2°C, Delayed Transition, Net-Zero 2070	Micro-Macro
2025	Canada	Current Policies, Delayed transition, Net-Zero 2050	Micro-Macro

Note: NDC= nationally determined contribution.

Annex IV. Findings from Recent FSAPs

Annex IV. Figure 1. Distribution of Maximum Recapitalization Needs in Banking Systems (2020–2025)

In most AEs and some EMs FSAP stress tests showed that recapitalization needs were small. Small- and mid-sized banks, particularly those focused on domestic lending, were among the most vulnerable in many jurisdictions. Banks had ample liquidity to withstand episodes of stress, but foreign currency liquidity gaps persist in many advanced economies.

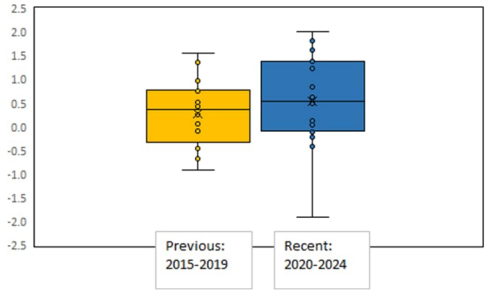


Source: Financial System Stability Assessments in FSAPs; MS Copilot; IMF staff estimates.
Note: Based on 31 FSAPs. The horizontal axis shows the maximum recapitalization needs of all the weak banks, in each country, identified in stress test adverse scenarios. AE=Advanced Economies; EM = Emerging Markets.

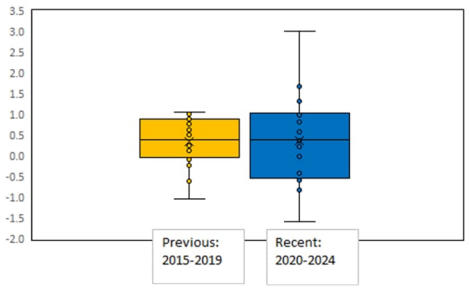
Annex IV. Figure 2. IMF Sentiments on the Quality of Financial Stability Policies (2015–2019 and 2020–2024)

Recent FSAPs found improvements in supervisory and regulatory policies, with increasing cross-country divergence in the assessments for policy frameworks.

Supervisory and Regulatory Policies



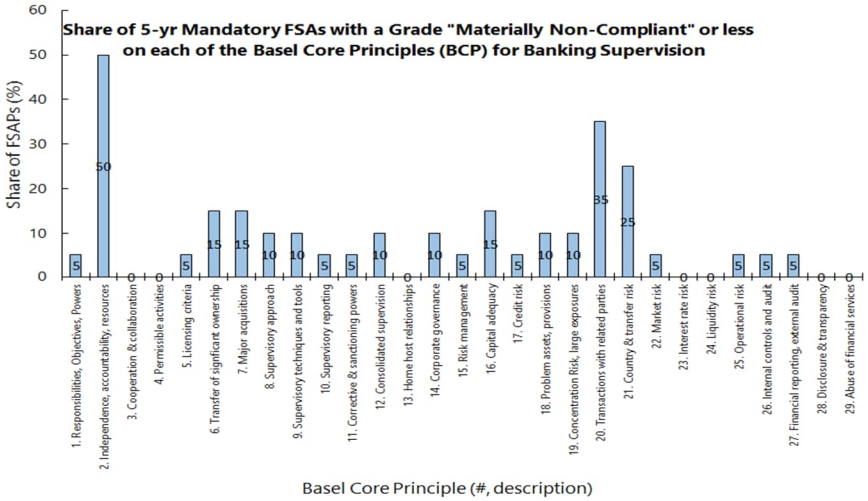
Crisis Management and Safety Net Policies



Source: iFSAP; IMF staff estimates.
Note: The sample covers 20 jurisdictions on the 5-year frequency of FSAs. Lower (upper) edge of the box = 25th (75th) percentile of the distribution of sentiment indices across countries. "Sentiments" = the share of net positive words in total words in the FSSA paragraphs related to two sets of policy frameworks, standardized by subtracting from mean and dividing by standard deviation. A higher score indicates a more positive sentiment.

Annex IV. Figure 3. Share of FSAPs Indicating Deficiencies in the Quality of Banking Supervision, 2013–2024 (By principle; percent)

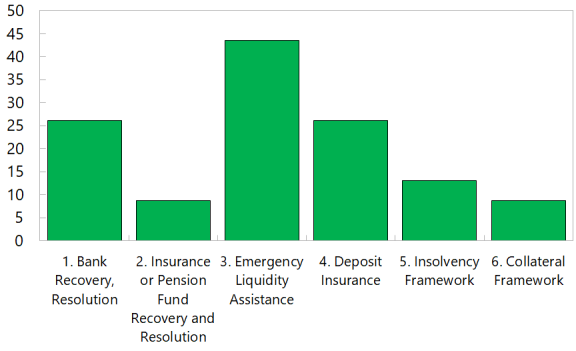
Deficiencies in supervisory independence, resources, accountability, and legal protection—Principle 2 of the Basel Core Principles (BCP)—limit the ability to operate free from political influence and intervene effectively in banks. Weaknesses in related-party lending oversight (Principle 20) raise concerns about underlying asset quality. Gaps in monitoring country and transfer risk (Principle 21) hinders the ability of supervisors to ensure banks have robust policies for managing international lending and investment risks.



Source: iFSAP and IMF staff calculation. Note: The horizontal axis indicates the 29 BCPs. The chart shows the share of 20 5-year mandatory assessments with graded BCPs that have received a Materially Not Compliant (MNC) or Noncompliant rating for each principle. The results are based on the 2012 BCP standards. Not all FSAPs do BCP detailed assessments, and not all assessments are published.

Annex IV. Figure 4. Share of FSAPs with Recommendations on Crisis Management and Financial Safety Net Policies, 2020–2024 (By policy sub-area; percent)

Close to half of FSAPs recommended upgrades in the framework for Emergency Liquidity Assistance.



Source: iFSAP and IMF staff calculation.
Note: The chart is based on 5-year mandatory assessments during 2020-2024. It shows that, for instance, around 45 percent of FSAPs during this period had recommendations on Emergency Liquidity Assistance.

Annex V. Methodology for Identifying Systemically Important Financial Sectors

The review of the methodology for identifying members with SIFS is to enhance the FSAP's overall agility. As the SIFS list has expanded from 25 jurisdictions in 2010 to 47 in 2021, most FSAP resources have become tied to mandatory FSAs, limiting the flexibility to cover emerging risks. This Review proposes modifying the Methodology to refocus mandatory FSAs on fewer jurisdictions with the most spillover potential and allowing staff judgment to better account for risks from global FMIs and data gaps, which are underestimated in the quantitative framework.

A. Quantitative

1. Since 2013, the IMF has used the clique percolation method (CPM), focusing on cross-border financial networks, to identify members with SIFS. The Methodology relies on four core networks with bilateral data widely available across countries: direct linkages based on BIS locational banking claims, portfolio debt and equity securities data from the IMF Coordinated Portfolio Investments Survey (CPIS); and indirect linkages using equity price correlations. The CPM identifies the jurisdictions that are central to the global financial network. It defines the systemic core of a network as the union of "*cliques*," which are sub-groups of jurisdictions that are fully-interconnected among each other with significant "*intensity*" of linkages. When assessing the centrality of a jurisdiction, CPM takes not only the number of cliques and intensity of direct linkages between that jurisdiction and its counterparts, but also the linkages those counterparts have with others. When constructing the networks based on the three direct financial exposure datasets (bank, portfolio debt and portfolio equity holdings), the methodology uses the maximum of asset and liability exposure between any jurisdiction pair as the final exposure between those jurisdictions.

2. The CPM requires the calibration of two key parameters: (i) the size of the clique (a group of jurisdictions that are fully connected); and (ii) the threshold which determines the cut-off level to filter out insignificant exposures. The optimal clique size is set at five, following the 2013 paper using graph theory-based algorithm, which also helps determine the second parameter. The 2013 and the 2021 Reviews identified SIFS by first listing the core set of jurisdictions in each of the four networks and then by taking the union across these networks.

3. The intensity of bilateral connections is based on the weighted average of all possible financial network connections between economies within each network. As an illustration, three bilateral connections across four economies (cols #1,2) of varied sizes are considered with their percentage shares of total world GDP (cols #4, 5) for a particular network (Annex Table 5.1). The countries (and GDP shares) are assumed to be "large" (15 percent), "med-hi" (2 percent), "med-lo" (1 percent), and "small" (0.2 percent). Column 13 provides an indicator of the intensity of pairwise connections between two jurisdictions, "*w*", which feeds into the CPM. With 191 countries, there are 17955 data points for *w*. The threshold for *intensity* is based on w.

Annex V. Table 1. Clique Percolation Method: Transformation of Raw Data—An Example												
1	2	3	4	5	6	7	8	9	10	11	12	13
						6 x 3	sum of 7 across A's counterp arties	sum of 7 across B's counter parties	7 / 8	7 / 9	mean (10, 11)	w = 12/100
Country A	Country B	Exposure Nominal $	A's share of world GDP	B's share of world GDP	Geometric mean of GDP shares of A & B	GDP-weighted exposure: (wGDPexp)	A's total wGDPexp	B's total wGDPexp	Share of wGDPexp in A's total wGDPexp	Share of wGDPexp in B's total wGDPexp	Geometric mean of wGDPexp shares	Pairwise-normalized wGDPexp b/w A & B
Large	Small	1000	15%	0.2%	1.7%	17.3	866	42.7	2%	40%	8.9%	0.09
Med-hi	Small	1000	2%	0.2%	0.6%	6.3	21.1	42.7	30%	15%	21.2%	0.21
Med-lo	Med-hi	1000	1%	2%	1.4%	14.1	141.4	21.1	10%	67%	25.9%	0.26

- Intensity threshold. Taking the empirical distribution of *w*, the high (low) threshold for 5(10)-year frequency countries is given by the 95th (90th) percentile of *w's* distribution in each network. Only significant interlinkages above these intensities are considered for the SIFS. For example, in Table 4, all jurisdictions in the SIFS list meet at least the low threshold for intensity shown in Annex V. Table 2.

- Clique size. The higher the clique size (k), the more tightly-knit are the formed clusters. A 5-clique cluster means that all 5 countries in the cluster are fully connected with other 4 countries. All jurisdictions with SIFS have 5 or more cliques.

4. The 2026 FSAP Review proposes changes to make the selection even more risk based. Staff propose using 10-year averages updated through 2024, nominal GDP weights instead of PPP-GDP, and a higher threshold for the volatile equity-correlations network. Given regular euro area FSAPs and following a logic similar to the BCBS allowance for adjustments to GSIB capital charges in the euro area, only one-third of intra-euro area exposures are counted. Only jurisdictions with clique sizes above 6 are included on the 5-year cycle.

Annex V. Table 2. Intensity Thresholds and Clique Sizes Used in the CPM Exercise				
	Banking exposures	Debt securities	Equity securities	Equity price correlations
High threshold for 5-yr cycle	1.75	1.5	1.5	3.0
Low threshold for the 10-yr cycle	0.85	0.6	0.6	2.5
Default clique size for all groups	5	5	5	5
Tighter clique size for 5-yr cycle	6	6	6	6

B. Staff Judgment

5. Staff have identified two important gaps in the data-driven SIFS Methodology. First, systemically important FMIs with strong global and regional networks are currently not featured in the SIFS Methodology. Second, given the reliance on BIS and CPIS data to inform the assessment of bilateral balance sheet interlinkages of jurisdictions, the lack of data in AFR and MCD economies have led to underreporting of linkages. Given these gaps, staff propose adding an extra "clique" to four jurisdictions, over and above the 5-cliques established by the data-driven framework, to compensate for these gaps—Belgium, Luxembourg, and Sweden due to the presence of systemically important FMIs, and Saudi Arabia due to extensive data gaps. Other jurisdictions with significant systemically important global FMIs are already in the list with 6-or higher cliques, and no other jurisdiction has similarly significant data gaps identified regarding cross-border linkages.

FMIs

6. FMIs—such as central counterparties (CCPs), central securities depositories (CSDs), securities settlement systems, and payment systems—with large foreign memberships, extensive custody chains, and cross-border clearing and settlement activities are often highly interconnected internationally, but measuring the extent of those linkages remains challenging. Their cross-border connections cannot be captured based on balance-sheet positions, since these are typically small. A single FMI may be linked to foreign entities through multi-layered direct and (more importantly) indirect channels—direct membership by foreign banks and nonbanks, cross-margining and interoperability arrangements with other FMIs, custody and settlement chains, collateral movements across borders, liquidity providers and correspondent banking networks, and shared service providers and technology vendors. These links create a network rather than a simple bilateral exposure structure. A disruption in one node can propagate through multiple channels making the true interconnectedness difficult to quantify.

7. The concept of systemic importance of FMIs at global level is recognized in policy discussions (Annex V Table 3). There is no internationally agreed definition of globally systemic FMIs. Despite this, a reasonable approximation can still be derived based on certain criteria, aligned with the Principles for FMI (PFMI), and global policy discussions. For instance, Financial Stability Board work discusses the implications of CCPs being potentially systemically important in more than one jurisdiction, with consequences for crisis management and resolution planning. In addition, in single or multi-country jurisdictions, dedicated arrangements address cross-border dimensions, such as the establishment of coordinated supervisory colleges for FMIs (e.g., especially in Europe). Cross-border relevance is also noted for certain CSDs and International CSDs (ICSDs) with respect to international collateral and securities settlement functions that are provided by these FMIs. Cross-border relevance is also evident in payment and settlement systems that settle FX transactions across multiple currencies and jurisdictions.

Belgium

8. Belgium should be considered a jurisdiction with SIFS on 5-year cycle, reflecting the presence of two global FMIs and a critical service provider supervised by Belgian authorities

(Annex V. Table 3). First, Euroclear Bank is a global International Central Securities Depositories (ICSD), providing cross-border debt issuance, settlement, and custody services especially for Eurobonds and supporting collateral mobilization across countries. It serves more than 2,000 participants, supports activity over 90 countries, and has been recognized as systemically important in prior FSAPs. Second, Mastercard Europe conducts considerable cross-border retail payment activity and processes a substantial share of card-based transactions across Europe in multiple currencies. The Eurosystem classifies it as a Systemically Important Payment System (SIPS). Third, SWIFT is a third-party critical service provider and the world's largest financial messaging provider, connecting numerous FMIs, and their participants.

Annex V. Table 3. Overview of Financial Market Infrastructures and Critical Service Providers in Belgium, Luxembourg, and Sweden

Name	Country	Function	Large international membership	Cross-border relevance
Euroclear Bank	Belgium	ICSD	Yes (very large global network)	Yes, global (ICSD: global securities & collateral settlement)
Clearstream Banking SA	Luxembourg	ICSD	Yes (very large global network)	Yes, global (ICSD: global securities & collateral settlement)
Nasdaq Clearing	Sweden	CCP	No (has regional relevance)	Yes, regional (cross-border derivatives clearing in Nordics/Baltics)
Mastercard Europe	Belgium	Payment system	Yes (global card network participants)	Yes (cross-border retail payments)
SWIFT	Belgium	CSP	Yes (very large global network)	Yes, global (financial messaging network facilitating settlement and clearing)
Euroclear Sweden	Sweden	CSD	No	Limited (domestic CSD, EU-integrated via TARGET2-Securities)
RIX	Sweden	RTGS	No	Limited (domestic RTGS, indirect via CLS/TIPS links)
Euroclear Belgium	Belgium	CSD	No	Limited (domestic CSD within Euroclear group)
LuxCSD	Luxembourg	CSD	No	Limited (domestic CSD with some cross-border links)
Bankgirot	Sweden	Retail payment clearing	No	Limited (domestic retail payments)

Notes: CLS = continuous linked settlement (for foreign exchange); CSD = central securities depository; CCP = central counterparty; ICSD = international CSD; TIPS =TARGET instant payment settlement; RTGS = real time gross settlement (payment system).

Luxembourg

9. Luxembourg should also undergo an FSA every five years, reflecting the systemic importance of Clearstream Banking SA. Similarly to Belgium's Euroclear Bank, and supervised by Luxembourg authorities, it provides cross-border securities issuance, settlement, and custody services, including the processing of international debt instruments such as Eurobonds and the facilitation of global collateral mobility. It services more than 1,000 participants in over 110 countries. It settles a large share of international securities transactions, making it a critical node in global capital and collateral markets, where operational disruption could have widespread systemic effects. Its importance has been recognized in a prior FSAP.

Sweden

10. Sweden should also be considered in the 5-year cycle, as it hosts Nasdaq Clearing, which is tightly connected to the region. The CCP, while based in the Nordic region, operates across multiple jurisdictions, with systemic relevance for Scandinavia and the Baltics across a range of asset classes including derivatives and commodities. The CCP services more than 50 direct participants from more than 10 jurisdictions. Moreover, Nasdaq Clearing was also included among CCPs that are systemically important in more than one jurisdiction by the FSB.

Data Gaps for Network Analyses

11. Data gaps in BIS bilateral cross-border baking data are particularly severe in AFR and MCD regions. Gaps are especially large in bilateral BIS locational banking statistics. Countries in MCD with a combined share of 48 percent of regional output are missing cross-border banking data. CPIS data for debt and equity portfolio linkages have much less gaps but still have notable gaps for countries in MCD and AFR (Annex V. Table 4).

12. These data gaps impact the SIFS Methodology. Both the intensity and the number of cliques for members in a region with known cross-border connections with members that do not report to the BIS or CPIS are understated in the Methodology. This is the case for Saudi Arabia—in the 5-year list for the 2021 FSAP Review—where there are very strong bilateral connections to countries that do not report data. The intensity of connections could have qualified as a clique had the data for the non-reporting countries been available and had elevated the non-reporting country to the SIFS list. Moreover, Saudi Arabia has a strong (6th clique) connection with a country in the 5-year list, but the intensity is just marginally below the threshold considered for the 5-year list. While South Africa—in the 10-year list for the 2021 FSAP Review—is another country in a region with data gaps, its existing bilateral connections with non-reporting countries are not strong and are not near the 5-year intensity threshold.

Annex V. Table 4. Data Gaps in each network
(Share in regional nominal GDP)

	GDP(w/ data gap)/GDP(region-total)			
	Bank (BIS)	Debt (CPIS)	Equity (CPIS)	PxCorr (MSCI)
APD	14.8%	2.7%	1.4%	0.2%
EUR	35.7%	0.7%	0.7%	1.9%
MCD	47.9%	21.9%	21.9%	0.0%
WHD	4.6%	1.1%	1.1%	1.3%
AFR	34.2%	32.9%	32.9%	0.6%

Source: BIS; IMF; IMF staff estimates.
Note: The large data gap in Bank (BIS) in EUR is related to one country.

Saudi Arabia

13. Staff propose Saudi Arabia undergo a mandatory FSA every five years. The country has many significant connections with large non-reporting countries, which may lead the quantitative methodology to understate its role in global and regional financial networks.

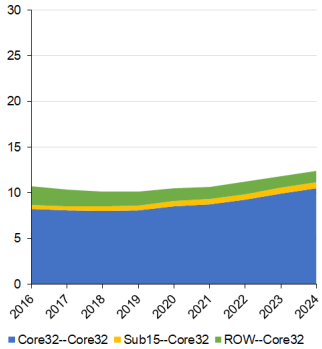
C. Results

14. Global financial linkages continue to rise, driven mainly by NBFI-related capital market activity (Annex V, Figure 1). The 2021 Review identified 32 SIFS members—the "Core-32"—on the 5-year list and 15 on the 10-year list. By 2024, equity securities links had grown fastest, to an estimated $29.3 trillion, especially among the Core-32; cross-border debt securities reached $22.3 trillion, while banking links rose only modestly to about $12.5 trillion. Core member linkages continue to deepen across all three networks, although debt securities links are leveling off. Stronger debt and equity portfolio links between the Core-32 and the rest of the world point to greater interconnectedness among the largest economies and offshore financial centers, even as participation across multiple networks becomes more concentrated.

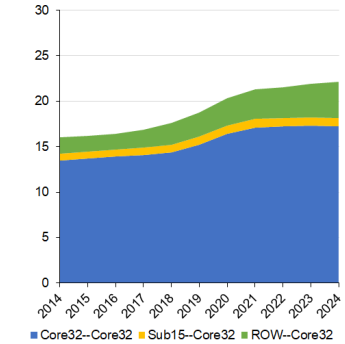
15. The proposed methodology reduces the number of members with SIFS to 42, from 47 in the 2021 Review (Table 4 in the main text). Of these, 21 are on the 5-year cycle, plus the euro area. Sensitivity analysis confirms that the largest and most connected members remain robustly on the 5-year list, which contracts only under higher clique sizes and when intra-euro area exposures are discounted. UK-Cayman Islands remains on the 10-year list through various sensitivity analyses.

Annex V. Figure 1. Global Financial Linkages—Cross-Border Banking, Portfolio Debt and Portfolio Equity Networks

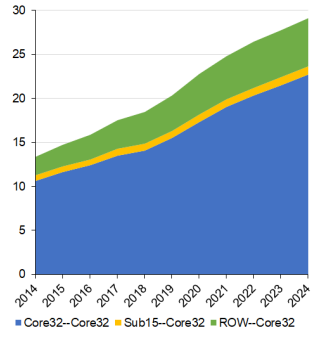
Banking Network ($12.5 tr):
Banking linkages have shown the slowest growth among the three networks with Core32-Core32 connections (blue) accounting for over 80% of the total volume.



Debt Securities ($22.3 tr):
Debt securities show consistent year-over-year growth, driven by rising ROW participation indicating deeper integration of emerging and frontier markets.



Equity Securities ($29.3tr):
Equity linkages have more than doubled over the decade, with steep growth in 'Core32' could reflect the outperformance of major stock markets attracting global capital.



Source: IMF Coordinated Portfolio Investment Survey; BIS Locational Statistics; IMF staff estimates.
Note: Core 32/Sub15: 32/15 countries in the 5-year/10-year mandatory SIFS list (2021 FSAP Review); ROW=rest of the world. The sum of (the greater of) asset or liability connections between countries are shown in the charts.

Appendix I. Redlined Text of Amendments to the FSA Decision

This Decision sets out the scope and modalities of bilateral surveillance over the financial sector policies of members with systemically important financial sectors and of multilateral surveillance over the spillovers arising from such policies in accordance with Article IV, Sections 3(a) and (b) of the Fund's Articles and the Fund's Decision on Bilateral and Multilateral Surveillance – 2012 Integrated Surveillance Decision (Decision No. 15203-(12/72), adopted July 18, 2012 (the "ISD").

Introduction

1. The obligations of the Fund and its members with regard to bilateral and multilateral surveillance are set forth in Article IV of the Fund's Articles and further elaborated in the ISD.

c. With respect to bilateral surveillance, Article IV, Section 1 requires each member to "collaborate with the Fund and other members to assure orderly exchange arrangements and to promote a stable system of exchange rates" ("systemic stability"). Recognizing the important impact that a member's domestic economic and financial policies can have on systemic stability, Article IV, Sections 1(i) and (ii) establish obligations for members respecting the conduct of these policies, including their financial sector policies. In accordance with the framework set out in Article IV, the ISD provides that systemic stability is most effectively achieved by each member adopting policies that promote its own balance of payments stability and domestic stability—that is, policies that are consistent with members' obligations under Article IV, Section 1 and, in particular, the specific obligations set forth in Article IV, Section 1, (i) through (iv). "Balance of payments stability" refers to a balance of payments position that does not, and is not likely to, give rise to disruptive exchange rate movements. In the conduct of their domestic economic and financial policies, members are considered to be promoting balance of payments stability when they are promoting their own domestic stability that is, when they comply with the obligations of Article IV, Sections 1 (i) and (ii) of the Fund's Articles. For this purpose, the ISD requires the Fund's bilateral surveillance to assess, in particular, whether a member's domestic policies are directed towards domestic stability. It provides that "financial sector policies (both their macroeconomic aspects and macroeconomically relevant structural aspects)" will always be the subject of the Fund's bilateral surveillance with respect to each member. The ISD also provides that, where relevant, each member is accountable for those policies that are conducted by union-level institutions on its behalf.

d. With respect to multilateral surveillance, Article IV, Section 3 (a) requires the Fund to oversee the international monetary system in order to ensure its effective operation, and requires members to consult with the Fund on any issue that the Fund considers necessary for this purpose. The ISD recognizes that the international monetary system may only operate effectively in an environment of global economic and financial stability, and provides that the Fund in its multilateral surveillance will focus on issues that may affect global economic and financial stability, including the spillovers arising from policies of individual members that may significantly influence the effective operation of the international monetary system. The policies of members that may be relevant for this purpose include, among others, members' financial sector policies.

2. While an examination of members' financial sector policies is important in all cases of bilateral surveillance, the Fund decides that, taking into account the framework described above and the overall purpose of surveillance, heightened scrutiny should be given in bilateral surveillance to the financial sector policies of those members whose financial sectors are systemically important, given the risk that domestic and balance of payments instability in such countries will lead to particularly disruptive exchange rate movements and undermine systemic stability. Heightened scrutiny should also be given in multilateral surveillance to the spillover effects of the financial sector policies of those members, given the risk that they may undermine global economic and financial stability. As financial stability assessments are a key tool for assessing members' financial vulnerabilities and financial sector policies, it is appropriate that financial stability assessments be conducted with such members as provided for in this Decision.

3. This Decision does not impose new obligations on members or, in particular, modify the scope of their obligations under Article IV. The Fund, in its bilateral surveillance, will continue to assess whether a member's domestic economic and financial policies are directed toward the promotion of domestic stability. In its multilateral surveillance, the Fund may discuss the impact of members' policies on the effective operation of the international monetary system and may suggest alternative policies that, while promoting the member's own stability, better promote the effective operation of the international monetary system.

Scope and modalities of financial stability assessments

4. *Determination of systemic importance*. The Managing Director, in consultation with the Executive Board, will identify those members that have systemically important financial sectors. This determination will be made in the context of each review that is conducted under paragraph 10 ~~9~~

below, and will be based on an assessment taking into account the size and interconnectedness of members' financial sectors and staff judgment as contemplated in paragraphs 23 to 27 in SM/13/304 and further modified in Appendix V of SM/21/52 and Annex V of SM/26/206. Pursuant to paragraph 7 of Appendix V of SM/21/52 and paragraph 4 of Annex V of SM/26/206, two sets of thresholds are relevant for the methodology. Using the lower set of thresholds, the methodology identifies jurisdictions with financial sectors that are considered systemically important. Using the higher set of thresholds, the methodology identifies the subset of those jurisdictions with systemically important financial sectors that are subject to more frequent financial stability assessments.

5. *Financial stability assessments*. Where the financial sector of a member is determined to be systemically important pursuant to paragraph 4 of this Decision, the member shall engage in a financial stability assessment in the context of bilateral and multilateral surveillance under Article IV of the Fund's Articles in accordance with the terms of this Decision. For this purpose, the member shall consult with the Fund and the authorities of the member shall make themselves available for discussions with Fund staff of the issues that fall within paragraph 6 of this Decision.

6. *Scope of financial stability assessments*. The financial stability assessments undertaken under this Decision will consist of the following elements:

e. An evaluation of the source, probability, and potential impact of the main risks to macro-financial stability in the near-term for the relevant financial sector. Such an evaluation ~~will involve~~ may include: an analysis of the structure and soundness of the financial system; trends in both the financial and nonfinancial sectors; risk transmission channels; and features of the overall policy framework that may attenuate or amplify financial stability risks (such as the exchange rate regime). Both quantitative analysis (such as balance sheet indicators and stress tests) and qualitative assessments ~~will~~ may be used to evaluate the risks to macro-financial stability.

f. An assessment of the authorities' financial stability policy framework. Such an assessment ~~will involve~~ may include: an evaluation of the effectiveness of financial sector supervision; the quality of financial stability analysis and reports; the role of and coordination between the various institutions involved in financial stability policy; and the effectiveness of monetary policy.

g. An assessment of the authorities' capacity to manage and resolve a financial crisis should the risks materialize. Such an assessment ~~will involve~~ may include: an overview of the country's liquidity management framework; financial safety nets (such as deposit insurance and lender-of-last-resort arrangements); crisis preparedness and crisis resolution frameworks; and the possible spillovers from the financial sector onto the sovereign balance sheet.

h. Where relevant, the assessments will also cover the spillovers arising from a member's financial sector policies that may significantly influence global economic and financial stability.

The depth of coverage of each element specified in paragraph 6(a)-(c), as well as the selection of specific topics within each element, will focus on topics determined to have the most impact on present or prospective domestic or balance of payments stability of the member and/or on the effective operation of the international monetary system on the basis of an upfront diagnostic, taking into account developments since the matter was last covered in a financial stability assessment.

7. *Modalities of assessments*. The key findings and recommendations of a financial stability assessment under this Decision will be summarized in a Financial System Stability Assessment Report (FSSA) that will normally be discussed by the Executive Board at the same time as the relevant Article IV consultation report.

8. *Frequency*. Where the financial sector of a member is determined to be systemically important pursuant to this Decision, it will be expected that a financial stability assessment will be conducted and the FSSA resulting from such an assessment will be discussed by the Executive Board by no later than the deadline for completion of the first Article IV consultation with the member that follows the relevant anniversary of such determination ~~or~~. I, ~~i~~n the case of the financial sector of a territory of a member, such deadline would be the date of completion of the first Article IV consultation discussion with respect to that territory by the Executive Board that follows the relevant anniversary of such determination or, for those territories with respect to which no separate discussion is held, by no later than the relevant anniversary of such determination. It is expected that subsequent FSSAs for a member with a systemically important financial sector will be discussed by the Executive Board by no later than the deadline for completion of the first Article IV consultation with that member that follows the relevant anniversary of the date of completion of the previous Executive Board discussion of the FSSA respecting that member ~~or~~. I, ~~i~~n the case of the financial

sector of a territory of a member, such deadline would be the date of completion of the first Article IV consultation discussion with respect to that territory by the Executive Board that follows the relevant anniversary of the date of completion of the previous Executive Board discussion of the FSSA respecting the financial sector of that territory or, for those territories with respect to which no separate discussion is held, by no later than the relevant anniversary of the date of completion of the previous Executive Board discussion of the FSSA respecting that territory. For purposes of this paragraph, the relevant anniversary shall be the tenth, except that for members with systemically important financial sectors that are identified by the methodology using the higher set of thresholds referenced in paragraph 4, above, the relevant anniversary for that systemically important financial sector shall be the fifth.

9. *Supranational institutions*. This Decision applies to members that have delegated any of the financial sector policies within the scope of paragraph 6 to supranational institutions, subject to the following considerations.

d. *Financial stability assessment.* Where a member has been identified as having a systemically important financial sector in accordance with paragraph 4 of this decision and the member has delegated any of the financial sector policies within the scope of paragraph 6 to supranational institutions, staff will conduct a financial stability assessment with the relevant supranational institutions.

e. *Scope and modalities.* The scope of financial stability assessments undertaken under this Decision with supranational institutions will be broadly as outlined in paragraph 6 of this Decision to the extent applicable. The key findings and recommendations of a financial stability assessment will be summarized in a FSSA that will normally be discussed by the Executive Board at the same time as the relevant report on common policies in the context of Article IV consultations with member countries.

f. *Frequency.* The financial stability assessment with supranational institutions will occur at the frequency applicable to the relevant member subject to mandatory financial stability assessments with the highest frequency. The FSSA will constitute an integral part of the FSSA for each individual member and of the Article IV consultation with each individual member.

Miscellaneous

10. *Review*. It is expected that the Fund will review this Decision ~~no later than five years following the date of its adoption and subsequently~~ at intervals of ~~no longer than~~ five years. In

particular, as “systemic importance” is a dynamic concept, the Fund will, in the context of each such review, examine and revise, as necessary, the criteria and methodology for determining members with systemically important financial sectors. Moreover, the Fund may review this Decision at any time to take into account major advances in the availability of data and in the development of methodologies for assessing the systemic importance of financial sectors.

INTERNATIONAL MONETARY FUND

August 3, 2026

2026 FINANCIAL SECTOR ASSESSMENT PROGRAM REVIEW—BACKGROUND NOTE ON SURVEY RESULTS

EXECUTIVE SUMMARY

Financial Sector Assessment Program (FSAP) Review stakeholder surveys. This note summarizes surveys for the 2026 FSAP Review, covering views from country authorities(CA), Executive Directors (ED), Article IV mission chiefs and Strategy, Policy, and Review (SPR) reviewers, Monetary and Capital Markets Department staff (MCM staff), and FSAP managers.

Trends and policy challenges. Stakeholders remain broadly satisfied with the FSAP's scope, analytical foundations, and recommendations. Authorities continue to support the three-pillar structure—risk assessment, financial sector policy framework, and financial safety nets—and most respondents favor maintaining or increasing resources across these areas. Future analytical priorities center on systemwide risk analysis, cyber risk, and stress testing of nonbank financial institutions.

Value-added, evenhandedness, and traction. The FSAP adds value across the membership, though in different ways: advanced economies emphasize in-depth analysis and benchmarking, while Emerging Markets and Developing Economies (EMDEs) place greater weight on standards assessments, technical assistance needs, and institution-building. Recommendations are viewed as clear, increasingly well sequenced, and better prioritized, but implementation remains shaped by domestic conditions. Technical disagreement is more prominent in advanced economies, while capacity constraints are more binding in EMDEs. FSAP–Article IV integration has improved, but follow-up should be less mechanical and more focused on macro-critical recommendations.

Future priorities. The next phase should preserve the FSAP's independence, depth, and technical credibility while further tailoring exercises to country circumstances and financial system complexity. Analytical work should place greater emphasis on systemwide and cross-border interconnectedness, cyber risk, fintech and digitalization, and nonbank stress testing. Traction can be strengthened through sharper macro-critical prioritization, targeted technical assistance where capacity is binding, and deeper collaboration with Article IV teams and, where relevant, the World Bank. Participation and resource decisions should remain risk-based, with flexibility on FSAP frequency where warranted.

Approved By
Tobias Adrian

Prepared by Ziya Gorpe, with input from Pavel Lukyantsau (both MCM), and IT contributions from Kevin Bailey (ITD).

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INTRODUCTION

A. Survey Background

1. This background paper summarizes the results of surveys conducted for the 2026 Review of theFSAP. As a cornerstone of IMF's financial surveillance, the FSAP undergoes a strategic review every five years. This survey serves as a critical input, gathering quantitative and qualitative feedback on the program's performance since the 2021 Review. The survey targeted five distinct groups to ensure a holistic perspective on the program (Table 1): (i) CA, comprising central banks, supervisory agencies, and ministries of finance who are the primary counterparts of the FSAP; (ii) EDs, representing the membership at the IMF Board; (iii) Article IV mission chiefs from Area Departments (AD) and reviewers from the SPR Department for the FSAPs conducted between 2019 and 2024; (iv) MCMS; and (v) MCM FSAP Mission Chiefs and Deputy Mission Chiefs (FSMC). Annex I provides details on survey participation and Annex II contains the questionnaires. Policy conclusions from the survey results are incorporated in the main paper.

Table 1. Number of Survey Respondents

FSAP Review Survey Respondents	Number of Respondents 2021	2026
Executive Directors	14	17
Area Department Mission Chiefs & SPR Reviewers	45	22
MCM staff	53	57
FSAP Mission Managers	91	23
Country Authorities		
Number of countries	75	70
Number of authorities	131	114
Advanced Economies (AE)	36	33
Emerging and Developing Economies (EMDE)	39	37
IMF Departments:		
WHD	14	12
EUR	38	38
APD	12	11
MCD	11	9
Euro Area (EA) Members	18	15
Non-EA Member	57	55
5-year SIFS	28	24
10-year SIFS	14	9
Non-SIFS	33	37
Memoranda		
Number of completed FSAPs (2014-19) and (2020-25)	72	51

Note: See Annex I for details. "SIFS" = Systemically Important Financial Sectors. "IMF departments" refers to the jurisdictions with FSAPs for which surveys were conducted for area department mission chiefs and SPR reviewers. Responses from multiple authorities within a country are included after taking a simple average of the responses and counted as one in this table.

2. The report leverages disaggregated data to uncover structural trends and priorities across membership. The aggregate results portray a program that remains highly valued and central to the Fund's surveillance mandate, although the overall figures mask some heterogeneity. By breaking down results by economy type, systemic importance, staff roles and workstreams, this note highlights the views of various stakeholders—specifically regarding scope, resource constraints, and the balance between stability assessment and capacity development role of FSAPs. The findings are organized by the key themes of the 2026 Review: Value, Scope, Analytical Foundations, Traction, Participation, and Costs. See Annex I for details on survey participation and respondent characteristics.

B. Overview of Survey Results

3. Overall results indicate that the FSAP remains a highly valued tool for financial surveillance, with core technical ratings holding steady or improving since 2021. Survey responses continue to point to strong satisfaction with the quality of recommendations and the strength of risk analysis, underscoring the program's continued credibility as an independent evaluation tool. At the same time, the results suggest some divergence between the perceptions on program's technical excellence and its perceived strategic impact, with the need to improve the program's contribution to policy debates. Some indicators have moderated from their 2021 levels, but the survey does not by itself identify the underlying causes of these changes. Possible explanations include higher stakeholder expectations, the increasing complexity of financial systems, greater demand for more tailored assessments, or areas where FSAP delivery can be strengthened. The note therefore interprets changes in satisfaction indicators as signals of evolving stakeholder perceptions rather than as direct evidence of weaker performance.

4. Most stakeholders suggest that IMF resources devoted to FSAPs are adequate, even as the authorities are spending more resources on FSAPs. Across stakeholder groups, respondents continue to signal that the FSAP resources should be maintained or further supplemented. At the same time, respondents are now more positive about the adequacy of existing Fund resources devoted to FSAPs, suggesting that recent efforts to sharpen scoping, prioritize coverage, and deploy resources more efficiently are being recognized even as demand for the program remains high. Authorities, however, report increasing resource costs devoted to FSAPs, particularly to the work on oversight and other policy areas.

5. Stakeholders within and outside the Fund report improvements in the program's integration with Article IV surveillance. Respondents report stronger integration of FSAP findings into Article IV surveillance than in the previous review cycle, with particularly positive views from Article IV Mission Chiefs and SPR Reviewers (AD-SPR). This suggests that efforts to strengthen the operational links between FSAP diagnostics and bilateral surveillance are gaining traction, even as the depth and consistency of integration remain areas for continued attention.

6. The criteria for prioritizing voluntary FSAPs continue to be viewed as relevant, though the existing criteria could be further improved. Stakeholders broadly continue to see the prioritization framework as appropriate, particularly on systemic importance and risk. However, the moderation in views, especially among country authorities, may point to a desire for the criteria to evolve alongside emerging global financial stability themes, to enable more timely accommodation of voluntary FSAP demand or to better accommodate the specificities of non-systemic jurisdictions.

VALUE-ADDED

7. The FSAP is highly valued as an independent assessment tool, for its in-depth analysis and identification of financial risks and related policy recommendations. Even though its aggregate perceived utility has moderated slightly since 2021, the weighted average across all

stakeholder groups for "Independent evaluation" reached 86 percent in 2026 (Table 2). The value attributed to "Policy recommendations" saw an aggregate increase from 77 percent to 80 percent, reflecting a successful shift toward more actionable advice. However, this technical appreciation is tempered by a decline in the perceived value of "Standards assessment," which fell from a weighted average of 66 percent to 59 percent, driven by a drop in interest from both authorities and AD-SPR respondents (Table 2, Figure 1). The results, however, do not indicate whether the country authorities responding to this question had themselves undergone a standards assessment.

8. Country authorities' views on the most beneficial aspects of the FSAP are split along income lines. While aggregate satisfaction with "Independent evaluation" among authorities stands at 86 percent, Advanced Economy (AE) authorities place a higher premium on "In-depth analysis" (84 percent) and "Benchmarking" (44 percent) compared to their EMDE counterparts (Figure 1). Conversely, EMDE authorities continue to derive substantial value from the program's more technical and developmental components, with 79 percent citing "Standards assessment" and 61 percent citing "Identify TA needs" as core benefits (Figure 1), higher than their AE counterparts. This suggests that while AEs seek strategic peer-comparison, EMDEs prioritize the FSAP as a catalyst for institutional strengthening and financial sector reforms.

Table 2. Areas Where FSAPs Add Value (2026)
(Percentage point changes since 2021 shown with ↖ or ↙) (in percent)

	Country Authorities		AD-SPR		MCM Staff		Weighted average	
Independent evaluation	86	↙10	73	↖5	92	↙4	86	↙3
Policy recommendation	82	↖1	64	↙1	86	↖7	80	↖4
In-depth analysis	77	↖0	64	↖1	73	↙10	73	↙2
Identify financial sector risks	69	↙1	50	↙10	71	↖8	67	↖2
Standards assessment	65	↙12	23	↙20	69	↖1	59	↙6
Identify TA needs	37	↖1	41	↖8	53	↙13	43	↙1
Better inter-agency coordination	29	↙6	27	↖5	51	↖0	37	↙0
Benchmarking	35	↙4	14	↙1	51	↙8	38	↙2
Tool dissemination	31	↙1	9	↙13	41	↖3	31	↙0
Other	43	↖25	0	↙5	55	↖44	41	↖28

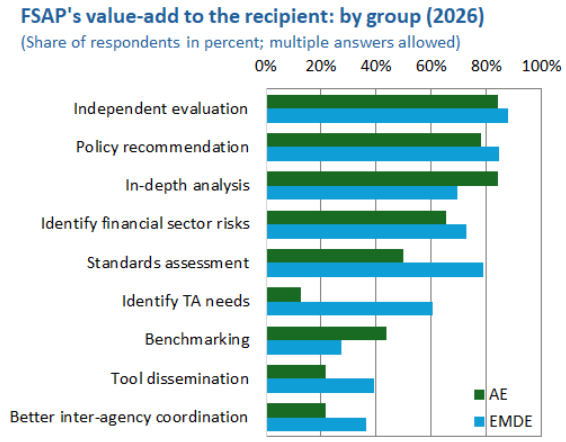
Sources: FSAP Review survey and staff calculations.
Note: See Figure 1 footnote for the relevant survey question.

9. Peer comparisons are important for the largest members. Almost 80 percent of members with five-year SIFS derive value from independent evaluation of peers. Specifically, SIFS authorities are significantly more likely to value peer FSAPs for their "Policy recommendations" (66 percent for SIFS vs. 38 percent for others) and "Identification of financial sector risks" (79 percent vs. 48 percent) (Figure 1). Benchmarking against peers remains a high priority for both five-year SIFS and others.

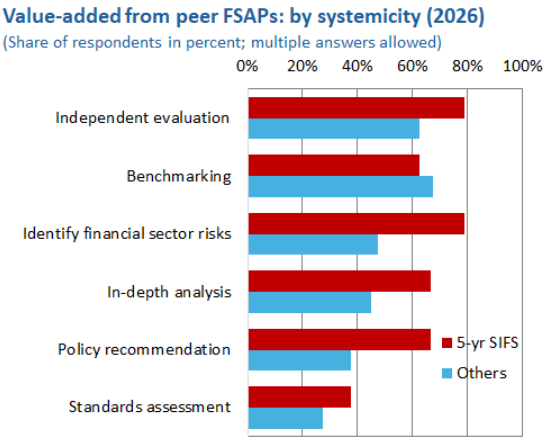
10. Respondents from ADs and SPR perceive the FSAP's utility as significantly higher for EMDEs than for AEs, particularly in terms of its strategic impact on bilateral surveillance. Article IV mission chiefs and SPR reviewers consistently assign greater value to FSAPs conducted in EMDEs, mirroring the higher valuations reported by EMDE authorities themselves. The largest differences in value are observed in the program's ability to "Shape A4 macro-financial analysis" (67 percent positive score for EMDEs vs. 46 percent for AEs), "Shape A4 macro-financial policy" (78 percent vs. 54 percent), and "Identify TA needs" (67 percent vs. 15 percent) (Figure 1).

Figure 1. Value-Added of FSAPs: Survey Results, by Country Groups

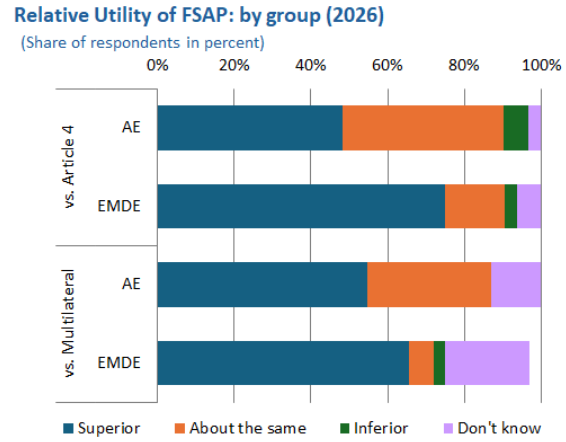
EMDE authorities place significantly higher value on standards assessments and TA identification than AEs.



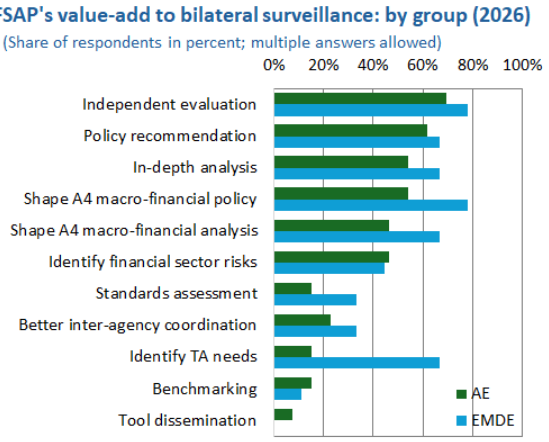
5-yr SIFS rely more on peer FSAPs for risk identification and policy recommendations than others.



A majority of authorities, particularly in EMDEs, view FSAP as superior to other surveillance programs.



AD-SPR sees higher value in FSAP outputs for EMDEs, particularly in shaping policy and identifying TA needs.



Sources: FSAP Review survey and staff calculations.

Note: AE refers to advanced economies and EMDE refers to emerging markets and developing economies. Top and lower-right panels are based on the survey question: "Select the areas in which the FSAP has been most beneficial to the country or has added the most value to bilateral surveillance." Select all that apply. a) Independent evaluation of a country's financial sector; b) In-depth financial sector analysis; c) Clear findings on financial sector risks; d) Clear policy recommendations; e) Identification of technical assistance needs; f) Dissemination of new analytical techniques; g) Principle-by-principle assessment of compliance with international standards; h) Benchmarking versus other countries; i) Improved coordination among financial sector regulators; j) Other. Lower-left panel is based on the survey question: "How do you regard the usefulness of the FSAP relative to other IMF surveillance activities?"

11. Authorities' assessment of the FSAP's relative utility remains superior to other Fund surveillance activities, particularly within EMDEs. This result should be viewed with the caveat that the respondents to the country authorities' questionnaire are primarily financial-sector authorities rather than the full set of stakeholders involved in Article IV surveillance. Aggregate comparisons with Article IV consultations and multilateral surveillance should therefore be interpreted with this respondent profile in mind. Approximately 62 percent of country authorities consider the FSAP "superior" to bilateral Article IV surveillance, while 60 percent consider it superior to multilateral surveillance (e.g., GFSR) (Figure 1). This preference is starkest in EMDE jurisdictions, where 75 percent of respondents rate the FSAP as superior to Article IV, compared to 48 percent in advanced economies (Figure 1). These findings underscore that for many members, especially those with developing financial sectors, the technical depth and focused nature of the FSAP provide a high level of actionable insight. See Annex I for respondent characteristics.

SCOPE

12. Majority of authorities are satisfied with the three-pillar structure, even though the intensity of endorsement has moderated from very high levels since 2021. Survey results indicate that 92 percent of country authorities agree or strongly agree that the IMF's financial stability assessment under the FSAP is clearly structured around the three core elements of risk assessment, financial sector policy framework, and financial safety nets (Figure 2). While this remains a very high level of endorsement, it represents a decline from the 97 percent recorded in 2021. This moderation is consistent across other scoping dimensions, including the program's "Focus on most relevant issues" (92 percent vs. 97 percent) and the "Appropriate depth" of analysis (90 percent vs. 97 percent), suggesting that while the foundational framework is sound, stakeholders are increasingly discerning about the specific application of these pillars to their domestic contexts.

13. Stakeholders remain supportive of the program's ability to customize exercises, though with a call for even tighter tailoring to country-specific circumstances. Approximately 89 percent of authorities believe the FSAP is effectively tailored to their country-specific context, a slight decrease from 93 percent in the previous review (Figure 2, left). This trend highlights a potential tension between the standardization required for global benchmarking and the high demand for bespoke analysis that addresses idiosyncratic risks, particularly as financial systems become more complex.

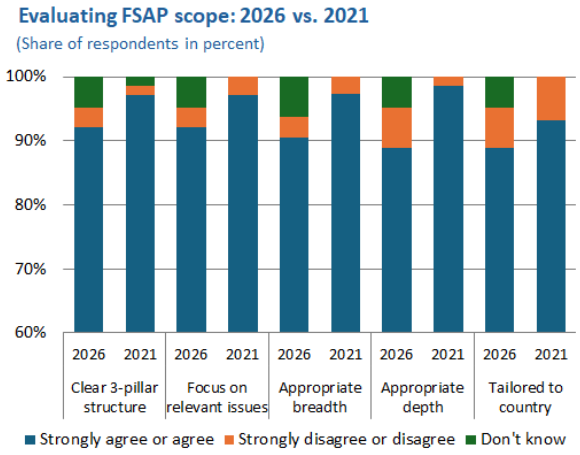
14. The IMF guidance on the flexibility between comprehensive standards assessments and focused reviews is widely supported, particularly among advanced economies. The 2017 agreement with SSBs facilitated flexibility providing a framework for focused reviews discussed and published in TNs. Aggregate results show that 84 percent of authorities find the current guidance—which allows for flexibility between graded detailed assessments and focused reviews—to be appropriate (Figure 2, right). This support is most pronounced in advanced economies (90 percent), where the preference for focused, risk-based reviews is the highest. In EMDE jurisdictions, while a solid majority (79 percent) supports the guidance, a significant 18 percent reported "don't know," potentially reflecting a desire for clearer criteria on when a full graded assessment remains the more beneficial option for institutional capacity building (Figure 2, right).

15. Stakeholders overwhelmingly favor maintaining resources across all three pillars, reflecting the perceived high value of the program's technical depth. When asked about resource allocation, the weighted average of stakeholders supporting either an "Increase" or "Keep the same" status for each pillar remains above 90 percent (Table 3). Specifically, 92 percent support this for Risk Analysis, 91 percent for the Policy Framework, and 95 percent for Safety Nets (Figure 3).

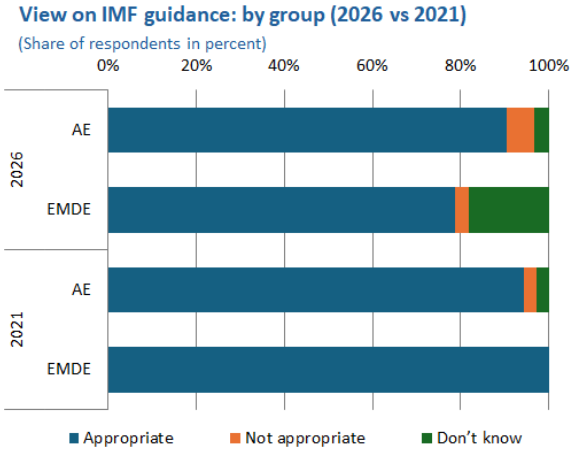
16. Divergent views on resource allocation across stakeholder groups may reflect their institutional perspectives and proximity to FSAP work. While aggregate support for the program is high, there are mixed views in the preference for increasing versus maintaining resources. The increasing share of EDs calling for higher resources in all three pillars differs from the authorities' preferences. This divergence could be owing to the authorities being closer to the actual FSAP work that takes up a lot of time and commitment on the ground. Within staff, the difference in views between AD-SPR and MCM is the strongest for resources spent on the policy framework; more MCM staff want to increase resources to this pillar, while fewer AD-SPR want to do so, compared to 2021.

Figure 2. FSAP Scope: Authorities' Views on Selection of Topics

Satisfaction with the three-pillar structure and scoping relevance remains high but has moderated from peak 2021 levels.



Support for focused reviews vs. comprehensive standards assessment guidance is strongest in AEs, while EMDE views show more uncertainty.



Sources: FSAP Review survey and staff calculations.

Note: Left panel is based on the survey question: "Please share your views on the scope of FSAP work by indicating level of agreement with each statement. a) The assessment was clearly structured around three core elements (risk assessment, financial sector policy framework, and financial safety nets). b) The FSAP analysis focused on the most relevant financial sector issues. c) The breadth of the FSAP's financial sector coverage was appropriate. d) The depth of FSAP's financial sector work was appropriate. e) The FSAP's analysis was effectively tailored to the country's specific context and conditions." Right panel is based on the survey question: On supervisory matters, the FSAP may conduct either a comprehensive graded assessment of all principles contained in an international standard, or a targeted, ungraded review of selected principles. Is the guidance for conducting either a comprehensive graded assessment or a targeted review of supervisory issues appropriate?"

Table 3. Resource Allocation Choices Across Stakeholder Groups per Pillar (2026)
(Percentage point changes since 2021 shown with ↖ or ↙) (in percent)

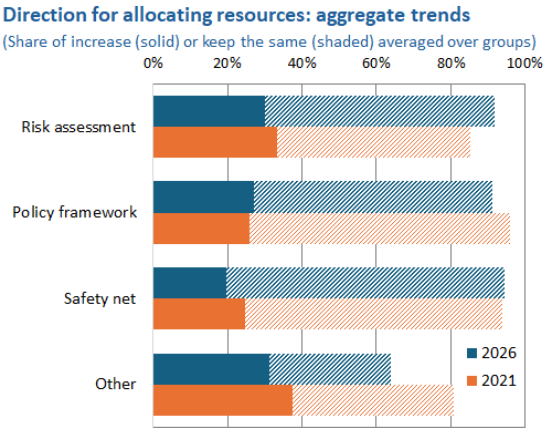
		Country Authorities		AD-SPR		Executive Directors		MCM Staff		Weighted average	
Risk Analysis (P1)	*Increase*	29	↙12	24	↖4	33	↖26	33	↙6	30	↙3
	Maintain	65	↖10	71	↖14	60	↙2	55	↖13	62	↖10
Policy Framework (P2)	*Increase*	31	↖0	10	↙15	13	↙10	33	↖13	27	↖1
	Maintain	61	↙6	75	↖0	87	↖17	57	↙15	64	↙6
Safety Net (P3)	*Increase*	26	↙6	15	↙5	13	↙10	16	↙3	20	↙5
	Maintain	70	↖6	75	↖2	87	↖17	76	↖5	75	↖6
Other	*Increase*	64	↖17	10	↙29	9	↙48	10	↙12	31	↙6
	Maintain	21	↙24	30	↙12	73	↖58	31	↙17	33	↙11

Sources: FSAP Review survey and staff calculations.
Note: See Figure 3 note for the relevant survey question.

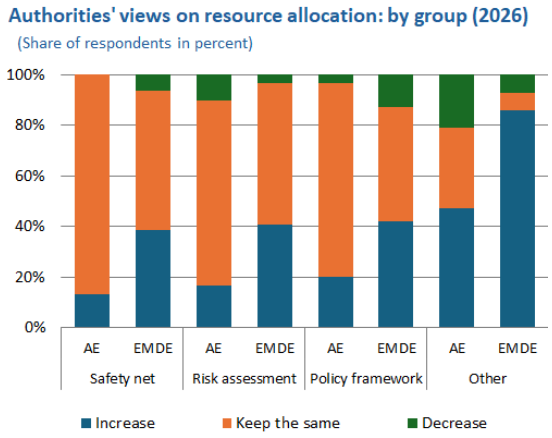
17. Views on resource prioritization further exhibit heterogeneity when broken down by economy type and staff workstream. EMDE authorities are far more likely to advocate for resource increases across all pillars compared to their AE counterparts; for example, 41 percent of EMDEs want an increase in Risk Assessment resources compared to only 17 percent of AEs (Figure 3).

Figure 3. FSAP Scope: Stakeholder Views on Resources spent Across FSAP Workstreams

There is near-universal support for maintaining or expanding the resources devoted to the three core pillars.



EMDE authorities show a much higher propensity to request resource increases across the entire FSAP framework.



Sources: FSAP Review survey and staff calculations.
Note: The panels in this figure are based on the survey question: "Going forward, what should be the level of Fund resources devoted to the different components of the FSAP? Increase; keep about the same; reduce. Answer for each of the following: a) Risk assessment, such as stress testing, etc. b) Financial sector policy framework, such as regulatory and supervisory systems, etc. c) Financial safety nets, such as deposit insurance, resolution frameworks, etc. d) Other (e.g.: financial development issues)."

ANALYTICAL FOUNDATIONS

18. Stakeholders express high and growing satisfaction with the quality of FSAP risk analysis, almost across all areas of risk assessments. The 2026 survey results show a marked improvement in the perceived strength of the program's analytical underpinnings compared to 2021. The weighted average for the "RAM focused on relevant risks" rose to 93 percent, with 34 percent of respondents "strongly agreeing", an increase from the 30 percent recorded in the previous review (Table 4). Similarly, satisfaction with the identification of "Household and corporate vulnerabilities" climbed to 88 percent from 78 percent. A much higher share of AD-SPR respondents were satisfied with analyses of systemwide risks, as well as those in NBFI and private sectors, with clear delineation of macrofinancial transmission channels. These gains suggest that the program's efforts to deepen macro-financial analysis and better integrate sectoral vulnerabilities into the core stability assessment are being well-received by the membership (Figure 4).

Table 4. Evaluation of FSAP's Analytical Quality Across Stakeholder Groups per Area (2026)
(Percentage point changes since 2021 shown with ↖ or ↙) (in percent)

	Country Authorities		AD-SPR		MCM Staff		Weighted average		of which: strongly agree	
RAM focused on relevant risks & aided policy discussions.	95	↖8	95	↖0	90	↖7	93	↖6	34	↖4
Clearly identified household and NFC vulnerabilities.	90	↖8	82	↖17	89	↖6	88	↖10	28	↖6
Macro-financial transmission channels clearly identified.	89	↖2	95	↖15	86	↖	89	↖5	24	↖0
Appropriate bank stress test models for size & complexity.	87	↙2	91	↖3	86	↖7	87	↖2	33	↖5
Systemwide risks are appropriately analyzed.	85	↙4	86	↖11	78	↖0	83	↖1	28	↖9
Appropriate coverage of relevant NBF sector risks.	93	↖9	82	↖7	63	↙9	79	↖1	19	↖2
Interconnectedness and spillover risks analysis.	87	↖8	N/A		71	↙1	79	↖1	21	↖2
Housing market risks identified and analyzed.	N/A		64	↖4	94	↖9	84	↖8	35	↖6

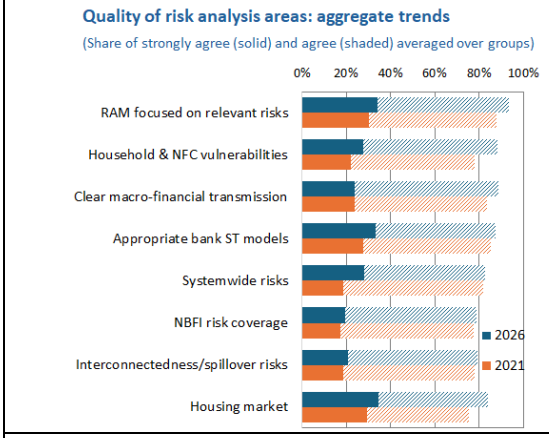
Sources: FSAP Review survey and staff calculations.
Note: "RAM" = Risk Assessment Matrix. See Figure 4 note for the relevant survey question.

19. While the technical quality of stress testing is widely praised, perspectives on its tailoring vary. Aggregate results indicate that 87 percent of stakeholders find FSAP stress test models appropriate for the size and complexity of the financial system, up from 85 percent in 2021 (Table 4). However, disaggregated data reveal a notable nuance: while 95 percent of authorities in non-systemic jurisdictions agree with the appropriateness of the models, this figure drops to 75 percent for five-year SIFS jurisdictions (Figure 4). This divergence suggests that for the most complex financial systems, more work on developing sophisticated or customized modeling approaches to capture idiosyncratic and systemwide risks is needed.

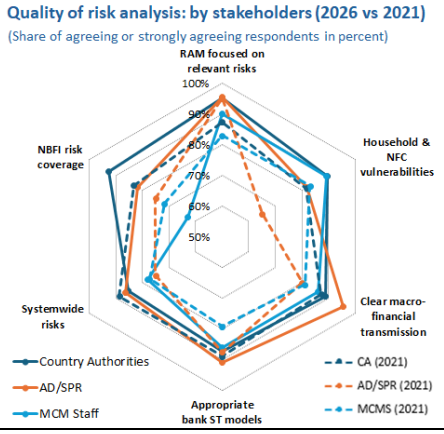
20. Future analytical priorities reflect a shift toward cyber risk, system-wide risks and the resilience of the nonbank financial sector. When asked to identify priorities for future FSAPs, survey respondents ranked "System-wide risk analyses (cross-sectoral interconnectedness)" as the top choice, with its weighted average importance rising to 77 percent in 2026 from 64 percent in 2021 (Figure 5). This is followed closely by "Cyber risk" (56 percent) and "Stress testing of the NBF sector" (54 percent). Interestingly, the demand for traditional "Banking sector stress testing" has remained relatively flat at 35 percent, while "Fintech and digitalization" has become a major theme, particularly for CA (63 percent) and ED (53 percent) (Figure 5).

Figure 4. Quality of FSAP Risk Analysis: Stakeholder Views Across Risk Elements

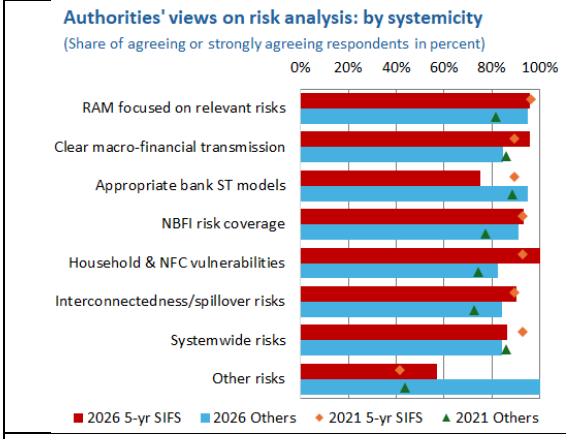
Satisfaction with the RAM and vulnerability identification has reached new highs, reflecting a more focused analytical approach.



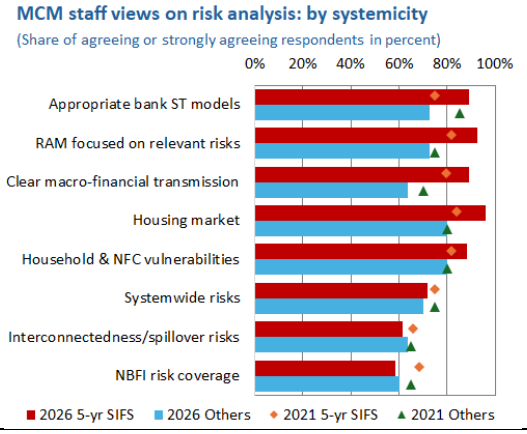
Authorities and AD/SPR groups report near-universal satisfaction with transmission channels, while MCM staff are more critical of NBFI coverage.



SIFS authorities are more critical of stress test appropriateness, while others show extremely high satisfaction across all metrics.



MCM staff on SIFS missions report higher confidence in analytical models than those working on non-SIFS assignments.



Sources: FSAP Review survey and staff calculations.
Note: The panels in this figure are based on the survey question: "Please assess the strength of FSAP risk analyses." Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know. Indicate for each of the following: a) The bank stress testing analyses were suitably calibrated to the size and complexity of the financial system. b) The FSAP risk assessment matrix focused on most relevant risks and vulnerabilities and provided a useful basis for policy discussions. c) Macro-financial transmission channels were clearly identified. d) Relevant risks in the non-bank financial sector were appropriately analyzed, given their systemic relevance: (i) Insurance sector, (ii) Investment fund sector, (iii) Pensions fund sector, (iv) Other. e) Systemwide risks (i.e., cross-sectoral interconnectedness) was appropriately analyzed. f) Important cross-border contagion channels were clearly identified. g) Household and corporate vulnerabilities were clearly identified. h) Other risks.

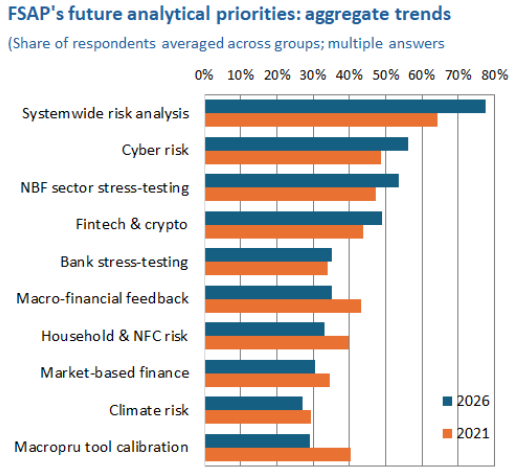
Table 5. Future FSAP Analytical Priorities Across Stakeholder Groups (2026)
(Percentage point changes since 2021 shown with ↖ or ↙) (in percent)

	Country Authorities		AD-SPR		Executive Directors		MCM Staff		Weighted average	
Systemwide risk analysis	70	↙1	75	↖22	88	↖17	84	↖22	77	↖13
Cyber risk	83	↖12	55	↖18	41	↙9	28	↖1	56	↖7
NBF sector stress-testing	42	↙5	60	↖15	59	↖9	64	↖16	54	↖6
Fintech & crypto assets	63	↙1	55	↖23	53	↖3	28	↖5	49	↖5
Bank stress-testing	50	↖3	25	↙1	35	↖28	20	↙9	35	↖1
Macro-financial feedback	39	↙3	35	↙10	35	↙8	30	↙14	35	↙8
Household & NFC risk	42	↙4	25	↙20	18	↙18	30	↖1	33	↙7
Market-based finance	31	↙6	10	↙14	35	↙15	36	↖1	30	↙4
Climate risk	38	↙3	5	↙19	41	↖1	18	↙1	27	↙2
Macropru-tool	25	↙19	60	↖28	18	↙18	26	↙16	29	↙11

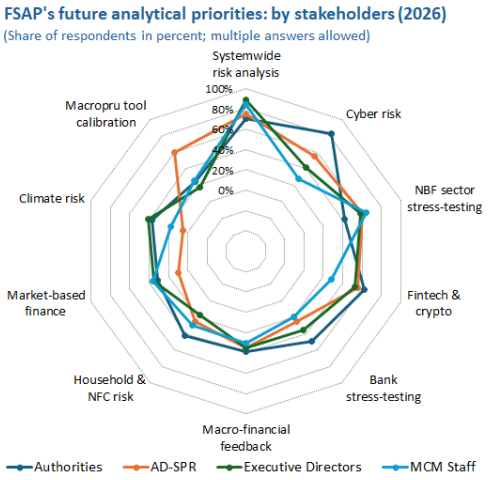
Sources: FSAP Review survey and staff calculations.
Note: See Figure 5 note for the relevant survey question.

Figure 5. FSAP Future Focus: Stakeholder Views Across Risk Elements

System-wide risk analysis and cyber risks have emerged as the primary priorities for membership in the next review cycle.



Authorities lead the call for more work on Fintech and cyber risk, whereas Fund staff prioritize systemic spillovers and NBFI stress testing.



Sources: FSAP Review survey and staff calculations.
Note: Panels in this figure are based on the survey question: "Looking ahead, which areas of risk analysis should future FSAPs prioritize further?" a) Banking sector stress testing. b) Stress testing of the non-bank financial sector. c) Systemwide risk analyses (cross-sector interconnectedness and spillovers). d) Household and corporate vulnerabilities. e) Market-based finance and risks. f) Macro-financial feedback analysis. g) Quantitative calibration of macroprudential measures. h) Cyber risk. i) Fintech/crypto assets/digitalization. j) Climate-related physical risk. k) Climate-related transition risk. l) Other.

TRACTION

A. Implementation of Recommendations

21. Stakeholders express satisfaction with the quality of FSAP recommendations, noting significant improvements in sequencing and prioritization since 2021. The 2026 weighted average for "Clear" recommendations remains exceptionally high at 95 percent, while the intensity of agreement for "Well-sequenced" and "Well-prioritized" advice has seen notable gains, rising to 93 percent and 91 percent, respectively (Table 6). Furthermore, the share of respondents who find recommendations "Actionable with a reasonable effort" improved from 87 percent to 89 percent in the aggregate. These results suggest that FSAP teams have successfully responded to previous calls for more focused and realistic advice that accounts for the implementation capacity of the member country (Figure 6).

Table 6. Quality of FSAP Recommendations: Stakeholder Views on Key Aspects (2026)
(Percentage point changes since 2021 shown with ↖ or ↙) (in percent)

	Country Authorities		AD-SPR		MCM Staff		Weighted average		of which: strongly agree	
Clarity	95	↙5	95	↖0	94	↙0	95	↙2	50	↖6
Sequencing	95	↖2	77	↙3	96	↖13	93	↖6	33	↖6
Prioritization	92	↙1	82	↙1	94	↖7	91	↖3	33	↖4
Candor	94	↙5	91	↙2	86	↙4	90	↙4	40	↖5
Actionability	86	↖4	91	↖1	92	↖2	89	↖2	26	↙3

Sources: FSAP Review survey and staff calculations.
Note: See Figure 6 note for the relevant survey question.

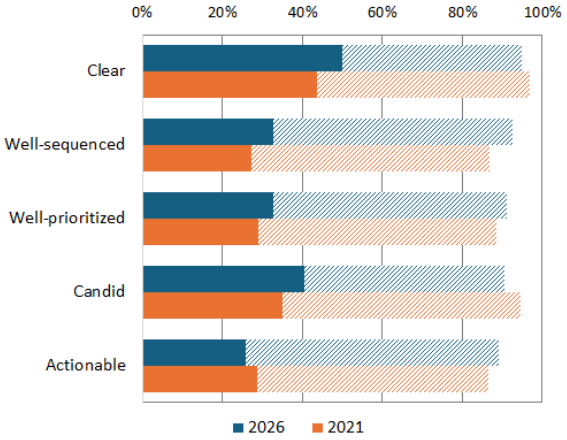
22. Authorities report a significant strengthening in the quality of advice, although staff survey respondents report lower scores on the advice being "well-prioritized" and "well-sequenced." According to survey results (Figure 6), AE authorities report high satisfaction with the clarity, sequencing, and candor of recommendations. EMDE authorities agree less than AEs regarding "Candor" (88 percent) and "Actionability" (84 percent). Comparatively, only 75 percent AD-SPR staff feel that the recommendations are well-sequenced and well-prioritized, especially for EMDEs.

Figure 6. Quality of FSAP Recommendations: Stakeholder Views on Key Aspects

Satisfaction with sequencing and prioritization of advice has improved significantly since 2021.

Quality of FSAP recommendations: aggregate trends

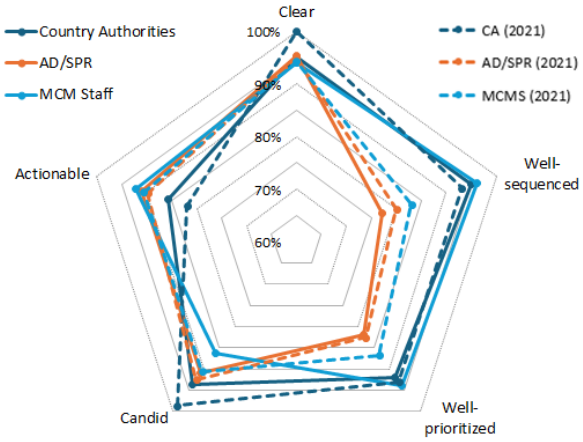
(Share of agree (solid) or strongly agree (shaded) averaged over groups)



All respondents are aligned on clarity of advice, though AD-SPR group agrees least on well-sequenced and well-prioritized recommendations.

Quality of recommendations: by stakeholders (2026 vs 2021)

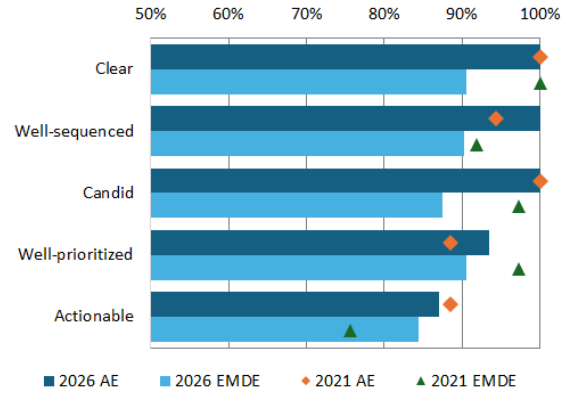
(Share of agreeing or strongly agreeing respondents in percent)



AE authorities report perfect satisfaction with clarity and candor, while EMDE views on actionability remain slightly more tempered despite progress.

Authorities' views on quality of recommendations: by group

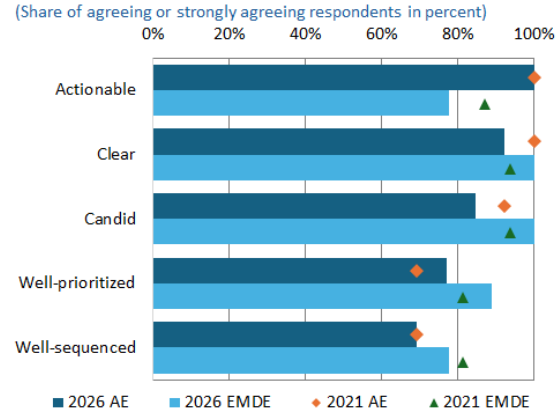
(Share of agreeing or strongly agreeing respondents in percent)



AD-SPR group assigns lower marks for actionability in EMDE contexts, echoing the views of the recipient authorities.

AD/SPR views on quality of recommendations: by group

(Share of agreeing or strongly agreeing respondents in percent)

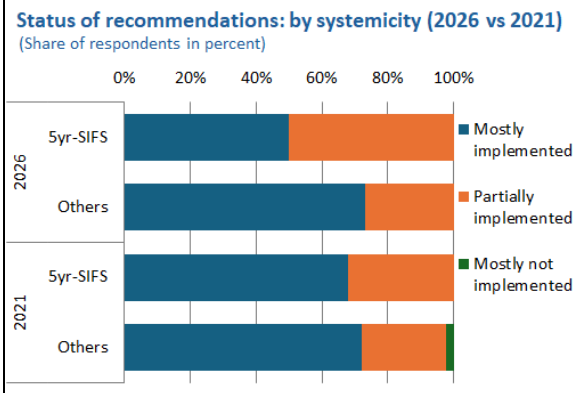


Sources: FSAP Review survey and staff calculations.

Note: Panels in this figure are based on the survey question: "Indicate your level of agreement with the following statements regarding FSAP recommendations. Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know. The recommendations were: a) Clear; b) Candid; c) Prioritized well; d) Sequenced well; and e) Actionable with a reasonable effort on the authorities' part."

23. The reported status of implementation of recommendations fell for the five-year SIFS members compared to the previous survey in 2021. Aggregate survey data indicates that for "Other" (non-systemic) jurisdictions, implementation remains stable, with 73 percent of respondents saying recommendations were "mostly implemented" (Figure 7). However, for members with five-year SIFS, the share of respondents saying "mostly implemented" recommendations fell from 68 percent in 2021 to 50 percent in 2026, with a corresponding increase in "partially implemented" status to 50 percent.

Figure 7. Implementing Recommendations



Sources: FSAP Review survey and staff calculations.
Note: This figure is based on the survey question: "In your country, the FSAP main recommendations were: a) Mostly implemented; b) Partially implemented; c) Mostly not implemented. Please select one."

Table 7. Stakeholder Views on Policy Debate (2026)
(Percentage point changes since 2021 shown with ↖ or ↙)
(in percent)

FSAP promoted financial authority dialogue with:	Country Authorities	
Inter-agency (among regulators)	77	↙6
Other government bodies	63	↙4
Financial industry	55	↙3
General public	16	↖1
Hasn't contributed to policy debate	10	↖1
Other contribution	65	↖52

Sources: FSAP Review survey and staff calculations.
Note: FS: financial sector. This table is based on the survey question: "How has the FSAP influenced policy discussions in your country? Select all that apply. a) Encouraged discussion across FS authorities; b) Promoted discussion between FS authorities and FS industry; c) Fostered dialogue between FS authorities and other governmental bodies; d) Promoted discussion between FS authorities and the public at large; e) The FSAP has not contributed to the policy debate in my country; f) Other."

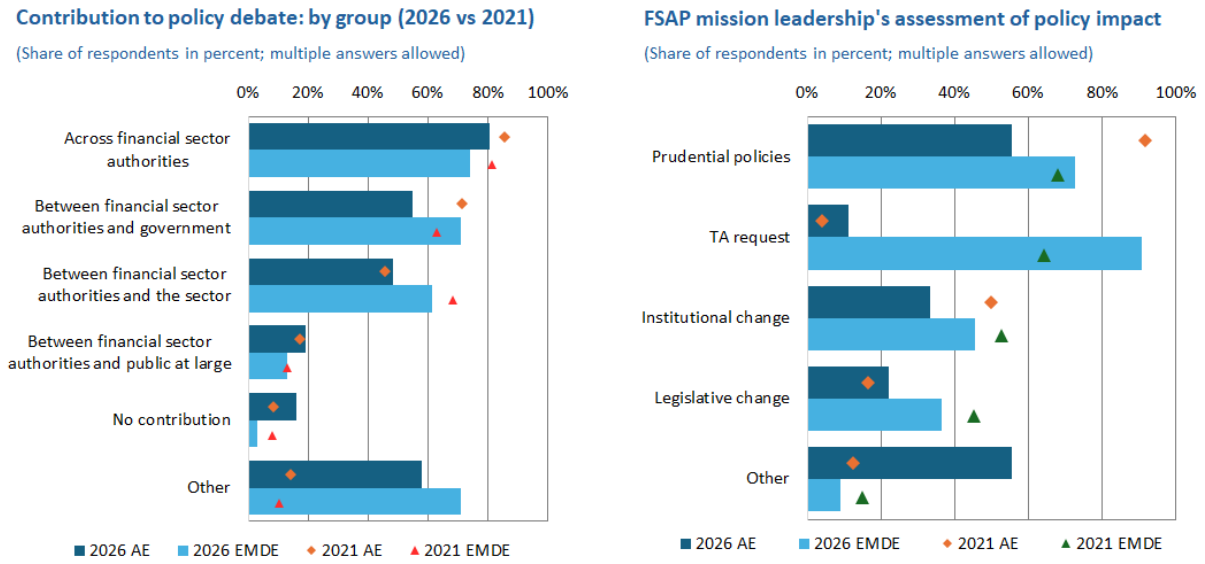
24. The FSAP could serve as a catalyst for domestic policy debate and institutional change. Approximately 77 percent of authorities agree that the program encourages discussion across financial sector regulators, a critical outcome for inter-agency coordination (Table 7), and this share has fallen since 2021. The nature of policy impact is highly differentiated: in EMDEs, the FSAP is a primary driver for capacity building, with 91 percent of missions resulting in requests for technical assistance or cooperation—up significantly from 64 percent in 2021 (Figure 8). In AEs, the impact is more focused on prudential policy adjustments (56 percent). The majority of these impacts are observed within the first year after the FSAP (50 percent for AEs and 67 percent for EMDEs), highlighting the program's higher potential role as a catalyst for reforms (Figure 8).

25. Political economy considerations continue to represent the foremost barrier to the uptake of FSAP advice, with a high degree of consensus among staff and authorities. The "Lack of political support" remains the top overall challenge to implementation, with a weighted average of 58 percent—a figure that has remained remarkably stable since the 2021 review (Table 8). This hurdle is particularly emphasized by MCM staff, whose perception of political obstacles (55 percent) is more aligned with technical realities on the ground than that of other groups (Figure 9). For Article IV mission chiefs and SPR reviewers, political support is viewed as a slightly more significant barrier in advanced economies (54 percent) than in EMDEs (44 percent), though it remains a top-tier concern across the entire membership (Figure 9). This suggests that even when recommendations are technically sound and well-sequenced, the broader legislative and political environment remains the primary arbiter of implementation success.

Figure 8. FSAP's Contribution to Policy Debate and Impact: Stakeholder Views

FSAP is most effective at fostering dialogue between domestic regulators and other government bodies with limited impact on facilitating public debate.

EMDE missions lead to a near-universal demand for TA, whereas AE impacts focus on prudential policy. Most policy impacts are realized within a year, though EMDEs show faster uptake than AEs.



Sources: FSAP Review survey and staff calculations.
Note: The left panel is based on the same survey question as in Table 7 above. The right panel is based on the survey question: "Indicate the types of policy impact." Select all that apply. a) Prudential policies to manage identified risks and vulnerabilities; b) Changes in institutional framework for financial stability; c) Legislative changes; d) Request for technical assistance/technical cooperation; e) Other.

Table 8. Challenges to implementation: stakeholder views on key factors (2026)

(Percentage point changes since 2021 shown with ↖ or ↙) (in percent)

	Country Authorities		AD-SPR		MCM Staff		Weighted average	
Lack of political support for recommendations.	46	↖2	50	↙7	79	↙1	5	↖0
Technical disagreement with recommendations.	43	↖4	50	↖20	28	↖15	38	↖1
FSAP was just recently completed.	23	↙15	32	↙3	45	↖6	32	↙5
Limited capacity to implement recommendations.	41	↖9	18	↙3	23	↙13	31	↙0
Difficulty in prioritizing recommendations.	10	↖1	5	↙14		↙4	8	↙4
Other.	38	↙9	23	↖7	9	↖2	25	↙2

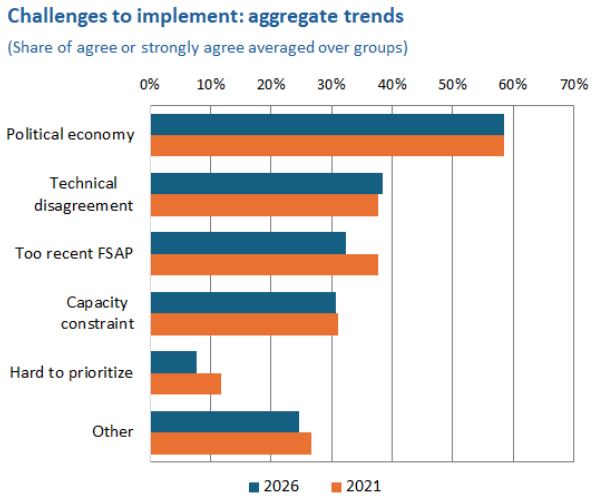
Sources: FSAP Review survey and staff calculations.
Note: See Figure 9 note for the relevant survey question.

26. Beyond political hurdles, the implementation landscape is characterized by a sharp divide between technical disagreement in advanced economies and capacity constraints in EMDEs. While aggregate "Technical disagreement" with recommendations rose from 34 percent in 2021 to 42 percent in 2026, this change is overwhelmingly driven by advanced economies (Table 7). Comments accompanying the survey suggest that the technical disagreements are related to analytical assessments, risk calibration, or policy formulation underlying recommendations. Among

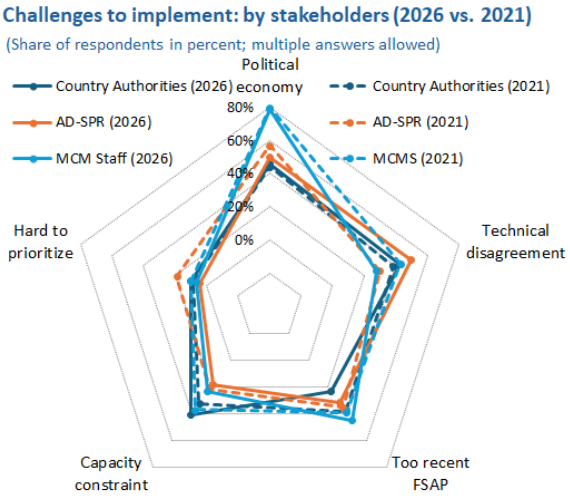
AE authorities, 58 percent cite technical disagreement as a major reason for delayed implementation, whereas only 27 percent of EMDE authorities share this view (Figure 9). Conversely, 57 percent of EMDE jurisdictions authorities cite "Limited capacity," up significantly from 40 percent in 2021. This observation is corroborated by Article IV mission chiefs, who noted a sharp rise in capacity hurdles for their EMDE assignments (44 percent in 2026 vs. 28 percent in 2021). These findings indicate that EMDEs are largely in technical alignment but may lack sufficient institutional depth to execute reforms without sustained technical assistance (Figure 9).

Figure 9. Challenges to Implementing Recommendations: Stakeholder Views on Key Factors

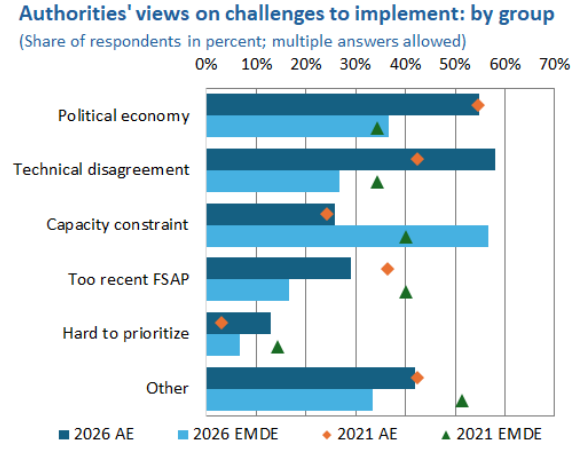
Political economy remains the overarching hurdle, but technical disagreement has become a more frequent challenge since 2021.



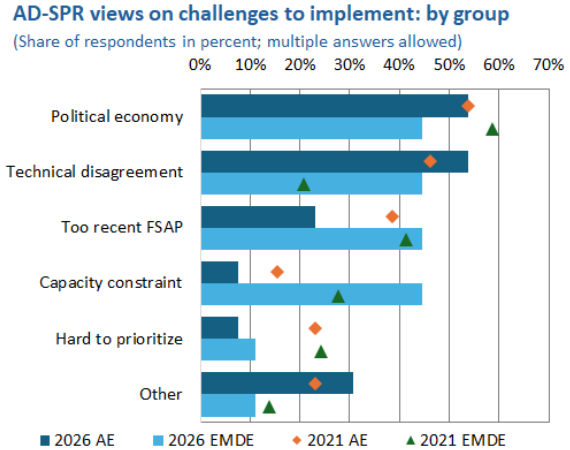
Country authorities highlight technical and capacity hurdles.



The implementation divide is clear: AEs report technical disagreement with staff, while EMDEs are primarily constrained by capacity.



AD-SPR group observes similar dynamics, noting that capacity is the dominant obstacle for their EMDE counterparts.



Sources: FSAP Review survey and staff calculations.
Note: The panels in this figure are based on the survey question: "For the FSAP main recommendations that were not implemented, what were the reasons?" Please select all that apply. a) The FSAP assessment was just recently completed; b) Technical disagreement with recommendations; c) Lack of political support for recommendations; d) Difficulty in prioritizing recommendations; e) Limited capacity to implement recommendations; f) Other.

B. Integration with Article IV

27. The perceived level of integration between FSAP and Article IV surveillance has improved significantly over the last five years. In this note, FSAP–Article IV integration refers to the extent to which FSAP findings and recommendations are reflected in the macrofinancial risk assessment, policy discussion, and surveillance priorities. According to the 2026 survey, the weighted average share of respondents who consider the two programs to be "well integrated" rose to 46 percent, up from 38 percent in 2021 (Table 9). This trend is primarily driven by AD-SPR, 82 percent of whom now view the programs as well integrated, an 18-percentage point increase since 2021. Over 80 percent of Country Authorities also perceive the two surveillance products as well or adequately integrated. The level of integration is perceived by AD-SPR to be higher for AEs than for EMDEs in 2026, both having increased since 2021 (Figure 10).

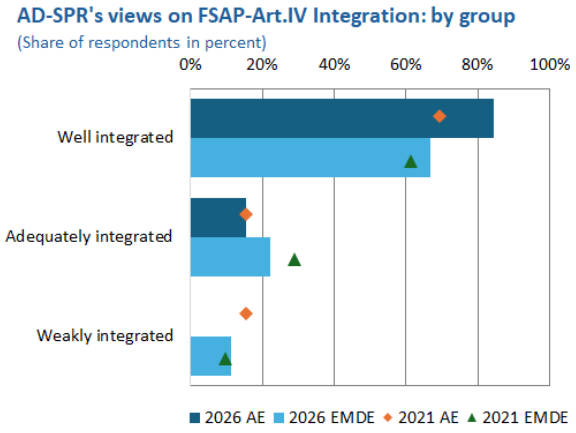
Table 9. FSAP-Article IV Integration: Views on Level of Integration (2026)
(Percentage point changes since 2021 shown with ↖ or ↙) (in percent)

	Country Authorities		AD-SPR		Weighted average	
Well integrated	33	↖10	82	↖18	46	↖8
Adequately integrated	49	↙8	14	↙15	40	↙7
Weakly integrated	6	↙9	5	↙3	6	↙7
Don't know	11	↖7	23	↖0	8	↖6

Sources: FSAP Review survey and staff calculations.
Note: See Figure 10 note for the relevant survey question.

Figure 10. FSAP–Article IV Integration: AE vs EMDE

AD-SPR sees a high level of integration across both groups, but the "well-integrated" score is highest for AE missions.



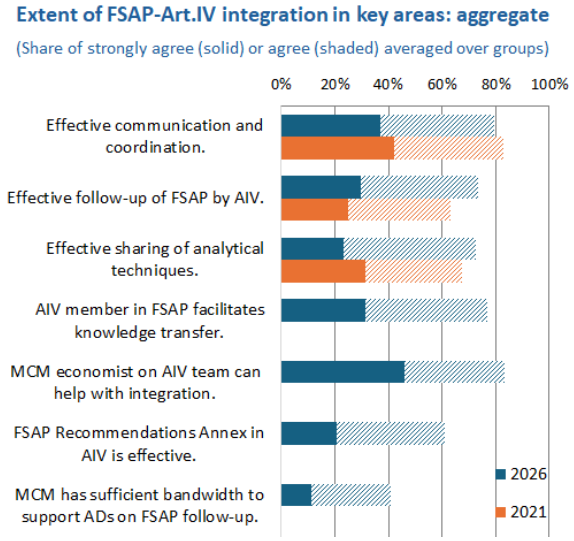
Sources: FSAP Review survey and staff calculations.
Note: This figure is based on the survey question: "Please indicate the degree to which FSAP findings and policy advice are incorporated into the Article IV consultation discussions." Select one: well-integrated; adequately integrated; weakly integrated; do not know.

28. Internal staff feedback highlights successful coordination in communication and information sharing. In the aggregate, 79 percent of staff agree that "FSAP and AIV teams communicate and coordinate effectively," a figure underpinned by high satisfaction among AD/SPR mission chiefs (95 percent) (Figure 11). Similarly, 73 percent of staff agree that "FSAPs and AIV teams effectively share information, analytical techniques and approaches." Notably, there is broad agreement that the presence of an MCM economist on the Article IV team significantly aids integration, with 83 percent of respondents supporting this as an effective mechanism.

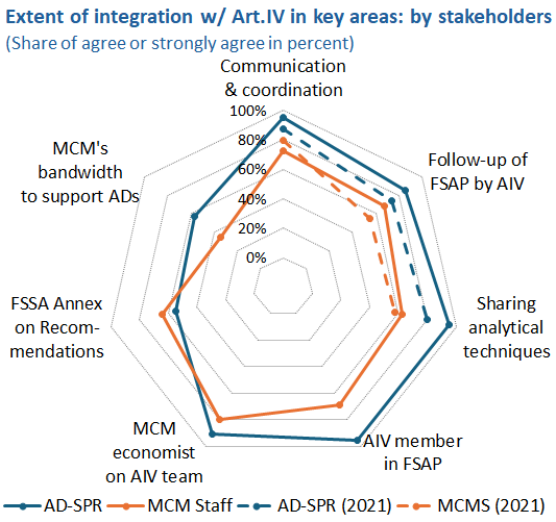
29. The impact of recent procedural changes to guide Article IV follow-up is visible, though MCM staff express concerns regarding the program's aggregate bandwidth. In the 2026 survey, 73 percent of staff agreed that the newly introduced FSAP-Article IV integration process helps prioritize recommendations well. This marks a positive shift from the 2021 review, where 63 percent of staff agreed with a broader, related statement that the Article IV follow-up of the FSAP was generally effective (in the absence of a formal FSAP-Article IV integration process) (Figure 11). Majority of AD-SPR and MCM respondents are highly supportive of this new process that helps to prioritize key macrofinancially relevant FSAP recommendations for the Article IV team (Figure 12).

Figure 11. FSAP–Article IV Integration: Stakeholder Views on the Extent of Integration

There is broad agreement that macro-financial issues are discussed between teams at an appropriately early stage.



Perceptions of FSAP-Article IV integration have improved since 2021, though a gap between departments persists.



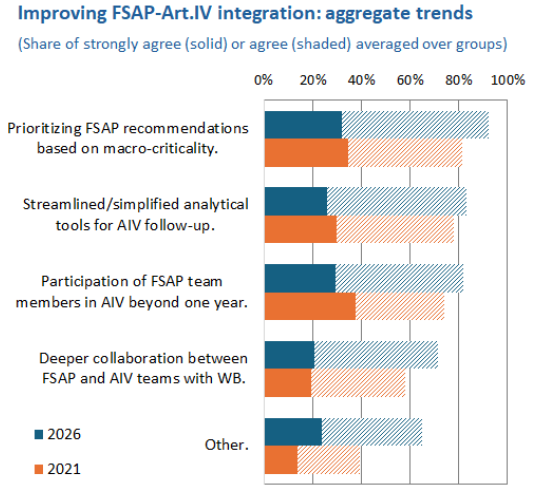
Sources: FSAP Review survey and staff calculations.

Note: The panels in this figure are based on the survey question: "Please indicate the extent of FSAP and Article IV integration in the following areas:" Strongly agree (4); agree (3); disagree (2); strongly disagree (1). a) FSAP and AIV teams communicate and coordinate effectively; b) FSAPs and AIV teams effectively share information, analytical techniques and approaches; c) The new FSAP-Article IV integration process—that guides Article IV teams in following up with the most macrofinancially critical recommendations—helps prioritize recommendations well; d) The AIV team member in the FSAP helps with the transfer of financial sector knowledge from the FSAP to the area department; e) The mandatory Annex on "Implementation of FSAP recommendations" in the AIV staff report is effective; f) An MCM economist assigned to the AIV team would help with integration; g) MCM has sufficient bandwidth to support area departments with post FSAP follow-up.

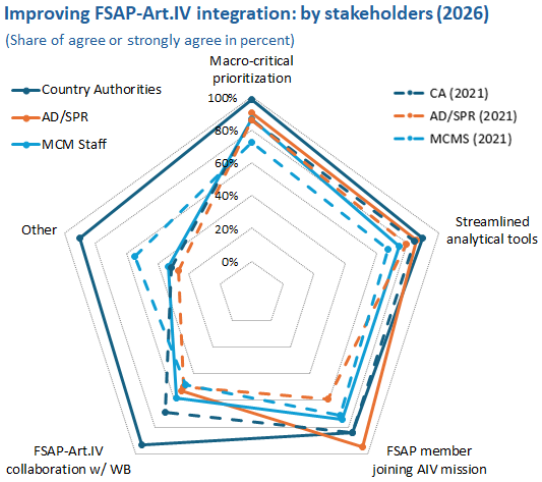
30. Future improvements to integration should prioritize the further calibration of technical advice and deeper mission-phase collaboration. When asked how to strengthen the link between the FSAP and Article IV surveillance, 92 percent of stakeholders favored "Better prioritization of findings and recommendations based on macro-criticality" (Figure 12). This remains the top priority for both CA (98 percent) and AD-SPR (90 percent). Other highly favored measures include "Participation of FSAP team members in AIV missions" (82 percent) and the development of "Streamlined/simplified analytical tools" for follow-up by Article IV teams (83 percent).

Figure 12. FSAP–Article IV Integration: Stakeholder Views on How to Improve Integration

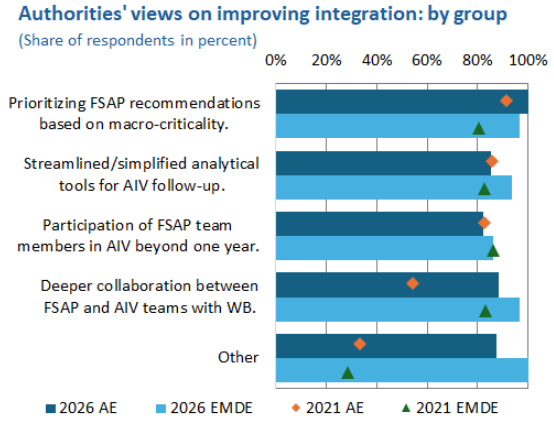
Over 92 percent respondents suggested prioritizing FSAP recommendations based on macro-criticality.



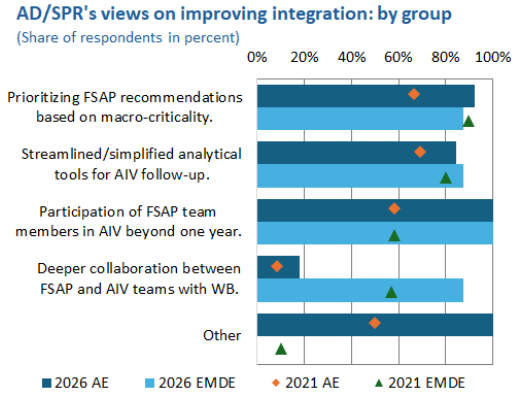
Having FSAP team member joining Article IV missions and more streamlined analytical tools are options to consider.



The views are echoed by authorities, although EMDEs sought deeper collaboration with the WB…



…which was corroborated by AD-SPR.



Sources: FSAP Review survey and staff calculations.

Note: The panels in this figure are based on the survey question: "Please indicate your views on the following measures aimed at enhancing FSAP-Article IV integration." Strongly agree (4); agree (3); disagree (2); strongly disagree (1). Select all that apply: a) Better prioritization of FSAP findings and recommendations based on macro-criticality; b) The use of streamlined or simplified analytical tools (or financial stability indicators) that can be used for follow-up by AIV teams; c) Strengthened collaboration between FSAP and Article IV teams and the World Bank on macro-critical developmental challenges; d) Participation of FSAP team members in Article IV missions; e) Other.

31. These results mirror analyses done in the context of the 2026 Comprehensive Surveillance Review (CSR—Background Note on Macrofinancial Surveillance). Analyses of FSAP–AIV integration assessment done in the context of the 2026 Comprehensive Surveillance Review (CSR), covering 28 FSAPs since 2022, found strong compliance with formal requirements: AIVs typically reference key FSAP recommendations, include the main recommendations table, and discuss systemic risks from FSAP stress tests. Most also incorporate at least one recommendation into policy or structural reform discussions. However, integration often remains mechanical, with FSAP work presented in a stand-alone manner.

PARTICIPATION

32. Criteria for prioritizing demand for voluntary FSAP assessments continue to be viewed as highly relevant, though the intensity of agreement has moderated across several dimensions. According to the 2026 survey, "External sector weaknesses or financial vulnerabilities" remains the top-rated criterion with a weighted average response rate of 92 percent, followed closely by the "Systemic importance of the country" at 90 percent (Table 10). While these core risk-based metrics remain the hallmark of the prioritization process, their aggregate scores have declined slightly from 96 percent and 90 percent in 2021, respectively. Notably, the relevance of maintaining a "Balance across regions and level of financial sector development" saw the most significant decline in perceived importance, falling from 74 percent in 2021 to 56 percent in 2026, suggesting a clear mandate to prioritize risk and systemicity over geographic representation (Table 10 and Figure 14).

Table 10. Criteria for Selecting Countries for Voluntary Participation (2026)
(Percentage point changes since 2021 shown with ↖ or ↙) (in percent)

	Country Authorities		AD-SPR		Executive Directors		MCM Staff		Weighted average		of which: strongly agree	
External sector weaknesses or financial vulnerabilities.	91	↙8	86	↙14	100	↖7	91	↖3	92	↙4	53	↙4
Systemic importance of the country.	88	↙8	100	↖18	94	↖1	90	↖4	90	↙0	56	↙1
Major reforms benefiting from a comprehensive assessment.	87	↙11	57	↙35	80	↙13	94	↖11	87	↙5	30	↙15
Time elapsed since previous FSAP.	81	↙9	86	↖12	69	↙24	84	↖7	81	↙1	32	↙2
Authorities' capacity constraints to engage in FSAP.	75	NEW	57	NEW	71	NEW	82	NEW	76	NEW	23	NEW
Economic features increasing vulnerability.	76	↙12	57	↙38	81	↖3	68	↙2	73	↙10	20	↙3
Balance across regions & levels of financial sector development.	67	↙21	0	↙66	53	↙11	51	↙12	56	↙18	11	↙6
Country is in an IMF program.	61	NEW	71	NEW	44	NEW	54	NEW	57	NEW	21	NEW

Source: FSAP Review survey and staff calculations.

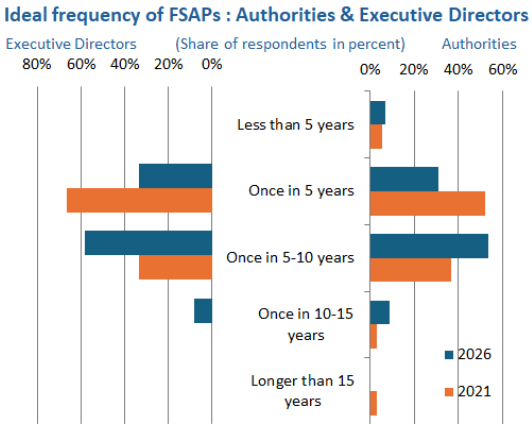
Note: NEW is for the questions introduced in the 2026 survey questionnaire. This table is based on the survey question: "How relevant should the following criteria be for Fund's decision on which jurisdictions to prioritize for voluntary FSAP assessments? Strongly relevant (4); relevant (3); irrelevant (2); strongly irrelevant (1); do not know."

33. Stakeholders broadly support the introduction of new criteria that account for domestic institutional constraints and the broader surveillance context. Two new prioritization factors were introduced in the 2026 Review survey: "Authorities' capacity constraints to engage in the FSAP" and applying judgment if the "Country is in an IMF program." The weighted average relevance for capacity constraints reached 76 percent (Table 10). The criterion of being in an IMF program garnered a 57 percent weighted average of relevance. This feedback indicates that the membership would value a more nuanced selection process that considers not only a jurisdiction's risk profile but also its operational readiness and other forms of engagement with the Fund.

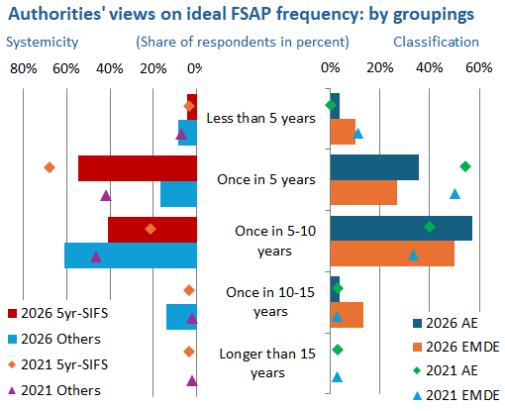
34. Stakeholders favor longer FSAP cycles. The share of Country Authorities who view "Once in 5 years" as the ideal frequency fell from 52 percent in 2021 to 31 percent in 2026 (Figure 13). Conversely, the preference for a more extended "Once in 5–10 years" window rose significantly to 53 percent among authorities and 58 percent among Executive Directors. This shift is most pronounced in non-systemic jurisdictions, where 61 percent of authorities now prefer a 5–10-year cycle. While a small majority of SIFS authorities (55 percent) still prefer to maintain in the 5-year frequency, more than 40 percent of the members with 5-year SIFS would prefer assessments once in 5-10 years, doubling from the 2021 survey.

Figure 13. Executive Directors' Views on Board attention to FSAP-related issues

More authorities and EDs now prefer longer cycles…



…including members with SIFS.



Sources: FSAP Review survey and staff calculations.
Note: The panels in this figure are based on the survey question: "What do you consider to be the ideal frequency for conducting FSAP assessments?"

RESOURCE ADEQUACY

35. Perceptions of the adequacy of Fund resources devoted to the FSAP have improved, with most stakeholders viewing current levels as appropriate. According to the 2026 survey, 71 percent of Executive Directors view the level of Fund resources as "about right," a near-doubling from the 38 percent recorded in 2021 (Table 11). Similarly, the share of MCM staff who view resources as adequate rose to 51 percent from 43 percent. Correspondingly, the share of Executive Directors who believe "too little" is devoted to the program fell from 62 percent to 29 percent (Figure 14). These findings suggest that the program's recent emphasis on more targeted scoping and risk-based prioritization has successfully addressed previous concerns regarding over-stretched resources without compromising the program's perceived value.

Table 11. Stakeholder Views on Fund Resources
(Percentage point changes since 2021 shown with ↖ or ↙)
(in percent)

Fund's resources devoted to FSAP are:	Executive Directors		MCM Staff	
Too much	0	0	8	↙2
About right	71	↖32	51	↖8
Too little	29	↙32	41	↙6

Sources: FSAP Review survey and staff calculations.
Note: The survey question for this table: "What is your view on the level of Fund resources devoted to the FSAP?"

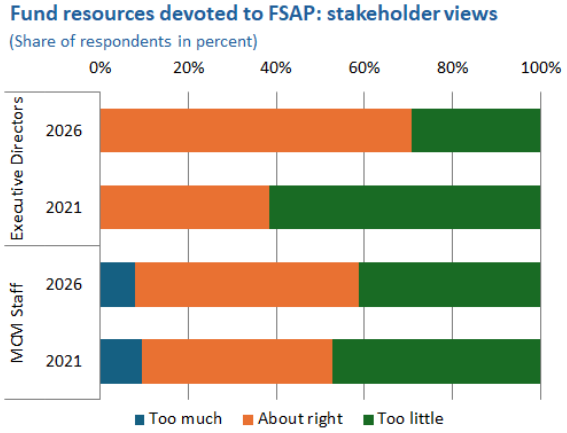
36. The perceived cost of FSAP participation for country authorities, measured in self-reported staff-time, remains concentrated in the policy and regulatory diagnostic (Pillar II). In aggregate, authorities reported a total of 4,066 week-per-person units across the three pillars in 2026 (Figure 14). The "Financial sector policy framework" remains the most resource-intensive component for authorities, accounting for 43.8 percent of total reported staff time. However, there has been a notable shift in the composition of these costs: while the share of resources devoted to Risk Analysis (Pillar I) and the Policy Framework (Pillar II) moderated slightly, the share devoted to "Crisis resolution and safety nets" (Pillar III) increased from 14.2 percent in 2021 to 22.1 percent in 2026. This trend reflects the increasing complexity of crisis management frameworks and the deepening of safety net assessments in the post-pandemic cycle, even though overall costs are the lowest (Figure 14).

37. The resource burden of the FSAP is differentiated, with SIFS members experiencing a rising "analytical tax." For five-year SIFS jurisdictions, the average total cost per FSAP rose to 143 week-per-person units in 2026, up from 121 units in 2021 (Figure 14). This increase is driven almost entirely by the safety net and risk assessment components; specifically, the average cost for Pillar III in SIFS jurisdictions more than doubled from 15 to 37 units (albeit remaining lower than Pillar II costs). In contrast, non-systemic jurisdictions ("Others") have seen a reduction in the average participation cost, which fell from 92 to 71 units per mission. This divergence highlights that while the program is becoming more efficient for smaller jurisdictions through streamlined scoping and the use of more standardized toolkits by staff, the depth and complexity of analysis in systemic centers place a growing resource cost on authorities' technical staff. Part of the increase could be attributable to the new topics since 2021, more demanding standards, while (appropriately) risk-focused scope prioritization.

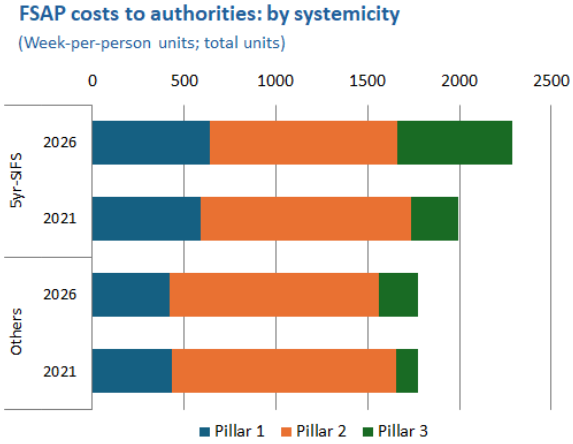
38. Distributional data confirms significant variability in the resource burden incidence. The self-reported units for the Financial Sector Policy Framework in 2026 ranged from a high of 330 units to a low of three units, highlighting that the institutional burden depends heavily on the breadth of the regulatory framework and the number of standards assessed (Figure 14). Similarly, while the median resource cost for Pillar I (Risk) remains manageable for most, the upper tail of the distribution reached 180 units in 2026, up from 150 in the previous review. This high degree of variance underscores the importance of a thorough initial scoping stage for navigating the tradeoffs entailed in risk-based selection of topics, analytical approaches and coverage to support authorities' internal resource planning.

Figure 14. FSAP Resources: Stakeholder Views on Fund and Authorities' Resources

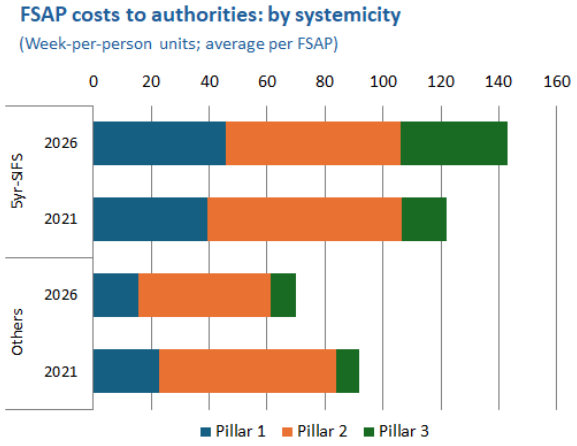
A strong majority of Executive Directors view FSAP resource levels as "about right."



The financial sector policy framework remains the top cost driver, but safety nets are the fastest-growing area of resource demand in 5yr SIFS.



Systemic jurisdictions are facing a rising resource costs.



While median costs are stable, the complexity of systemic missions is pushing the upper bounds of staff-time requirements higher.

Sources: FSAP Review survey and staff calculations.
Note: The panels in this figure are based on the survey question: "Provide rough estimates of resources devoted in your agency to the last FSAP in terms of weeks per full-time person units." a) Pillar 1: Risk assessment, such as stress testing; b) Pillar 2: Financial sector policy framework, such as regulatory and supervisory systems; c) Pillar 3: Financial safety nets, such as deposit insurance, resolution frameworks; d) Other (e.g.: financial development issues).

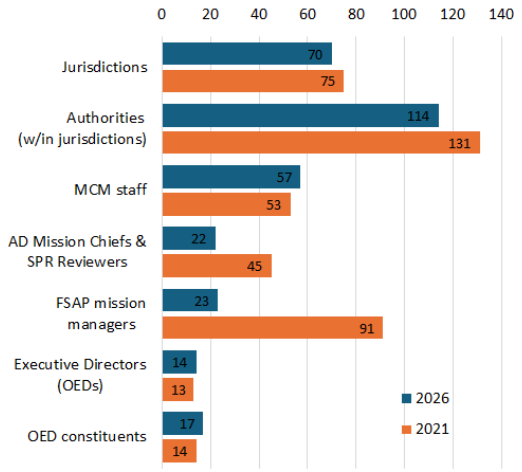
CONCLUSION

39. Overall, the survey confirms that stakeholders continue to value the FSAP highly, particularly for its independent assessment, in-depth analysis, and policy recommendations. At the same time, respondents' views point to a clear demand for further modernization: sharper prioritization, stronger tailoring to country circumstances, more systematic integration with Article IV surveillance, and greater traction of recommendations. These findings support the 2026 FSAP Review's objective of preserving the FSAP's core strengths while adapting its scope, analytical focus, and follow-up mechanisms to a more complex financial stability landscape.

Annex I. Respondent Characteristics

41. The 2026 FSAP Review survey achieved a broad and representative reach across the Fund membership, garnering a high level of engagement from all targeted stakeholder groups. Total participation remained robust, providing a statistically significant foundation for the analysis of the program's performance over the last cycle. The survey reached five distinct groups: (i) Country Authorities (114 responses representing 70 jurisdictions); (ii) MCM staff (57 responses); (iii) Article IV mission chiefs and SPR reviewers (22 responses); (iv) FSAP Mission and Deputy Mission Chiefs (23 responses); and (v) Offices of Executive Directors (17 responses representing 14 OEDs).[1] While total response counts for some staff groups moderated compared to the 2021 Review, the depth of technical experience represented remains high, particularly among those who have led or participated in missions since 2020 (Annex Figure 1.a).

Annex Figure 1.a. Survey Sample



Sources: FSAP Review survey and staff calculations.

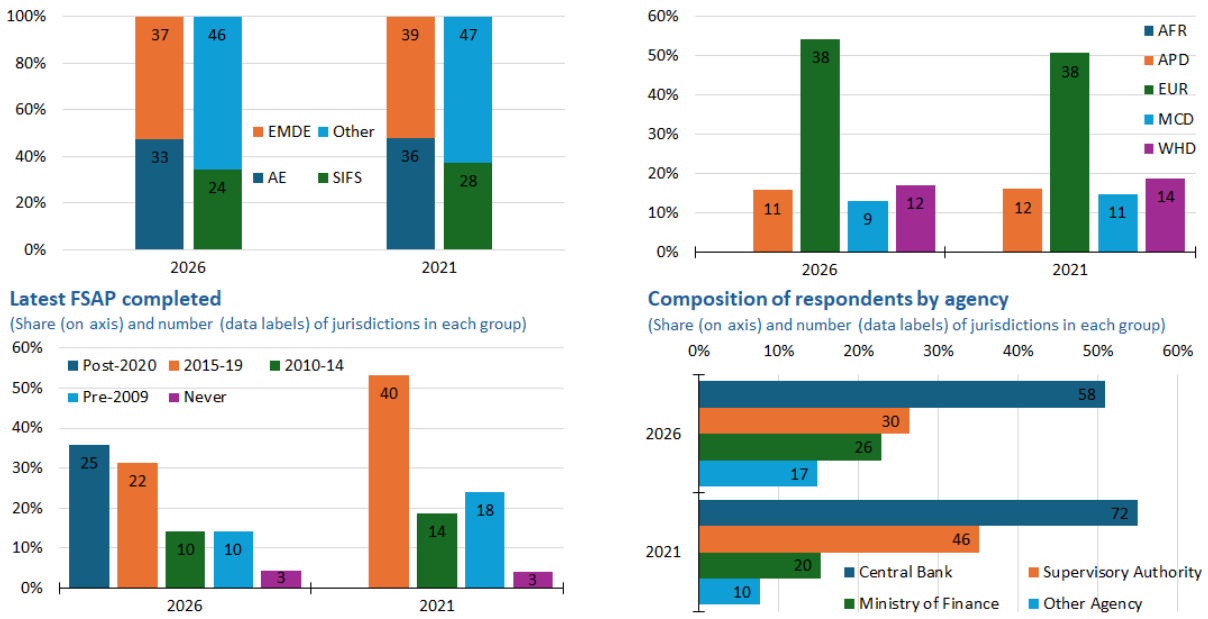
42. Country Authority participation reflects a balanced mix of economic developmental stages and agency types, though regional concentrations persist. The 114 responses from authorities represent 70 unique jurisdictions. The economic composition is nearly evenly split between Advanced Economies (47 percent) and EMDEs (53 percent), while 34 percent of respondents represent jurisdictions with systemically important financial sectors (SIFS) (Annex Figure 1.b). In terms of institutional representation, central banks remain the primary respondents (51 percent), followed by supervisory authorities (26 percent) and ministries of finance (23 percent). Notably, there has been a significant increase in responses from ministries of finance, rising from 15 percent in 2021, which may reflect a growing focus on the fiscal and macro-financial implications of financial sector stability. Regionally, the European Department (EUR) continues to account for the largest share of authority responses (54 percent), with Euro Area members constituting 21 percent of the total sample.

43. The survey captured a high degree of "fresh" experience, with a significant portion of authority respondents having recently completed an FSAP. Approximately 36 percent of participating jurisdictions had an FSAP since 2020, providing feedback based on the most current mission modalities and the post-pandemic risk landscape (Annex Figure 1.b). An additional 31

[1] MCM staff questionnaire has full scope and is open to all MCM staff, who have participated in FSAPs either as mission members or managers. FSAP mission managers questionnaire has limited scope and is sent only to those with leadership roles.

percent had their last FSAP between 2015 and 2019. Only 4 percent of respondents were from jurisdictions that have never participated in the program. This high level of direct, recent experience ensures that the survey findings are grounded in the current operational reality of the program rather than historical perceptions.

Annex Figure 1.b. Survey Participant Characteristics: Country Authorities



Sources: FSAP Review survey and staff calculations.

44. Internal IMF participation for MCM staff was characterized by high levels of recent mission experience and a diverse distribution across workstreams. Among the 57 MCM staff respondents, 86 percent participated in an FSAP since 2020, ensuring the feedback is current and reflective of recent technical innovations (Annex Figurer 1.c). The staff cohort shows a strong technical balance across the three pillars: 40 percent were involved in the policy and regulatory framework (Pillar II), 30 percent in risk analysis (Pillar I), and 12 percent in safety nets and crisis resolution (Pillar III). Furthermore, 39 percent of these respondents served in FSAP leadership roles. Geographically, MCM staff missions were heavily concentrated in the EUR region (81 percent) owing to the structure of SIFS list, with 61 percent focusing on Advanced Economies.

45. Article IV teams and FSAP leadership groups provided targeted insights, though Area Department teams report a decline in perceived financial sector expertise. The Article IV mission chiefs and SPR reviewers (AD) group was predominantly composed of staff overseeing Advanced Economies (59 percent), with 27 percent focused on SIFS jurisdictions (Annex Figurer 1.c) reflecting the SIFS coverage and FSAP frequency. While 82 percent were Mission Chiefs, there has been a notable decline in the share of respondents who describe their team as having "strong financial sector knowledge," falling to 27 percent in 2026 from 42 percent in 2021. Despite this, 50 percent of these teams included an MCM economist, indicating that while self-assessed expertise

has moderated, technical support remains a core component of bilateral surveillance for half of the respondents.

Annex Figure 1.c. Survey Participant Characteristics: Internal IMF Participants

Sources: FSAP Review survey and staff calculations.

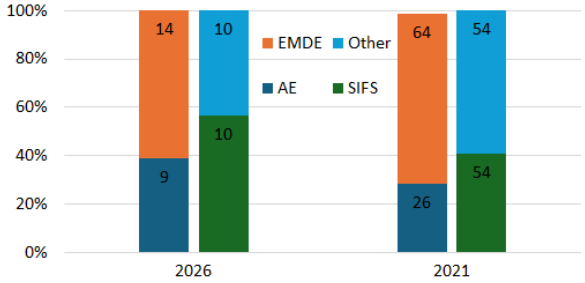
46. FSAP Mission and Deputy Mission Chiefs (FSMCs) represent a relatively senior cadre of leadership with a significant focus on systemic and advanced economy assignments. The 23 FSMC respondents led missions that were primarily in Advanced Economies (65 percent) and SIFS jurisdictions (57 percent) (Annex Figure 1.d). This group represents the highest concentration of "current" leadership, as 100 percent of the missions they referenced occurred since 2020. Regionally, their experience is centered in Europe (52 percent) and the Middle East and Central Asia (26 percent), reflecting the geographic prioritization of the program during the recent cycle.

47. Engagement with the Offices of the Executive Directors (OED) remained stable, ensuring the political and constituency-based perspectives are well-integrated. The 17 responses from OEDs represent 14 distinct offices, covering a significant portion of the IMF Executive Board (Annex Figure 1.d). Participation was regionally diverse with the exception of Africa. The OEDs participation was almost perfectly proportional to the distribution of regions on the IMF Board, representing overall around two-thirds of the total quota. Most OED respondents (85 percent) represent constituencies that include at least one SIFS jurisdiction on the five-year cycle while majority of the participating OEDs (57 percent) include multiple constituents that are potentially eligible for voluntary assessments. This ensures that the strategic views of the membership—particularly concerning the Board's attention to FSAP findings and the prioritization of voluntary assessments—are captured by the survey.

Annex Figure 1.d. Respondents by Economic Group and Systemicity of FSAP

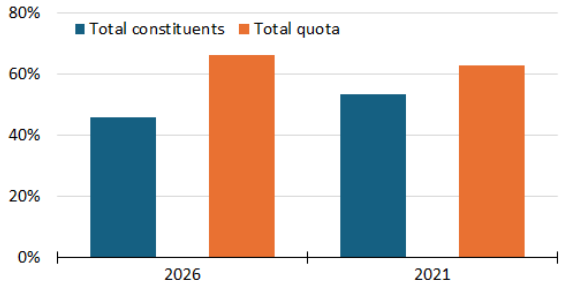
FSAP leadership by economic group & systemicity

(Share (axis) and number (data label) of FSAP mission chiefs in each group)



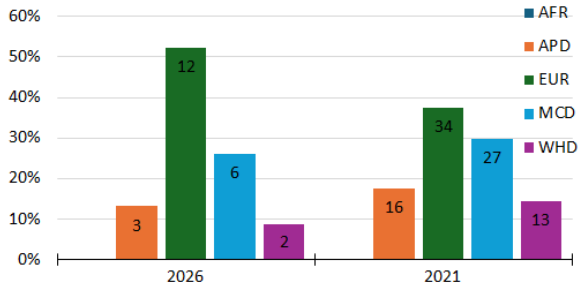
Representation of participating OEDs on the IMF Board

(All OED participants' share of total IMF membership and quota)



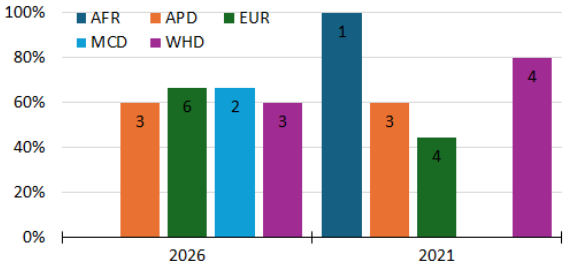
Region of the FSAP led by respondent

(Share (axis) and number (data label) of FSAP mission chiefs in each group)



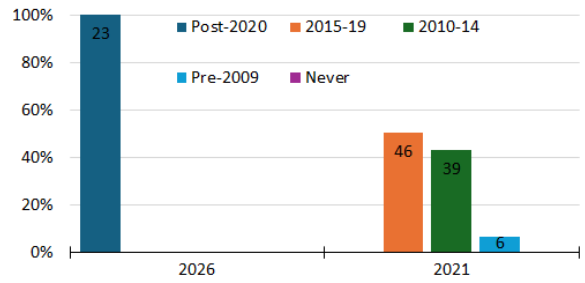
Region of OEDs' all or majority constituents

(Number (label) of OED participant per region & share (axis) of total OEDs per region on IMF Board)



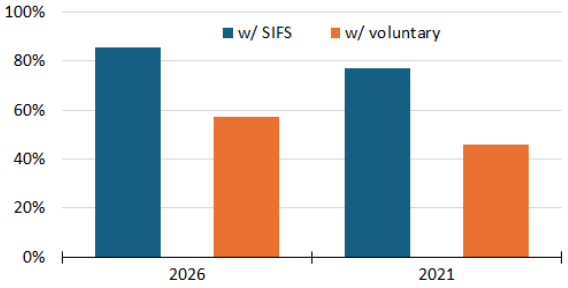
Year of the FSAP led by respondent

(Share (axis) and number (data label) of FSAP mission chiefs in each group)



Representation of OED respondents by systemicity

(Share of OED participants w/ SIFS or voluntary-eligible constituents)



Sources: FSAP Review survey and staff calculations.

Annex II. Survey Questions

QUESTIONNAIRE: COUNTRY AUTHORITIES
1) Please state your home country. [Select from list]
2) Please select your agency.
a) Central bank b) Supervisory authority c) Ministry of Finance d) Other (please specify):
3) Has your country had an FSAP? Yes/No.
Overview (for jurisdictions that did not have any FSAP)
3.1) If your country has not participated in an FSAP, what were the reasons? (Select all that apply.)
a) Limited importance of the financial sector in the economy. b) Capacity and data constraints. c) Limited interest in an FSAP assessment and policy advice. d) Requested an FSAP but not yet scheduled. e) Other (please specify).
3.2) Share any general comments or concerns you may have regarding the FSAP.
Overview (for jurisdictions that had FSAP)
4) Select the areas in which the FSAP has been most beneficial to your country. (Select all that apply.)
a) Independent evaluation of a country's financial sector. b) In-depth financial sector analysis. c) Clear findings on financial sector risks. d) Clear policy recommendations. e) Identification of technical assistance needs. f) Dissemination of new analytical techniques. g) Principle-by-principle assessment of compliance with international standards. h) Benchmarking versus other countries. i) Improved coordination among financial sector regulators. j) Other (please specify):
5) Select the areas in which FSAPs from other countries were most useful to you. (Select all that apply.)
a) Independent evaluations of the other countries' financial sectors. b) In-depth analysis of other countries' financial sectors. c) Clear findings on risks in other countries' financial sectors. d) Clear policy recommendations for other countries. e) Principle-by-principle assessment of other countries' compliance with international standards. f) Benchmarking versus other countries, including your own country. g) Other (please specify):
6) How would you evaluate the level of resources spent by national authorities during the different phases of the FSAP? Too much; adequate; too little; do not know.
a) Scoping discussion. b) Questionnaire preparation (including self-assessment and stress testing data request) c) Mission logistical arrangements. d) Technical discussions. e) Conclusions and policy discussions. f) Other (please specify).
7) Taking into account the assessment objectives of the program, indicate the resource burden on your agency in the last FSAP. Low; appropriate; high.
a) Risk Assessment: Of which: Banking sector stress testing Of which: Others b) Financial Sector Policy Framework: Of which: Macroprudential policy and practice Of which: Financial institution supervision and regulation Of which: Other (please specify) c) Financial Safety Nets, including crisis management, deposit insurance and resolution) d) Financial development topics (covered by the World Bank) e) Other (please specify)
Scope
8) Please share your views on the scope of FSAP work. Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know.
a) The assessment was clearly structured around three core elements (risk assessment, financial sector policy framework, and financial safety nets). b) The FSAP analysis focused on the most relevant financial sector issues. c) The breadth of the FSAP's financial sector coverage was appropriate. d) The depth of the FSAP's financial sector work was appropriate. e) The FSAP's analysis was effectively tailored to the country's specific context and conditions.
9) On supervisory matters, the FSAP may conduct either a comprehensive graded assessment of all principles contained in an international standard, or a targeted, ungraded review of selected principles.
Is the guidance for conducting either a comprehensive graded assessment or a targeted review of supervisory issues appropriate? (Please select one option.) Appropriate; not appropriate; do not know.
If you selected "Not appropriate," please describe how the guidance could be improved.
Analytical Foundations
10) Please assess the strength of FSAP risk analyses Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know.
Stress testing:
a) The bank stress testing analyses were suitably calibrated to the size and complexity of the financial system. b) The FSAP risk assessment matrix focused on most relevant risks and vulnerabilities and provided a useful basis for policy discussions. c) Macro-financial transmission channels were clearly identified.
11) *Other risk work:*
a) Relevant risks in the non-bank financial sector were appropriately analyzed, given their systemic relevance: (i) Insurance sector (ii) Investment fund sector (iii) Pensions fund sector (iv) Other (please specify) b) Systemwide risks (i.e., cross-sectoral interconnectedness) was appropriately analyzed. c) Important cross-border contagion channels were clearly identified. d) e) Household and corporate. vulnerabilities were clearly identified. f) Other risks (please specify).

12) Looking ahead, which areas of risk analysis should future FSAPs prioritize further? (Select up to five)

a) Banking sector stress testing.
b) Stress testing of the non-bank financial sector (insurance, pension funds, investment funds, etc.).
c) Systemwide risk analyses (cross-sector interconnectedness and spillovers).
d) Household and corporate vulnerabilities.
e) Market-based finance and risks.
f) Macro-financial feedback analysis.
g) Quantitative calibration of macroprudential measures.
h) Cyber risk.
i) Fintech/crypto assets/digitalization.
j) Climate-related physical risk.
k) Climate-related transition risk.
l) Other (please specify)

Traction and Recommendations

13) Indicate your level of agreement with the following statements regarding FSAP recommendations. The recommendations were: Strongly agree (4) ; agree (3); disagree (2); strongly disagree (1); do not know.

a) Clear.
b) Candid.
c) Prioritized well.
d) Sequenced well.
e) Actionable with a reasonable effort on the authorities' part.

14) In your country, the FSAP main recommendations were: (Please select one).

a) Mostly implemented.
b) Partially implemented.
c) Mostly not implemented.
d) Don't know.

15) For the FSAP main recommendations that were not implemented, what were the reasons? (Please select all that apply).

a) The FSAP assessment was just recently completed.
b) Technical disagreement with recommendations.
c) Lack of political support for recommendations.
d) Difficulty in prioritizing recommendations
e) Limited capacity to implement recommendations.
f) Other (Please specify).

16) How has the FSAP influenced policy discussions in your country? (Select all that apply.)

a) Encouraged discussion across financial sector authorities.
b) Promoted discussion between financial sector authorities and financial sector stakeholders (e.g., Banks, insurance companies, etc.).
c) Fostered dialogue between financial sector authorities and other governmental bodies, including legislative bodies.
d) Promoted discussion between financial sector authorities and the public at large.
e) The FSAP has not contributed to the policy debate in my country.
f) Other (please specify).

17) Please indicate the degree to which FSAP findings and policy advice are incorporated into the Article IV consultation discussions. (Select one.) Well integrated; adequately integrated; weakly integrated; do not know.

Please elaborate if possible.

18) Please indicate your views on the following measures aimed at enhancing FSAP-Article IV integration. (Select all that apply.) Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know.

a) Better prioritization of FSAP findings and recommendations based on macro-criticality.
b) The use of streamlined or simplified analytical tools (or financial stability indicators) that can be used for follow-up by AIV teams.
c) Strengthened collaboration between FSAP and Article IV teams and the World Bank on macro-critical developmental challenges.
d) Participation of FSAP team members in Article IV missions.
e) Other (Please specify).

19) To what extent does FSSA accurately reflect the perspectives of national authorities through the "Authorities' Views" section? Adequately; not adequately.

Participation

20) How relevant should following criteria be for Fund's decision on which jurisdictions to prioritize for voluntary FSAP assessments? Strongly relevant (4); relevant (3); irrelevant (2); strongly irrelevant (1); do not know.

a) Systemic importance of the country.
b) External sector weaknesses or financial vulnerabilities.
c) Major reform programs that might benefit from a comprehensive assessment.
d) Features of the exchange rate and monetary policy regime that make the financial system more vulnerable, such as inconsistency with other macroeconomic policies.
e) Balance across regions and level of financial sector development.
f) Time elapsed since previous FSAP.
g) Country is in an IMF program.
h) Authorities' capacity constraints in engaging with the FSAP.
i) Other (please explain).

21) What do you consider to be the ideal frequency for conducting FSAP assessments? (Select one.)

a) More frequent than every 5 years.
b) Once in 5 years.
c) Once in 5-10 years.
d) Once in 10-15 years.
e) Less frequent than once in 15 years.
f) Other (please specify).

22) How do you regard the usefulness of the FSAP relative to other IMF surveillance activities? Superior; about the same; inferior; do not know.

a) vs. Article IV surveillance.
b) vs. Multilateral surveillance (e.g.: WEO, GFSR, Fiscal Monitor).

23) Going forward, what should be the level of Fund resources devoted to the different components of the FSAP? Increase; keep about the same; reduce.

a) Risk assessment, such as stress testing, etc. (please specify)
b) Financial sector policy framework, such as regulatory and supervisory systems, etc. (please specify)
c) Financial safety nets, such as deposit insurance, resolution frameworks, etc. (please specify)
d) Other (e.g.: financial development issues) (please specify)

24) Please provide rough estimates of resources devoted in your agency to the last FSAP in terms of weeks per full-time person units. Answer for each item in (Q.23).

24.1) Please specify the "other" from above and/or elaborate.

25) Please add any general comments or raise any issues that were not covered in the survey.

QUESTIONNAIRE: IMF EXECUTIVE DIRECTORS

1) Please state your constituency. [Select from list]

Scope

2) Please share your views on the scope of FSAP work. Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know.

a) The assessment was clearly structured around three core elements (risk assessment, financial sector policy framework, and financial safety nets).
b) The FSAP analysis focused on the most relevant financial sector issues.
c) The breadth of the FSAP's financial sector coverage was appropriate.
d) The depth of the FSAP's financial sector work was appropriate.
e) The FSAP's analysis was effectively tailored to the country's specific context and conditions.

3) On supervisory matters, the FSAP may conduct either a comprehensive graded assessment of all principles contained in an international standard, or a targeted, ungraded review of selected principles.

Is the guidance for conducting either a comprehensive graded assessment or a targeted review of supervisory issues appropriate? (Please select one option.) Appropriate; not appropriate; do not know.

If you selected "Not appropriate," please describe how the guidance could be improved.

Analytical Foundations

4) Looking ahead, which areas of risk analysis should future FSAPs prioritize further? (Select up to five)

a) Banking sector stress testing.
b) Stress testing of the non-bank financial sector (insurance, pension funds, investment funds, etc.).
c) Systemwide risk analyses (cross-sector interconnectedness and spillovers).
d) Household and corporate vulnerabilities.
e) Market-based finance and risks.
f) Macro-financial feedback analysis.
g) Quantitative calibration of macroprudential measures.
h) Cyber risk.
i) Fintech/crypto assets/digitalization.
j) Climate-related physical risk.
k) Climate-related transition risk.
l) Other (please specify)

Traction and Recommendations

5) Do you believe FSAP-related issues warrant increased attention at the Executive Board level? (Select one.)

a) Yes. b) No.

6) If yes, which of the following would help increase attention to FSAP-related issues in the Board? (Select all that apply)

a) Separate FSAP Board meetings for all jurisdictions.
b) Separate FSAP Board meetings for jurisdictions with systemically important financial sectors.
c) Combined FSAP Board meeting with Article IV, but separate FSSA BUFF and GRAY statements for all jurisdictions.
d) Combined FSAP Board meeting with Article IV, but separate FSSA BUFF and GRAY statements for jurisdictions with systemically important financial sectors.
e) Informal-to-brief FSAP Board meeting before the formal Board meeting.
f) Increase word limits for Article IV staff reports when accompanied by an FSAP.
g) Longer oral interventions by Executive Directors in Article IV Board meetings when accompanied by an FSAP.
h) Other (Please specify).

7) Please indicate the degree to which FSAP findings and policy advice are incorporated into the Article IV consultation discussions. (Select one.) Well integrated; adequately integrated; weakly integrated; do not know.

Please elaborate if possible.

8) Please indicate your views on the following measures aimed at enhancing FSAP-Article IV integration. (Select all that apply.) Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know.

a) Better prioritization of FSAP findings and recommendations based on macro-criticality.
b) The use of streamlined or simplified analytical tools (or financial stability indicators) that can be used for follow-up by AIV teams.
c) Strengthened collaboration between FSAP and Article IV teams and the World Bank on macro-critical developmental challenges.
d) Participation of FSAP team members in Article IV missions.
e) Other (Please specify).

Participation

9) How relevant should following criteria be for Fund's decision on which jurisdictions to prioritize for voluntary FSAP assessments? Strongly relevant; relevant; irrelevant; strongly irrelevant; do not know.

a) Systemic importance of the country.
b) External sector weaknesses or financial vulnerabilities.
c) Major reform programs that might benefit from a comprehensive assessment.
d) Features of the exchange rate and monetary policy regime that make the financial system more vulnerable, such as inconsistency with other macroeconomic policies.
e) Balance across regions and level of financial sector development.
f) Time elapsed since previous FSAP.
g) Country is in an IMF program.
h) Authorities' capacity constraints in engaging with the FSAP.
i) Other (please explain).

10) What do you consider to be the ideal frequency for conducting FSAP assessments? (Select one.)

a) More frequent than every 5 years.
b) Once in 5 years.
c) Once in 5-10 years.
d) Once in 10-15 years.
e) Less frequent than once in 15 years.
f) Other (please specify).

Resources and Costs

11) What is your view on the level of Fund resources devoted to the FSAP? Too much; about right; too little.

Please elaborate if possible.

12) Going forward, what should be the level of Fund resources devoted to the different components of the FSAP? Increase; keep about the same; reduce.

a) Risk assessment, such as stress testing, etc. (specify)
b) Financial sector policy framework, such as regulatory and supervisory systems, etc. (please specify)
c) Financial safety nets, such as deposit insurance, resolution frameworks, etc. (please specify)
d) Other (e.g.: financial development issues) (please specify)

13) Please add any general comments or raise any issues that were not covered in the survey.

QUESTIONNAIRE: AREA DEPARTMENT MISSION CHIEFS AND SPR SENIOR REVIEWERS
1) Please indicate if you are a Mission Chief or as an SPR Reviewer of one or more FSAPs.
2) Please indicate the classification of the country that you covered that had the FSAP: (Select all that apply)
a) An advanced economy* b) An emerging market or developing economy* c) One of the 47 jurisdictions with systemically important financial sectors (S47), EA d) Not one of the 47 jurisdictions with systemically important financial sectors (S47), EA
3) Please specify the region of the country that you covered that had the FSAP: (Select all that apply.)
a) AFR. b) APD. c) EUR. d) MCD. e) WHD.
4) How would you assess your financial sector knowledge? Strong (4); comfortable (3); less than comfortable (2); little (1).
4.1) Years of relevant financial sector surveillance experience (FSAP Missions (including Mission Leadership), time spent in MCM, financial sector experiences outside the IMF). >5 years; 1-5 years; 0 years.
4.2) Add comments on experience above.
5. How do you assess your AIV team's financial sector knowledge? Strong (4); comfortable (3); less than comfortable (2); little (1).
5.1) Did the AIV team have an MCM economist? Yes/No.
Overview
6) Please select the extent to which the FSAP added value to bilateral surveillance for your country. Added significant value; added some value; did not add value.
a) Independent evaluation of a country's financial sector. b) In-depth financial sector analysis. c) Clear findings on financial sector risks. d) Clear policy recommendations. e) Identification of technical assistance needs. f) Dissemination of new analytical techniques.
g) Principle-by-principle assessment of compliance with international standards. h) Benchmarking versus other countries. i) Improved coordination among financial sector regulators.
j) Help to shape AIV macro-financial analysis. k) Help prioritize AIV macro-financial policy positions. l) Other (please specify):
Scope
7) Please share your views on the scope of FSAP work. Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know.
a) The assessment was clearly structured around three core elements (risk assessment, financial sector policy framework, and financial safety nets). b) The FSAP analysis focused on the most relevant financial sector issues. c) The breadth of the FSAP's financial sector coverage was appropriate. d) The depth of the FSAP's financial sector work was appropriate. e) The FSAP's analysis was effectively tailored to the country's specific context and conditions.
Analytical Foundations
8) Please assess the strength of FSAP risk analyses Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know.
Stress testing:
a) The bank stress testing analyses were suitably calibrated to the size and complexity of the financial system. b) The FSAP risk assessment matrix focused on most relevant risks and vulnerabilities and provided a useful basis for policy discussions. c) Macro-financial transmission channels were clearly identified.
9) Other risk work:
a) Relevant risks in the non-bank financial sector were appropriately analyzed, given their systemic relevance: b) Systemwide risks (i.e., cross-sectoral interconnectedness) was appropriately analyzed. c) Important cross-border contagion channels were clearly identified. d) Household and corporate. vulnerabilities were clearly identified.
e) Other risks (please specify).
10) Looking ahead, which areas of risk analysis should future FSAPs prioritize further? (Select up to five)
a) Banking sector stress testing. b) Stress testing of the non-bank financial sector (insurance, pension funds, investment funds, etc.). c) Systemwide risk analyses (cross-sector interconnectedness and spillovers). d) Household and corporate vulnerabilities. e) Market-based finance and risks. f) Macro-financial feedback analysis. g) Quantitative calibration of macroprudential measures. h) Cyber risk. i) Fintech/crypto assets/digitalization. j) Climate-related physical risk. k) Climate-related transition risk. l) Other (please specify)
Traction and Recommendations
11) Indicate your level of agreement with the following statements regarding FSAP recommendations. The recommendations were: Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know.
a) Clear. b) Candid. c) Prioritized well. d) Sequenced well. e) Actionable with a reasonable effort on the authorities' part.
12) In the country/countries you covered, the FSAP main recommendations were subsequently: (Please select one).
a) Mostly implemented. b) Partially implemented. c) Mostly not implemented. d) Don't know.
13) For the FSAP main recommendations that were not implemented, what were the reasons? (Please select all that apply).
a) The FSAP assessment was just recently completed. b) Technical disagreement with recommendations. c) Lack of political support for recommendations. d) Difficulty in prioritizing recommendations e) Limited capacity to implement recommendations. f) Other (Please specify).
14) Please indicate the degree to which FSAP findings and policy advice are incorporated into the Article IV consultation discussions. (Select one.) Well integrated; adequately integrated; weakly integrated; do not know.
Please elaborate if possible.

15) Please indicate the extent of FSAP and AIV integration in the following areas: Strongly agree (4); agree (3); disagree (2); strongly disagree (1).

a) FSAP and AIV teams communicate and coordinate effectively.
b) FSAPs and AIV teams effectively share information, analytical techniques and approaches.
c) The new FSAP-Article IV integration process—that guides Article IV teams in following up with the most macrofinancially critical recommendations—helps prioritize recommendations well.
d) The AIV team member in the FSAP helps with the transfer of financial sector knowledge from the FSAP to the area department.
e) The mandatory Annex on "Implementation of FSAP recommendations" in the AIV staff report is effective.
f) An MCM economist assigned to the AIV team would help with integration.
g) MCM has sufficient bandwidth to support area departments with post FSAP follow-up

16) Please indicate your views on the following measures aimed at enhancing FSAP-Article IV integration. (Select all that apply.) Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know.

a) Better prioritization of FSAP findings and recommendations based on macro-criticality.
b) The use of streamlined or simplified analytical tools (or financial stability indicators) that can be used for follow-up by AIV teams.
c) Deeper coordination between FSAP and MCM TA.
d) Deeper collaboration between FSAP and Article IV teams with the World Bank on macro-critical developmental issues.
e) Participation of FSAP team members in Article IV missions beyond current practice.
f) Embedding an MCM economist in AIV teams in the two years post-FSAP.
g) Other (Please specify).

Participation

17) How relevant should following criteria be for Fund's decision on which jurisdictions to prioritize for voluntary FSAP assessments? Strongly relevant (4); relevant (3); irrelevant (2); strongly irrelevant (1); do not know.

a) Systemic importance of the country.
b) External sector weaknesses or financial vulnerabilities.
c) Major reform programs that might benefit from a comprehensive assessment.
d) Features of the exchange rate and monetary policy regime that make the financial system more vulnerable, such as inconsistency with other macroeconomic policies.
e) Balance across regions and level of financial sector development.
f) Time elapsed since previous FSAP.
g) Country is in an IMF program.
h) Authorities' capacity constraints in engaging with the FSAP.
i) Other (please explain).

Use of Resources and Value for Surveillance

18) In a flat-budget environment, how important is reducing each of the following cost components to achieve streamlining benefits? Very important (4); important (3); neutral (2); not important (1).

a) In-person meetings with authorities.
b) Review of FSAP documents by area departments and SPR.
c) Number of Technical Notes.
d) FSAP Policy Consultation Meetings.
e) Other: Please elaborate.

19) Going forward, what should be the level of Fund resources devoted to the different components of the FSAP? Increase; keep about the same; reduce.

a) Risk assessment, such as stress testing, etc. (please specify).
b) Financial sector policy framework, such as regulatory and supervisory systems, etc. (please specify).
c) Financial safety nets, such as deposit insurance, resolution frameworks, etc. (please specify).
d) Other (e.g.: financial development issues) (please specify).

20) How valuable was the FSAP as an input into bilateral surveillance overall? Extremely valuable (4); moderately valuable (3); marginally valuable (2); not valuable (1).

Please elaborate if possible.

21) Which FSAP outputs did you continue to use in your Article IV or other surveillance work in the years following the FSAP? Strongly agree (4); agree (3); disagree (2); strongly disagree (1).

a) Risk assessment.
b) Stress test scenarios and results.
c) Macroprudential advice.
d) Recommendations on supervisory frameworks.
e) Climate or digital finance analysis and recommendations.
f) NBFI advice.
g) None.
h) Other; please elaborate.

22) Based on your experience, what specific changes (if any) would most improve the FSAP's usefulness for area departments/SPR?

QUESTIONNAIRE: MCM STAFF	
1) When did you participate in an FSAP? **[Select the year-range in which the FSAP was completed]**	
a) 2020-25	b) 2015-19
c) 2015 and earlier	d) Never
2) Please indicate in what capacity:	
a) Mission chief or deputy mission chief.	
b) Mission member.	
3) Please indicate the classification of the country that you covered that had the FSAP: (Select all that apply)	
a) An advanced economy*	
b) An emerging market or developing economy*	
c) One of the 47 jurisdictions with systemically important financial sectors (S47), EA	
d) Not one of the 47 jurisdictions with systemically important financial sectors (S47), EA	
4) Please specify the region of the country that you covered that had the FSAP: (Select all that apply.)	
f) AFR.	g) APD.
h) EUR.	i) MCD.
j) WHD.	
5) Please specify your areas of responsibility in an FSAP (Select all that apply).	
a) Broad oversight/management of the team	
b) Risk assessment (stress testing, etc.)	
c) Financial sector policy framework (regulation, supervision, macroprudential, etc.)	
d) Financial safety nets (deposit insurance, resolution, etc.)	
6) Please specify if you have any Article IV experience (Select all that apply)	
a) Desk economist experience in area departments.	
b) Article IV participation as MCM economist.	
Overview	
1) Please select the extent to which the FSAP added value to bilateral surveillance for your country. Added significant value; added some value; did not add value.	
a) Independent evaluation of a country's financial sector.	
b) In-depth financial sector analysis.	
c) Clear findings on financial sector risks.	
d) Clear policy recommendations.	
e) Identification of technical assistance needs.	
f) Dissemination of new analytical techniques.	
g) Principle-by-principle assessment of compliance with international standards.	
h) Benchmarking versus other countries.	
i) Improved coordination among financial sector regulators.	
j) Help to shape AIV macro-financial analysis.	
k) Help prioritize AIV macro-financial policy positions.	
l) Other (please specify):	
Scope	
2) Please share your views on the scope of FSAP work. Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know.	
a) The assessment was clearly structured around three core elements (risk assessment, financial sector policy framework, and financial safety nets).	
b) The FSAP analysis focused on the most relevant financial sector issues.	
c) The breadth of the FSAP's financial sector coverage was appropriate.	
d) The depth of the FSAP's financial sector work was appropriate.	
e) The FSAP's analysis was effectively tailored to the country's specific context and conditions.	
Analytical Foundations	
3) Please assess the strength of FSAP risk analyses Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know.	
Stress testing:	
a) The bank stress testing analyses were suitably calibrated to the size and complexity of the financial system.	
b) The FSAP risk assessment matrix focused on most relevant risks and vulnerabilities and provided a useful basis for policy discussions.	
c) Macro-financial transmission channels were clearly identified.	
Other risk work:	
a) Relevant risks in the non-bank financial sector were appropriately analyzed, given their systemic relevance: (i) Insurance sector (ii) Investment fund sector (iii) Pensions fund sector (iv) Other (please specify)	
b) Systemwide risks (i.e., cross-sectoral interconnectedness) was appropriately analyzed.	
c) Important cross-border contagion channels were clearly identified.	
d) Household and corporate. vulnerabilities were clearly identified.	
e) Other risks (please specify).	
4) Looking ahead, which areas of risk analysis should future FSAPs prioritize further? (Select up to five)	
a) Banking sector stress testing.	
b) Stress testing of the non-bank financial sector (insurance, pension funds, investment funds, etc.).	
c) Systemwide risk analyses (cross-sector interconnectedness and spillovers).	
d) Household and corporate vulnerabilities.	
e) Market-based finance and risks.	
f) Macro-financial feedback analysis.	
g) Quantitative calibration of macroprudential measures.	
h) Cyber risk.	
i) Fintech/crypto assets/digitalization.	
j) Climate-related physical risk.	
k) Climate-related transition risk.	
l) Other (please specify)	
Traction and Recommendations	
5) Indicate your level of agreement with the following statements regarding FSAP recommendations. The recommendations were: Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know.	
a) Clear.	
b) Candid.	
c) Prioritized well.	
d) Sequenced well.	
e) Actionable with a reasonable effort on the authorities' part.	
6) In the country/countries you covered, the FSAP main recommendations were subsequently: (Please select one).	
a) Mostly implemented.	
b) Partially implemented.	
c) Mostly not implemented.	
d) Don't know.	
7) For the FSAP main recommendations that were not implemented, what were the reasons? (Please select all that apply).	
a) The FSAP assessment was just recently completed.	
b) Technical disagreement with recommendations.	
c) Lack of political support for recommendations.	

d) Difficulty in prioritizing recommendations
e) Limited capacity to implement recommendations.
f) Other (Please specify).

8) In what ways has the FSAP contributed to policy debates in the country/countries you covered? (Please select all that apply).

a) Encouraged discussion across financial sector authorities.
b) Promoted discussion between financial sector authorities and financial sector stakeholders (e.g., Banks, insurance companies, etc).
c) Promoted discussion between financial sector authorities and other parts of government, such as legislators.
d) Promoted discussion between financial sector authorities and the public at large.
e) The FSAP has not contributed to the policy debate in my country.
f) Other (please specify).

9) Please indicate the degree to which FSAP findings and policy advice are incorporated into the Article IV consultation discussions. (Select one.) Well integrated; adequately integrated; weakly integrated; do not know.

Please elaborate if possible.

10) Please indicate the extent of FSAP and AIV integration in the following areas: Strongly agree (4); agree (3); disagree (2); strongly disagree (1).

a) FSAP and AIV teams communicate and coordinate effectively.
b) FSAPs and AIV teams effectively share information, analytical techniques and approaches.
c) The new FSAP-Article IV integration process—that guides Article IV teams in following up with the most macrofinancially critical recommendations—helps prioritize recommendations well.
d) The AIV team member in the FSAP helps with the transfer of financial sector knowledge from the FSAP to the area department.
e) The mandatory Annex on "Implementation of FSAP recommendations" in the AIV staff report is effective.
f) An MCM economist assigned to the AIV team would help with integration.
g) MCM has sufficient bandwidth to support area departments with post FSAP follow-up

11) Please indicate your views on the following measures aimed at enhancing FSAP-Article IV integration. (Select all that apply.) Strongly agree (4); agree (3); disagree (2); strongly disagree (1); do not know.

a) Better prioritization of FSAP findings and recommendations based on macrocriticality.
b) The use of streamlined or simplified analytical tools (or financial stability indicators) that can be used for follow-up by AIV teams.
c) Strengthened collaboration between FSAP and Article IV teams and the World Bank on macro-critical developmental challenges.
d) Participation of FSAP team members in Article IV missions.
e) Other (Please specify).

12) How would you characterize the integration of FSAP's assessment of financial sector policy framework (supervisory systems) with its assessment of financial sector risks and the financial safety nets? Well integrated; adequately integrated; weakly integrated; do not know.

Please elaborate if possible.

13) Please indicate your degree of agreement with each of the following statements on areas that could help improve the cross-pillar integration of FSAPs: Strongly agree (4); agree (3); disagree (2); strongly disagree (1).

a) Balanced FSAP leadership (mission chief and deputy with expertise in different pillars).
b) More time to discuss cross-cutting issues.
c) Greater emphasis on cross-cutting issues in mission preparation.
d) Other (please specify)

Participation

14) How relevant should following criteria be for Fund's decision on which jurisdictions to prioritize for voluntary FSAP assessments? Strongly relevant (4); relevant (3); irrelevant (2); strongly irrelevant (1); do not know.

a) Systemic importance of the country.
b) External sector weaknesses or financial vulnerabilities.
c) Major reform programs that might benefit from a comprehensive assessment.
d) Features of the exchange rate and monetary policy regime that make the financial system more vulnerable, such as inconsistency with other macroeconomic policies.
e) Balance across regions and level of financial sector development.
f) Time elapsed since previous FSAP.
g) Country is in an IMF program.
h) Authorities' capacity constraints in engaging with the FSAP.
i) Other (please explain).

Use of Resources

15) What is your opinion on the level of resources devoted to FSAP at the Fund? (Select one) Too much; about right; too little.

Please elaborate if possible.

16) Going forward, what should be the level of Fund resources devoted to the different components of the FSAP? Increase; keep about the same; reduce.

a) Risk assessment, such as stress testing, etc. (please specify).
b) Financial sector policy framework, such as regulatory and supervisory systems, etc. (please specify).
c) Financial safety nets, such as deposit insurance, resolution frameworks, etc. (please specify).
d) Other (e.g.: financial development issues) (please specify).

17) In a flat-budget environment, how important is reducing each of the following cost components to achieve streamlining benefits? Very important (4); important (3); neutral (2); not important (1).

a) In-person meetings with authorities.
b) In-person meetings with the private sector.
c) Review of FSAP documents by area departments and SPR.
d) Number of Technical Notes.
e) FSAP Policy Consultation Meetings.
f) Other: Please elaborate.

18) Please add any general comments or raise any issues that were not covered in the survey.

QUESTIONNAIRE: MCM FSAP MISSION CHIEFS AND DEPUTY MISSION CHIEFS
1) Please specify the FSAP for which you were mission chief or deputy mission chief. (Select one.)
2) Have you observed FSAP-related policy impact in the country? (Select one.)
a) Yes.
b) No.
c) Do not know.
3) Indicate the types of policy impact. (Select all that apply and please provide example(s) in 3.1 if applicable)
a) Prudential policies to manage identified risks and vulnerabilities. b) Changes in institutional framework for financial stability. c) Legislative changes. d) Request for technical assistance/technical cooperation. e) Other (please specify).
3.1) Please use the following space to provide the necessary example(s) from above.
4) When did most of the impact take place? (Select all that apply)
a) Before the FSAP (in the run-up to the exercise or in the scoping stage). b) During the FSAP. c) In the first year after the FSAP. d) Later.
5) Please provide examples of media coverage of your FSAP.
6) If yes, which of the following would help increase attention to FSAP-related issues in the Board? (Select all that apply)
d) Yes.
e) No.
f) Do not know.
7) What do you see as the main reason for lack of policy impact in this FSAP? (Select all that apply.)
a) Political economy. b) Capacity constraints. c) Authorities disagreeing with FSAP recommendations. d) Other (please specify).
8) What should we do differently to increase policy impact? Please let us know any thoughts about changes to make FSAP more impactful.

INTERNATIONAL MONETARY FUND

August 3, 2026

FSAP BACKGROUND PAPER—NBFI RISK ASSESSMENT: REVIEW OF IMF WORK AND FUTURE STRATEGY

EXECUTIVE SUMMARY

This paper reviews how FSAP analysis has integrated risks from nonbank financial intermediation (NBFI) and proposes priorities for FSAP's next phase. Recent FSAPs have moved beyond bank-centric stress testing by expanding the use of investment-fund liquidity stress tests, insurer and pension-fund solvency and liquidity analysis, interconnectedness and network diagnostics, and systemwide liquidity stress testing. These tools have helped identify critical transmission channels across banks, NBFI, markets, financial market infrastructures (FMIs), and the real economy.

The systemic-risk landscape has shifted as NBFI has become larger, more complex, and more interconnected. Risks arise increasingly from investment funds facing redemptions; insurers and pension funds using derivatives, repos, and alternative assets; leveraged hedge funds active in core markets; private credit's links with banks and institutional investors; and liquidity spillovers from margining. Episodes such as the March 2020 dash for cash, the 2021 Archegos and Greensill defaults, and the 2022 U.K. pension funds-related bond market stress show how shocks affecting NBFI can become systemic through leverage and deleveraging, liquidity mismatches and margin calls, and direct or indirect systemwide interconnectedness.

International and national authorities have strengthened the toolkit for assessing NBFI-related risks. The Financial Stability Board (FSB) and standard-setting bodies (SSBs) have advanced vulnerability assessment, data-gap work, and supervisory and regulatory dialogue on leverage, margin, and collateral preparedness, and leveraged trading in core markets. Leading national authorities are increasingly using investment fund and insurer liquidity and central counterparty (CCP) stress tests, bank-NBFI exposure analyses, and systemwide stress exercises to identify amplification channels and calibrate policy responses. Many other NBFI entities—such as factoring firms—though mainly support financial access and inclusion and are less likely to be systemic.

FSAPs have made substantial progress in integrating NBFI into their financial stability analysis. The Fund has developed standardized investment-fund liquidity stress tests that capture second-round spillovers from asset sales and tools for systemwide analysis using sector-aggregate Balance Sheet Approach data. Such tools have been deployed, with country-specific tailoring, in many FSAPs to identify critical nodes, transmission channels, and policy priorities. For selected complex systems with rich data, FSAPs, working in close collaboration with national authorities, have developed bespoke approaches—covering, for example, margin calls, repo and derivatives markets, CCPs,

and bank-NBFI linkages—that have led to valuable insights on systemic risks and follow-up collaboration projects.

Important constraints still hold back in-depth NBFI risk analysis in FSAPs. Data gaps remain the most binding one, especially for lightly regulated entities, new instruments, and interconnectedness through repos, derivatives, other, complex off-balance sheet products, and cross-border exposures. Even when authorities collect data, legal, confidentiality, and operational limits can restrict timely and adequate access by FSAP teams. Large transaction-level datasets often require substantial cleaning, harmonization, and information technology capacity. Many analytical questions remain: NBFI behavior under stress is difficult to calibrate, the nature of second-round effects and fire-sale dynamics can be highly uncertain, and models must often rely on stylized assumptions or work with partial coverage. These challenges are compounded by the diversity and rapid evolution of NBFI business models, uneven supervisory perimeters, FSAP operational limits, and limited expert and data-processing resources.

The next phase should remain selective, risk-based, and tailored to country circumstances. FSAPs should not attempt to cover all NBFI segments equally across all countries. Scoping should be guided by financial system size and complexity, the materiality of NBFI activities, its bank and other interconnections, data availability, and FSAP resources. For simpler systems and many emerging markets, enhanced diagnostics, network maps, and selected sectoral and systemwide liquidity analyses using aggregate sectoral data and standardized tools may suffice. For jurisdictions with large and complex NBFI sectors, more bespoke work will be needed.

Specifically, the paper recommends six operational priorities for FSAPs over the next five years. First, deepen preparatory diagnostics before scoping missions to map NBFI size, structure, markets, and linkages. Second, where NBFIs are material, incorporate banks' on- and off-balance sheet exposures to key NBFI segments into bank stress tests. Third, extend investment-fund liquidity analysis where funds are systemically relevant, while strengthening second-round and systemwide spillover analysis. Fourth, give greater attention to insurers' and pension funds' liquidity, derivatives, margin calls, and fire-sale risks. Fifth, assess the resilience of core bond and funding markets where NBFIs are active users of leverage, repos, and derivatives. Finally, for systemic or internationally important financial centers, conduct selected in-depth analyses, preferably jointly with authorities, with sufficient lead time to address data access, safeguards, and management needs.

The implementation of these operational priorities will need to be selective and risk based. Given the wide variation in NBFI importance and associated risks across jurisdictions, additional analytical work on NBFIs will be done only where risks are deemed to be material. This will be done in keeping with the prioritization and streamlining of FSAPs discussed in the main paper.

Approved By

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CONTENTS

Glossary

AIR	Asset-intensive reinsurance
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
BoE	Bank of England
BSA	Balance Sheet Approach
BU	Bottom-up
CCP	Central counterparty
CPMI	Committee on Payments and Market Infrastructures
CSD	Central securities depository
DeFi	Decentralized finance.
DGI	Data Gaps Initiative
DNB	De Nederlandsche Bank.
EBA	European Banking Authority
ECB	European Central Bank
EIOPA	European Insurance and Occupational Pensions Authority.
EMDEs	Emerging market and developing economies
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
FMI	Financial market infrastructure
FSAP	Financial Sector Assessment Program
FSB	Financial Stability Board
FSSA	Financial System Stability Assessment
GFC	Global financial crisis
GFSR	Global Financial Stability Report
HF	Hedge fund
IAIS	International Association of Insurance Supervisors
IC	Insurance company
IF	Investment fund
IOSCO	International Organization of Securities Commissions
ISA	Interconnected System-wide stress test Analytics
LDI	Liability-driven investment
LEI	Legal entity identifier
MMF	Money market fund
NBFI	Nonbank financial intermediation
NBFC	Non-bank financial corporation
NFC	Non-financial corporation
OFI	Other financial intermediary

OIF	Other investment funds
PF	Pension fund
REIT	Real estate investment trust
Repo	Repurchase agreement
SFV	Structured finance vehicle
SRT	Significant risk transfer
SSB	Standard-setting body
SSS	Securities settlement system
SWES	System-wide exploratory scenario
SWL	Systemwide liquidity analysis
TD	Top-down
TR	Trade repository

CONTEXT AND OBJECTIVE OF THE BACKGROUND PAPER

1. The global financial landscape is changing rapidly, with implications for systemic risk analysis. While over the last few decades, NBFI maintained roughly stable shares of intermediation in many jurisdictions and is some 50 percent of global financial assets, its structure has changed significantly (FSB, 2025; IMF, 2023). The role of asset management within NBFI has grown fast and has become a major force in core bond markets, international asset allocation, and capital flows. The sector has become more complex and opaquer, with greater use of derivatives and synthetic and bespoke contracts. In the process, it has become more interconnected, with its links having sharply increased within itself, with banks and other parts of domestic financial systems, and across borders.

2. These shifts have been driven by favorable macroeconomic and financial conditions, technological advances, new innovative business models, and tighter bank oversight. Investment funds (IFs) and other asset managers have benefited from better distribution networks, innovation, and generally accommodative financial conditions. Institutional investors such as pension funds and insurers have broadened their asset holdings and increased their use of synthetic instruments, including derivatives, partly to seek higher returns, while a greater focus on short-term results has weakened traditional buy-and-hold strategies. New forms of NBFI have emerged, including private credit, decentralized finance (DeFi), stablecoins, and cryptocurrencies.

3. Several stress episodes have increased focus on the systemic risks associated with NBFI (FSB, 2025b). These include the collapse of shadow banking in the global financial crisis (GFC), the March 2020 market turmoil, the 2021 Archegos and Greensill defaults, and the 2022 UK liability-driven investment (LDI) crisis.[1] Going forward, growing links with banks (BCBS, 2025, IMF 2025a), other institutions, and markets—including across borders—raise the risk that could propagate systemically. NBFI's growing reliance on short-term market funding, investments in less liquid assets, and greater use of repos and derivatives heighten liquidity risks—including from large-scale margin calls—with potential spillovers to core markets. Interconnectedness through market transactions, together with the shift to central clearing, also increases the importance of key financial market infrastructures (FMIs).

4. Consistent with their risk-focused approach, FSAPs have increasingly assessed NBFI since the 2021 FSAP Review (see Oura and Arnould, 2026). FSSAs and national Financial Stability Reports (FSRs) similarly increasingly reflect NBFI's growing systemic importance (Figure 1). Yet, analyzing NBFI-related systemic risks is often hard. While pension, insurance, and publicly-offered investment funds, and financial market infrastructures are regulated, some other NBFI segments—especially hedge funds and private funds—are lightly supervised, and data are frequently limited. By

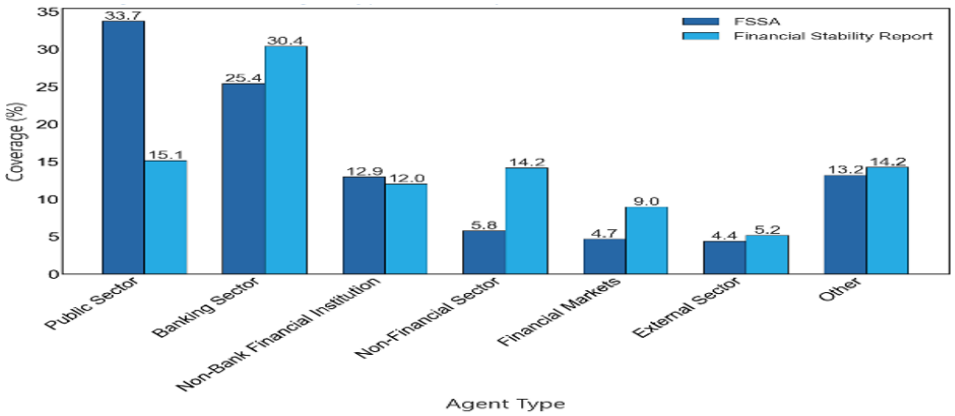
[1] Rising interest rates after a budget announcement triggered large margin calls on PF derivatives, forcing gilt sales, which amplified market disruptions and triggered central bank support (Pinter, 2023).

its nature, the sector is diverse, fast-changing (e.g., in response to regulatory changes), and highly interconnected, within itself and with banks and other financial institutions and through capital market activities. Its cross-border nature—with locations of assets, investors, funds, and managers straddling many jurisdictions—further complicates data availability and analysis.

Figure 1. Focus of FSSA and National FSRs

Average Coverage: FSSA vs. Financial Stability Reports (Mandatory Countries)

Average share of each agent type across all years



Source: Staff calculations, Lepore et al. (forthcoming).

5. This background paper reviews the systemic risks related to NBFI, how FSAPs have integrated these risks recently, and proposes priorities for FSAP's next phase. It first reviews developments in NBFI and major cross-country differences in its size, activities, entity types, and scope. It differentiates between manifestations of vulnerabilities and their possible drivers and the various sources of systemic risks. The paper then reviews the main analytical tools used in FSAPs over the past decade and suggests areas for further enhancement and new tools. It also examines how gaps in available data and access limits for supervisors and FSAP teams can constrain systemic risk analyses. It concludes with recommendations for FSAPs, including improved NBFI data collection and access by supervisory agencies and FSAP teams—notably on new forms and interconnections.

TYPES OF NBFI, ASSOCIATED SYSTEMIC RISKS, AND THEIR DRIVERS

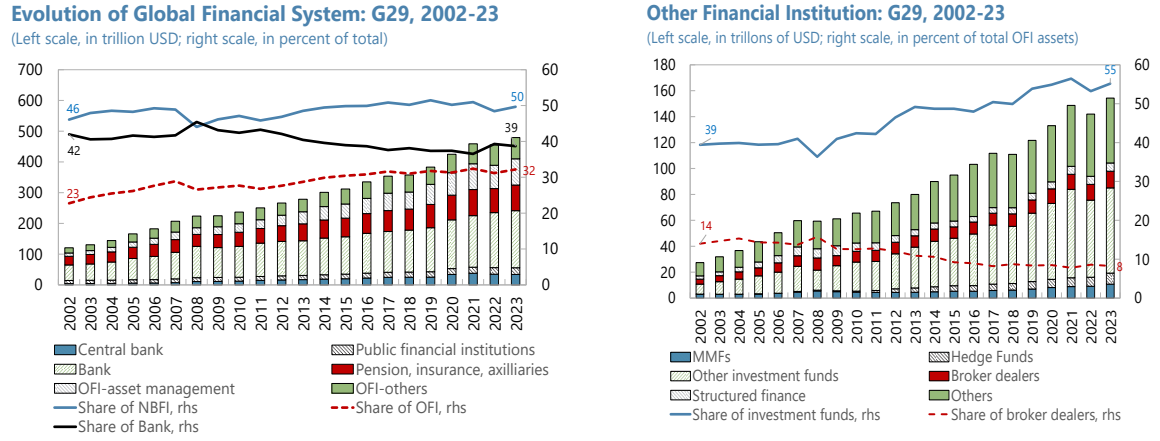
6. This section briefly reviews the types of NBFI, key causes of systemic risk, and approaches to identifying them, drawing on the work of international standard setting bodies (SSBs).

A. Types and Classifications of NBFI

7. NBFI straddles a broad set of institutions and activities, with classifications varying across national authorities, international organizations, FSAPs, and data collection frameworks. The FSB's annual NBFI monitoring report defines the sector broadly as all financial

institutions excluding central banks, banks, or public financial institutions (see further Box 1 main paper). Within this universe, so-called other financial intermediaries (OFIs) exclude insurance corporations (ICs), pension funds (PFs), or financial auxiliaries that facilitate transactions but do not own financial assets or liabilities, unlike most intermediaries. OFIs include investment funds (IFs)—money market funds (MMFs) and other investment funds (OIFs)—hedge funds (HFs), captive financial institutions and money lenders, central counterparties (CCPs), broker-dealers (BDs), finance companies (FinCos), trust companies (TCs), and structured finance vehicles (SFVs). Using the latest FSB NBFI Monitoring Report (2025e) data, Figure (2a) shows the importance, composition, and growth of NBFI, and Figure (2b) breaks OFIs down by its various types.[2]

Figure 2. Evolution of the Global Financial Landscape



Source: FSB (2025e).

8. This classification is neither exhaustive nor definitive.[3] Complementary approaches are those that classify NBFI by activity—such as credit extension, asset management, securitization, collateral management, risk management using derivatives—or by function.[4] FSB's monitoring reports use economic risk functions to define a "narrow measure" of NBFI, equal to about one-third of the sector and half of OFIs (see Box 1 in the main paper). This measure covers entities involved in credit intermediation that may pose bank-like financial stability risks through maturity or liquidity

[2] As for other parts of the financial system, double counting can arise in NBFI.

[3] NBFI classifications vary by jurisdictions. This is in part a function of regulatory frameworks. For example, in Europe, IFs include HFs and Undertakings for Collective Investment in Transferable Securities (UCITS), while MMFs are considered as monetary financial institutions. Some entities—such as finance and leasing companies, credit unions, market intermediaries and financial market infrastructures (FMIs) other than CCPs, proprietary investment vehicles, and other leveraged investors—may or may not be labelled as NBFI.

[4] Entity-based classification—focusing on institutional characteristics—has limitations, while most used. It may overlook diverse entities performing similar functions. It is static, yet entity boundaries and activities evolve with competition, innovation, and regulation. Activity- or function-based classification can better capture risks and developments more holistically without major changes to analytical toolkits. However, they are difficult because many activities are provided by more than one entity (e.g., both open-ended mutual funds and banks provide deposit-like instruments) with different labels (Metrick and Tarullo, 2021; Borio et al. 2022) and data collection process thus differ (Cetorelli et al. 2025, for an effort to classify NBFI by activity).

transformation, leverage, imperfect credit risk transfer, or regulatory arbitrage. The largest category in the narrow measure is EF1: collective investment vehicles susceptible to runs, including MMFs, fixed-income and mixed funds, credit HFs, and real estate investment trusts and funds (REITS).

B. Systemic Risks Related to NBFI

9. NBFI is too diverse and fast-evolving for any single definition to capture all relevant systemic risks.[5] While underlying drivers of vulnerabilities often resemble those in other parts of the financial system (see Adrian et al. 2019), the mechanisms leading to systemic risks and their relative importance do differ (Aramonte et al. 2021; Claessens 2024).[6] Policy and monitoring reports and research generally identify three main sources of systemic risks: excessive leverage, liquidity imbalances, and systemwide interconnections (Table 1).

Table 1. Conceptual Framing of Systemic Risk Related to NBFI

Sources of Systemic Risk			
	Within NBFI		Spilling over to the main system through interconnections
	Leverage	Liquidity	
Manifestations and channels of systemic impact	Large NBFI defaults.	Mainly the IFs' needs and margins calls (PFs, ICs).	Losses at banks (and public finance impact), reduced funding. market disfunction, valuation spillovers through fire sales,
Examples: past	Greensill, Archegos, First Brand, other NFCs, and NBFCs.	IFs (March 20, Covid), PFs (UK LDI-crisis), and HFs (various).	Shadow banking in the GFC, funding cuts, market disfunction.
Examples: potentially future	ICs, PFs, and other large NFC losses.	Large redemptions and margin calls for IFs, PFs, and ICs.	Private credit, other large defaults; HFs, others' liquidity needs.

Notes: The abbreviations stand for: IFs = investment funds; HFs = hedge funds; ICs = insurance companies; PFs = pension funds; NBFC = non-bank financial corporations; NFC = non-financial corporations.

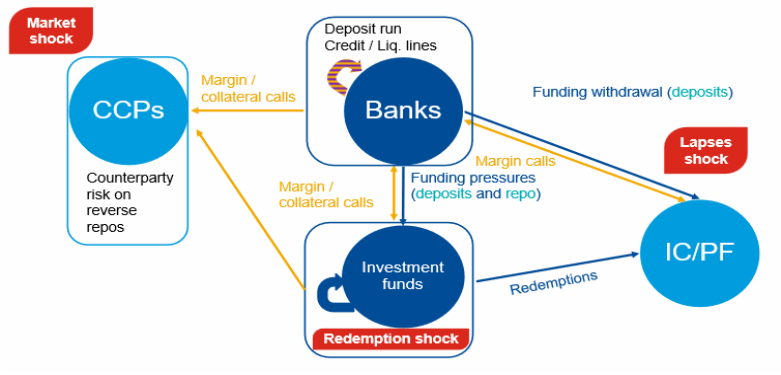
10. Systemic risk within the NBFI sector typically stems from excessive leverage or liquidity imbalances, which can then spill over through interconnections (Figure 3). Leverage can cause insolvencies, propagate shocks, and generate broad adverse financial and economic effects. Liquidity stresses can directly and through spillovers impair core funding markets. Interconnections can transmit leverage and liquidity stresses to banks, funding markets, and other core parts of the system. These mechanisms and channels often interact and create feedback loops

[5] Financial stability and systemic risk are defined as in IMF, FSB and BIS, 2009.

[6] As for other parts of the financial system, poorly designed regulation, insufficient oversight, and weak responses to incipient stress can increase NBFI-related systemic risks. This calls for assessments of systemic risk (Pillar 1), supervision and regulation (Pillar 2), and safety nets and crisis management frameworks (Pillar 3). This paper only covers Pillar 1. Assessments under Pillar 2 and 3 for NBFI are done in FSAPs based on prevailing international standards set by FBS and SSBs and guided by IMF policy lines.

within the financial system, with the real economy, and across borders, which can be systemic due to the potential failure of systemic financial institutions, disruption of core financial markets, and amplification of macrofinancial shocks (see further FSB, 2025a, Adrian and Shin, 2010a).

Figure 3. Transmissions Channels Between NBFIs and Banks



Source: IMF

Leverage

11. Leverage includes on- and off-balance sheet borrowings, derivatives, and other synthetic contracts. It allows for greater external financing and supports financial markets, but it also heightens the risks of distress and defaults and amplifies shocks. Leverage in NBFI is generally less of a systemic concern than for banks, because many NBFI entities, such as IFs, pass losses directly to their investors. PFs, ICs, and other institutions with limited demandable liabilities can overcome solvency shortfalls over time through premium and benefit adjustments or new equity capital. Where losses fall mainly on diversified stakeholders, they are less likely to be systemic.

12. Systemic effects can nevertheless arise from leverage through interconnections. Leverage in NBFI can amplify and propagate shocks. Large NBFI defaults can impose losses on banks and other lenders to the NBFI entities. Highly leveraged NBFI entities—especially HFs—can transmit stress through direct and common exposures and rapid asset price declines, notably when liquidity imbalances are large.[7] These dynamics can trigger a broad deleveraging with negative wealth and real economic effects (e.g., Adrian and Shin, 2010b). Examples include LTCM in 1998, the shadow banking system in the GFC, Archegos and Greensill failures in 2021, defunct finance companies in some emerging markets, and the commodity markets turmoil in March 2022 (see further IMF, 2024; FSB, 2023a, 2025a).

[7] FSB (2025a) distinguishes two channels through which leverage and liquidity imbalances interact to create systemic disruption. The position liquidation channel arises when shocks trigger margin or collateral calls, risk-limit breaches, or efforts to maintain target risk levels, forcing asset sales or position unwinds. Under stress, these actions can depress prices and create feedback loops of further liquidity demands and risk reduction. The counterparty channel arises when a leveraged entity defaults or is in distress, imposing losses on counterparties and potentially triggering forced liquidations. Stress can also spread without default if counterparties reprice or withdraw financing, creating funding pressure for the leveraged entity.

Liquidity Imbalances

13. Liquidity imbalances arise from mismatches. These can arise from mismatched maturities or currencies, redemption rights, options for conversion, and other contractual features of assets and liabilities. After shocks, investors may seek large-scale redemptions and withdrawals, forcing affected entities to use their liquidity buffers. Because most NBFI-entities lack access to central bank liquidity (Garcia Pascual et al., 2025), they may need to unwind positions and sell assets. Falling prices can then reinforce liquidity strains and create spillovers. Runs on MMFs and other IFs in the GFC and the March 2020 COVID shock are key examples. Liquidity stress can also reduce financial intermediation and worsen the real economy. In small open economies and emerging markets, foreign-currency liquidity stresses have arisen from domestic NBFI (Korea 2020) and from foreign investment funds through sharp portfolio outflows (IMF (2022), FSB (2020, 2022, and 2023).

Systemwide Interconnections

14. Systemwide interconnections include direct and indirect links within NBFI and with the rest of the financial system and cross borders, including through capital markets. These links are often large and have increased recently. In private credit, banks provide extensive liquidity and credit lines (IMF, 2025e), while insurers have increased their links with private equity and credit, including through ownership (Aquilina et al., 2025b). PFs and other NBFI-entities also increasingly invest in or support private credit (IMF, 2024b). Banks with-affiliated NBFI-entities may also shift intermediation activities within the group (e.g., when macroprudential constraints tighten Albuquerque et al. 2026), increasing risks of spillovers. NBFI relies on banks for services such as payments and collateral management and provides financing in the form of short-term cash placements and securities holdings, and other financial services. Large IF redemptions may, including through common exposures, lead to declines in core asset prices and tighter financial conditions, contracting aggregate demand. NBFI's heavy use of capital markets and large cross-border activities further strengthen interconnections (Chari, 2023; Buch and Goldberg, 2024; Pelizzon et al., 2025).[8]

15. Due to these interconnections, NBFI stress can become systemic even when NBFI entities themselves remain operational.[9] During the GFC, exposures to and support for shadow banking—including off-balance sheet vehicles and instruments—threatened the core banking system. Runs on IFs and large margin calls have disrupted core markets, triggering at times central bank interventions (see further ESRB 2020, FSB 2020, 2024, BCBS-CPMI-IOSCO 2022). Occasionally,

[8] While NBFI relies much on capital markets for trading and issuing securities, it provides few of these services itself. Capital markets can therefore propagate risks to and from NBFI, but their own systemic risks and assessments are treated separately.

[9] NBFI can also act as a shock absorber, for example, by offsetting declines in bank lending to firms during stress episodes, although often at higher prices.

NBFI solvency shortfalls have raised systemic concerns through commercial banks' role as lenders or owners (see BCBS (2025), FSB (2025b), and IMF (2024) for more details and examples).[10]

RECENT AND EMERGING DEVELOPMENTS AND RELATED RISKS

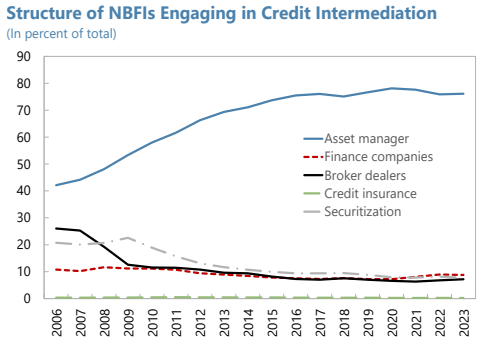
16. This section reviews NBFI's current state and recent developments, including their key drivers, to identify areas where FSAP risk analysis could be enhanced over the next five years. Given NBFI's inherent dynamism, other areas may become important over the medium term, requiring agile and flexible approaches. Data availability, reviewed next, also shapes the scope of analyses.

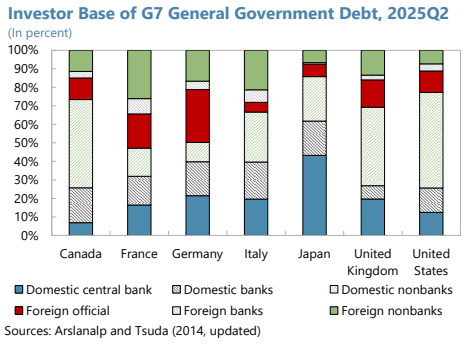
A. Current Risk Landscape

Growing Systemic Risks

17. Recent FSAPs, Global Financial Stability Reports (GFSRs), national FSRs, and other analyses highlight the evolving financial stability risks related to NBFI. Risks recently noted mainly reflect NBFI's expanding role in credit intermediation, particularly in private markets (Figure 4a). NBFI-entities are increasingly active across a wide set of activities and asset classes. Institutional investors have significant exposures to leveraged loans and collateralized loan obligations, where refinancing and (re-)valuation risks can create solvency pressures, which can become systemic. NBFI's large holdings of sovereign bonds (Figure 4b) and activities in core funding markets, together with elevated sovereign debts and large deficits in both advanced and emerging markets, add to these concerns.

Figure 4. NBFI Role in Credit Intermediation and Sovereign Financing





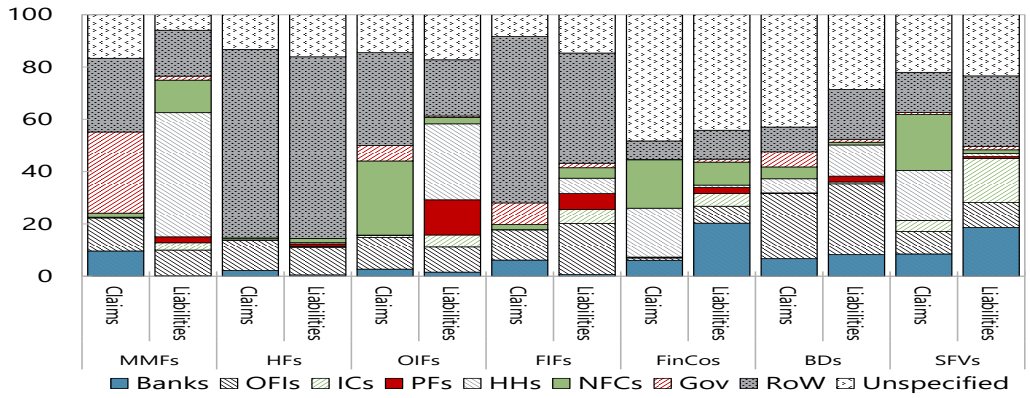
Source: FSB (2025e)

[10] BCBS (2025) analyzes interconnections using four scenarios: (i) NBFI stress causes credit losses or liquidity pressure for banks and other market participants, as with Archegos, IF redemptions in March 2020, and the UK PFs margin calls in 2022; (ii) an NBFI failure impacts the parent banking group, as seen in some emerging market economies; (iii) NBFI stops taking risks from banks that depend on them, as during the GFC with AIG; and (iv) NBFI discontinue funding banks, as MMFs did during the March 2020 "dash-for-cash".

18. Systemwide interconnectedness and spillover risks have grown with NBFI's increasing roles (Figure 5). Although reforms have encouraged IFs to hold more liquidity to meet redemptions, risks from redemptions remain high as funds continue to grow and concentrate exposures in less-liquid investments, such as commercial real estate and emerging market assets. Large outflows and forced sales can trigger broader stresses, including by amplifying liquidity and solvency pressures in banks. NBFI's links with banks, OFIs, and markets are also increasing through crossholdings, funding dependencies, and other direct and indirect exposures and links. Some insurers face higher liquidity risk because of greater reliance on short-term funding. Changing asset compositions are also increasing leverage-related risks in HFs, insurers, PFs, and other NBFIs, while wider derivatives use can generate large margin calls and amplify market volatility.

19. NBFI's contribution to cross-border contagion is also growing, especially through IF-related flows and its activity in global funding markets. In severe stress, large-scale asset selloffs could trigger cross-border spillovers through capital markets. FSRs and FSAPs have identified potential spillovers from funds from financial centers—which invest globally using international asset managers—to global funding, emerging market assets, and corporate bond markets. These risks underscore the need for systemwide analyses.

Figure 5. Identified OFI Linkages with Other Financial Institutions
(In percent of entity's total assets: Group of 29)



Source: FSB (2025e).

Notes: The abbreviations stand for: Insurance corporations (ICs), Pension funds (PFs), Financial auxiliaries (FAs), Households (HHs), and non-financial companies (NFCs). CBs include CBs, PFIs, and non-bank DTCs. Unspecified indicates linkages to other sectors not identified by jurisdiction or type of institutions not defined above. The following types of OFIs are included: MMF = money market funds; HFs = hedge funds; OIFs = other investment funds; FIFs = fixed income funds; FinCos = finance companies; SFVs = structured finance vehicles.

Some NBFI Displays Little Systemic Risk

20. While overall NBFI-related financial stability vulnerabilities are increasing, many entities and activities classified as NBFI are unlikely to be systemically relevant, especially

when small in aggregate.[11] Leasing companies, factoring firms, and money transfer providers primarily expand financial access, notably in less developed markets, and typically do not create systemic risks, though some may warrant stronger regulation to protect consumers and investors. Risks are more generally limited when business models involve little leverage or liquidity mismatch, operate mainly as passive pass-through vehicles, and rely only modestly on funding from the general public and retail investors. FSAPs, therefore, usually need not prioritize these segments. However, they can become systemic if they rely on bank funding, engage in regulatory arbitrage, or perform bank-like intermediation outside the regulatory perimeter.[12] Their growth and interconnections should therefore be monitored, including in Article IV's surveillance.

NEW AND EMERGING RISKS

21. This section reviews key new NBFI developments—some concentrated in a few key jurisdictions and others more widespread—that could create future systemic risks.

A. Private Credit is Growing Fast in Some Markets, Opaque and Interconnected

22. Private credit has grown fast in several advanced economies. While public data remain limited and definitions vary, assorted studies and reports document key trends (Aramonte and Avalos, 2021; Acharya et al., 2024a and 2024b, Berrospide et al. 2025, Fillat et al., 2025, IMF, 2024, 2025a; FSB, 2025, Box 1, FSB, 2026). Mostly concentrated in the U.S. and Europe, private credit's size was estimated at about USD 1½-3½ trillion (depending on definition) at end of 2025. It resembles broadly syndicated bank loans in many respects. But it is less liquid and much more opaque than broadly syndicated loans, often has stale valuations and relies much on internal ratings. Beyond direct lending to non-financial corporations (NFCs), studies document growing two-way links between banks and private credit providers. Banks support private credit through lending, credit and liquidity lines, manage private credit and equity funds, conduct loan portfolio sales, and provide fee-based origination and servicing.[13] PFs and ICs in some jurisdictions have also increased exposures to private credit, including by providing leverage to higher-yielding segments and synthetic risk

[11] Names used for such segments include Housing Finance Companies, Infrastructure Investment Funds, Guarantee Institutions, Venture Capital Companies and Funds, Credit Cooperatives and Associations, Microfinance Financial Institutions and Savings and Loans, Consumer Finance Companies, Securitization Vehicles, diverse types of Investment Trusts and Funds, Provident Funds, Reinsurance, Venture Capital Companies, Infrastructure Companies, and Securitization Vehicles. Non-Banking Financial Companies (NBFCs) is a term used in some emerging markets, notably India, to group various of such NBFI forms. In other jurisdictions, these may be called simply NBFIs other than IFs, IC, and PFs.

[12] In India, some NBFCs may take deposits and lend to specific sectors. Many are closely linked to banks.

[13] For the U.S., Duque Gabriel and Sterling (2025) shows that bank funding of NBFI was from 1980 to 2024 about 3.5% of total NBFI-liabilities. Since 2012, on-balance-sheet funding has halved, while credit lines have increased from 0.7% to 1.0% of NBFIs liabilities, or at about 3% of GDP.

transfers (SRTs) (IMF, 2025b Box 1.3).[14] Some private credit vehicles have started to raise funds from retail investors directly, with further growth possible where asset allocation limits on pension schemes are relaxed.

23. National FSRs, international analyses (IMF 2024, 2025, FSB 2025, 2026), and other studies have documented the drivers of growth and signs of emerging systemic risks. Avalos et al. (2025) find that private credit has benefited partly from improved funding competitiveness linked to differential regulatory treatments. Chernenko et al. (2025) find that favorable capital treatment of loans to private credit providers—such as listed Business Development Companies (BDCs)—enables private credit to exploit low-cost funding. Banks and insurers are also increasingly exposed to forced, correlated drawdowns when private credit markets come under pressure (IMF, 2025a). Overall, private credit growth has deepened bank-NBFI interdependence, with some finding it denser than before the GFC.[15]

B. Insurance Companies and Pension Funds' Risk Profiles are Rapidly Changing

24. Insurers and PFs have grown and their balance sheets are becoming riskier. Both have broadened their investment into riskier, less liquid assets—often only internally or privately rated—and have increased derivatives exposures, often with synthetic leverage (IAIS, 2024, 2025; Aquilina et al. 2025b). Insurers have scaled up balance sheets with non-traditional wholesale funding and engage more in reinsurance (Garavito et al. 2025). They have also developed closer links with private equity through ownership and control, raising potential conflict of interests and effects on investment strategies (Cortes et al. 2023; IAIS, 2025). Greater reliance on private ratings has made insurers' assets structures opaquer, and the stale valuations in private credit may be present here as well, particularly when ICPFs hold large amounts of Level 3 assets. Regulatory arbitrage is another concern: insurers increasingly shift risky assets to off-balance sheet entities and use asset-intensive reinsurance (AIRs)—often through off-shore entities with HFs and PFs—to reduce solvency requirements while retaining exposures.[16] The behavior of insurers—and to some extent PFs—also appears more procyclical than in the past, possibly reflecting Solvency II and related capital optimization. Both sectors have stronger links with the broader financial system, and price data suggest closer insurance-bank interconnections (Acquilina et al. 2025b). These developments elevate complexity and opacity and increase potential systemic risks.

[14] Cortes et al. (2025) and IMF (2024) link this to search for yield and capital relief.

[15] Some studies (e.g., Ghamami et al. 2025) use correlations in price-related data—such as market implied expected default and contingent systemic risk indicators—to infer links between private credit providers, banks and other financial institutions. However, these correlations may reflect common credit risks and cyclical behavior, or market sentiment rather than true interconnectedness. Nevertheless, they can help identify those financial institutions potential riskier (see e.g., Engle et al. 2024).

[16] Such risk transfers also increase complexity and interconnectedness.

C. Liquidity Spillover Risks from Various Types of NBFI are Increasing

25. Liquidity spillover risks are broadening beyond IFs to insurers, PFs, and HFs. Although most insurers and PFs have fewer short-term or on-demand liabilities than banks, their growing use of derivatives, repos, and collateralized lending and borrowing exposes them to sudden liquidity needs from margin and collateral calls and to repo market freezes. Many other NBFIs also use many repos and derivatives, often more extensively than banks. HFs and other NBFIs are increasingly active in core bond markets using highly leveraged and fragile funding strategies (Box 1). These instruments help manage risks but can have systemic consequences when used collectively (FSB, 2024c, and 2024d; BIS, 2026).[17]

26. Their liquidity strains can spill over to the broader financial system. In stressed situations, some NBFI-entities may struggle to obtain liquidity to meet higher margin or collateral calls, particularly because most lack access to central bank liquidity. If many entities face such shortages and sell assets, prices can further decline and margins further rise, reinforcing procyclicality through higher volatility and institutional distress. Several such liquidity shocks have happened (BCBS-CPMI-IOSCO, 2022, 2023). FSAPs (2025 Euro area and 2020 U.S.) have analyzed these spillovers, and simulations suggest they could recur, at least for the Euro area (Macchiati et al. 2025).

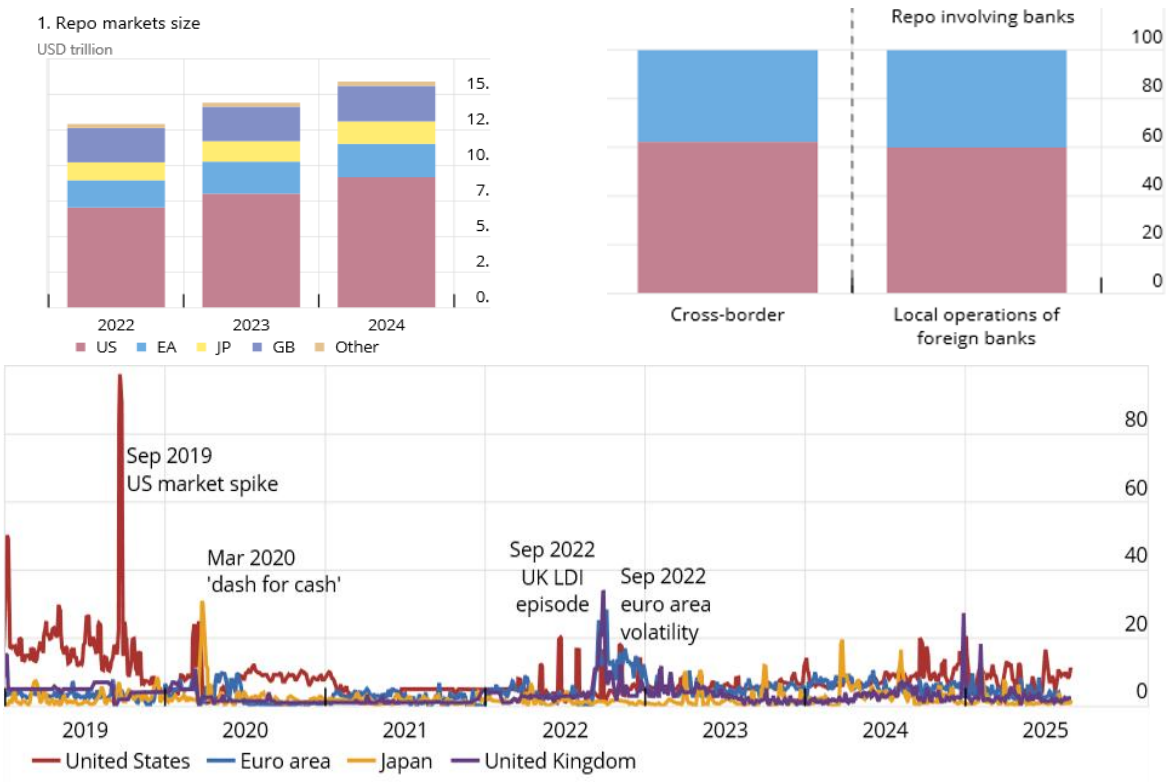
Box 1. The Government Bond-Backed Repo Market, NBFIs, and Systemic Risks

The government bond-backed repo markets, with a size of about $16 trillion globally and rapidly growing, are the backbone of financial systems worldwide. NBFIs hold significant exposures and actively trade in these global markets (Figure 1), creating interlinked vulnerabilities, especially liquidity and funding imbalances. HFs and other NBFIs use repos and derivatives to leverage positions, exploit bond-future price differences, and trade the future shape of yield curves. Repo market structures can facilitate leverage, particularly where non-centrally cleared repos operate with zero haircuts, while collateral reuse (rehypothecation) can further amplify systemic risk. Concentration among a few CCPs, custodians, intermediaries, and large hedge funds further elevates vulnerabilities. Mutual funds are major holders of government debt, but their demandable liabilities can force them to sell bonds during large redemptions.

These vulnerabilities can cause major disruptions. Sudden unwinds of HF positions can move prices sharply, while IF demand for cash may trigger fire sales if their lenders withdraw or limit lending. Strong links to core markets and cross-border activity (Figure 2) allow shocks to spread rapidly across markets and jurisdictions. The September 2019 U.S. repo rate spike and the March 2020 "dash for cash" illustrate these risks: demand for reserves or cash surged, lenders pulled back, repo rates soared, and fire sales followed (Figure 3). Dysfunction in core markets has led to large-scale central bank interventions, at times complicating monetary policy.

[17] This reflects margin practice: initial margin can be jump rapidly in stress, while variation margins will rise price changes and may become procyclical.

Box 1. The Government Bond-Backed Repo Market, NBFIs, and Systemic Risks (Concluded)



Sources: FSB SCAV/2025/23

D. CCPs and other Financial Market Infrastructures (FMIs) are More Critical Nodes

27. Resilient FMIs are essential for efficient and secure payments, exchange of claims, and clearing and settlement. Stress at FMIs—CCPs, central securities depositories (CSDs), securities settlement systems (SSSs), various exchanges and trading venues, trade repositories (TRs), payments systems, and other key infrastructures—can spread to the broader financial system and become systemic (Breeden, 2025). Stress testing is thus important.[18] NBFI's growing use of repos and derivatives further elevates FMIs' systemic importance (FSB-CPMI-IOSCO, 2022; FSB, 2024b).

E. Other NBFI-Related Vulnerabilities are Newly Emerging

28. New forms of intermediation continue to emerge, especially in NBFI, driven by shifts in demand, macroeconomic conditions, technological, and regulatory changes. Besides private

[18] The CCP stress testing is part of the Principles for Financial Market Infrastructures (PFMI) (CPMI-IOSCO, 2012), while the European Market Infrastructure Regulation (EMIR) and the Dodd-Frank Act mandate CCPs to develop and implement robust stress testing models and disclose them to regulators. See further Heilbron and Tompaidis (2025).

credit, recent examples include stablecoins, DeFi, and crypto assets (Box 2). Assessing their systemic risk is difficult as data are limited, historical stress patterns are scarce, and regulatory paradigms are still developing (e.g., FSB, 2025d, G30 2026, FSI, 2026, BIS 2026). Nevertheless, supervisors and other public agencies need to assess whether developments could create systemic vulnerabilities. National FSRs, and the GFSRs, and SSBs provide useful examples of approaches to identify emerging risks, including survey-based (FSB, 2021). Even when qualitative, such work can support surveillance and policy.

Box 2. Stablecoins, Decentralized Finance (DeFi), and Cryptocurrencies

These assets are growing fast from small bases (IMF, 2021; Aquilina et al., 2025a; Aldasoro et al. 2025, and Adrian et al. 2025, analyze aspects of their emergence, size, and impacts). Stablecoins were in mid-2026 estimated to be about $300 billion, with two large dominating ones. Recent legislation in major jurisdictions is likely to encourage new entrants, and some observers expect the market to exceed more than $2 trillion within a few years. DeFi—allowing people to lend, borrow, trade, or save directly using blockchain and smart contract—was estimated in mid-2026 to be about $240 billion in size and is increasingly integrating with mainstream finance. Cryptocurrency prices remain volatile, reflecting trends in wider adoption, technological advances, and institutional interest, and their total valuation was about $2 trillion in mid-2026, down from a peak of $4.3 trillion.

Systemic risks vary across these instruments (IMF, 2021, ESRB, 2025, G30, 2025, BIS 2018, 2022, 2025, 2026, and Adrian et al. 2025). A larger stablecoin market could deepen its interconnectedness with the traditional financial system and affect payments and capital flows, especially for EMDEs. DeFi and cryptocurrencies are largely outside the regulated systems, but cryptocurrency prices show a high and rising correlation with mainstream asset prices (Iyer, 2022, Ahmed and Aldaroso, 2025).

DATA AVAILABILITY, GAPS, AND ACCESS LIMITS FOR NBFI ANALYSIS

29. Three types of gaps are relevant for FSAPs: underuse of available data; availability of data to supervisors; and sharing among regulators and with the FSAP team. Table 2 summarizes these issues by broad type of systemic risk (see IMF, 2023; FSB, 2025c). Key gaps are discussed below; priorities for improving data and FSAP access are reviewed later.

- **Collection:** Many of the sectors that feature prominently in FSAP risk analysis—including investment funds, insurers, pension funds, and FMIs—are already subject to extensive regulation and supervision, particularly in the jurisdictions where such sectors are large and systemically relevant (typically the countries where the IMF undertakes such exercises). While not specifically for financial stability analysis purposes , extensive data are usually being collected in the context of ongoing supervision.

- **Underuse**: While supervisors collect extensive data, not all are used in systemic financial stability analysis. For example, supervisory data on banks' key NBFI counterparties and instruments is not always exploited in bank stress tests. Activity-level datasets require substantial cleaning and may lack critical details. Large datasets, especially in deep markets, require significant information technology and staff resources to process.

- **Availability**: Data collection has improved after the GFC, yet gaps remain in coverage and quality—consistency, granularity, frequency, and timeliness—of data important for financial stability analysis. Some authorities, therefore, rely on bottom-up exercises, asking institutions to estimate scenario impacts using internal data, rather than conducting top-down analysis with supervisory data. Supervisors may still lack legal authority to collect data from lightly regulated or foreign NBFI entities. Activity-level data, such as transaction-level data, is difficult to collect unless financial instruments are centrally cleared or exchange traded.

- **Data sharing**: Even when data are available, poor data sharing among supervisory agencies—nationally and across borders—continues to hinder comprehensive systemwide risk analyses in and across jurisdictions (FSB, 2025c). Some jurisdictions with large and complex NBFI sectors have begun implementing granular system-wide stress testing (see section below). Such exercises often require intensive collaboration with the largest NBFIs and banks across the financial system and rely on voluntary disclosures beyond current regulatory requirements. FSAPs teams cannot implement such exercises at the present time given data access limits, time and resource constraints. While FSAPs typically receive entity data for stress testing regulated institutions under confidentiality agreements, transaction-level data are harder to obtain, partly because many are held by private-sector FMIs that may share them only with agencies having supervisory powers.

Table 2. NBFI Data Sources, Gaps, and Access Limits

Data Source	Data Types	Data Usefulness	Data Gaps	Accessibility for FSAPs
Public Aggregate Data	National Financial Accounts	Allow construction of high-level interconnections within the financial sector	Connections with private markets and international firms are often missing or incomplete	High
Publicly Disclosed Data and Commercial Datasets	Balance sheet and return data available for banks, investment funds (often with look-through exposures), and some other NBFIs. Asset price data for many asset classes	Measures of firm leverage, market and fund liquidity, correlations	Typically, publicly listed banks and NBFIs only, with a focus on banks and investment funds. Data lags may be large	High, although may be costly and/or cumbersome to use
National Supervisory Data	Extensive balance sheet data for supervised institutions, particularly banks, insurance companies, investment funds	Allows construction of firm-level solvency and liquidity stress tests as well as interconnectedness analysis for covered institutions.	Private funds provide much less disclosure, complex instruments (e.g. derivatives and structured products) may be missing or difficult to analyze; transaction level data is often not available.	Country dependent, typically high for supervised institutions
International Data	BIS banking data	Bank to bank cross-border connections at entity, locational, and consolidated levels	Currently focused on banks	Not available at entity level

A. Data Needs and Availability Vary Greatly in Quantity and Quality

30. Data needs vary greatly in scope and detail. NBFI with small balance sheets (e.g., credit unions or savings societies) are less likely to be systemic even if numerous, so their data needs may be limited.[19] Systemically important NBFI segments require more extensive data, especially for system-wide analyses, ideally covering all types of investment, funding, lending, guarantees, derivatives, and other activities.

31. Public and confidential supervisory available data vary greatly by entity and activity. For IFs, substantial data are disclosed publicly, and more are reported to supervisory agencies confidentially. But gaps remain, notably on funding structures (investor bases), liquidity management tools, and regulatory and internal behavioral rules. For PFs, insurers, and HFs, public disclosures are often partial, and supervisory data may be basic. Public traded securities and instruments are relatively well covered, but newer activities, such as private credit, have more limited public and supervisory data (FSB, 2025e Box 1). Sectoral financial exposure data are increasingly collected through the Fund's Balance Sheet Approach (BSA), strengthened after the 2014 Triennial Surveillance Review and earlier G20 Data Gap Initiative (see further Harutyunyan and Sánchez Muñoz, 2018).[20] However, these data are sector-aggregated with limited breakdowns for NBFI and typically cover only balance sheet items, excluding repos, derivatives, and other off-balance sheet exposures.

32. Other sources can complement but involve trade-offs and costs. Credit registries, (private) credit bureaus, and other officially collected databases can support some solvency risk analysis but are usually insufficient for in-depth liquidity and interconnectedness analyses. Public disclosures by banks and other institutions can help document some interconnections. Databases compiled by commercial vendors—such as those covering syndicated loans, securities issued and bought by NBFI, and mergers and acquisitions (M&As)—can identify some direct exposures but often miss others, including derivatives. They can also be costly and difficult to combine with other data.

B. Data Availability Gaps and Access Constraints Remain Large

33. Many gaps reflect a limited perimeter of regulation. While the regulatory perimeter has expanded with the rising importance of NBFIs, some NBFI entities or activities (particularly those focused on private markets) may still face lighter regulatory regimes with lesser reporting requirements, particularly of data important for financial stability analysis. Related**,** data availability gaps are common for new, fast-growing segments, but also persist for long-standing entities such as HFs. Incongruent regulation of economically equivalent transactions can also reduce data coverage and quality (Metrick and Tarullo, 2021). These challenges are greater for HFs, and some

[19] Greater data collection and transparency are also important for consumer and investor protection and market discipline.

[20] The Fund's statistics department (STA) gives trainings and TAs to establish the BSA. Financial Sector Stability Reviews (FSSRs)—MCM's diagnostic tools for TA needs in financial stability—include STA staff to construct the BSA data.

new insurer business models domiciled in tax-advantaged jurisdictions, even when their activities and clients are mainly in major financial centers. Local authorities may have limited power to obtain information—for example, when activities in one jurisdiction are aimed at investors in another. Transaction data may also be unavailable when trades are bilateral, over-the-counter, and not centrally cleared.

34. Access limits compound availability gaps. Even when data are collected, they may not be accessible in a timely or usable form to the national agency responsible for systemic risk analysis. For example, many financial transactions flow through FMIs, generating trade repository data that can help assess positions, interconnectedness, and the resilience of markets, FMIs, and their clients. Differences in regulatory coverage and legal limits, however, can limit national authorities' access to and sharing of these data.

35. Cross-border data is generally incomplete and even harder to access. Data and information sharing across borders face additional gaps and restrictions. A major gap for interconnectedness and systemwide analysis is the lack of data on ultimate international holders and owners of assets and liabilities, which is important for offshore financial centers, many emerging markets, and some advanced economies. Much of this reflects data-sharing limits. Many authorities face stringent legal obligations before confidential firm-specific regulatory information can be shared with foreign authorities.[21] Technical impediments, including incompletely harmonized approaches across jurisdictions, further hinder effective data sharing (FSB, 2024, 2025c).

36. FSAP teams often face tighter access limits and complex management of large amounts of data. Even when data are available to domestic authorities, restrictions often limit FSAP teams' access and use. Some granular data also require substantial preparation and quality checks before they can support FSAP analysis. Formats and reporting frequencies differ across domestic agencies and countries; identifiers may be missing or inconsistent. And large datasets, such as trade repository data, can be difficult to process. These constraints increase the resources and time needed for analysis.

TOOLS TO ANALYZE SYSTEMIC RISKS RELATED TO NBFIS

37. This section reviews the NBFI-related tools used in FSAPs over the last five years, covering solvency risks for PFs and ICs, spillover risks from IFs, system-wide liquidity, and interconnections. National and regional FSR also covered these four topics in roughly similar intensity. The section proposes enhancements to these tools.[22] It proposes targeted new work on

[21] While bilateral or multilateral information sharing arrangements, such as memoranda of understanding can facilitate data and information sharing, technical impediments can remain (see further FSB (2025c)).

[22] FSAP tools draw on research, policy lessons, and practices of supervisory agencies and central banks (e.g., Adrian, Covitz and Liang, 2015, Adrian et al. 2019; BIS-FSB-IMF, 2020, Budnik et al. 2024). As FSB (2021) notes, no stress testing or other analysis can accurately predict systemic shocks. Therefore, these tools focus on spotting vulnerabilities and imbalances that could amplify shocks to financial instability and lead to adverse macroeconomic

(continued)

spillovers from CCPs and other FMIs (leverage and liquidity), margin-related liquidity risks, private credit, and other emerging developments. Since many of these new risks are, for now, concentrated in selected jurisdictions, tailored approaches—not necessarily standardized tools—are advised. Table 3 classifies these tools by risk type.

Table 3. Tools (existing and to be newly developed), Classified by Type of Systemic Risk

	Leverage	Liquidity	Interconnections
Existing	Solvency stress tests (for ICs, PFs)	IFs tests and spillover analyses	Systemwide liquidity Interconnections analyses
New, developing	Key FMI, CCPs resilience	Liquidity spillovers from margins	Solvency spillovers from private credit, other

A. Specific Tools Already Used in FSAPS

38. FSAPs have used four main tools for NBFI risk analysis: IC and PF solvency and liquidity stress tests, IFs liquidity stress tests, interconnectedness analysis, and systemwide liquidity (SWL) risk analyses (Annex Table 1). Solvency tests for insurers and PFs are relatively well established. Recent analyses for ICs and PFs now also commonly examine liquidity risks from margin calls, premium/contribution and payout cashflows, and early withdrawals. IF tools, which have been used for a decade, focus on IF's liquidity management upon asset side shocks and redemptions, the feedback loops in the financial system, and mitigating factors. Interconnections analysis requires tailored approaches because NBFI links to the rest of the financial system are numerous, data-intensive, and difficult to model. SWL tests take a systemwide perspective on liquidity, including through interactions with banks, across NBFI, and via core markets.

Leverage (Solvency) Stress Tests, Notably of ICS and PFS, and Related Spillovers

39. For many types of NBFI, asset losses are borne by investors and beneficiaries.[23] With diversified stakeholders, losses are less likely to cause systemic distress. Regardless, monitoring leverage is important (FSB, 2023 and 2024). For NBFI, where direct or synthetic leverage can cause distress or spillovers, frameworks similar to bank stress tests can be used to assess their resilience to shocks.[24] Coverage varies by country but typically includes PFs, ICs, credit unions and cooperatives,

outcomes, including through interactions with other vulnerabilities and cross-border spillovers. Tools must also remain flexible to address realized stress. More broadly, macro-financial risks analyses, including Art. IVs,' cover both tail and less severe risks, often using similar methodologies.

[23] Solvency risks refer to the risk of poor asset performance causing distress at (leveraged) financial institutions. They are generally of little relevance for PFs, where shortfalls can be filled over time by adjusting premiums and benefits and are less likely to cause liquidity stresses or contagion. However, ICs—especially non-life insurers—are more likely to face solvency risks, including because of exposures to disasters.

[24] Stress test and other tools do need adaptation to sector-specific features. For example, the direct balance sheets effects of higher interest rates vary: banks' solvency is negatively affected through valuation losses on long-dated bonds held whereas most of their liabilities are not revalued; but the solvency position of PFs and life ICs typically improves as the duration of their liabilities exceeds that of their assets. Similar to banks, though, diagnostic tools for PFs and ICs can include top-down or bottom-up reviews of asset quality and liability structures.

possibly HFs and other leveraged funds, and, where relevant, banks and broker-dealers in their role as leverage providers to NBFI.

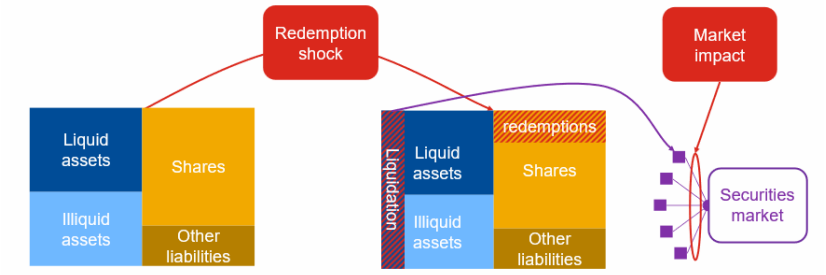
40. FSAP stress tests of ICs and PFs are typically conducted by external experts using well-developed models (see Agarwal et al. 2025). Historically, they focused on solvency risks, though recent exercises also examine liquidity stress from margin calls and other sources. Where large enough and data permit, ICs (and sometimes PFs) are also included in interconnection and SWL analyses, as in the 2025 Euro area FSAP.

41. As risks shift, NBFI solvency stress tests should adjust. As ICs and PFs in many key jurisdictions change their business model and investment strategy and become more interconnected, tools need continuous updating. This involves learning from agencies that routinely conduct such tests (e.g., DNB, OSFI, and EIOPA annually) and adding qualitative diagnostics even if challenging. For example, IC tests should examine how liability risks are allocated and how interconnectedness through IC investments can spill over. It is obviously important to identify those highly leveraged NBFIs that banks have large and concentrated exposures to, as illustrated by the failures of Archegos and Greensill.[25] Stress tests should also differentiate between bank affiliated and unaffiliated NBFI, with a focus on group-level interconnections. Enhanced tools could be mainstreamed in more FSAPs and, if resources allowed, conducted by IMF staff.

Investment Fund Liquidity Stress Tests and Related Spillovers Analyses

42. IF risk analyses have been used for more than a decade. They assess resilience against shocks and potential spillovers from collective behavior under stress. Tests often focus on asset-side shocks and redemptions and assess both funds' ability to meet cash demands and the "second round" effects from asset fire sales on valuations and market liquidity (Figure 6).

Figure 6. Investment Fund Stress Testing



Source: IMF

43. IF analyses have expanded FSAPs' focus on NBFI and feature now more standardized approaches. Following their first use in the 2015 U.S. FSAP, 9 out of the 39 FSAPs over the past five years undertook such assessments, mainly in advanced and more complex systems, including Belgium, Canada, India, Japan, Korea, and Luxembourg. Data gaps are typically small as IFs must

[25] These large exposures have regulatory and supervisory implications for banks' counterparty credit risk management, including capital charges for possible defaults and credit downgrades, and related changes in credit valuation adjustments (CVA).

disclose substantial information to their investors and supervisors for investor protection. While granular asset data are preferable, security-level data are not always necessary to model realistic, rapid asset sales and related adverse price impacts. A standardized, robust methodology is now widely used in FSAPs,[26] supported by dashboards, codes, and an IMF guidance note (Letizia and Zhang, 2024). Related, the European Securities and Markets Authority (ESMA) and International Organization of Securities Commissions (IOSCO) have issued stress test guidance.

44. Despite major progress, IF tests still need updating, as risks and institutions change. Off-balance sheet data for repos and derivatives—essential to examine liquidity strains from margin and collateral calls—are usually confidential and collected separately, requiring special data-sharing arrangements for FSAP use.[27] Additional information may be needed on liability structures and behavioral responses. Links between IFs and banks often lack liquidity-support arrangements from banks. The ultimate asset or liability owners are also difficult to trace, especially across borders, limiting the assessment of feedback effects from common ownership.

45. Further work is necessary on shock calibration and behavioral assumptions. Redemption shocks are usually severe but plausible, but shocks cannot always be calibrated using historical distributions.[28] Stress-period liquidity supply and its providers' behavior, the magnitude of price-sales dynamics, and other funds' reactions are also hard to model. Existing proxies—such as past stress-event elasticities and behavioral assumptions—have severe limits. Most tests capture individual funds' first-round liquidity behavior upon initial shocks, but fewer incorporate second-round effects. More work is needed to model market participants' reactions to liquidity management tools and related price effects, possibly using surveys and bottom-up stress tests.

46. Feedback loops between IFs and the rest of the financial system are especially critical to analyze. Links can be direct, e.g., through IFs' liquidity demand, or indirect, e.g., through asset prices and common exposures. IFs also invest in other intermediaries, notably banks, operate across borders, and have two-way links with FMIs, notably CCPs. FSAPs increasingly analyze these IF links through systemwide analyses (e.g., Euro area 2025, Luxembourg 2024, Ireland 2022). Continued enhancements to the IF module in SWLs are necessary to fully examine IF risks from a broader, systemwide perspective, including through possible market-wide liquidity draw-down scenarios and related asset sales and price impacts.[29]

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[26] The tool assesses the vulnerability of the IF sector to a liquidity shock and the resilience of relevant markets to funds' fire sales without public liquidity support. For leveraged funds with limits on redemptions, it can also assess their solvency resilience.

[27] The 2025 Euro area FSAP proxied IF liquidity needs arising from redemptions, margin calls on derivatives, and collateral calls on repos through collaboration with ESMA and other European Union-authorities (Euro Area FSAP Technical Note, 2025).

[28] Tests should also account for institutional differences, like fixed vs floating interest rate liabilities, tax effects on redemption behaviors, or funds' liquidity management tools (such as the choice over running down cash buffers, selling specific types of securities, swing pricing, or redemptions limits with gates), which is not always easy.

[29] Stress scenarios should account for how asset prices, financial conditions, and macroeconomic developments affect liquidity providers. IF stress tests should ideally also analyze links to wider financial system and related spillovers, though data and time/operational constraints may limit feasibility.

Interconnectedness and Other Network Diagnostics

47. Interconnectedness diagnostic is essential for the NBFI. Besides IF, many other types of NBFI have direct two-way connections with other types of institutions, and NBFI is active in capital markets. Shocks can thus easily spill over through funding conditions, asset prices, and common exposures. And NBFI is an increasingly important channel of international linkages, for emerging markets and small open economies, notably through foreign ownership of sovereign bonds, and for those advanced economies that are financial centers.

48. Interconnectedness and network analysis have a long history to provide a first-cut diagnostic, system-wide view of NBFI-related risks (Bricco and Xu, 2019, review).[30] System-wide diagnostics have expanded significantly in FSAPs since 2014 (see the FSAP 2021 Review Background Paper). Over the past five years, 30 out of 39 FSAPs have assessed NBFI interconnections, typically with network maps using sector-aggregated or institution-level data.[31] The starting point is mapping the direct links and common exposures, preferably over time, as in the Luxembourg 2024 FSAP. Coverage varies with data availability: some FSAPs focus only on bank-NBFI links using bank supervisory data, while others include more comprehensive cross-sectoral links. Analysis may be done at the sectoral or institutional level. Some diagnostics and related propagation analyses use direct exposure data and network models, while others rely on market prices.

49. Data and modelling challenges remain. The BSA data are now available for many countries but usually provide only sector-aggregate "who-to-whom" mapping where all of NBFI is aggregated to a single sector. More granular data are needed to identify NBFI subsectors, claim types—debt, loans, deposits, securities, equity shares—and other details such as maturities, currency, and interest rate structures. Despite recent improvements, NBFI cross-border links remain poorly covered.[32] Continued landscape change requires updating data collection efforts for emerging risks.

50. Greater complexity, opacity, and cross-country differences also call for maintaining multiple approaches and assumptions and continuing to upgrade them. FSAP experiences highlight the benefit of multiple approaches and analytical toolkits to best tailor assessments to each jurisdiction. Simpler systems may not require fully dynamic models: tools with limited feedback loops, ad-hoc assumptions, or using inferences from other, "satellite" models for a subsector may

[30] Supervisors in Austria and Finland, and later IMF (e.g., Espinosa and Sole, 2010) started interbank network analyses in the early 2000s, at times complemented by price related measures such as CoVar, SRISK, Marginal Expected Shortfall (MES), Contingent Claims Analysis (CCA). See Adrian and Brunnermeier, 2016, Acharya et al., 2012, Jobst and Gray, 2013, and Segoviano, 2009; and Acharya et al. 2025 for a review.

[31] FSAPs over the past five years with a full systemwide (interconnection) risk analysis are Azerbaijan (2025), Belgium (2023), Botswana (2023), Canada (2025), Chile (2021, China (2024), Euro Area (2025), Iceland (2023), India (2024), Ireland (2022), Japan (2024), Jordan (2023), Luxembourg (2024), Mexico (2022), Netherlands (2024), South Africa (2020), Sweden (2022), and Turkey (2022). Eight other FSAPs documented interconnections.

[32] The ownership composition of NBFI-related foreign claims and liabilities can be poorly covered (e.g., the Ireland FSAP 2022 noted specifically problems arising from large multinationals presence with substantial financial activities). Also, which of (domestic and international) gross links just reflect tax-driven accounting mechanisms, but do not represent financial risks, can be hard to tell (e.g., the Netherlands 2024 FSAP).

suffice. In larger and more complex systems, feedback and amplification effects should be based on solid empirical analyses and approaches need continued investments and regular updating.

Systemwide Liquidity (SWL) Risk Analysis

51. SWL analysis adds to interconnectedness analysis through scenario-based stress tests focused on systemic liquidity risks. SWLs were added to the FSAP toolkit more recently than interconnectedness analyses (Oura and Arnould (2026) review). SWLs aim to encompass all relevant banks and NBFI entities to assess the risk of a systemic liquidity event in key markets. SWLs are useful because NBFI, especially IFs, and increasingly PFs and ICs, are primarily exposed to liquidity, not solvency risks. As most NBFI lack access to public liquidity backstops, SWL can assess spillovers from NBFI's liquidity risk management, such as stressed IF draining bank deposits, transferring stress to banks. Liquidity risks can also spillover to solvency risks in ICs and PFs, where forced selling due to margin calls can lead to losses and lower solvency or funding ratios.

52. SWLs typically build on and modify sectoral liquidity stress tests (see Baudino et al. 2024 for a review). But they face additional data and conceptual challenges. Preferably, an SWL covers most of the financial system and relevant non-financial sectors, households, corporations, and the government, subject to data availability. Maturity structure of assets and liabilities for all subsectors is needed to identify sectoral vulnerability to liquidity risks and their cross-sectoral transmission channels. Since BSA data may lack the required granularity, supervisory or FMI transaction data are often additionally necessary.

53. Much progress has been made in modelling systemic liquidity spillovers in the past five years, using both top-down and bottom-up approaches (Table 4). Top-down models, such as the IMF's SWL, ensure consistency across sectors and are scalable across countries. Bottom-up approaches can fill data gaps and ensure realistic behavior, though they do not automatically ensure systemwide consistency. Both approaches require behavioral responses to shocks to capture second-round effects, contagion, and systemic risk contributions. Top-down models are calibrated with supervisory and private sector data, as in the European Central Bank's (ECB) Interconnected System-wide stress test Analytics (ISA) model. Bottom-up approaches can directly rely on interactions with market participants, as in the Bank of England's (BoE) 2024 system-wide exploratory scenario exercise (SWES).

Table 4. Comparison of Top-Down versus Bottom-Up Systemwide Analysis

Dimension	Top-down	Bottom-up
Objective	Identify systemwide linkages and amplification channels	Understand behaviors and interactions under stress
Data & inputs	Supervisory, balance-sheet, BSA, and transaction data	Firm submissions, market intelligence, supervisory dialogue
Strengths	Systemwide consistency, scalable across countries	More realistic behavior reveals expectation mismatches
Limitations	Resource-intensive for the authorities, data gaps, and stylized behavior	Resource-intensive for authorities and participants, partial system coverage
Examples	ECB (ISA model), Bank of Canada, Bank of Japan, various FSAPs	BoE (SWES), Banque de France, Reserve Bank of Australia

Source: Oura and Arnould (forthcoming).

54. Reflecting data and conceptual advances, SWL analyses were conducted in 18 (of 39) recent FSAPs. Use is evenly split between emerging markets, developing economies, and advanced economies (see also Oura and Arnould 2025), with FSAPs for Botswana, Canada, the Euro area, and India as recent examples. Differences in financial structures, data limits, analytical complexity, and resource constraints explain why other FSAPs have not featured in-depth SWL. Where used, SWL has helped identify key entities, channels, and behaviors with systemic impact; prioritize future risk assessments, supervision, monitoring, and regulatory work; improve data reporting templates; and close data gaps.

55. Increased interconnections, faster liquidity movements, and more fragile funding structures make a stronger SWL analysis necessary. Recent episodes, including the 2022 UK LDI event, U.S. banking stresses in March 2023, and external liquidity shocks affecting Mexico, Korea, and Türkiye, reinforce the importance of SWLs. Realistic and comprehensive SWLs remain challenging. Key constraints include institutional-level data for HFs and private credit, and credible behavioral assumptions in times of stress,[33] with both essential for reliable liquidity stress tests.[34] Results, typically presented as ranges, reflecting alternative sensitivities and pecking orders of asset liquidation, can identify critical nodes and quantify the benefit of different policy rules.

56. SWL will remain experimental and require continued investments. Progress can draw on the increasing work of national authorities, each using unique data, differing approaches, and various perimeters and transmission channels. Advances will also come from combining top-down and bottom-up approaches and grounding behavioral assumptions on both actual stress events and market participants' responses to hypothetical scenarios.[35]

Specific Tools and Approaches to be Considered

57. Over the coming five years, FSAPs should selectively expand NBFI analysis to align with the evolving landscape. Priorities as of today include private credit, systemwide impact of margin practices, risks from FMIs, including CCPs. Analyses are closely linked to existing

[33] This concerns both the private sector—as to rollovers, funding renewals, withdrawals, and asset price effects—and the public sector responses—as to monetary and financial stability measures, such as liquidity support for banks (lender of last resort and emergency lending assistance, ELA) and for non-banks. Potential liquidity needs have to be estimated across subsectors, accounting among others for deposit stickiness and competition from new instruments, and within a sector, including accounting for whether solvent institutions can receive enough liquidity, or whether liquidity hoarding or flight-to-quality dynamics emerge. These assessment will inform the counterparty eligibility assessment of central bank liquidity backstops (CBLB) under Pillar III, where relevant.

[34] These challenges also apply to banks: even with access to ample data, stress-period behavior remains difficult to capture. For example, Cipriani et al. (2024) find for the March 2023 U.S. bank runs, concentrated in two days and halted with public sector interventions, that the characteristics of affected and other banks overlapped, leaving much unexplained and confirming both fundamental and panic elements.

[35] While asset-price based analysis is significantly affected by sentiment and provide less clear policy insights than exercises using granular balance sheet and other data, they can help identify risks and proxy critical behavioral patterns. Academic work on liquidity risk using asset prices is also advancing.

interconnections and SWL tools but require bespoke approaches collaborating with national authorities. Coverage should remain agile and focus on jurisdictions where the activities are material, risks appear to be increasing, and data are available. For cryptocurrencies, DeFi, and stablecoins, regulatory paradigms are still evolving, and data are still scarce, yet qualitative assessments can be beneficial, also in FSAPs.

Private Credit

58. Private credit has not yet been assessed as a standalone FSAP risk, but its rapid growth in some jurisdictions has warranted closer attention. Given uneven disclosure and limited regulatory reporting—especially outside publicly traded providers and bank disclosures—a standardized FSAP tool for private credit is unlikely to be feasible or useful. FSAPs should instead assess private credit where material by enhancing bank stress tests, interconnection analyses, and SWL work, using existing supervisory and public data supplemented by market intelligence and structured qualitative questions (see IMF, 2024 and 2025, and Ferreira, Martell, and Yakovlev, 2026).

Liquidity Spillovers Related to NBFI Entities and Activities, Including Margins

59. Liquidity spillover risks arise from IFs, but also from ICs and PFs as they increasingly use derivatives and repos.[36] While such transactions can help manage risks, related margin and collateral calls can create sudden, large liquidity needs (Alfaro et al. 2024). The 2022 U.K. LDI crisis (Pinter, 2023) and similar exposures in the Netherlands (Jansen et al., 2023) moved these risks up in the supervisory agenda (e.g., EIOPA and DNB's 2025 analyses of occupational PFs' and BoE's (2025) of ICs' exposures to rapid movements in yield curves). Recent FSAPs have already included such liquidity risks (Annex Table), but the approach could be further broadened and enhanced in line with developing practice.

60. As a standard tool will be unlikely, FSAP should analyze spillovers from the full NBFI space in collaboration with national authorities. Transaction-level data from trade repositories and other data have been used in major jurisdictions to study past margin-call episodes and quantify potential liquidity needs (Pinter, 2023; Paddrick et al., 2025; Macchiati et al., 2025). Conducting such work prospectively, however, requires extensive lead time and close collaboration with authorities (as in the 2025 Euro area FSAP with ESMA). Liquidity and money market structures and practices also differ widely across countries. Margin models vary across exchanges and CCPs and may be opaque in the case of bilateral contracts "uncleared" by CCPs. Analyses should thus remain bespoke, tailored to country-specific conditions, conducted with key agencies, and complemented by reviews of relevant policy, oversight, and crisis management frameworks (Pillars 2 and 3).[37]

[36] Risks of sudden funding withdrawal are generally of less concerning for ICs and PFs as most liabilities are not easily runnable, and institutions are more likely to shrink gradually than face forced fire sales.

[37] FSB (2024b) recommends non-bank market participants to conduct liquidity stress tests to identify strains from margin and collateral calls in centrally and non-centrally cleared derivatives and securities markets and maintain resilience consistent with their risk appetite.

Systemic Risks from CCPS and other FMIS, Given Their Centrality

61. FMIs are critical to the financial system. FSAPs routinely assess their regulation and supervision as well as operational resilience, including to cyber-attacks (e.g., recently for Belgium, the Euro area, Germany, Hong Kong SAR, Japan, Spain, Sweden, Switzerland, and the U.S.).[38] If a CCP exhausts its default waterfall, clearing members must absorb losses, often during periods of severe market stress when they likely already face margin calls and possible solvency pressures. In extreme cases, CCP-related stress could therefore become systemic. At the same time, even when they remain resilient through their margin practices, FMIs can also transmit stress to others. Such channels highlight the need to examine FMI-related risks from a systemwide perspective, as in BoE's 2025 stress tests of CCPs.[39]

62. CCPs collect much transaction-level data, but many data and analytical challenges make standard top-down stress tests unlikely suited for most FSAPs. Sharing constraints and the large scale of data and speed of transactions create major challenges. Major CCPs often have large international operations, further complicating the identification of ultimate beneficiaries and risk locations. As with SWL and interconnection analyses, behavioral assumptions are difficult to calibrate, as relevant stress episodes are rare. A practical approach forward outside the FSAP is a bottom-up exercise organized by the jurisdiction's CCP regulator, but working with the IMF, as in 2023 ESMA CCP stress tests, where some results were integrated in the 2025 Euro area FSAP (see Technical Note, 2025 and Grippa and Letizia, forthcoming). Many regulators and supervisors of global CCPs now conduct regular stress tests of CCPs, and their and other ongoing work[40] can inform FSAPs. And lessons from the CCP's margin practices could be embedded in SWLs to proxy margin calls.

New Financial Services Related to Digitalization

63. FSAP coverage of stablecoins, decentralized finance (DeFi), and cryptocurrencies has so far been limited and mostly qualitative. This reflects their small (but growing) markets, limited data, and still-evolving regulatory frameworks. Future FSAP work should focus on jurisdictions where exposures or adoption are material, assessing under Pillars 1 and 2 whether regulatory, supervisory,

[38] Global CCPs and FMI rules (first issued by CPMI-IOSCO in 2012) remain relatively general and unevenly adopted. The FSB Key Attributes of Effective Resolution Regimes for Financial Institutions (KA) issued in 2017, with subsequent updates and still being implemented, are largely meant for banks but include specific guidance for FMIs and their participants. The FSB monitors implementation for systemically important cross-border CCPs and the CPMI assesses the adherence to the PFMI for some of its member jurisdictions.

[39] While BCBS-IOSCO (2025) finds generally no material issues in the margin requirements for non-centrally cleared derivatives, over-the-country margin calls can still cause liquidity demands and create spillovers.

[40] For the US, for example, Heilbron and Tompaidis (2025) model idiosyncratic and systemics shocks for 11 CCPs and 6 clearing members (CMs) that are large financial institutions and stress the CCPs in three ways: by applying idiosyncratic shocks specific to each CCP; by applying systematic shocks simultaneously across all CCPs; and by applying a reverse stress scenario that exhausts the resources and assessment powers of each CCP. They find that both the CCP and CMs face simultaneous stress, their largest CMs have sufficient capital and liquidity resources to meet CCP demands. Still, the size of these demands is non-negligible.

data, and crisis-management frameworks are adequate and whether links to banks, payment systems, capital flows, and households could become systemic. Practical staff guidance on key indicators and questions would also support Article IVs, the GFSR, the WEO, and broader surveillance

RECOMMENDATIONS FOR DATA AND RISK ASSESSMENTS

A. Data: (Global) Regulatory Initiatives and Priorities for FSAP

64. Greater data availability is essential for stronger FSAP systemic risk analyses. Because FSAPs rely on data already collected by national authorities, the starting points are using existing data, notably from banks, and better and broader improvement in NBFI data collection, quality, and accessibility (Box 3).

65. FSAPs should allow for more lead time to effectively use available data. New data collections are rarely feasible in time for an FSAP, and supervisory and (paid) public data are often not readily usable in time for FSAP analyses due to legal, logistical, and other constraints. With sufficient lead time, though, several FSAPs secured timely access. Recent pilots used transaction-level derivatives and repo data collected by FMIs and indirectly shared by authorities with FSAP teams. These examples show the benefits of early collaboration with authorities on approvals, safeguards, and data management.

66. To achieve more effective collaboration, some operational improvements should be considered. More templates can be usefully developed upfront for areas with potential systemic vulnerabilities and shared with authorities six or more months before the scoping mission or even before the formal start of the FSAP when feasible. Data needs can be structured as technical assistance or as collaboration in case of experimental, data-intensive analysis, possibly with some targeted data collection.

Box 3. General Improvements of Data on NBFI Entities and Activities

More and better NBFI-related data are being collected. At national and international levels, more data is being collected and becoming more accessible (publicly). This has allowed teams to analyze potential vulnerabilities and the impacts of (new) policy measures more accurately, and for better NBFI stress tests. Progress has come from advances in data collection and management. Further gains are starting to be made by using AI-related tools to collect and process data, including from publicly available and non-traditional sources (e.g., texts and text-based filings, as was done for the Global Bank Stress Test, IMF 2025).

But many important gaps remain. As the DGI (see IMF for current status), FSB (2025c), and others document, many NBFI-data gaps remain at the aggregate and sub-aggregate (e.g., by type of entity or activity) and at the single entity levels. For segments like HFs, PTFs, and private credit, little data is being collected from primary sources.

Box 3. General Improvements of Data on NBFI Entities and Activities (Concluded)

Other activities have large gaps as well (e.g., see FSB 2023a on OEF liquidity imbalances, FSB 2024a on margining, and FSB 2025c on leveraged trading strategies in core markets, its current test case for addressing data challenges). Data on ultimate NBFI-investors are often missing, and NBFI's significant intra-sectoral and cross-border activities continue to complicate as standards vary and privacy and supervisory confidentiality rules limit data sharing. The DGI recommends improving access to private and administrative data as well as the accessibility and sharing of granular data across jurisdictions.

Efforts continuously need prioritization. By focusing exclusively on filling data gaps, resources can be spent ineffectively. Clear framing helps to collect what is most important, what is doable, and how to best reap efficiency gains. This also applies to how to best connect various existing data so as to best capture exposures and interactions that can lead to stress. For interconnections, bank supervisory data can be used more to identify key asset exposures to NBFIs, but data on funding often lacks details on NBFI-bank links. For liquidity stress tests, data from central banks on monetary policy operations can help identify better common pressure points in funding markets. For capital and derivatives markets, key propagators, various positions of high frequency traders (HFTs), HFs, and proprietary funds that involve (implicit) leverage and liquidity transformation, and the presence of crowded trades can be better documented, also to assess risks in core markets. At the IMF, an STA initiative is underway to strengthen flow-of-funds-by-counterpart data—also referred to as Balance Sheet Approach data—to provide more sub sectoral detail on NBFI across the membership.

Important opportunities for synergies exist. Data from trading repositories and securities settlement systems can also be used, as they typically already report to supervisory agencies on order books, actual margins, and haircuts (CPMI-IOSCO, 2013; Heitfield, 2014). Using (price and quantity) data from commercial data providers commonly used by banks and NBFI presents further opportunities. With regards to margining, gaps can partly be addressed by enhancing market disclosure, but separate reporting processes will be needed for those (bilateral) transactions not suited to disclosure.

Better standards are needed to enhance data quality and improve disclosures. Data to be collected obviously must be as comparable as possible and shareable among relevant authorities within and across jurisdictions. Standards need to be harmonized for data recording and for matching (e.g., using LEI for the identification of various links). Reporting requirements can reflect progress in vulnerability metrics and incorporate more analytical-based measures (e.g., besides leverage and detailed balance sheets, also measures on NBFI's interactions with asset prices and other market characteristics). The ability to share data nationally and internationally needs to be improved. Even though not all (existing and new) data need to be made public (available), transparency and reporting frequency can increase, also to enhance market discipline.

Explore synergies with regulatory reforms and private sector efforts. Better data will in part be driven by regulatory reforms, including those discussed internationally, to limit NBFI-related systemic risks (see FSB 2025a and FSI 2025 for current priorities). When in effect, regulatory measures and accompanying reporting and disclosures will improve data. Private sector's interests can be better aligned through partnerships with the industry that foster improved standards and reporting guidelines to enhance data. This, in turn, helps the private sector, among others, to better manage counterparty risks (interconnectedness), enhance market discipline, and avoid repeats of stress events. If mostly subject to disclosure, it would also allow for better systemic risk analyses.

B. Recommendations for Risk Assessment Tools in the Next Five Years

67. FSAP risk analyses should be prioritized by system size, complexity, and material NBFI activities, considering data availability and resources. The following actions can strengthen prioritization and effectiveness.

C. Deepen Preparatory and Background Diagnostic

68. Before discussions with authorities, teams should scope and prioritize NBFI work using baseline diagnostics. This should cover the size and structure of the financial system, banks and key NBFI sectors, money, capital, and derivative markets, and a sector-aggregate network map, benchmarking against peer systems. Where relevant, it should also include indicators for large non-standard, leveraged positions (e.g., as reflected in shares of NBFIs in derivative and repo transactions) and prominent details of cross-sectoral linkages. This work should rely mainly on publicly available national aggregate data, such as BSA data and those from authorities' FSRs, FSB NBFI monitoring reports, rating agencies, international financial institutions, latest FSSA for mandatory assessments, and Article IV reports. The diagnostics should also use qualitative information about important markets, institutions, investors, and instruments. The scoping mission should then, using additional information from authorities and market surveillance, identify the key NBFI segments, institutions, investors, and linkages to be assessed and issues to be covered (or not) in the FSAP.

D. Include NBFI Risks in Enhanced Bank Stress Tests Using Bank Supervisory Data

69. Where NBFIs are sizeable and systemic, bank stress tests should be expanded to assess banks' links to key NBFI segments. Integrating NBFI exposures into bank stress tests by leveraging bank supervisory data can help identify important linkages at relatively low effort and quantify amplification through the interbank market. Several supervisory agencies already do this, including in EBA stress tests (Barberi et al. 2025) and the 2025 Global Bank Stress Test (IMF, 2025). The scope preferably includes on- and off-balance sheet exposures, major NBFI counterparties, and instruments. Data provided to supervisory agencies by banks, including as part of routine reporting on large counterparties and exposures, and concentration risks (e.g., the total credit and liquidity lines to the top 10 NBFIs, the top 10 most exposed banks to a particular group of NBFIs), would support such analyses, though further reporting enhancements may be needed.

E. For Simpler Systems and EMS, use Enhanced Interconnection and SWL Tests

70. Even where domestic NBFI is small, risks may emerge through international spillovers from global NBFI (IMF, 2026) and be propagated through domestic linkages, including in the nonfinancial sectors. A resource-efficient and effective approach is to apply the SWL tool using

aggregate data (Oura, 2022; Ding, Laliotis, and Toffano, 2024). With some tailoring and extensions where needed, the tool can identify sector(s) that could present systemic liquidity risk, which may not be financial institutions, but sectors such as households, NFCs, the government, or the general external sector. It can also assess how external shocks, such as capital outflows, are amplified or mitigated by domestic linkages and the exchange rate (see FSAPs for Mexico, Türkiye, and Oman). If NBFI appears to be a potential source or amplifier of systemic risks, more granular follow-up analysis can identify key institutions, activities, and channels.[41]

F. Extend IF and other Fund Liquidity Stress Tests and The Systemwide Perspective of Risks Related to ICS and PFS to More Jurisdictions

71. Where IFs and other asset management are material, FSAPs should conduct fund liquidity stress tests, using an efficient and automatic dashboard or tailored analysis. The dashboard developed (Letizia and Zhang, 2025) uses publicly available IF and asset price data to quickly undertake IF liquidity analysis with second-round effects on asset prices from fire sales. The tool can be extended to capture systemwide links to banks and other NBFIs, focusing on certain markets, similarly to the ECB 2025 EU-wide stress test using the ISA tool. FSAPs should also draw on global data collections and other surveillance, including GFSRs and FSRs, to assess cross-border NBFI-related risk efficiently.

72. Where material, FSAPs should assess potential spillovers from ICs and PFs exposures to fire-sale prone assets, short-run liabilities, and derivatives. Enhancing and standardizing liquidity and spillover analyses more generally for NBFI should be a priority.

G. Analyze the Stability of Core Bond and Funding Markets

73. Rising public debt and elevated corporate debt increase vulnerabilities in core sovereign, currency, and corporate bond markets. Because sovereign debt markets are the backbone of financial systems and they are growing, their resilience—especially where global linkages are significant—has become more important. Shocks can trigger sharp price changes, spikes in risk sentiment, and spillovers to the global financial system and smaller economies and vulnerable emerging markets. The greater role of NBFIs in core funding markets can also increase the risk of markets dysfunctioning. Working with others (e.g., BIS, FSB, other international agencies, and national authorities of key financial centers), FSAPs and other IMF surveillance should aim to identify leveraged users in core bond and funding markets and further examine regulatory and central bank tools to prevent and manage stress.

[41] For large systems with significant foreign presence of or influence by foreign NBFIs, such a tool could be part of standard financial stability surveillance (e.g., see Konaka et al. 2025 for the case of Japan).

H. Conduct Selected In-Depth, Collaborative Analyses for SIFS and Others

74. For jurisdictions with large and complex NBFI sectors, bespoke analyses—conducted with authorities as part of an FSAP or as broader technical collaboration—may be most effective. Areas to cover include:

- ***Repos and derivatives****:* Greater use of these instruments can strengthen systemic linkages and lead to stress in core markets, including through large margin calls. Combining transaction-level data collected by FMIs with institution-level supervisory reports where possible and adopting an activity-based perspective with a comprehensive perimeter of agents, FSAP should assess vulnerabilities and possible spillovers in key markets under stress scenarios. For large jurisdictions, systemwide risks of CCPs and other FMIs should be examined (e.g., in SWLs).

- ***Securitization and risk transfer mechanisms****:* Well-designed risk-transfer mechanisms can diversify risks across the financial system and optimize capital buffers. But their wider use can also shift credit, market, and insurance-related risks and vulnerabilities in the system—including to and from ICs, PFs, reinsurers, and leveraged asset managers—and may increase opacity, leverage, concentration, and interconnectedness. Key recent examples include the use of significant risk transfer (SRT) securitizations by banks and asset-intensive reinsurance (AIR) by life insurers, where capital relief can exceed effective risk transfer and enable regulatory arbitrage. Systemic concerns rise when structures are bespoke and bilateral contracts are complex and illiquid, and when exposures are concentrated and associated with greater interconnections. These can amplify stress, including when recapture and rollover risks materialize, and require close monitoring. Where material, FSAPs could assess these vulnerabilities using detailed transaction-level regulatory and conduct stress tests to evaluate the robustness of risk transfers and identify potential spillovers.

- ***Emerging risks:*** New NBFI developments can become systemic. Current priorities could include private credit, which has been growing fast in some jurisdictions; stablecoins, mainly issued in a few advanced economies but used extensively in some emerging markets, impacting their capital flows and monetary sovereignty; and DeFi, which is increasingly mainstreamed without commensurate oversight. Given limited data, FSAP analysis should focus on regulatory frameworks and supervisory practices, supported by market intelligence.

Annex I. Coverage of NBFI and FMIs in Recent FSAPs

Annex I. Table 1. Coverage of NBFI and FMIs in Recent FSAPs—Stress Tests, Regulation and Supervision (2020–2025)

FSAP	Solvency Stress Test	Liquidity Stress Test	Systemwide Analysis	Supervision and Regulation
2025 Azerbaijan			X	
2023 Belgium	IC	IF, IC (TD): margin calls and withdrawals	X	IC, FMI
2023 Botswana	IC, PF		X	
2025 Canada	IC, PF	IC and PF (BU): margin calls	X	IC, PF, IF
2021 Chile		OF, PF (TD), portfolio reallocation	X	IF, PF, IC
2025 China			X	IC, Markets, IF, FMI, NBFC,
2025 Euro Area	CCP	IF	X	IC, IF, Markets, FMI
2025 France		IF		IC, Markets
2022 Germany				FMI, IC
2020 China—Hong Kong SAR		IF		CCP, FMI, IC,
2023 Iceland	PF		X	PF
2025 India	NBFC	NBFC, IF	X	NBFC, IC, Markets, IF
2022 Ireland	IC	IF, IC (TD): margin calls, (BU) insurance risk, cash flows from premium, claims, and reinsurance	X	IC, IF
2020 Korea	IC			IC, Markets
2024 Japan	IC	IF, IC (BU): insurance risk, cashflows from premiums, claims, reinsurance	X	IC, IF, CCP
2023 Jordan			X	FMI
2024 Luxembourg	IC	IF, IC: top-down, outflows through surrenders of guaranteed life insurance policies	X	IF, IC
2022 Mexico			X	
2024 Netherlands	IC, PF	IC: TD and BU, margin call; PF BU, margin call	X	IC, PF, Markets
2022 South Africa			X	IF, IC, PF
2024 Spain				FMI
2023 Sweden		IF	X	FMI
2025 Switzerland	IC			FMI, IC, Markets
2023 Türkiye			X	IC, PF
2022 U.K.	IC	IF, IC (TD): margin calls		CCP, IC, IF
2020 U.S.	IC	IC, IF	X	IC, IF, FMI, Markets

Note: IC = Insurance Companies, PF = Pension Funds, IF = investment Funds, NBFC = Non-Bank Financial Corporations, CCP = Central Counterparties, Markets = Securities Markets, FMI = Financial Markets Infrastructure (includes CCPs, Central Securities Depositories, payment systems). Including assessments undertaken by the World Bank for joint FSAPs.

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