

Press release

5 October 2023

Basel Committee publishes report on 2023 banking turmoil, agrees to consult on climate and cryptoasset disclosures, and approves annual G-SIB assessment

- Basel Committee publishes report on the 2023 banking turmoil.
- Agrees to consult on disclosure frameworks for climate-related financial risks and banks' cryptoasset exposures.
- Approves 2023 assessment exercise for global systemically important banks (G-SIBs).

The Basel Committee on Banking Supervision met on 4–5 October in Basel to take stock of recent market developments and risks to the global banking system, and to discuss a range of policy and supervisory initiatives.

Risks and vulnerabilities to the global banking system

The Committee discussed the outlook for the global banking system in the light of recent economic and financial market developments. While higher rates can support banks' net interest margins and related income, they can also expose vulnerabilities that have built up during the low-for-long era. These include risks stemming from potential credit losses related to rising debt service ratios for borrowers and the interest rate sensitivity of bank depositors. In addition, banks are exposed to the NBFIs sector through a wide range of channels. Banks and supervisors need to stay vigilant to the evolving outlook, which includes safeguarding operational resilience. In this regard, the Committee will publish a supervisory newsletter in due course on the adoption of the Committee's *Principles for operational resilience* and the revised *Principles for the sound management of operational risk*.

2023 banking turmoil

The March 2023 banking turmoil was the most significant system-wide banking stress since the Great Financial Crisis in terms of its scale and scope. In response, the Committee is today publishing a [report](#) that assesses the causes of the turmoil, the regulatory and supervisory responses, and the initial lessons learnt.

Drawing on the findings of this report, the Committee is pursuing a series of follow-up initiatives, including:

- prioritising work to strengthen supervisory effectiveness and identify issues that could merit additional guidance at a global level; and
- pursuing additional follow-up analytical work based on empirical evidence to assess whether specific features of the Basel Framework performed as intended during the turmoil, such as liquidity risk and interest rate risk in the banking book, and assessing the need to explore policy options over the medium term.

This follow-up work is fully in line with the imperative of implementing the Basel III standards in a full and consistent manner, and as soon as possible, as recently [reaffirmed](#) by the Group of Governors and Heads of Supervision, the Committee's oversight body.

Global systemically important banks

The Committee approved the results of the annual assessment exercise for G-SIBs. The results will be submitted to the Financial Stability Board before it publishes the 2023 list of G-SIBs.

Climate-related financial risks

The Committee agreed to consult on a Pillar 3 disclosure framework for bank exposures to climate-related financial risks. The Committee will publish a consultation paper on the proposed framework by November.

Cryptoassets

The Committee agreed to consult on a set of disclosure requirements related to banks' cryptoasset exposures. These disclosures would complement the [prudential standard](#) for such exposures that was published in December 2022. The consultation paper will be published soon.

Digitalisation of finance

Advances in digitalisation and financial technology continue to affect the financial system, including the provision of banking services. Members exchanged views about several trends in this area, including the provision of banking services through non-bank intermediaries ("Banking as a Service"). By the middle of next year, the Committee will publish a report on developments in the digitalisation of finance and their implications for banks and supervisors.

Note to editors:

The Basel Committee is the primary global standard setter for the prudential regulation of banks and provides a forum for cooperation on banking supervisory matters. Its mandate is to strengthen the regulation, supervision and practices of banks worldwide with the purpose of enhancing financial stability. The Committee reports to the Group of Central Bank Governors and Heads of Supervision and seeks its endorsement for major decisions. The Committee has no formal supranational authority, and its decisions have no legal force. Rather, the Committee relies on its members' commitments to achieve its mandate. The Group of Central Bank Governors and Heads of Supervision is chaired by Tiff Macklem, Governor of the Bank of Canada. The Basel Committee is chaired by Pablo Hernández de Cos, Governor of the Bank of Spain.

More information about the Basel Committee is available [here](#).