

Systemically Important Banks

2019

After the collapse of Lehman Brothers and the global financial crisis, the concept of the ‘systemic financial institution’ became popularised. It loosely referred to an institution whose failure might trigger, by contagion, a wider financial crisis. Colloquially, these institutions were referred to as the ones who were ‘too big to fail’.

In 2011, regulators identified the interdependence of large banks as a vulnerability in the banking sector and decided to develop a method to identify systemically sensitive banks. Today, a list of systemically important banks is updated on an annual basis and the constituents experience enhanced supervision as a result. This includes having an emergency resolution plan, stricter minimum capital adequacy requirements, stringent loss absorbing capabilities and higher supervisory expectations.

Global systemic importance is measured by the impact that an institution’s failure would have on the global financial system and the wider economy, rather than the risk that a failure could actually occur. The measurement approach is indicator based and reflects the size of an institution, their interconnectedness, the level of substitutability of their services, their complexity and their global activity.

The following is the latest list of Global Systemically Important Banks (G-SIBs) as identified by the Financial Stability Board (FSB). The banks highlighted in orange are counterparties that we have worked with. FSB allocate each bank to a bucket that corresponds with additional required capital buffers, from 1% to 3.5%.

1.0%	1.5%	2.0%	2.5%	3.5%
Agricultural Bank of China	Bank of America	Citigroup	JP Morgan Chase	None
Bank of New York Mellon	Bank of China	HSBC		
China Construction Bank	Barclays			
Credit Suisse	BNP Paribas			
Groupe BPCE	Deutsche Bank			
Groupe Credit Agricole	Goldman Sachs			
ING Bank	Industrial and Commercial Bank of China Limited			
Mizuho FG	Mitsubishi UGJ FG			
Morgan Stanley	Wells Fargo			
Royal Bank of Canada				
Santander				
Société Générale				
Standard Chartered				
State Street				
Sumitomo Mitsui FG				
Toronto Dominion				
UBS				
Unicredit Group				

For more information regarding G-SIBs, go to www.fsb.org/wp-content/uploads/P221119-1.pdf