

Regulatory and Supervisory Modernisation Principles

Consultation report

14 October 2026



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Questions for consultation

The FSB is inviting comments on this consultation report and the questions set out below. Respondents are encouraged to provide detailed responses and supporting information where possible.

Responses to this consultation report should be submitted via [this secure online form](#) by Friday 8 January 2027. Respondents should email the FSB (fsb@fsb.org) with questions or to provide supplemental material.

Responses will be published on the FSB's website unless respondents expressly request otherwise.

Background

This consultation report seeks feedback on proposed principles of regulatory and supervisory modernisation and on additional comments to the proposed principles and case studies. The proposed principles are written for financial authorities in FSB member jurisdictions.

Questions

In general

1. The proposed principles acknowledge the goal of improving the effectiveness, efficiency, risk focus, coherence, and forward-looking nature of regulatory and supervisory frameworks. Do you agree with these aims? Should there be others?
2. Are the proposed principles sufficiently comprehensive and clear to guide financial authorities' modernisation of regulatory and supervisory frameworks? How could the proposed principles be clearer?
3. Are the proposed principles sufficiently flexible to accommodate different legal systems, market structures, and evolving risks over time?
4. Do the proposed principles adequately maintain or enhance existing levels of resilience?
5. What are the anticipated benefits or risks of regulatory and supervisory modernisation? Provide evidence or case studies where possible.
6. Would adding further case studies improve the usability of this report? If so, which proposed principles would benefit from additional case studies?
7. How can communication around modernisation efforts be enhanced to avoid misperceptions (e.g., that modernisation compromises existing levels of resilience) among stakeholders, including the public?
8. How could financial authorities modernise their regulatory and supervisory frameworks on an ongoing basis while ensuring sufficient predictability for financial institutions and the public?
9. How could these proposed principles affect market participants?

Proposed principles

10. Does the preamble to the proposed principles set appropriate and sufficient parameters within which the proposed principles operate?
11. How could financial authorities best prioritise among various risks on the basis of their materiality?

12. How could financial authorities strike a balance between incorporating proportionality/tailoring and maintaining frameworks that are well-understood and easy for financial authorities to implement and administer?
13. How could cliff effects for proportionality/tailoring be appropriately managed?
14. How could financial authorities best harness the benefits of impact analysis and adequately disclose assumptions and limitations related to such analysis?

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Executive summary

Many financial authorities in FSB member jurisdictions have initiated or completed reviews of their regulatory and supervisory policies, including supervisory processes and practices (collectively, “frameworks”). Without compromising financial stability or safety and soundness, these reviews pursue various objectives such as assessing whether regulatory and supervisory frameworks facilitate sustainable economic growth and remain forward-looking and adaptive to current and future material risks. The FSB presents this consultation report to promote alignment across these efforts with eight proposed principles for financial authorities. The consultation report responds to a request of the US G20 Presidency. It is informed by a stocktake of modernisation efforts already underway or completed by FSB members and a symposium hosted by the FSB on proportionality/tailoring and impact analysis.

Modernisation efforts and the proposed principles in this consultation report are intended to improve the effectiveness, efficiency, risk focus, coherence, and forward-looking nature of regulatory and supervisory frameworks. These frameworks, which underpin global financial stability, appear to have been successful in addressing vulnerabilities exposed by the Global Financial Crisis and in supporting the real economy. However, to remain effective, these frameworks must be adaptive and respond to new vulnerabilities, technologies, offerings, and economic conditions. Responsible governance also calls on financial authorities to evaluate whether frameworks have any inefficiencies or unintended negative consequences that can be minimised without reducing resilience. The proposed principles in this consultation report should contribute to efforts to keep regulatory and supervisory frameworks effective and responsible.

The eight proposed principles are high level, granting financial authorities discretion in determining how to implement them. The proposed principles are also subject to four important understandings: (1) financial stability provides the foundation for sustainable economic growth, which in turn supports financial stability; (2) the principles build on the commitment to implement internationally agreed standards; (3) implementation of the principles must be consistent with jurisdictions’ legal frameworks and circumstances; and (4) the principles aim to preserve or enhance existing levels of financial system resilience.

The proposed principles, which draw on FSB members’ existing practices, call for financial authorities to begin or enhance their efforts to:

1. Practice modernisation on an ongoing basis.
2. Consider using proportionality/tailoring.
3. Focus on material risks.
4. Pursue effective and efficient supervisory frameworks.
5. Adopt forward-looking and effective regulatory frameworks.
6. Pursue coherence across domestic regulatory and supervisory frameworks.
7. Promote transparency and accountability in policymaking, including impact analysis.
8. Pursue efficient and effective information reporting and disclosure.

The proposed principles are supported by additional comments, where helpful, to provide further colour on the meaning of a proposed principle. This consultation report also provides case studies submitted by FSB members as examples for consideration alongside the proposed principles. FSB members will continue to share good practices and observations about their regulatory and supervisory frameworks, including their modernisation efforts, with one another to facilitate learning and promote well-aligned efforts.

The FSB seeks comments on all aspects of this consultation report and plans to finalise the report following consultation.

Introduction

Background

In the wake of the Global Financial Crisis, the FSB, other standard-setting bodies (SSBs), and their members implemented a comprehensive set of reforms that underpins today's global financial stability framework, enhances the financial system's resilience, and supports sustainable economic growth. By many metrics, this framework has been a success, including by enabling the financial sector to absorb shocks rather than transmit or amplify them.

To remain effective, regulatory and supervisory policies by financial authorities, including supervisory processes and practices (collectively, "frameworks"), must keep pace with the dynamic financial sector. While preserving sufficient predictability, these frameworks are most effective if they adapt to new vulnerabilities, technologies, offerings, and economic conditions. Responsible governance also calls for financial authorities to consider whether their frameworks have produced any unintended inefficiencies or negative consequences and, if so, whether those inefficiencies and consequences can be minimised without lowering existing standards of resilience.

To promote these evaluations of regulatory and supervisory frameworks among FSB members, the US G20 Presidency asked the FSB to propose principles for modernising regulatory and supervisory frameworks. The FSB took stock of its members' modernisation efforts to inform the development of these proposed principles. 24 jurisdictions and 3 SSBs reported 126 modernisation efforts that span financial sectors, entity types, and financial authorities. The findings of the stocktake are detailed further in Annex II.

The FSB also held a symposium on modernising regulatory and supervisory frameworks in June 2026. The symposium—featuring presentations by financial authorities from FSB member jurisdictions, academic experts, and industry representatives—focused on the drivers of change in regulatory and supervisory frameworks and the use of impact analysis and proportionality/tailoring. A summary of the findings from the symposium is included in Annex III.

Informed by the stocktake and the modernisation symposium, the FSB is proposing eight principles for financial authorities¹ in this consultation report. FSB members will continue to share good practices and observations about their regulatory and supervisory frameworks, including their modernisation efforts, with one another to facilitate learning and promote well-aligned efforts.

How to read this consultation report

This consultation report includes three elements: proposed principles, additional comments, and case studies. The focus of the report are the proposed principles, including their preambulatory text, all of which are set out in section 1. This text is the operative language of this consultation report which, if finalised, FSB member financial authorities would commit to implement, though they may do so in different ways.

¹ In this context, "financial authorities" includes EU institutions that are FSB members.

While the proposed principles are meant to be self-explanatory, section 2 provides additional comments for some proposed principles where additional reflections may support understanding of a proposed principle. The additional comments are not part of the proposed principles. Annex I also includes case studies submitted by FSB members as examples for consideration alongside the proposed principles. The case studies are illustrative rather than prescriptive and FSB members are not expected to replicate them.

1. Proposed principles of regulatory and supervisory modernisation

Modernisation is an ongoing effort by financial authorities to improve the effectiveness, efficiency, risk focus, coherence, and forward-looking nature of their regulatory and supervisory policies, including supervisory processes and practices (collectively, “frameworks”).

The following principles, addressed to financial authorities, are subject to the shared understandings that (1) financial stability provides the foundation for sustainable economic growth, which in turn supports financial stability; (2) the principles build on the commitment to implement internationally agreed standards; (3) implementation of the principles must be consistent with jurisdictions’ legal frameworks and circumstances; and (4) the principles aim to preserve or enhance existing levels of financial system resilience.

1. **The ongoing practice of modernisation.** Financial authorities should practice modernisation on an ongoing basis when designing, implementing, and reviewing regulatory and supervisory frameworks. This includes assessing whether these frameworks have achieved intended outcomes or could be enhanced by recalibration, strengthening, or elimination.
2. **Proportionality and tailoring.** Financial authorities should consider varying regulatory and supervisory frameworks according to factors such as the nature, size, complexity, risk profile, business model, and systemic importance of a financial institution.
3. **Focus on material risks.** Financial authorities should design their regulatory and supervisory frameworks to address, in a timely manner, all financial risks or other risks that, in their judgment, present material threats to financial stability, the safety and soundness of financial institutions, or other mandated objectives. This includes preserving the ability to act on emerging vulnerabilities and threats.
4. **Effective and efficient supervisory frameworks.** Supervisory frameworks should be forward-looking, risk-based, transparent, accountable, and guided by expert analysis and judgment. Supervisory authorities should:
 - (i) Articulate expectations and explain decisions with clarity, transparency, and predictability.
 - (ii) Identify and act on material risks in a timely manner.
 - (iii) Adopt technology responsibly with appropriate governance and human oversight to complement, not replace, supervisory judgement.

- (iv) Streamline supervisory processes to reduce unnecessary costs and accelerate routine decisions.
- 5. **Forward-looking and effective regulatory frameworks.** Financial authorities should adopt regulatory frameworks that are:
 - (i) Forward-looking, fit-for-purpose, and risk-based to remain responsive to innovation, evolution in the financial system, and changing business models.
 - (ii) Clear and consistent to reduce unnecessary overlaps and complexity, and support consistent application by financial institutions.
- 6. **Coherence in domestic frameworks.** Subject to their respective responsibilities or remits, financial authorities in the same jurisdiction should pursue coherence across regulatory and supervisory frameworks.
- 7. **Transparency and accountability in policymaking, including impact analysis.** Financial authorities should:
 - (i) Communicate and consult with a broad range of stakeholders in a timely and strategic way on the rationale of proposed policies to obtain feedback on problem definition, policy design, and calibration.
 - (ii) Consider the expected costs, benefits, and other impacts of significant regulatory and supervisory changes.
 - (iii) In evaluating these impacts, consider the cumulative impact of policies across regulatory and supervisory frameworks, rather than a given policy in isolation.
- 8. **Efficiency and effectiveness of regulatory reporting and disclosure.** The reporting and disclosure requirements for financial institutions should be efficient, be necessary and proportionate, support effective regulation and supervision, and be reviewed as necessary. Financial authorities in the same jurisdiction should make best efforts to coordinate the collection and sharing of information with one another, including to minimise duplicative information collection.

2. Additional comments for select proposed principles

The following section provides additional comments to support understanding of some of the proposed principles, including the preamble. Comments are provided only where the text of a proposed principle would benefit from additional context. The additional comments are not part of the proposed principles.²

² In the event the additional comments conflict with the proposed principles, the proposed principles take precedence.

Preamble

Modernisation is an ongoing effort by financial authorities to improve the effectiveness, efficiency, risk focus, coherence, and forward-looking nature of their regulatory and supervisory policies, including supervisory processes and practices (collectively, “frameworks”).

The following principles, addressed to financial authorities, are subject to the shared understandings that (1) financial stability provides the foundation for sustainable economic growth, which in turn supports financial stability; (2) the principles build on the commitment to implement internationally agreed standards; (3) implementation of the principles must be consistent with jurisdictions’ legal frameworks and circumstances; and (4) the principles aim to preserve or enhance existing levels of financial system resilience.

Additional comments

The preamble sets forth four shared understandings that provide parameters for the proposed principles, including that the proposed principles do not call for financial authorities to take any action that is inconsistent with their own national legal frameworks or jurisdictional circumstances. This understanding recognises that different jurisdictions have different starting points for their modernisation efforts. Some jurisdictions are refining existing frameworks, while others may still be building initial frameworks. The proposed principles are written to be generally applicable, while acknowledging that not all jurisdictions will implement the proposed principles in the same way.

This understanding also emphasises that financial authorities are responsible for determining how to apply the proposed principles. In some cases, a jurisdiction may emphasise promoting sustainable economic growth. In other cases, a jurisdiction may recalibrate the intensity or stringency of its regulatory and supervisory frameworks to preserve or enhance financial stability. The proposed principles do not presume a specific outcome or call for greater or lesser stringency in regulatory and supervisory frameworks.

The preamble also notes that the proposed principles are written for financial authorities in FSB member jurisdictions. The proposed principles may nevertheless be relevant to financial authorities in other jurisdictions.

Principle 2: Proportionality and tailoring

Principle 2: Financial authorities should consider varying regulatory and supervisory frameworks according to factors such as the nature, size, complexity, risk profile, business model, and systemic importance of a financial institution.

Additional comments

Proportionality/tailoring by financial authorities can benefit regulatory and supervisory frameworks by recognising financial institutions face different types and amounts of risk depending on their nature, size, complexity, risk profile, business model, and systemic importance. Proportionality/tailoring can give rise to a variety of considerations, including the potential effects on a level playing field, regulatory arbitrage, or resource implications. Financial

authorities have discretion to weigh relevant considerations according to their circumstances when applying this proposed principle.

Principle 3: Focus on material risks

Principle 3: Financial authorities should design their regulatory and supervisory frameworks to address, in a timely manner, all financial risks or other risks that, in their judgment, present material threats to financial stability, the safety and soundness of financial institutions, or other mandated objectives. This includes preserving the ability to act on emerging vulnerabilities and threats.

Additional comments

Proposed principle 3 calls for financial authorities to strengthen efforts to prioritise risks that are material to financial stability, the safety and soundness of financial institutions, or other mandated objectives of financial authorities. Critically, the proposed principle does not set out which risks are material. This is a question for financial authorities to answer themselves.

The last sentence of the proposed principle (i.e., “This includes preserving the ability to act on emerging vulnerabilities and threats”) makes clear that the principle is not meant to limit regulatory and supervisory frameworks to reacting only to risks that are fully understood. Financial authorities remain free to consider and investigate risks that are new or not yet fully understood.

Principle 6: Coherence in domestic frameworks

Principle 6: Subject to their respective responsibilities or remits, financial authorities in the same jurisdiction should pursue coherence across regulatory and supervisory frameworks.

Additional comments

The division of labour for regulation and supervision of the financial sector varies across FSB member jurisdictions. In some jurisdictions, supervision is consolidated into one financial authority. In others, regulatory and supervisory responsibility is divided among multiple financial authorities. Proposed principle 6 encourages financial authorities within the same jurisdiction to pursue coordination across their respective frameworks to strengthen coherence.

Principle 7: Transparency and accountability in policymaking, including impact analysis

Principle 7: Financial authorities should:

- (i) Communicate and consult with a broad range of stakeholders in a timely and strategic way on the rationale of proposed policies to obtain feedback on problem definition, policy design, and calibration.
- (ii) Consider the expected costs, benefits, and other impacts of significant regulatory and supervisory changes.

(iii) In evaluating these impacts, consider the cumulative impact of policies across regulatory and supervisory frameworks, rather than a given policy in isolation.

Additional comments

Proposed principle 7 calls for financial authorities to consider the potential costs, benefits, or other impacts of their regulatory and supervisory policies. This is a process already used by many FSB member authorities. Financial authorities should consider and may benefit from being transparent about various factors related to impact analysis, including assumptions, data limitations, qualitative factors, and hard-to-quantify effects, such as those related to financial stability or those that accumulate over time.

Annex I: Case studies

This annex includes case studies submitted by FSB members as examples for consideration alongside the proposed principles. The case studies are illustrative rather than prescriptive and FSB members are not expected to replicate them.

Principle 1: The ongoing practice of modernisation

Australia: Regular reporting on the progress and sequencing of regulatory reform.³ The Government publishes a twice-yearly Regulatory Initiatives Grid that provides industry with visibility of material regulatory initiatives and activities over a 24-month horizon. It helps industry to plan with greater confidence and assists regulators to coordinate efforts and reduce duplication.

Canada: Iterative capital requirement innovation. The Office of the Superintendent of Financial Institutions (OSFI) has undertaken a Capital Requirement Innovation initiative which is an ongoing, iterative, multi-step process to review and adjust existing capital requirements where appropriate. To date, this initiative has resulted in targeted capital reforms, including changes to the maximum range for Canada's Domestic Stability Buffer. These reforms seek to strike an appropriate balance between prudential soundness and competitiveness while improving risk sensitivity and proportionality.

Hong Kong: Ongoing review using Scrum Teams to develop fit-for-purpose approaches. The Hong Kong Monetary Authority (HKMA) is deploying these teams to iteratively redesign key supervisory workflows, such as Capital adequacy, Asset quality, Management, Earnings and Liquidity assessments and on-site examinations. This approach aims to establish a repeatable engine for continuously enhancing supervisory effectiveness and responsiveness.

India: Structured framework for regulations to drive ongoing modernisation. In 2025, the Securities and Exchange Board of India (SEBI) institutionalised a structured framework for framing, amending, and reviewing regulations, including a minimum 21-day public consultation. SEBI is also in the process of formalising the regulatory impact assessment process to evaluate the costs, benefits, and non-regulatory alternatives of both proposed and existing rules. As part of this effort, SEBI is reviewing and simplifying its regulatory framework in an effort to keep pace with an evolving landscape and to facilitate ease of compliance, evident through comprehensive reviews of the Stock Brokers Regulations and Mutual Funds Regulations in 2026.

Saudi Arabia: End-to-end policy lifecycle, risk-based calibration, and post-implementation reviews.⁴ The Banking Policy Development Framework is designed to ensure regulatory reforms are systematic, proportionate, risk-based and aligned with its supervisory strategies and priorities. The framework embeds a transparent policy lifecycle – diagnosis with benchmarking, impact

³ For further information see: [Council of Financial Regulators: Regulatory Initiatives Grid](#).

⁴ For further information see: [SAMA Rulebook](#).

assessment, stakeholder consultation, implementation planning, and post-implementation review – under clear governance for accountability and quality assurance.

Singapore: Periodic review of regulatory and supervisory frameworks.⁵ Guided by the Monetary Authority of Singapore (MAS) Tenets on Effective Regulation (first published in 2010), the regulatory and supervisory frameworks are periodically reviewed to ensure they remain fit for purpose in light of market developments, technological change, and emerging risks. This approach is underpinned by regular stakeholder engagements, public consultations, and international benchmarking. A notable example is the 2024/2025 Equities Market Review, which enhanced the regulatory regime to facilitate a well-functioning equity market and foster investor confidence. The review introduced measures to streamline the listing process and move towards a more disclosure-based regime, alongside initiatives to strengthen avenues for investor recourse and improve investor access.

United States: Statutory, periodic pre-/post-implementation reviews with published feedback and recalibration.⁶ The Economic Growth and Regulatory Paperwork Reduction Act mandates a decennial, joint review by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Federal Reserve. The process includes public outreach, a published report to the legislature summarising feedback, and identification of measures taken or planned to address outdated, unnecessary or unduly burdensome rules – providing a structured mechanism aimed at validating outcomes and adjusting policy if necessary.

Principle 2: Proportionality and tailoring

China: Differentiated capital and liquidity standards aligned to size and complexity.⁷ In China, the National Financial Regulatory Administration revised core banking rules to embed proportionality while fully implementing international standards. In 2023, the Measures for the Capital Management of Commercial Banks were updated to implement Basel III and set differentiated requirements by size and complexity. In 2018, the Measures for Liquidity Risk Management introduced the net stable funding ratio with proportional thresholds calibrated to institutional size. The approach aims to simplify requirements for small and medium-sized institutions without diluting regulatory intensity.

France: Risk-based supervisory intensity with targeted review frequency reductions and simplified processes.⁸ French authorities have embedded proportionality by adjusting supervisory intensity to entities' risk profiles, reducing frequency for certain supervisory reviews, and redesigning processes such as fit-and-proper to streamline burdens in line with the European Securities and Markets Authority's (ESMA) Principles on risk-based supervision and the Single Supervisory Mechanism's supervisory culture initiative. Supervisory Technology (SupTech) enabled prioritisation is used to identify material risks across sectors.

⁵ For further information see: [Tenets of Effective Regulation: A comprehensive set of measures to strengthen Singapore's equities market](#); [Review Group Completes Equities Market Review](#).

⁶ For further information see: [Economic Growth and Regulatory Paperwork Reduction Act](#).

⁷ For further information see: [Measures for the Capital Management of Commercial Banks](#) (in Chinese only); [Measures for Liquidity Risk Management of Commercial Banks](#) (in Chinese only).

⁸ For further information see: [ESMA Principles on risk-based supervision](#); [The ECB's agenda for more effective, efficient and risk-based European banking supervision](#).

Hong Kong: Proportional thresholds and structural simplification to match prudential intensity to systemic footprint.⁹ The HKMA raised thresholds that determine the application of Basel liquidity and large-exposure regimes and is simplifying the banking system structure by merging types of licenses. These changes aim to keep proportionality aligned with sector growth and risk profiles and streamline compliance for smaller players.

Japan: Applying proportionality through forward-looking supervision. Japan's Regional Financial Strengthening Plan introduces proportionality in the supervisory early-warning framework. By placing greater emphasis on forward-looking assessments of institutions' viability, including demographic, economic and interest-rate developments, the framework seeks to tailor supervisory responses to the risks and operating environment of regional financial institutions. This aims at preserving the safety and soundness of financial institutions while supporting their capacity to sustain financial intermediation and regional economic development.

Singapore: Activity-based regulation with risk-focused calibration.¹⁰ The Payment Services Act established a modular, activity-based framework that tailors regulatory requirements to the specific payment services conducted and the risks posed by those activities. The framework enables MAS to apply proportionate requirements across the payments value chain, including for consumer protection, money laundering and terrorism financing, technology, cyber and financial stability risks. Amendments in 2024 expanded tools to address digital payment token related risks and empowered system stability measures, with further proportionate rules for stablecoins under development.

South Africa: Segmented prudential framework to tailor requirements to systemic footprint. The Prudential Authority is adopting proportionate regulatory and supervisory requirements for deposit-taking institutions segmented based on size, complexity, and risk profile.

Switzerland: Dedicated small-banks regime offering simplified requirements anchored in baseline safeguards.¹¹ Qualifying small institutions that are well-capitalised (simplified leverage ratio of at least 8%), particularly liquid, and free of material supervisory issues can opt into proportional relief. This means that they no longer need to calculate risk-weighted assets or the Net Stable Funding Ratio, and benefit from reduced or simplified reporting and disclosure requirements.

Türkiye: Scaled requirements for non-banks, and a proportionate digital banking framework.¹² Türkiye has introduced regulatory requirements for non-bank financial institutions that are similar to those applicable to banks but more limited in scope, taking into account their size and risk exposure. Türkiye has also introduced a tailored regulatory framework for

⁹ For further information see: [Simplification of the Banking System Structure - consultation conclusions](#); [Results of consultation: Review of Quantitative Thresholds and Expansion of Eligible Level 2B HQLA](#); [Removal of Obsolete Requirements - Amendments to the Banking \(Exposure Limits\) Rules \(removing consent requirement for secured financial facility to AIs' employees\)](#) and the [Banking Ordinance \(regarding audited annual accounts requirement\)](#).

¹⁰ For further information see: [New Regulatory Framework to Enhance Payment Services in Singapore](#); [Payment Services Act Comes Into Force](#); [Consultation Paper on Proposed Regulatory Approach for Stablecoin-Related Activities](#); [MAS Expands Scope of Regulated Payment Services](#).

¹¹ For further information see: [FINMA Small Bank Regime](#).

¹² For further information see: [Digital Banks and BaaS Regulation](#); [The Communiqué on the Management and Auditing of Information Systems of Financial Leasing, Factoring and Savings Finance Companies](#) (in Turkish only).

branchless digital banks and banking-as-a-service, aimed at maintaining proportionate safeguards while fostering competition, financial innovation and financial inclusion.

United Kingdom: Simplified prudential framework for smaller domestic deposit takers.¹³

In 2021, the Prudential Regulation Authority published a prudential framework for non-systemic banks and building societies (“Strong and Simple”) that sets out a vision to simplify prudential requirements for Small Domestic Deposit Takers (SDDTs) – smaller, domestic-focused banks and building societies. The framework introduced simpler prudential requirements for SDDTs that are intended to be equally resilient.

United States: Risk-based tailoring framework, tailored supervision, and simplified capital standards. The Federal Reserve’s tailoring framework sorts banks with more than \$100 billion in assets into four risk categories based on size, cross-jurisdictional activity, short-term wholesale funding, nonbank assets, and off-balance sheet exposure. Requirements for capital, liquidity, and stress testing increase as firms grow into higher risk categories. Separately, the federal banking agencies introduced a voluntary option for community banks to be subject to a higher leverage ratio, recently lowered from nine to 8% in exchange for relief from risk-based capital requirements, allowing institutions with under \$10 billion in assets to simplify their regulatory capital compliance. In addition, the Federal Reserve’s Statement of Supervisory Operating Principles provides that supervisors should tailor their supervision based on the size, complexity and systemic importance of a banking organisation, using relatively more resources on large, complex organizations and relatively less on less complex and less systemic institutions. These changes maintain stringent requirements for the largest, most complex institutions while aiming to reduce burden for lower-risk firms.

Principle 3: Focus on material risks

Canada: Establishment of Integrity and Security Unit. Canadian authorities identified an increasing trend of foreign actors targeting non-traditional targets such as financial institutions. These threats expose banks and insurers to integrity and security risks, a non-financial risk which can result in potentially material financial, legal, and reputational consequences for implicated financial institutions. In response, OSFI’s statutory mandate was expanded. At the same time, OSFI has initiated reviews of its Supervisory Framework, Guides to Intervention, and other guidance to integrate integrity and security considerations.

European Union: Integrating non-financial and evolving risks and new supervisory tools in banking supervision. The European Central Bank (ECB) has adopted a more holistic and forward-looking supervisory approach to strengthen supervisory effectiveness and banks’ preparedness for emerging threats. Key enhancements include strengthened governance and risk culture reviews, providing supervisors a peer perspective and observed good practices, upgraded fit-and-proper assessments, an enhanced assessment of banks’ business model sustainability and operational resilience, and increased attention to the impact of climate, environmental and geopolitical risk drivers on banks’ risk profiles. Supervisory tools now include

¹³ For further information see: [Strong and Simple](#).

climate stress testing, cyber resilience exercises, simulated cyberattacks on critical functions, and reverse stress tests.

United States: Clearer focus on material financial risks with defined thresholds for findings and faster closure once remediated.¹⁴ The Federal Reserve's Statement of Supervisory Operating Principles strengthens supervision by prioritising material financial risks, creating a presumption against duplicative horizontal reviews, and clarifying when to issue and how to close "Matters Requiring Attention" or "Matters Requiring Immediate Attention". By relying more on principal supervisors at the depository institution level and tightening criteria for supervisory criticisms, the approach distinguishes administrative issues from substantive concerns and supports more timely escalation and resolution of material risks.

Principle 4: Effective and efficient supervisory frameworks

European Union: Risk-proportionate findings, remediation tiers, and earlier decisions.¹⁵ The ECB Banking Supervision is reforming its Supervisory Review and Evaluation Process (SREP) with a multi-year risk-tolerance framework, tiered remediation (self-certification for low-severity issues and intensified measures for high-severity), streamlined decisions communicated earlier, and a simplified Pillar 2 methodology. The reforms are underpinned by digitalisation and SupTech, using integrated platforms and advanced analytics to streamline workflows, improve consistency and accelerate decisions. A parallel programme measures supervisory effectiveness, aiming for more targeted actions and public accountability.

France: Human-in-the-loop SupTech pipeline with iterative pilots and user engagement. French authorities have built a SupTech programme combining an "intrapreneurship incubator" and a dedicated data-science team. Tools range from predictive analytics and automated compliance checks to pilots of large-language-model use cases. These programmes focus on creating an experimental culture and anticipating technological and organisational evolutions.

Japan: Dialogue-based AI governance and supervisory transparency.¹⁶ The Financial Services Agency (FSA) adopted a dialogue-based approach to support responsible AI adoption, and published AI Discussion Papers, setting out key risks, use cases and policy considerations, and subsequently convened the FSA Public-Private AI Forum to facilitate discussions between supervisors and industry participants. By communicating on the applicability of existing regulatory frameworks and supervisory expectations through an ongoing dialogue, the FSA seeks to promote innovation while enhancing transparency and reducing uncertainty for supervised institutions.

Singapore: Data-driven supervision, network analytics and integrated supervisory platforms.¹⁷ The MAS has developed a range of supervisory technology solutions to improve

¹⁴ For further information see: [Federal Reserve Statement of Supervisory Operating Principles](#); [Federal Reserve Updated Statement of Supervisory Operating Principles](#).

¹⁵ For further information see: [Report Streamlining supervision, safeguarding resilience](#); [Supervisory Blog post: As simple as possible, but not simpler](#); [The revised P2R methodology](#); [Independent expert group report](#) ; [SSM Tech Strategy 2024-28](#).

¹⁶ For further information see: [Publication of AI Discussion Paper \(Version 1.0\)](#); [FSA AI Public-Private Forum](#) (in Japanese only); [Publication of AI Discussion Paper \(Version 1.1\)](#).

¹⁷ For further information see: [Combatting Financial Crime through New Technologies](#); [One-stop portal](#); [Consultation Response on Proposed Changes to Notice 122 on Assets and Liabilities Exposures for Insurers and its Implementation](#).

supervisory effectiveness and efficiency. These include i) network analytics that combine suspicious transaction reports, company registry information and transaction data to identify higher-risk clusters and prioritise supervisory attention, ii) integrated supervisory workbenches that consolidate information and automate routine processes, and iii) digital data collection platforms that improve data quality and reduce reporting frictions. These initiatives aim to strengthen risk identification, enable faster supervisory responses and allow supervisors to focus on higher-value analytical work.

Spain: Proportionate multi-year cycles, advanced analytics for triage, and audit ready workflows.¹⁸ The Bank of Spain uses a multi-year SREP for less significant institutions and uses SupTech to prioritise risks: Central Credit Register (CCR) dashboards, a machine learning model to detect shifts in lending standards, and early warning tools. Authorisations and supervisory workflows are digitalised (e.g., through direct upload portals) to ensure traceability, faster remediation, and tighter governance of findings.

Italy: AI-assisted inspections and natural-language processing enabled analysis to enhance consistency and focus. The Bank of Italy has developed SupTech tools that automate fit-and-proper checks, map complex ownership structures with knowledge graphs, apply natural-language processing of Board meeting minutes to surface governance issues, and support AI-assisted on-site inspections that map findings directly to regulatory frameworks.

Principle 5: Forward-looking and effective regulatory frameworks

Canada: Targeted fast-track for new entrants with defined timelines, calibrated reviews, and conditional mitigants.¹⁹ OSFI is introducing a fast-track framework for specific new entrants (federal credit unions, innovative or emerging banking models). The model replaces open-ended processes with defined timelines and service commitments, relies on proportionate, risk-based reviews, and – where appropriate – uses conditional restrictions at entry to balance innovation and prudential safeguards.

European Union: Harmonised crypto-asset perimeter with proportionate requirements and distributed ledger technology (DLT) pilot enhancements.²⁰ The Markets in Crypto-Assets Regulation introduced a single rulebook for crypto-asset service providers and stablecoin issuers, with significance-based safeguards, unified market access, and market-abuse rules, alongside extended anti-money-laundering oversight. The European Commission is assessing whether centralised supervision by ESMA could further improve consistency. In parallel, the DLT Pilot Regime is being upgraded to increase scale, scope, and proportionality, with targeted amendments to the Central Securities Depositories Regulation, Settlement Finality Directive, and Financial Collateral Directive to ensure technological neutrality for tokenised instruments.

¹⁸ For further information see: [Suptech: how innovative technology helps us supervise banks](#); [External evaluation report on SupTech](#) and [Banco de España Action plan](#); [CCR dashboards](#) (in Spanish only), the CCR is a public database is where all the loans, credits, bank endorsements and risks that financial institutions have with their customers are recorded.

¹⁹ For further information see: [OSFI's Industry Day presentation](#); [Streamlined Approvals Framework for Targeted New Entrants](#).

²⁰ For further information see: [Crypto-assets](#); [Framework for financial data access](#).

Japan: Regulatory clarification, innovation support, and adaptive rulemaking for emerging technologies. The FSA promotes sound innovation while safeguarding customer protection and financial stability through a combination of regulatory clarification, industry engagement, and adaptive rulemaking. Through mechanisms such as the FinTech Support Desk, the Fintech Trial Hub, and the Payment Innovation Project, it provides guidance on regulatory interpretation and supports the testing of innovative business models. The FSA has also continuously updated its digital asset framework, introducing a crypto-asset regime (2017), enhanced investor protection and ICO-related reforms (2020), and a stablecoin framework (2023).

Netherlands: Government-wide programme for simplification with targets to reduce burdens.²¹ The “500 rule plan” sets departmental reduction targets, aims to amend legislation amongst others via an annual omnibus law, and coordinates with supervisors to avoid stricter-than-necessary interpretations of EU rules, systematically pruning outdated or overlapping requirements.

Spain: Supervised testing environment with published conclusions to inform authorisations and supervisory and regulatory activity.²² The permanent Financial Sandbox, chaired by the Treasury, enables limited-scope, time-bound trials of innovative projects under close supervision by the relevant authority; applications are assigned to the Bank of Spain, the National Securities Market Commission, or the Directorate-General of Insurance and Pension Funds, with the Anti-Money Laundering/Countering the Financing of Terrorism supervisory authority participating in the coordination committee. Results from tests and supervisors’ conclusions are published, and knowledge from trials can streamline the subsequent authorisation of the projects, while also providing valuable insights on financial innovation to supervisory and regulatory authorities.

Switzerland: Comprehensive legal framework for blockchain, stablecoin issuance, and modernised payment-institution perimeter.²³ Swiss authorities implemented the DLT Act (2021) establishing tokenised rights, segregation of crypto-assets in insolvency, and a DLT trading system licence. A legislative project now replaces the fintech licence with a Payment Instrument Institution regime that mandates segregation of client funds, removes the deposit cap in favour of progressive capital and stabilisation planning, and optionally permits issuance of single-currency stablecoins subject to additional safeguards.

Türkiye: Payments regulatory sandbox under development to support innovation with safeguards. The Central Bank of the Republic of Türkiye is establishing a Payments Regulatory Sandbox to provide a controlled environment for testing innovative payment solutions and fintech

²¹ For further information see: [Letter to Parliament on business climate, including the new approach to regulatory burden for entrepreneurs](#) (in Dutch only); [Letter to Parliament on progress of the new approach to reducing regulatory burden for entrepreneurs](#) (in Dutch only); [Coalition Agreement 2026-2030](#) (in Dutch only).

²² For further information see: [Sandbox: the testing environment for financial innovation](#); [Solicitudes para el espacio controlado de pruebas](#) (in Spanish only); [Sandbox regulatorio español: impacto en los promotores de los proyectos monitorizados por el Banco de España](#) (in Spanish only).

²³ For further information see: [Federal Council adopts implementing provisions for Fintech authorization](#); [Bericht des Bundesrates zu Anpassungen des Bankengesetzes vom 15. Juni 2018](#) (in German only); [Federal Council moves forward with stablecoins and crypto: consultation launched](#).

applications under oversight. The sandbox is intended to facilitate innovation while ensuring that risks to stability, consumer protection and operational resilience are appropriately mitigated.

United Kingdom: Use of the Digital Securities Sandbox.²⁴ The Bank of England and the Financial Conduct Authority (FCA) have established a regulated live environment which allows participants to explore how developing technologies could be used to undertake the activities of notary, maintenance, trading and settlement for financial securities either alone, or together with the operation of a trading venue.

Principle 6: Coherence in domestic frameworks

Australia: Cross-regulator roadmap for regulatory reform.²⁵ The Council of Financial Regulators developed a Better Regulation Roadmap, a series of coordinated regulatory reform activities aimed at improving efficiency while maintaining financial stability, consumer protection and market integrity. The Roadmap includes an implementation plan for the delivery of over 50 reform commitments made by financial regulators.

China: Unified asset-management rulebook to curb arbitrage and promote coherence.²⁶ In 2018, the People's Bank of China, together with relevant authorities, issued Guiding Opinions that established a unified framework, core rules, and regulatory principles for asset-management products across financial institutions, aiming to reduce regulatory vacuums and arbitrage, and to strengthen systemic risk prevention. In 2023, the China Securities Regulatory Commission issued the Regulation on the Supervision and Administration of Private Investment Funds, bringing all private funds under supervision, defining the regulatory baseline, strengthening in-process supervision and ex-post legal responsibility, and guiding funds to better serve high-quality economic development.

Indonesia: Multi-agency capital-markets reform with a coordinated action plan.²⁷ Indonesia's capital market integrated reform is a coordinated effort by the financial services authority (OJK), the stock exchange (IDX), and the central securities depository (KSEI), aimed at enhancing market liquidity, transparency, governance, enforcement, and market depth. It sets out priority actions and includes a task force to promote stakeholder synergy and track the action plan.

Italy: Coordinated oversight arrangements for distributed ledger-based instruments across market and prudential authorities. The FinTech Decree sets national rules for tokenised financial instruments and entrusts both the markets authority (Consob) and the Bank of Italy with monitoring compliance. This shared oversight model clarifies responsibilities and coordinates supervisory approaches where activities cut across market and prudential mandates, supporting consistent expectations for entities operating in the new regime.

²⁴ For further information see: [Digital Securities Sandbox – FCA](#); [Digital Securities Sandbox – Bank of England](#).

²⁵ For further information see: [Council of Financial Regulators](#).

²⁶ For further information see: [Guiding Opinions on Regulating Asset Management Business of Financial Institutions](#) (in Chinese only); [Regulation on the Supervision and Administration of Private Investment Funds](#) (in Chinese only).

²⁷ For further information see: [OJK IDX and KSEI Accelerate Capital Market Integrity Reforms and Follow up on MSCI Feedback](#)

Japan: Formal multi-level committees and consultative design to align supervisory expectations and execution.²⁸ Japan strengthened domestic coherence through structured coordination between the FSA and the Bank of Japan (BOJ) via the Council for Cooperation on Financial Stability (senior level), the Financial Monitoring Council (executive level), and a Joint Group that aligns inspections and on-site examinations at working level. This architecture is supported by shared data channels and unified practices. This initiative aims at supporting shared priorities, aligned planning and clearer communication for entities overseen by both authorities.

Principle 7: Transparency and accountability in policymaking, including impact analysis

Brazil: Formal regulatory impact analysis with quantified scenarios and cumulative effects.²⁹ Brazil's Central Bank used a Regulatory Impact Analysis process to reform interoperability fees in receivables registration, comparing alternatives through multi-criteria analysis, scenario modelling and estimated impacts. The preferred option introduced price caps with an X factor glide path, alongside transparency and monitoring to detect unintended effects such as fee shifting or market exit. A separate analysis underpinned updates to cooperative sector rules, assessing costs, benefits and interaction effects to ensure stability, competition and inclusion.

Canada: Predictable policy cadence with public industry days and streamlined guidance, supported by published frameworks.³⁰ The OSFI aligns releases of new policies or changes to policies with four pre-set dates annually and holds public industry days immediately after, providing predictability and time for stakeholder consultation. It has used stakeholder feedback in adopting key frameworks (e.g. the renewed Supervisory Framework and Integrity and Security Guideline).

France: Regular industry dialogue and pilot exercises to surface feasibility issues and inform policy.³¹ Through structured forums with industry, French authorities maintain dialogue on innovation and supervisory expectations. Pilot exercises – including the 2020 climate pilot and the 2025–26 system-wide liquidity stress test – prioritise methodological learning, scenario experimentation and practical feasibility to assess emerging risks and transmission channels. Collaborative workshops and published insights feed back into risk management practices, supervisory priorities and future policy refinements.

India: Formalised regulatory review framework with impact analysis and stakeholder consultation.³² In 2025, the Reserve Bank of India formalised a structured framework for formulation and amendment of regulations that requires publishing a statement that sets out

²⁸ For further information see: [FSA Strategic Priorities July 2025 – June 2026](#); [General webpage on the supervisory modernization](#) (in Japanese, machine translation to English available).

²⁹ For further information see: (in Portuguese only): [Análises de Impacto Regulatório – AIR](#); [Resolution BCB 42/2025](#).

³⁰ For further information see: [Modernizing policies, guidance, and supervision for regulatory efficiency](#).

³¹ For further information see: [The main results of the 2020 climate pilot exercise](#); [The Banque de France, the ACPR and the AMF launch a first system-wide stress test on interconnections within the financial system](#).

³² For further information see: [Framework for Formulation of Regulations](#); [Regulatory Review Cell and Advisory Group on Regulation](#); [Connect 2 Regulate](#).

policy objectives, and, where feasible, conducting impact analysis, together with a public consultation of at least 21 days. In parallel, an inter-regulatory working group has developed a principle-based framework for regulatory impact assessment and cost-benefit analysis which is being implemented across financial sector regulators. The Reserve Bank has also constituted a Regulatory Review Cell to coordinate centrally ex-post regulatory impact assessments and five-to seven-year cyclical reviews, along with an Advisory Group on Regulation to channel external stakeholder feedback into the process. An online platform facilitating consultation process further broadens public and stakeholder participation in policy formulation and review. In addition, SEBI has established an independent Regulatory Assessment and Review Group to conduct regulatory impact assessments and review existing regulations and processes, a cross-functional expert group to standardise decision-making and embed impact assessment across SEBI, and an External Experts Advisory Committee to conduct independent, theme-based reviews.

Japan: Transparent supervisory reform through expert consultation, public engagement, and industry dialogue.³³ The FSA modernised its supervisory approach from a rule-based to a dialogue-based model through a transparent review process involving expert advisory groups, public consultation, and engagement with supervised institutions. Discussions with academic and industry experts, published discussion papers, and around 60 dialogues with financial institutions helped incorporate stakeholder feedback into the reform process.

Switzerland: Pilot-then-legislate to evidence burden reduction and prudential safeguards.³⁴ The Small Banks Regime was piloted with 68 institutions before being enacted. The pilot provided useful input into finalising the regulation and the corresponding audit procedures, ensuring net benefits without weakening safety and soundness.

United Kingdom: Independent cost-benefit scrutiny embedded in the rule-making process.³⁵ The Financial Services and Markets Act 2023 established independent Cost Benefit Analysis (CBA) Panels for the PRA and the FCA. These panels provide external challenge on cost-benefit work for proposed rules, with regulators publishing CBAs that explain assumptions, data constraints, qualitative and quantitative factors, and how consultation feedback shaped final decisions.

United States: Legislatively mandated cost-benefit analysis and voluntary quantitative analysis to ensure evidence-based rulemaking.³⁶ The Securities and Exchange Commission conducts economic analysis of its rulemakings. It is statutorily required to consider whether a rulemaking action is necessary or appropriate in the public interest, as well as the effect on efficiency, competition and capital formation. In addition, it must determine, as best it can, the economic implications of its rules. The Federal Reserve formed a section in 2019 devoted to

³³ For further information see: [Advisory Group on Supervisory Approaches: JFSA's supervisory approaches – Replacing checklists with engagement](#).

³⁴ For further information see: [From pilot to new regulatory regime 2019](#).

³⁵ For further information see: [The Bank of England's approach to cost benefit analysis](#); [Prudential Regulation Authority's approach to cost benefit analysis](#); [Cost Benefit Analysis Panel Annual Report 2024](#); [Prudential Regulation Authority's \(PRA\) Cost Benefit Analysis Panel Annual Report 2024/25](#); [Measuring our impact before we intervene](#); [Statement of Policy on Cost Benefit Analyses](#); [Financial Conduct Authority Cost Benefit Analysis Panel Annual Report](#).

³⁶ For further information see: [Cost-Benefit Analysis in Federal Agency Rulemaking](#); [Current Guidance on Economic Analysis in SEC Rulemakings](#); [Policy Effectiveness and Assessment](#).

performing cost-benefit and impact analyses of material regulatory changes. The group incorporates quantitative analysis into policymaking by using empirical evidence and economic modelling to evaluate regulatory trade-offs and impacts.

Principle 8: Efficiency and effectiveness of regulatory data reporting and disclosure

China: Cross-sector data-sharing and automated acquisition to minimise multiple reporting. China is building a cross-sector data-sharing and exchange mechanism between financial regulators and macro authorities to enable safe, efficient exchange and reduce multiple reporting by firms. With an optimised statistical system and automated data acquisition, authorities have strengthened internal information use, lowered ad hoc submission needs, and reduced duplicated reporting.

India: System-driven and single-entry disclosures to reduce duplication and improve timeliness.³⁷ Securities and Exchange Board's package for Listing Obligations and Disclosure Requirements streamlines issuer reporting via a single filing system that auto-shares submissions across exchanges, integrates report filing on governance and financial to cut periodic submissions, and introduces system-driven disclosure for shareholding patterns and credit rating revision. Complementary measures – such as making detailed newspaper advertisements of financial results optional and calibrating disclosure timelines – aim to reduce compliance frictions while preserving transparency.

Indonesia: Financial Reporting Single Window to reduce duplicative reporting obligations.³⁸ Indonesia established a Financial Reporting Single Window framework (Platform Bersama Pelaporan Keuangan) to streamline financial reporting across multiple public authorities. The reform seeks to address fragmented reporting requirements and reduce the need for entities to repeatedly submit similar financial information to different regulators and government agencies. Under the framework, financial statements are submitted through a single reporting channel and can be accessed by authorised authorities in accordance with their respective mandates. The initiative aims to reduce compliance burdens, improve data consistency and reliability, strengthen inter-agency coordination, and support more efficient supervisory, regulatory, statistical, and public-sector decision-making.

Japan: Cross-authority data integration via a common data platform to reduce reporting burdens and improve data quality.³⁹ The FSA and the BOJ are integrating supervisory data collection through the Common Data Platform which unifies submission channels. As part of this initiative, the FSA and the BOJ are collecting transaction-level loan data to enhance monitoring. In addition, the FSA and the BOJ have unified reporting channels for templates used by both authorities to reduce reporting burdens.

³⁷ For further information see: [Listing Obligations and Disclosure Requirements: Master Circular for compliance with the provisions of the Securities and Exchange Board of India](#).

³⁸ For further information see: [Government Regulation No. 43 of 2025: Strengthening a Credible and Integrated National Financial Reporting System](#) (in Indonesian only).

³⁹ For further information see: [Coordination with the Financial Services Agency; Progress in Initiatives for Further Strengthening Coordination between the Financial Services Agency and the Bank of Japan; Commencement of Full-Scale Data Collection Using the Common Data Platform](#).

Korea: Trade repository-based reporting, shared supervisory access, and data-driven oversight. Korea has established a framework for over-the-counter (OTC) derivatives trade reporting to a central Trade Repository (TR). Trading parties must report to the TR, and relevant supervisory authorities access common validated datasets for market-risk monitoring, policy design, market oversight, and financial stability analysis. The regime enables cooperative, data-driven supervision, reduces uncertainty in OTC markets, and supports faster, coordinated responses to stress.

South Africa: Integrated platforms creating single-entity views and central repositories to curb repeat data asks.⁴⁰ The Prudential Authority’s Umoja platform and the Financial Sector Conduct Authority’s (FSCA) Integrated Regulatory Solution consolidate regulatory submissions, workflow and risk analytics into single systems. The FSCA solution maintains a consolidated profile per entity, standardises data collection and risk scoring, and stores supervisory information in a central repository. Together, these capabilities aim at improving data quality, enabling reuse of existing datasets, and tightening governance over additional or ad hoc data requests.

Spain: Systematic pruning of low-value templates, proportional resubmissions, and tighter governance of ad hoc requests.⁴¹ The Bank of Spain launched a full review of national reporting to remove overlaps and low-value items reducing domestic reporting by 34% and targeting a further 16%. Strengthened internal governance ensures any ad hoc requests are fully justified and necessary, while prioritising usefulness and quality of data (“less but more relevant”) and promoting reuse via centralised platforms. In authorisations, online verification with other public administrations reduces documentation burdens and enables prepopulating checks, further cutting duplicative requests.

United Kingdom: Deleting of banking reporting templates and aligning with the competitiveness objective.⁴² The Future Banking Data programme aims to deliver tangible cost reduction in banking regulatory reporting in line with the PRA’s secondary competitiveness and growth objective, as well as improvements to the relevance, quality and timeliness of data collection. The effort proposes to delete certain regulatory reporting requirements for banks, including building societies, and designated investment firms. The proposals are an initial set of targeted deletions of whole reporting templates focused mainly on Financial Reporting templates as a relatively standalone collection within the broader reporting environment, with the intention of being the first of multiple streamlining efforts across other collections.

⁴⁰ For further information see: [FSCA Strategy 2025-2028](#).

⁴¹ For further information see: [Bank of Spain Circular 1/2025 \(in Spanish only\)](#).

⁴² For further information see: [PS27/25 – Future banking data review: Deletion of banking reporting templates](#).

Annex II: Summary of stocktake findings on modernisation efforts

The FSB conducted a stocktake of members' self-identified efforts to consider how to make regulatory and supervisory policies function more optimally. 27 respondents reported 126 modernisation efforts that span multiple sectors, entity types, and financial authorities. This annex summarises information in the survey responses.

Main findings:

- **Modernisation efforts are widespread, spanning sectors, entities, and financial authorities, and many share similar objectives.** With some variation considering the different mandates of FSB member authorities, modernisation efforts commonly emphasise similar objectives—all pursued while preserving financial resilience—including facilitating economic growth, keeping frameworks forward-looking and adaptive to current and emerging material risks, enhancing proportionality/tailoring, reducing undue cost, enabling responsible innovation, using data and technology-enabled supervision, and aligning with international standards.
- **Modernisation is frequently reported as a continuous practice, not a discrete and periodic exercise.** Many financial authorities undertake regularly scheduled reviews to improve regulatory and supervisory frameworks. However, most reported efforts arose outside these cycles, indicating that modernisation functions as a lens applied across everyday regulatory and supervisory work rather than a periodic, prescriptive exercise.
- **Improving supervisory effectiveness and efficiency is a focus for many financial authorities.** Modernisation efforts focused on supervisory efficiency and effectiveness were among the most common types of modernisation efforts, suggesting supervisory policies present material opportunity for modernisation. Jurisdictions are modernising their supervisory frameworks by adopting risk-based, judgement-led approaches and leveraging technology to prioritise material risks, allocate resources more effectively, and deliver more tailored/proportionate and impactful oversight.
- **Respondents generally reported that modernisation efforts were aligned with financial stability objectives, with no indication that pursuing other goals constrained these objectives.** Many FSB members reported that this was by design considering their fundamental commitment to financial stability. This could also be because FSB members have found significant opportunity to focus on achieving the same outcomes through more efficient means, rather than having to realign priorities.
- **In addition to the many reported benefits of modernisation efforts, some respondents identified potential risks.** These included oversimplifying supervision or under calibrating prudential requirements to a degree that affects the stability or the safety and soundness of the financial system. Some respondents also identified the risk that certain modernisation efforts could be misunderstood by the public and regulated entities to be a race to the bottom. Other commonly-reported risks included potential fragmentation and change management risks.

- **The survey responses clearly suggest a role for the FSB, considering modernisation efforts are anchored in preserving financial stability, span sectors, and may carry a risk of fragmentation.** Respondents suggested that the FSB facilitate structured information-sharing and peer learning, promote implementation of international standards, strengthen coordination and monitoring across jurisdictions to monitor any divergences that could yield fragmentation, and provide careful messaging around modernisation.

Objectives

Modernisation efforts reported by jurisdictions reveal both significant alignment and notable diversity. Objectives are highly aligned, with jurisdictions focusing on improving regulatory efficiency, fostering innovation, and tailoring regulations and supervision to the size and complexity of regulated and supervised financial institutions. On the other hand, the specific actions taken to achieve these outcomes are more varied, reflecting differences in legal frameworks, financial market structures, and national priorities.

Scope

The scope of modernisation efforts is broad, covering many entity types. All entity types that could be selected in the survey are prevalent among modernisation efforts, with each category being represented in at least 33 of the reported efforts.⁴³ Banks and credit institutions were the most frequently within scope (81 efforts), followed by insurers and reinsurers (49 efforts), FMIs (45 efforts), market intermediaries (45 efforts), asset managers and investment funds (46 efforts), and payments/e-money providers (33 efforts). Respondents also reported that “other” financial institutions were within scope of 56 of the modernisation efforts, most frequently reporting fintech firms, crypto-asset service providers, or pension funds.

Efforts also span regulatory and supervisory policies. 25 of the reported efforts cover only regulatory policies, 22 cover only supervisory policies, and 59 cover both. The most reported efforts can be categorised as modernisation efforts concerning supervisory effectiveness, data and reporting, technological innovation, prudential requirements, capital market structure, and omnibus efforts. Supervisory policies in scope include risk assessment and ratings, escalation of findings, fit-and-proper assessments, model and internal control reviews, and authorisations and licensing. Regulatory policies include prudential requirements like risk-based capital, capital buffers, and leverage ratios. Data and reporting policies cover digital submission and validation and governance of ad hoc requests. Markets policies include listing and prospectus regimes, regular and event driven disclosures, oversight of intermediaries and trading rules, and post trade requirements.

See Graph 1 for further summary statistics of modernisation efforts.

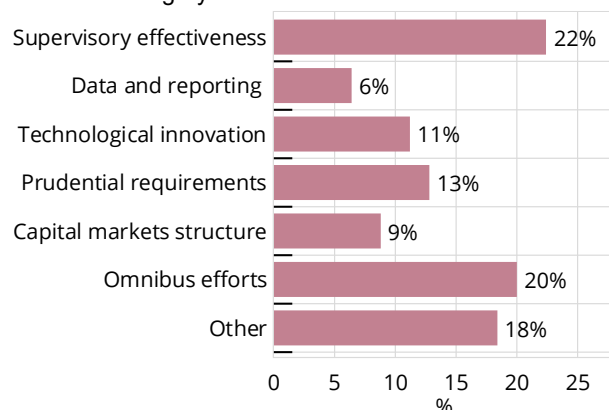
⁴³ Survey options included banks/credit institutions; insurers and reinsurers; asset managers and investment funds; financial market infrastructures; market intermediaries (e.g., broker-dealers); Payments/e-money providers; and other financial institutions (e.g., fintechs, pension funds, exchange and/or market operators, non-bank mortgage originators).

Summary statistics of modernisation efforts

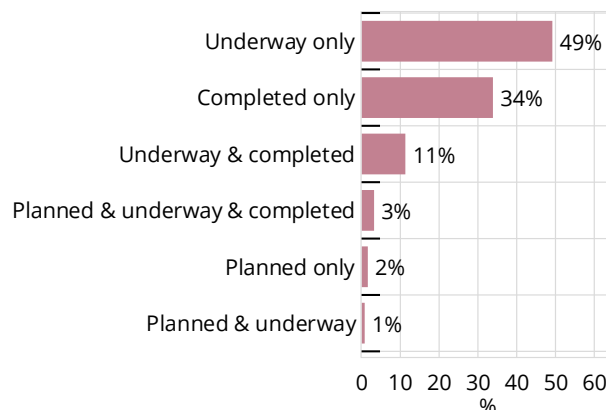
In percentage of total modernisation efforts

Graph 1

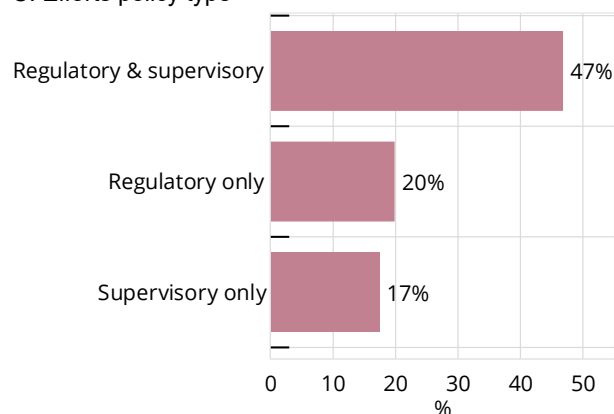
A. Efforts category



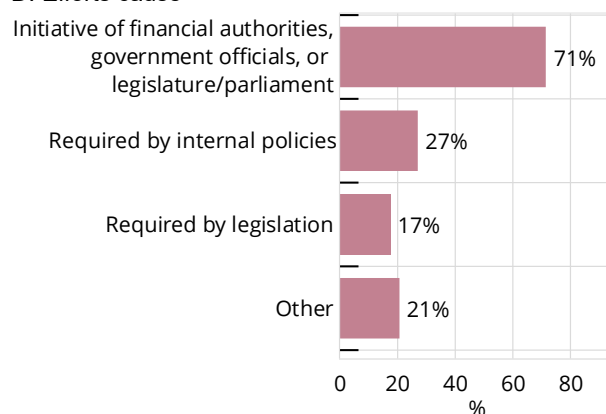
B. Efforts status



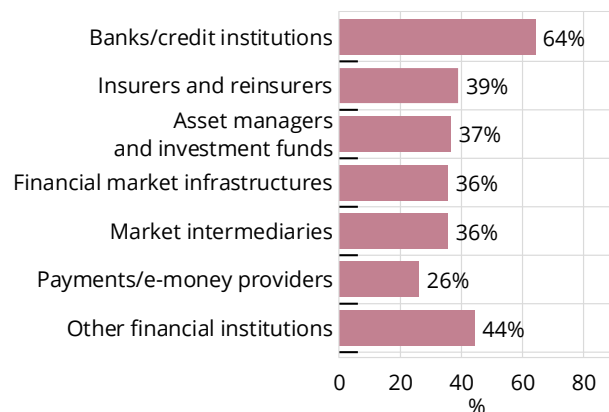
C. Efforts policy type



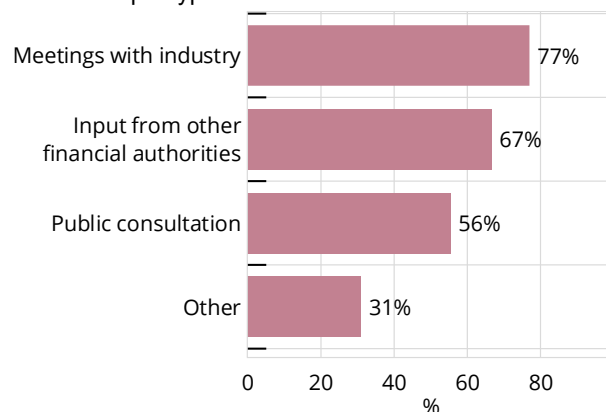
D. Efforts cause⁴⁴



E. Entities involved in the effort



F. Efforts input type



Source: FSB survey results

⁴⁴ An effort "required by internal policies" is one where a policy that had previously been adopted resulted in the undertaking of the modernisation effort. By contrast, an effort undertaken at the "initiative of financial authorities, government officials, or legislature/parliament" is one that is bespoke or would not otherwise occur absent one or more policymakers directing it to happen.

Process

Processes to engage stakeholders are used for different parts of the modernisation cycle. Stakeholder engagement was the most common process among modernisation efforts. Engaged stakeholders include regulated entities, trade groups, academics, the larger public, and staff of financial authorities. Stakeholder engagement processes are used for all stages of modernisation efforts, including to identify and define problems, evaluate possible solutions, make decisions on which solutions to execute, and to provide feedback on the impact of those decisions. The modality of engagement varies, including by inviting written comments and evidence, holding roundtable discussions or workshops, or creating working groups or advisory expert groups.

Impact analyses were also frequently reported, being described as both ex-ante and, in fewer cases, ex-post. Shared practices included defining a baseline (including making no change), comparing options using multi-criteria and scenario assessments, and drawing on quantitative studies to estimate effects on firms and markets. Many respondents report complementing their impact analyses with other tools, including stakeholder consultation on documented assumptions and metrics, or using international benchmarking to calibrate parameters. Post implementation reviews are used to assess effectiveness and consider any adjustments to policies.

Notably, the processes for most modernisation efforts do not begin with a periodic exercise that reflects on the entire regulatory and supervisory landscape within a jurisdiction. Instead, processes indicate that modernisation is an ongoing practice that manifests either as a set of objectives that financial authorities pursue whenever they act, or an ongoing and iterative process.

Actions

Actions taken by respondents span from straightforward housekeeping – pruning obsolete rules, consolidating guidance, and trimming duplicative reports – to more far-reaching changes such as recalibrating prudential requirements to be more tailored/proportionate, and creating new frameworks to clarify requirements to new entity types and activities, including for payments, digital assets and tokenised instruments.

Coordination

A feature of many modernisation efforts is the level and type of interagency coordination they require. New regulatory regimes (for example, for crypto-assets) often need close coordination among supervisors, central banks, market regulators and, where legislation is required, ministries of finance. Broad, cross-cutting reforms led by finance ministries also tend to require significant coordination. Jurisdictions report common methods for coordination, notably councils or committees of financial authorities. Authorities also issue joint proposals when a policy affects multiple mandates or when consistency is needed across types of institutions. Many authorities are also building data-sharing platforms and unified reporting templates.

Annex III: Summary of the modernisation symposium

The FSB held a three-session symposium on modernising regulatory and supervisory frameworks in Basel on 9 June 2026. It gathered perspectives from public authorities, academia, and the private sector on decision-making processes, the use and limits of cost benefit analysis, and the use of proportionality/tailoring to promote risk sensitivity, all without compromising financial stability or creating undue fragmentation. Public authorities, SSBs, and international organisations met at the end of the symposium to discuss what they learned from the other three sessions and how those learnings might affect their own modernisation efforts.

In addition to preserving financial stability, recurring themes raised by participants included streamlining obsolete requirements, prioritising material risks, and enabling safe innovation within the regulatory perimeter, while transparently managing trade-offs to preserve a level playing field. Participants also pointed to the need for better data and supervisory capacity, as well as international coordination that avoids fragmentation while respecting jurisdiction-specific circumstances.

Session 1: Drivers of change in regulatory and supervisory frameworks

Discussions of drivers of change highlighted the pace of technological developments (e.g., digital assets and AI), challenges at and beyond the regulatory perimeter (e.g., private credit and other non-bank activities), and the cumulative complexity of rulemaking. Participants emphasised strengthening both resistance (e.g., buffers that absorb shocks) and resilience (i.e., capacity to respond and recover), with clearer mandates for earlier supervisory intervention. Some speakers recognised that some tools and triggers may require recalibration to work as intended in stress, and that supervisors should have room for judgement—supported by better data—while maintaining predictability and fairness.

Session 2: Cost-benefit analysis in practice

Many saw cost-benefit analysis as a valuable practice, while underscoring its practical limits. Participants noted that effective practice blends quantitative and qualitative assessment, considers effects at the level of firms, markets and the wider economy, and aligns the depth of analysis with the significance of the proposal. Ex-post evaluation was viewed as essential to check whether reforms deliver intended outcomes or create unintended consequences. Some participants cautioned against false sense of precision and called for system-level perspectives to complement institution-level assessments, noting that analytical capacity and data sharing remain critical enablers.

Session 3: Proportionality/tailoring in the supervisory and regulatory process

Proportionality/tailoring were framed by panellists as smarter supervision and regulation—not a way to lower standards. Beyond firm size, participants noted that factors such as risk profile, complexity, interconnectedness and business model could help inform requirements and supervisory intensity. Priorities included reducing unnecessary complexity and duplication, minimising cliff effects, and improving early engagement and horizontal reviews to enhance consistency. Some participants noted a tension between proportionality/tailoring and simplicity:

simple frameworks that preserve resilience may require less proportionality, and proportional frameworks that preserve resilience may require complexity.

It was also noted that principle-based frameworks can give supervisors the flexibility to focus on consequential risks, provided decisions are data-driven and transparently communicated. Participants discussed the need to accept that a resilient system may allow some firms to fail in an orderly manner, while safeguarding against contagion and maintaining robust recovery and resolution arrangements. At the same time, it was underscored that small institutions can be systemic within niches, noting the importance of perimeter vigilance and coherent treatment across prudential, conduct and macroprudential objectives.