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Systemically Important Banks

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 a 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 below are counterparties that we work with.

Citigroup	Groupe BPCE (Natixis)	Royal Bank of Scotland
Agricultural Bank of China	Groupe Crédit Agricole	Santander
Bank of America	HSBC	Société Généralé
Bank of China	Industrial and Commercial Bank of China Limited	Standard Chartered
Bank of New York Mellon	ING Bank	State Street
Barclays	JP Morgan Chase	Sumitomo Mitsui FG
BNP Paribas	Mitsubishi UFJ FG	UBS
China Construction Bank	Mizuho FG	Unicredit Group
Credit Suisse	Morgan Stanley	Wells Fargo
Deutsche Bank	Nordea	
Goldman Sachs		

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