

Group of Thirty report calls for intervention on nonbank financial intermediation before it's too late

New G30 report "Nonbank Financial Intermediation and Financial Stability: A Perfect Storm in the Making?"

WASHINGTON, DC, UNITED STATES, April 9, 2026 /EINPresswire.com/ -- The Group of Thirty (G30) today published "Nonbank Financial Intermediation and Financial Stability: A Perfect Storm in the Making?" The study, co-chaired by Agustin Carstens, Former General Manager of the Bank for International Settlements, and Klaas Knot, Former President of De Nederlandsche Bank and Former Chair of the Financial Stability Board, examines the transforming landscape of nonbank financial intermediation (NBFI) and related impacts on financial stability. Since the 2008 global financial crisis (GFC), NBFI has rapidly increased its footprint in bond and credit markets and its assets amounted to \$260 trillion globally by the end of 2024. While this growth has positive impacts, it introduces new vulnerabilities and systemic risks.

NBFI now accounts for over half of all financial intermediation, providing critical benefits including diversifying funding sources and broadening access to finance—for governments, businesses and households—as well as enhancing competition and financial innovation. All this improves economic performance and resilience. However, the rapid expansion also raises concerns, notably through its large liquidity mismatches, high leverage, and numerous interconnections with core bond markets and banks. These vulnerabilities can lead to stress and financial instability. Indeed, in recent decades, NBFI has been associated with episodes of liquidity spillovers including during the GFC, global market turmoil in March 2020, and the UK gilt market stress in October 2022, necessitating large central bank interventions. Losses from NBFI-insolvencies have spilled over to banking systems, and recently large redemptions illustrate flaws in the private credit market. As the risks of repeated and larger systemic events related to NBFI are increasing, the report calls for urgent and coordinated policy actions to mitigate vulnerabilities and strengthen resilience while preserving NBFI's economic benefits.

The study proposes key NBFI reforms going forward, emphasizing the need to act early to prevent stress and limit fallout. Preventive recommendations include reducing excessive borrowing and mismatches between assets and liabilities which can destabilize core bond markets. To make the system more resilient, financial infrastructure and related institutions should be strengthened. Regarding solvency spillovers, the report recommends maintaining limits on counterparty exposures, enforcing strict supervision of key financial institutions,

expanding stress tests—particularly for interconnections—and promoting greater burden sharing in recovery and resolution. To address emerging stresses, central bank tools should be improved to provide liquidity to select NBFi activities and entities, reducing reliance on broad interventions. Additionally, the global financial safety net should be adapted to a growing NBFi, including by the maintenance and possible expansion of currency lending facilities and swap lines. For all of this, the report stresses the importance of stronger coordination and better information, indicating authorities should work more closely across countries, improve data quality and transparency, and share information more effectively. Finally, central banks and fiscal authorities should better account for financial stability risks in their decisions, communicate clearly during interventions, and maintain sufficient capacity to respond to future crises.

Agustin Carstens, Co-Chair of the G30 Working Group on NBFi Reform, stated: “The rapid growth of nonbank financial intermediation has brought significant benefits to the global economy, but it has also introduced systemic vulnerabilities that cannot be ignored. With rising economic uncertainties, elevated sovereign debt levels, and increasing signs of stress in key markets, the risks posed by NBFi are escalating. Now is the time to act decisively to strengthen regulation, improve transparency, and enhance resilience.” He added: “Delaying reform could leave the global financial system exposed to a crisis of unprecedented scale. Proactive measures today will safeguard stability.”

Klaas Knot, Co-Chair of the G30 Working Group on NBFi Reform, stated: “While the need for reform in NBFi is clear, significant challenges remain. The sector’s complexity, opacity, and rapid evolution make it difficult to fully assess risks and implement effective regulations. Fragmented regulatory frameworks and competing priorities among policymakers hinder coordinated action.” He continued: “Overcoming these obstacles requires stronger international cooperation, enhanced data transparency, and a shared commitment to treating financial stability as a core priority. Without these efforts, the risks will continue to grow, leaving the global financial system increasingly exposed to instability.”

Stijn Claessens, Project Director of the G30 Working Group on NBFi Reform and Former Deputy Head of the Monetary and Economic Department at the Bank for International Settlements, stated: “The G30 report underscores the urgent need for targeted reforms including reducing liquidity and solvency spillovers, enhancing transparency through improved data collection and sharing, and strengthening regulatory frameworks to limit leverage and liquidity mismatches. It highlights the importance of preemptive measures, such as implementing minimum haircuts and reducing the procyclicality of margining, promoting resilient market infrastructures, and conducting system-wide stress tests. Additionally, the Working Group calls for the development of contingency liquidity facilities for NBFis, greater international cooperation, and better integration of financial stability into monetary and fiscal policies.”

Agustin Carstens and Klaas Knot Co-Chaired the G30 Working Group on NBFi Reform which included Steering Committee members William C. Dudley, Arminio Fraga, Gail Kelly, Axel Weber, and Yi Gang and Working Group Members Andrew Bailey, Thomas Buberl, and Christian Noyer.

We extend our gratitude to the Working Group members for their support, input, and dedication throughout the project. The G30 also thanks Project Director Stijn Claessens for his thoughtful drafting of the report and engagement and assistance in the study group.

To receive a copy of "Nonbank Financial Intermediation and Financial Stability: A Perfect Storm in the Making?", please contact the G30 Press Officer Melissa Golding at +1 571-236-2820 or goldingm@group30.org.

The Group of Thirty is an independent global body comprised of economic and financial leaders from the public and private sectors and academia. It aims to deepen understanding of global economic and financial issues, to explore the international repercussions of decisions taken in the public and private sectors, and to examine the choices available to policymakers and market practitioners. The Group was established in 1978. The Chair of the Board of Trustees is Tharman Shanmugaratnam and the Chair of the Group is Raghuram G. Rajan. More information and membership bios are available at www.group30.org.

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