

Global Agenda Council on the Global Financial System 2012-2014



Understanding/Context

In a recent report, the International Monetary Fund (IMF) has warned that new risks to global financial stability are already emerging before many of the vulnerabilities created by the financial crisis of 2008 have been solved. The recent banking crisis in Cyprus in particular underscored the ongoing uncertainty in Europe: even small nations can create significant threats to the global financial system, and policy-makers must continue their efforts to address key vulnerabilities in the system. Not surprisingly, ensuring global stability and strengthening the global financial architecture remain core concerns of the G20 during the Russian presidency this year, as well as for other international organizations such as the IMF and the Financial Stability Board (FSB).

Shaping the Agenda

In this environment, the Global Agenda Council on the Global Financial System decided to focus on generating ideas to tackle the remaining vulnerabilities in the system, and to take a deeper look at the relationship between financial institutions and sovereigns. In particular, the Council is investigating what generates the positive and negative aspects of interdependence among financial institutions and sovereigns, with the aim to identify where policy has made this interdependence healthy or unhealthy. Specific issues for which the Council has set up working groups include cross-border resolution, fragmentation in the banking system, liquidity issues, relationships within the financial architecture, and resolution regimes for non-banking financial institutions.

The Council plans to take a multiphase approach to generate impact from the work that is underway. During the remainder

of its first year, the Council will work on producing a high-level report that will make recommendations on its core areas of focus. In addition, collaboration with other Councils, such as the Global Agenda Council on the International Monetary System, on topics such as the fragmentation of banking systems has already started.

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