

Financial Stability Institute



**2021 in review**

The Financial Stability Institute (FSI) of the Bank for International Settlements (BIS) assists central banks and financial regulatory and supervisory authorities worldwide in strengthening their financial systems by supporting the implementation of global regulatory standards and sound supervisory practices.

# Index

3

FSI Publications

6

FSI Outreach Programme

7

FSI partner organisations

8

Focus feature: big tech

9

Online training

10

Special projects

12

List of publications

13

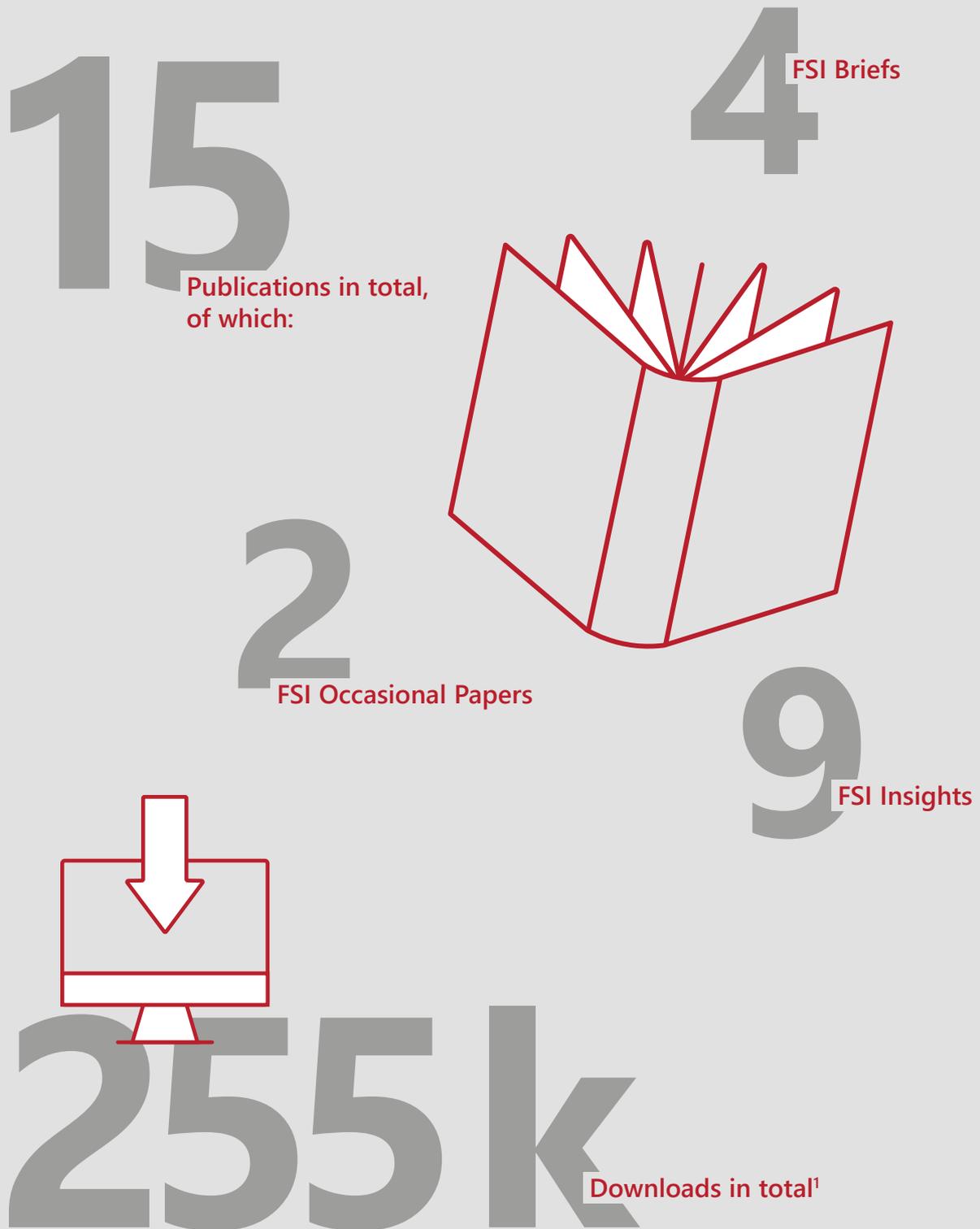
List of events

15

List of FSI Connect tutorials

## FSI publications in 2021

FSI publications are targeted at global financial sector authorities, central banks and policymakers to contribute to policy discussions and formulation on topical financial regulatory and supervisory issues.



<sup>1</sup>This number includes downloads in 2021 of all FSI publications.

# FSI publications: key areas covered in 2021



## SUPERVISION

### **FSI Insights 37: Suptech tools for prudential supervision and their use during the pandemic (December)**

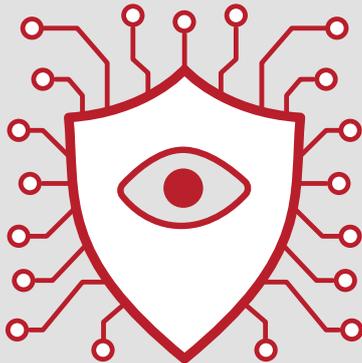
The paper takes stock of suptech tools in 20 jurisdictions and explores the benefits, risks and challenges of their use in prudential supervision, including during the pandemic. It finds that more than half of the tools assess mainly qualitative data, underscoring the importance of analysing textual information in prudential supervision. Such tools, in addition to risk identification tools, also proved quite useful during the pandemic. A key challenge for all authorities is to ensure that the tools support, rather than replace, supervisory judgment.

## CLIMATE

### **FSI Insight 34: Stress testing banks for climate change (July)**

This paper discusses the challenges of applying traditional stress tests to banks' climate-related risks. These challenges relate to: (i) data availability and reliability; (ii) very long time horizons; (iii) uncertainty around key reference variables (eg floods, rising sea levels); and (iv) uncertainty around transition risks (eg changes in climate policies, technologies). Drawing on three recent climate risk stress tests, the paper reviews how these challenges have been addressed in practice.





## TECHNOLOGY

### FSI Insight 35:

#### Humans keeping AI in check (August)

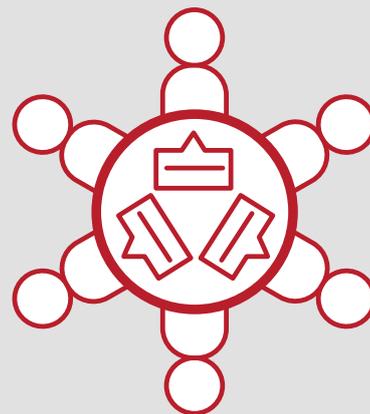
The paper identifies five common guiding principles in selected financial sector-specific AI governance framework - reliability, accountability, transparency, fairness and ethics. While the emerging AI principles are useful, there are growing calls for financial regulators to provide more concrete practical guidance given the challenges in implementing the principles. To address challenges in implementing sound AI governance principles, a proportional and coordinated regulatory and supervisory response is called for.

## CRISIS MANAGEMENT

### FSI Insight 39:

#### Managing banking crises in emerging markets (December)

The paper explores the challenges that emerging market economies (EMEs) face as they enhance their crisis frameworks, such as concentrated banking sectors, concentrated bank ownership and deposit-based funding models, and the resulting risks for public finances. Analysing a sample of 11 EMEs, the paper argues that authorities may increase their options through greater use of transfer and recapitalisation tools and broader sources of funding. This will mitigate risks for public finances, but not eliminate the need for public backstops. The key is to maximise recoveries if backstops are used.



# FSI Outreach Programme in 2021

FSI events bring together different groups of constituents (senior officials, heads of departments, technical staff) from financial sector authorities and central banks to exchange views on key regulatory and supervisory issues.

## 10 Policy implementation meetings



Policy implementation meetings present an opportunity for senior officials at supervisory authorities to explore the practical regulatory and supervisory issues connected with the implementation of global prudential standards.

## 8 High-level meetings



High-level meetings provide a forum for heads of supervisory authorities to discuss recent developments in global prudential standards together with regional regulatory and supervisory priorities.

## 3 Conferences



Conferences provide a forum for financial sector supervisors to discuss topical cross-sectoral issues.

HAVE PARTICIPATED AT FSI EVENTS IN 2021

Main topics covered:  
**technology, crisis management, climate change, financial inclusion**

5,499

attendees from

174

jurisdictions and

422

institutions

# FSI partner organisations

Arab Monetary Fund

Asian Forum of Insurance Supervisors

Association of Insurance Supervisors of Latin America

Association of Supervisors of Banks of the Americas

Basel Committee on Banking Supervision

BIS Innovation Hub

Center for Latin American Monetary Studies

Committee on Payment and Market Infrastructures

Community of African Banking Supervisors

European Banking Authority

European Supervisor Education Initiative

Executives' Meeting of East Asia Pacific Central Banks

Financial Stability Board

Group of International Finance Centre Supervisors

International Association of Deposit Insurers

International Association of Insurance Supervisors

International Monetary Fund

International Organization of Securities Commissions

Macroeconomic and Financial Management Institute  
of Eastern and Southern Africa

South African Reserve Bank, Prudential Regulation Authority

South East Asian Central Banks Research and Training Centre

Unidroit

## 2021 focus feature: big tech

**FSI Occasional Papers no 17:  
Fintech regulation: how to achieve a level playing field (February)**

This paper discusses how level playing field considerations should affect the definition of the regulatory framework following the emergence of fintechs and big techs and analyses the extent to which activity-based and entity-based regulations could help achieve socially desirable objectives.

**FSI Briefs no 12:  
Big techs in finance: regulatory approaches and policy options (March)**

This paper provides an overview of the current regulatory landscape for big techs operating in finance and discusses avenues for improvement.

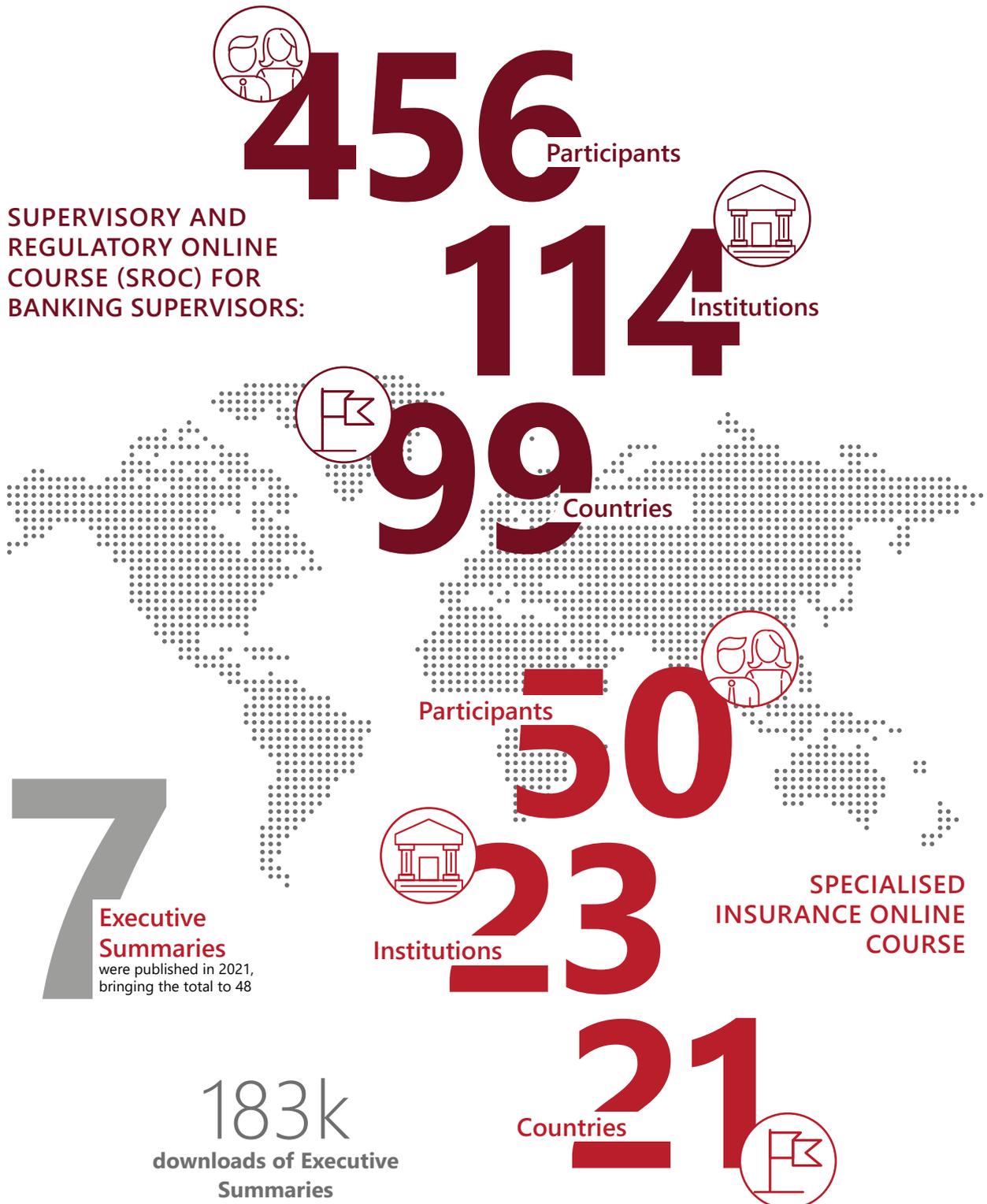
**FSI Insights no 36:  
Big tech regulation: what is going on? (September)**

This paper offers a typology of regulatory actions and reviews regulatory initiatives in five policy domains: competition, data, conduct of business, operational resilience and financial stability.

# FSI Online training in 2021

## 15 NEW TUTORIALS, INCLUDING ON:

- Competition issues in e-money and financial inclusion
- Climate risk
- Policy responses to fintech
- Transfer strategies in resolution



## FSI special projects in 2021

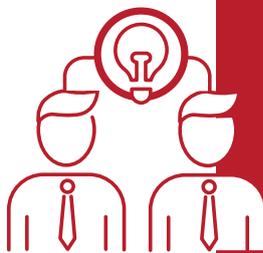
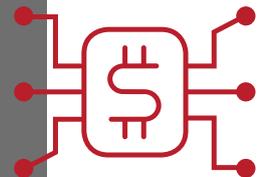
The FSI contributes to the Innovation BIS 2025 medium-term strategy through our work on capacity-building and knowledge-sharing, especially in technology-related topics and financial crisis management, to help supervisory authorities address ongoing and new supervisory challenges.

### Finrep

**Why:** to provide a useful reference to facilitate policymaking and regulatory benchmarking related to fintech developments.

**What has been done:** adjusted the prototype to incorporate users' feedback, enhanced process to track and update regulatory content and established the BIS FinRep Technical Group.

**What is next:** launch version 1.0 to policymakers, researchers and staff from authorities in BIS member jurisdictions and staff from BIS.



### Informal supotech network

**Why:** to provide a knowledge-sharing platform for the exchange of practices and experiences in implementing supotech tools among its members.

**What has been done:** six ISN webinars on supotech work of various members and the paper "Supotech tools for prudential supervision and their use during the pandemic", which was based on responses to an ISN survey.

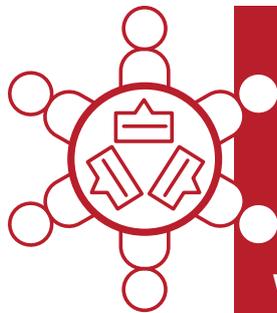
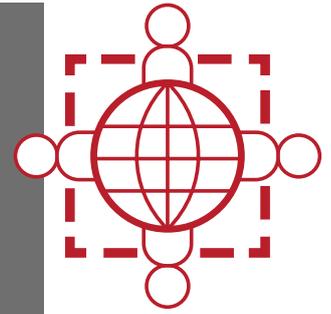
**What is next:** ISN webinar series will continue with at least three webinars next year; a physical meeting towards end of 2022 will be organised, if possible; potentially two supotech papers will be produced with input from ISN members.

## Financial inclusion

**Why:** to create a policy and regulatory environment that facilitates greater financial inclusion of underserved communities around the world.

**What has been done:** check-in meetings between the standard-setting bodies and the financial inclusion community, including an FSI-FATF financial inclusion workshop, and a high-level meeting, organised with the Office of the UN Secretary General’s Special Advocate for Inclusive Finance for Development, in addition to tutorials on financial inclusion.

**What is next:** enhanced cooperation arrangements will continue to foster collaboration and coordination between the SSBs and financial inclusion community. Policy research papers on CBDCs and financial inclusion and regulatory bottlenecks in remittances markets are scheduled for publication in 2022.



## FSI crisis simulation exercises

**Why:** to allow participating authorities to test their crisis management arrangements, cross-border cooperation and information-sharing in a fictional scenario.

**What has been done:** in March 2021, 11 authorities from six Latin American countries took part in a joint crisis simulation exercise (CSE) organised by the FSI. The CSE involved over 100 participants and simulated the failure of a fictional bank with significant operations in all countries represented. Following the exercise, the authorities received a report setting out findings and recommendations, prepared by the FSI with a consultant.

**What is next:** conduct a cross-border CSE with 10 authorities from six jurisdictions in the Asia-Pacific region and prepare a CSE in Africa.

## Unidroit Principles on Bank Liquidation

**Why:** to set up best practices in the area of bank liquidation as a guideline for legislators and practitioners to enhance the effectiveness of bank failure management frameworks.

**What has been done:** an exploratory workshop involving authorities and academics from all over the world was held in June 2021. Following the official endorsement by the Unidroit Governing Council, a working group was constituted and the project launched at a two-day meeting in Rome in December.

**What is next:** subgroups have been created to explore specific aspects of the topic and will report to the plenary in summer 2022.



## FSI publications in 2021

### FSI Briefs

16  
Sep **no 15**  
Vaccinating insurers against pandemics – a review of capital requirements for pandemic risk, by Jeffery Yong

10  
Jun **no 14**  
The accountability regime of banking supervisors: with great power comes great responsibility; by Sasin Kirakul, Jeffery Yong and Raihan Zamil

9  
Apr **no 13**  
Redefining insurance supervision for the new normal, by Farzana Badat, Denise Garcia Ocampo and Jeffery Yong

16  
Mar **no 12**  
Big techs in finance: regulatory approaches and policy options, by Juan Carlos Crisanto, Johannes Ehrentraud and Marcos Fabian

### FSI Occasional Papers

13  
Oct **no 18**  
Cross-border crisis simulation exercise in South America, by Financial Stability Institute

2  
Feb **no 17**  
Fintech regulation: how to achieve a level playing field, by Fernando Restoy

### FSI Insights

16  
Dec **no 38**  
Managing banking crises in emerging market economies, by Jacques Botes, Aidan Lawson, Vasily Pozdyshev and Rastko Vrbaski

2  
Dec **no 37**  
Suptech tools for prudential supervision and their use during the pandemic, by Kenton Beerman, Jermy Prenio and Raihan Zamil

29  
Sep **no 36**  
Big tech regulation: what is going on? by Juan Carlos Crisanto, Johannes Ehrentraud, Aidan Lawson and Fernando Restoy

3  
Aug **no 35**  
Humans keeping AI in check – emerging regulatory expectations in the financial sector, by Jeffery Yong and Jermy Prenio

14  
Jul **no 34**  
Stress-testing banks for climate change – a comparison of practices, by Patrizia Baudino and Jean-Philippe Svoronos

5  
Jul **no 33**  
Fintech and payments: regulating digital payment services and e-money, by Johannes Ehrentraud, Jermy Prenio, Codruta Boar, Mathilde Janfils and Aidan Lawson

7  
May **no 32**  
Institutional arrangements for bank resolution, by Patrizia Baudino, Carlos Sánchez Sánchez and Ruth Walters

7  
Apr **no 31**  
Supervising cryptoassets for anti-money laundering, by Rodrigo Coelho, Jonathan Fishman and Denise Garcia Ocampo

9  
May **no 30**  
The universe of supervisory mandates - total eclipse of the core? by Sasin Kirakul, Jeffery Yong and Raihan Zamil

## FSI events in 2021

-  Virtual seminar
-  Virtual policy implementation meeting
-  Virtual high-level meeting
-  Online course
-  Conferences and other events

13 Jan	<b>Informal suptech network (ISN)</b> series of webinars – DNB’s dataloop	
20–27 Jan	<b>Green swan</b> Central banking and financial stability in the age of climate change	
26 Jan	<b>BISIH-CPMI</b> Legal aspects of digital currencies	
28–29 Jan	<b>BCBS</b> High-level meeting for Africa on policy priorities and capacity-building	
2–3 Feb	<b>BCBS-FSB</b> Anti-money laundering and correspondent banking	
10–11 Feb	<b>CEMLA</b> Stress testing in Covid times	
17–18 Feb	<b>AMF</b> Risk-based supervision during Covid-19 pandemic	
17–18 Feb	<b>EMEAP</b> Supervision of credit risk and problem banks in a post-pandemic world	
24–25 Feb	<b>ESE</b> Climate risk	
16–17 Mar	<b>BCBS-EMEAP</b> High-level meeting for Asia-Pacific	
17–18 Mar	<b>Capacity-building and FSI Connect meeting</b>	
24–25 Mar	<b>ASBA</b> Third-party service providers and cloud computing	
30–31 Mar	<b>CABS</b> Regional virtual meeting	
7 Apr	<b>Informal suptech network (ISN)</b> series of webinars – MAS’s use of suptech tools	
13–15 Apr	<b>EBA</b> Climate risk	
21 Apr	<b>ASSAL-IAIS</b> High-level meeting for Latin-America on insurance supervision	
22 Apr	<b>The Japanese banking crisis</b> (Ryozo Himino, JFSA)	
4 May–16 Jun	<b>IAIS</b> Specialised insurance online course (SIOC)	
5–6 May	<b>BCBS-BSCEE</b> High-level meeting for Europe	
26–27 May	<b>CPMI</b> Regulating bigtechs	
2–3 Jun	<b>IMF</b> Implications of the Covid-19 pandemic for bank failure management	

## FSI events in 2021

9 Jun	<b>AFIR-IAIS</b> High-level meeting for Asia-Pacific on insurance supervision	
22–23 Jun	<b>SEACEN</b> Director's meeting	
23 Jun	<b>Informal suptech network (ISN)</b> series of webinars – Bank of England's data collection transformation plan	
30 Jun–1 Jul	<b>BCBS-Central Bank of the Bahamas</b> Implementation of Basel standards in smaller jurisdictions	
2 Sep–24 Feb	<b>IMF</b> Supervisory and regulatory online course (SROC)	
8–9 Sep	<b>ASBA</b> Crisis management in emerging markets	
8 Sep	<b>Informal suptech network (ISN)</b> Series of webinars – suptech work at the ECB	
15–16 Sep	<b>IADI</b> Building effective financial safety nets to address emerging risks	
28–30 Sep	<b>IADI-SEACEN</b> Problem bank supervision and resolution	
29–30 Sep	<b>BCBS-ASBA</b> High-level meeting for the Americas	
6–7 Oct	<b>IOSCO</b> Securities markets, trading activities and market infrastructure	
12–14 Oct	<b>ASSAL-IAIS</b> Cyber resilience and climate change in the insurance sector	
20–21 Oct	<b>EMEAP</b> Regulation and supervision of digital banks	
21 Oct	<b>Informal suptech network (ISN)</b> series of webinars – suptech data analytics tools for prudential supervision	
3–4 Nov	<b>MEFMI</b> Crisis management	
10–11 Nov	<b>GIFCS</b> Operational resilience and third-party service providers	
1–2 Dec	<b>CEMLA</b> Crypto and CBDC	
1 Dec	<b>High-level meeting</b> on financial inclusion	
2–3 Dec	<b>Workshop</b> on financial inclusion	
2 Dec	<b>Informal suptech network (ISN)</b> series of webinars BISIH's Project	
7 Dec	<b>Ten years of the FSB Key Attributes of Effective Resolution</b>	
8–9 Dec	<b>BCBS-AMF</b> High-level meeting for Middle East and North Africa	

# New and updated FSIC tutorials and FSIC Executive Summaries

---

## New tutorials

- Competition issues in e-money
  - Climate risks in insurance
  - Recovery planning in insurance
  - Fintech financing
  - Policy responses to fintech
  - Climate risks in banking
  - Ensuring integrity and security in e-money
  - Licensing e-money issuers
  - Financial benchmarks
  - Transfer strategies in resolution
  - Making resolution operational
  - Climate and environmental risks
  - Prudential regulation of e-money issuers
  - Early intervention regimes for weak banks
  - Recovery planning
- 

## Updates

- Definition of regulatory capital
  - Liquidation and depositor reimbursement
  - Leverage ratio
  - Large exposures standard
  - Too big to fail
  - Funding a deposit insurance system
- 

## Executive Summaries

- Climate risk
- Cyber resilience
- Financial benchmarks
- AML and CFT in banking
- Step-in risk
- Stress testing
- Insurance core principles

*Promoting global monetary  
and financial stability*

Bank for International Settlements (BIS)

[www.bis.org](http://www.bis.org)

[fsi@bis.org](mailto:fsi@bis.org)