International financial system, institutions and instruments in the global economic environment and global financial stability

Juraj Sipko

Content

Introduction

1. Multilateral institutions
2. Group of the World Bank
3. Global financial stability
4. Supervision of the financial sector
5. Transmission mechanism of risks

Conclusion

International financial system

Regulatory framework and policies

- Macroeconomic conditions
- Legislatíve/ accounting framework
- Regulation and supervision
- Support of liquidity for CB
- Rating agency

Financial concentration (government sektor)

Municipal. debt

Real estate

Shares

NIŠ

Internationally financial connectedness

Markets and instruments

- International credits
- Debt instruments & derivatives
- Foreign exchange markets
- Cross/border operations with shares

Institutions (market making, and allocation of assets

- Brokers and dealers
- Stock exchanges
- Hedge funds: leveraged
- Management of assets: unleveraged

Sources of financing

Bank deposits

Mutual Funds

Insurance

Pension funds

FOREX

SWFs

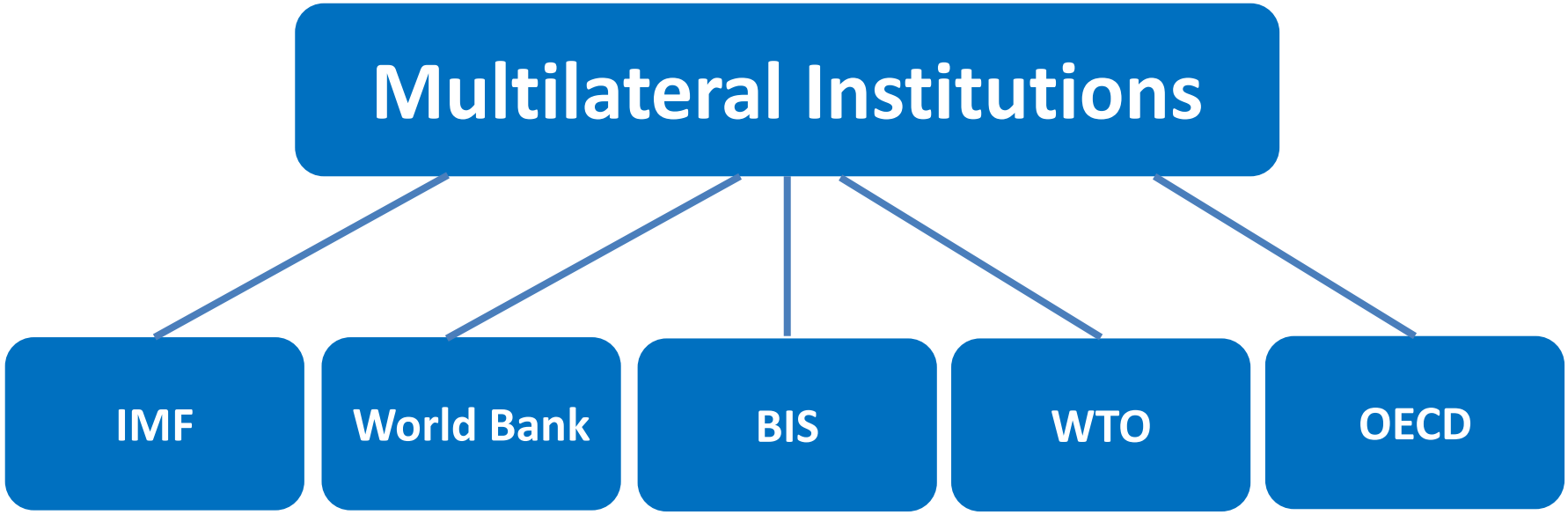
Source: IMF

MULTILATERAL INSTITUTIONS

Multilateral monetary, financial, economic and trade organizations

- International Monetary Fund (IMF)
- World Bank (WB)
- Bank for International Settlements (BIS)
- World Trade Organisation (WTO)
- International Finance Corporation (IFC)
- International Development Association (IDA)
- Multilateral Investment Guarantee Agency (MIGA)
- International Centre Investment Dispute Settlements (ICSID)
- European Investment Bank (EIB)
- European Bank for Reconstruction and Development (EBOR)
- Asian Development Bank (ASDP)
- African Development Bank (ADB)
- Inter-American Development Bank (IDB, IADB)
- Islamic Development Bank (IsDB)

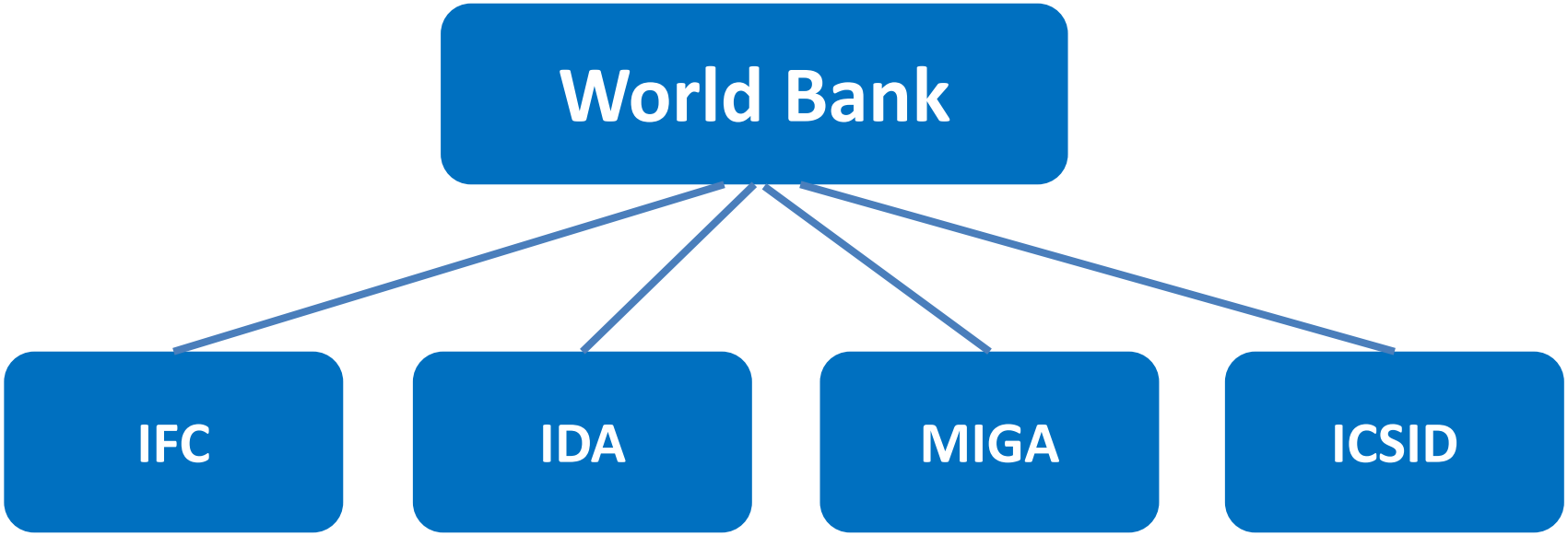
Multilateral monetary, financial, economic, and trade institutions



Source: Author's elaboration

GROUP OF WORLD BANK

Group of the World Bank



Source: Author's elaboration

GLOBAL FINANCIAL STABILITY

How to ensure financial stability?

Reform of financial sector

Implementation:

- time
- effectivity
- consistency

Credible fiscal consolidation

- Prudent public debt
- Declining financial transmission

Continuing reform of FS

Lowering „Sovereign“ risks

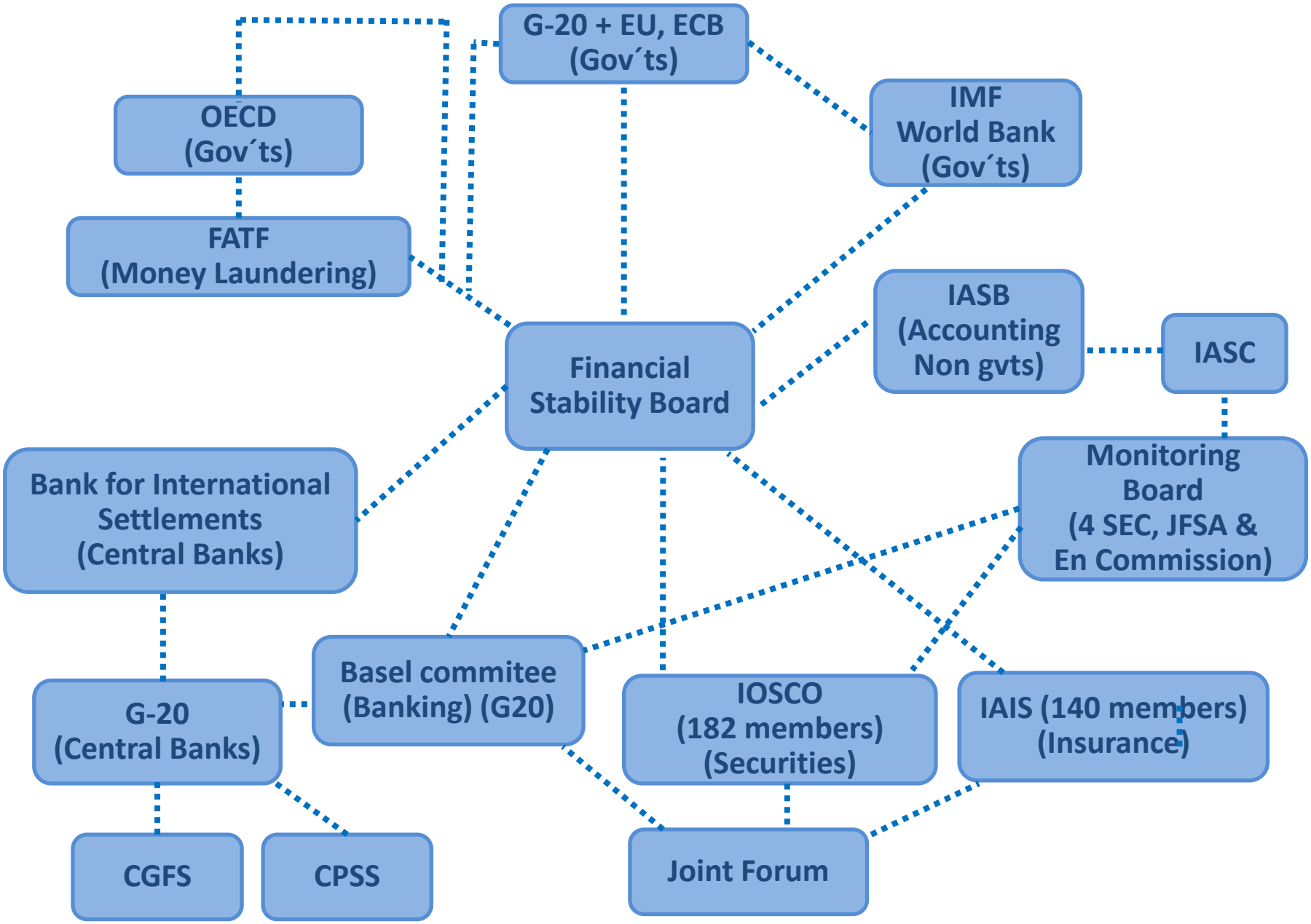
Measures agaist capital flows

Support for credits

- Macro – prudential instruments
- Maintain positive effect from globalisation

- Increase capital
- Ensure stable sources
- Ensure securization
- Restructuring of weak banks
- Prudent monetary and fiscal policies – **Exit stategy**

Source: IMF

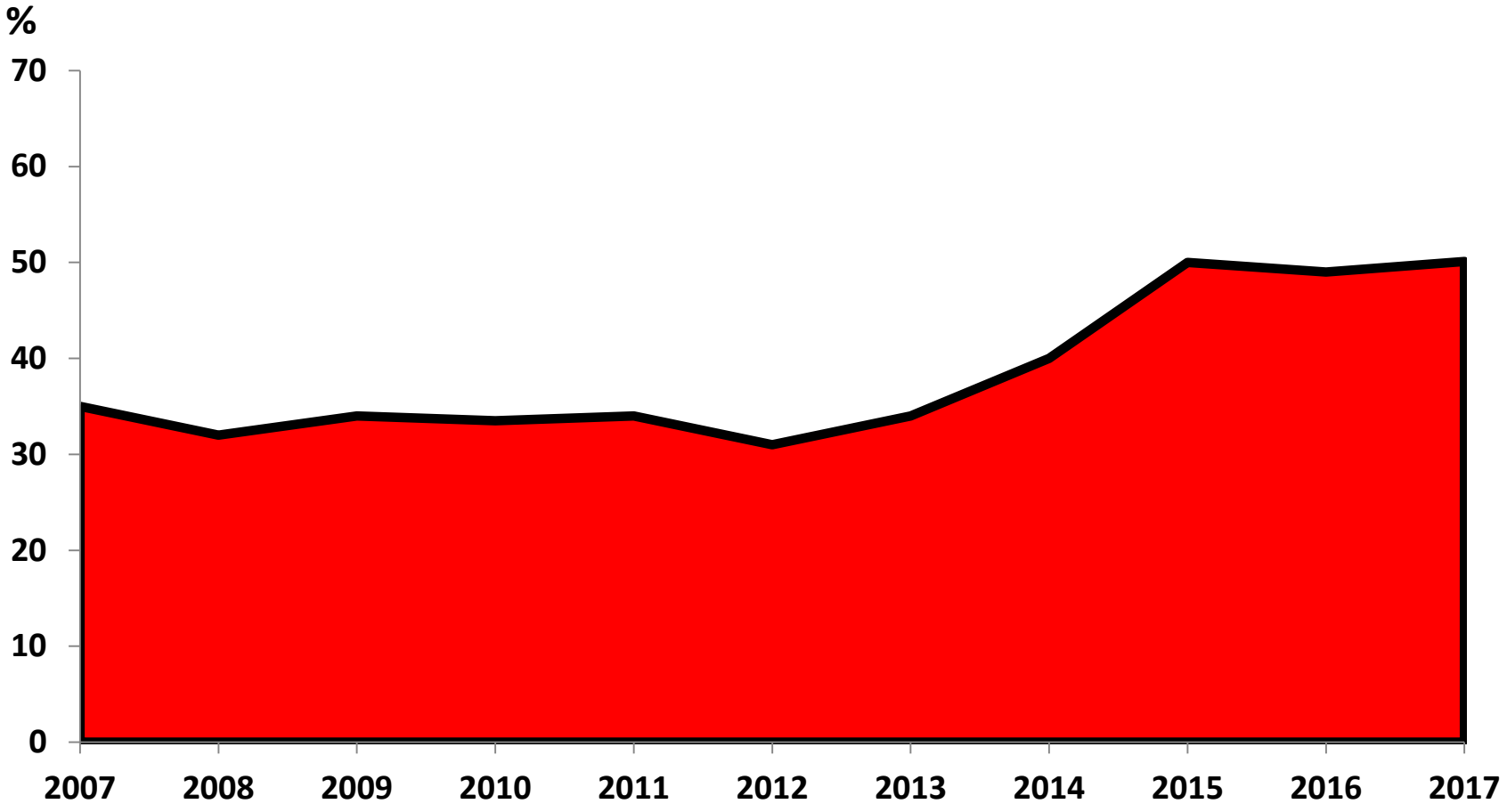


Source: IMF, FSB, BIS

RISKS IN THE FINANCIAL SECTOR

Dramatic change in lending landscape (%)

Shadow bank share in the US personal loan market

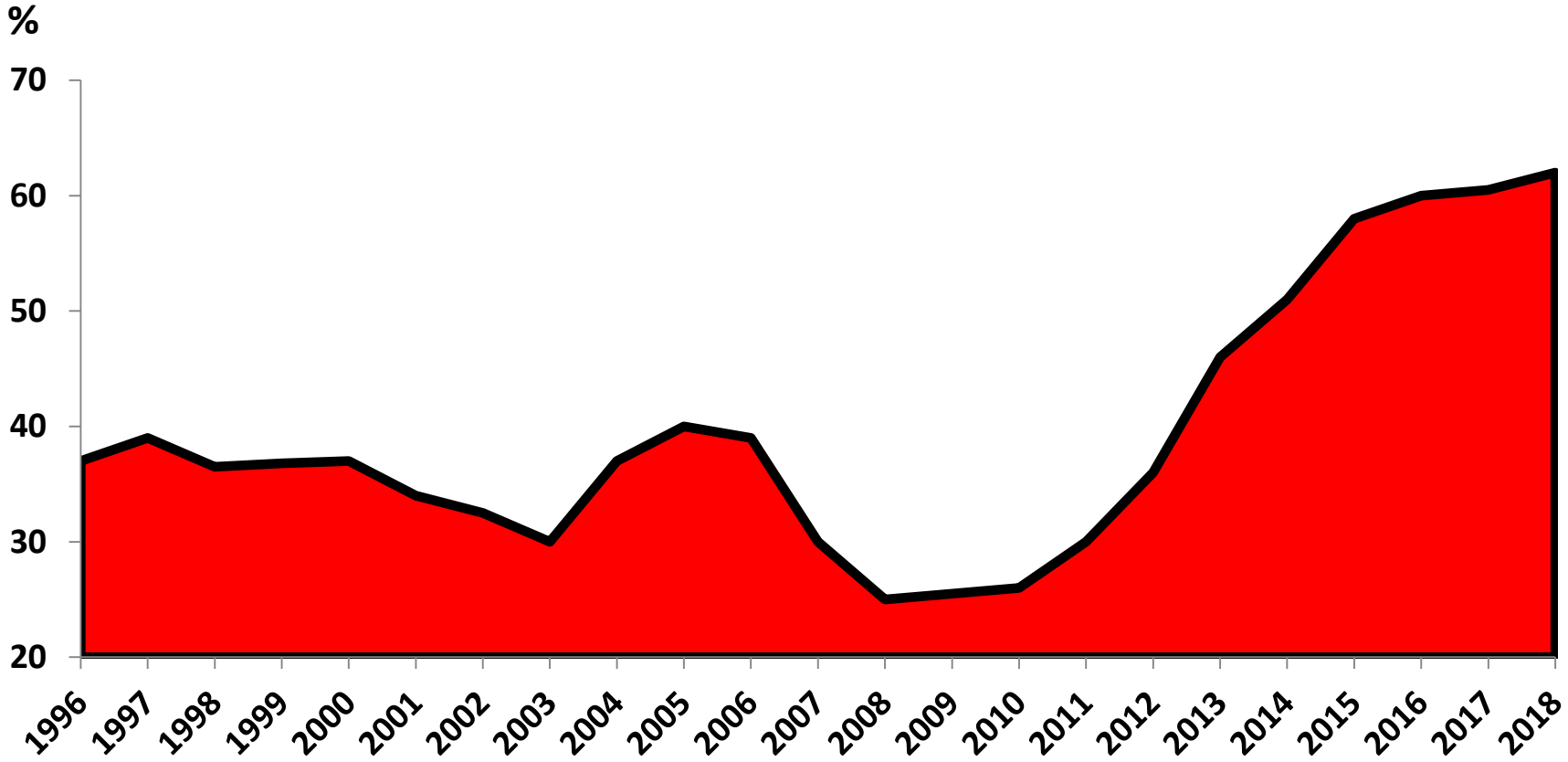


Source: Author's elaborated from FED's data

Dramatic change in lending landscape

Rise of shadow banks

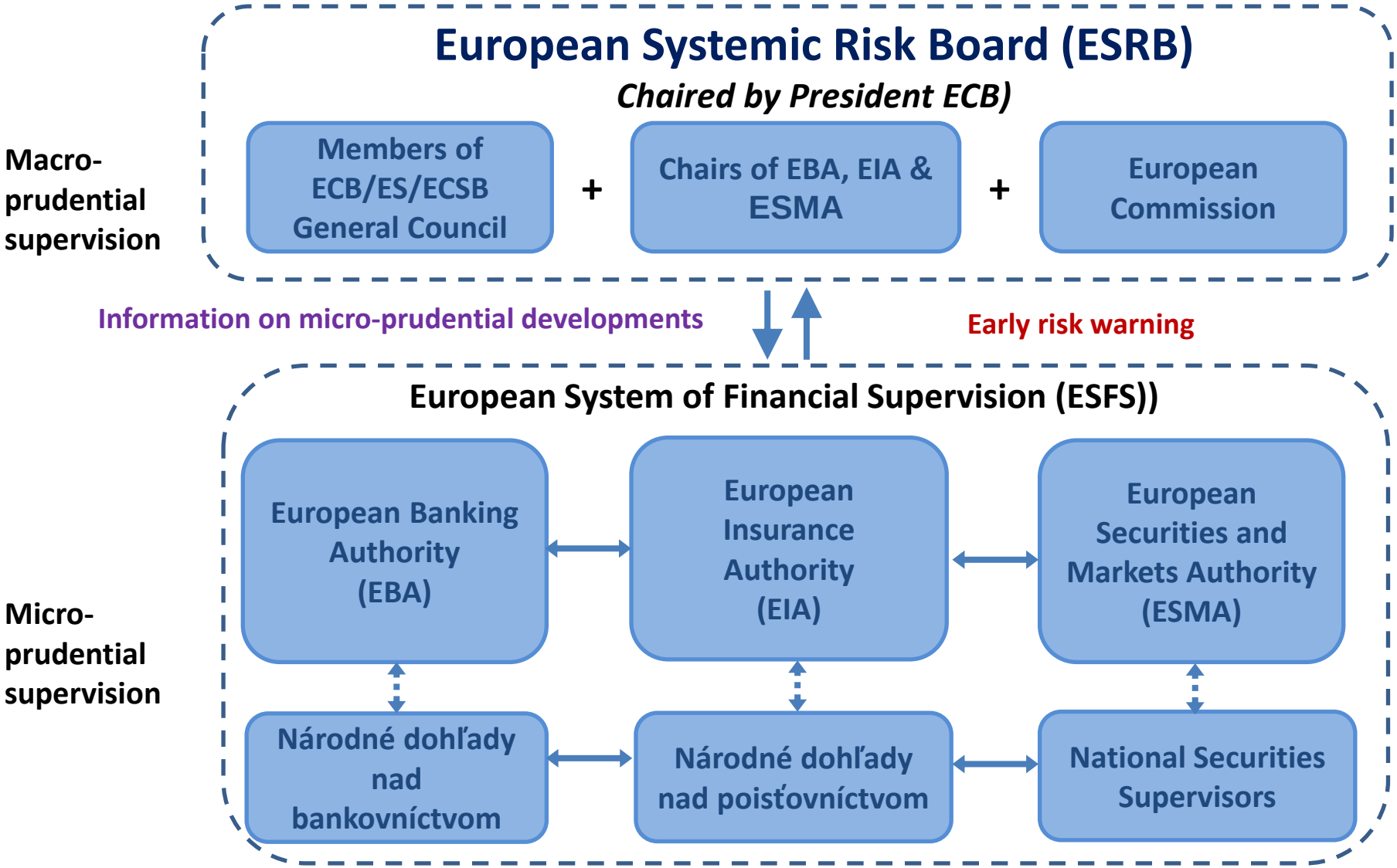
Shadow bank share in the US residential mortgage market



Source: Author's elaborated from FED's data

FINANCIAL MARKET SUPERVISION

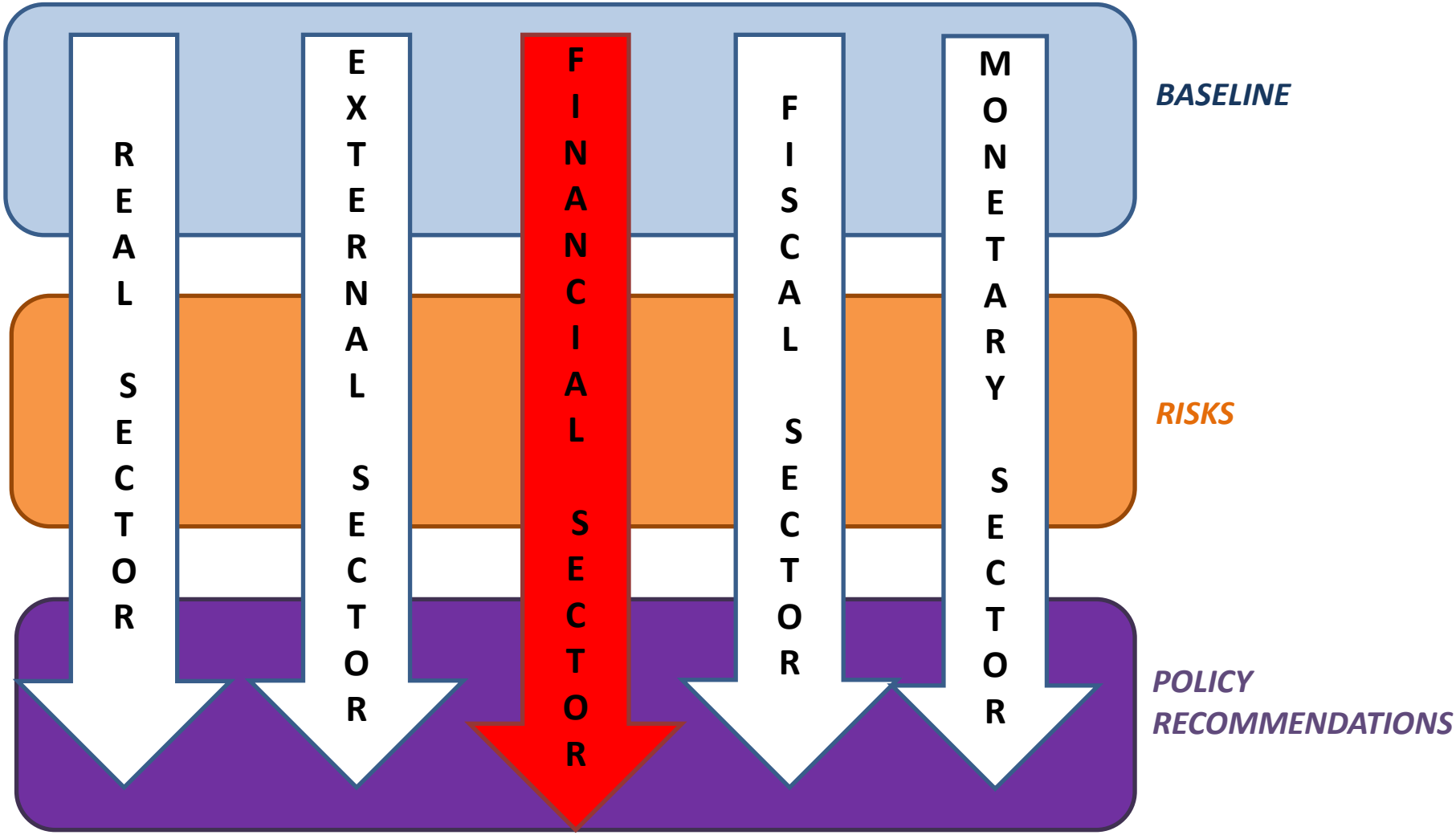
Supervision in EU



Source: European Commission

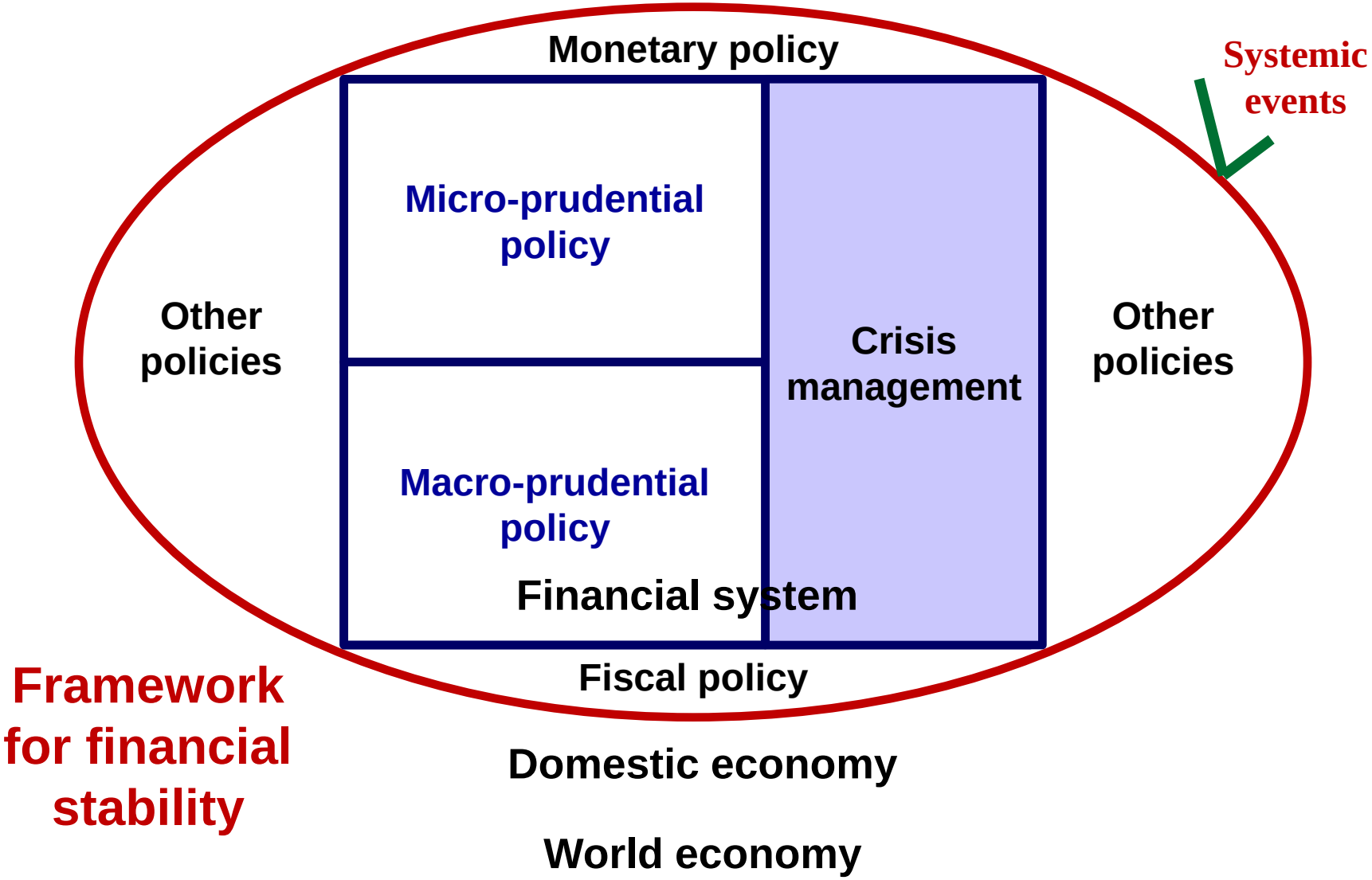
TRANSMISSION MECHANISM

Macrofinancial Framework



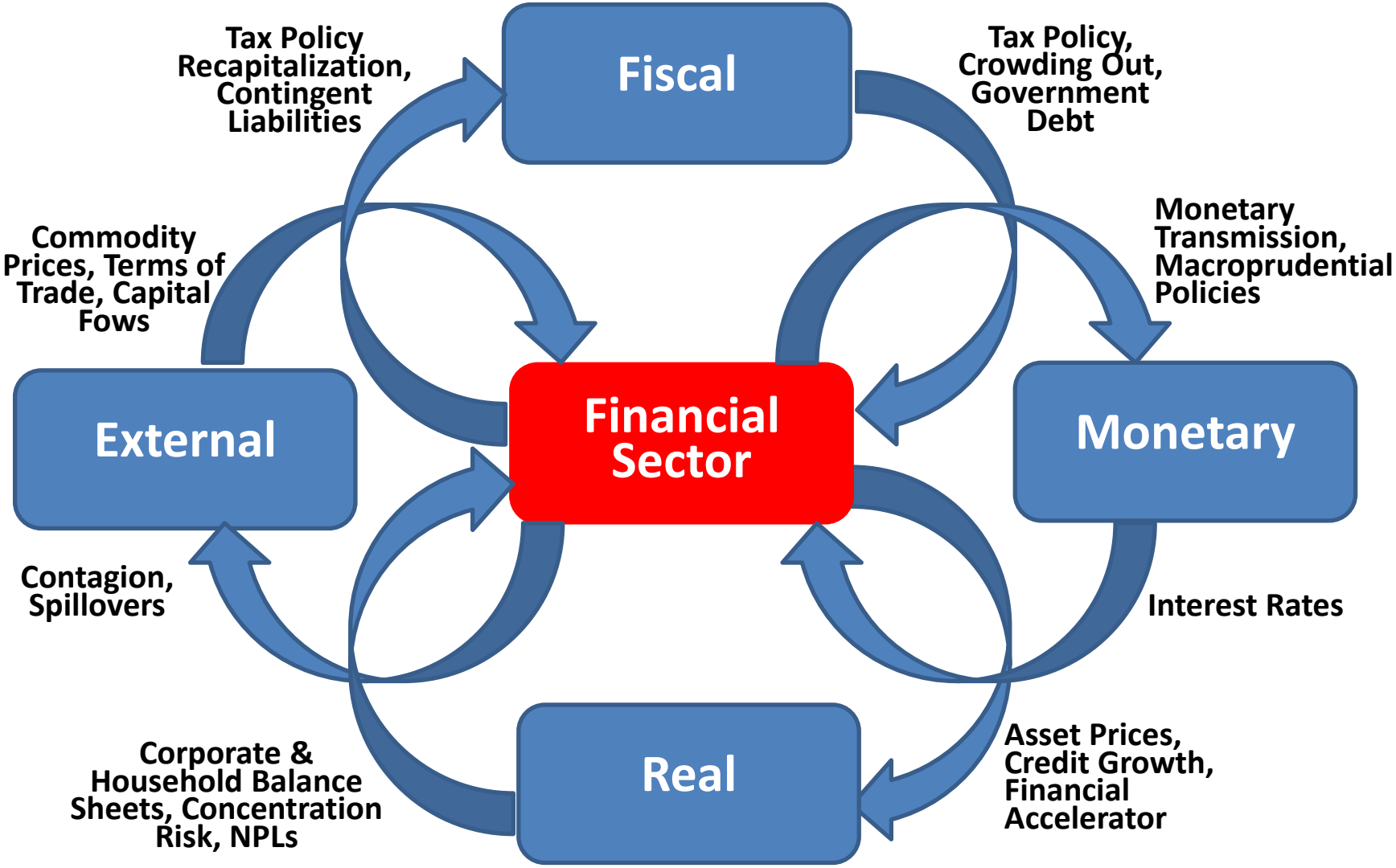
Source: IMF

Framework for financial stability and macroprudential policy



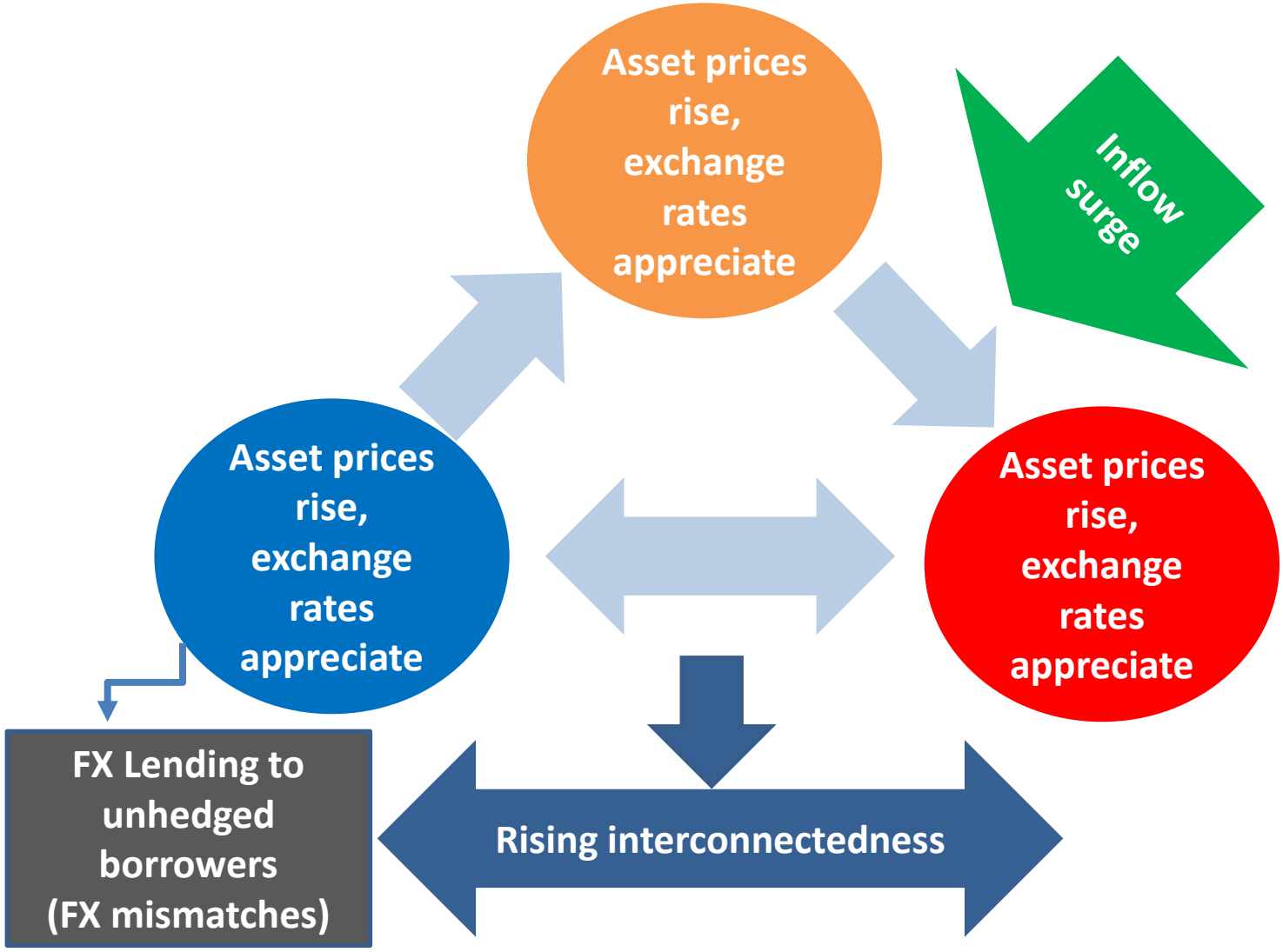
Source:IMF

Macrofinancial Linkages



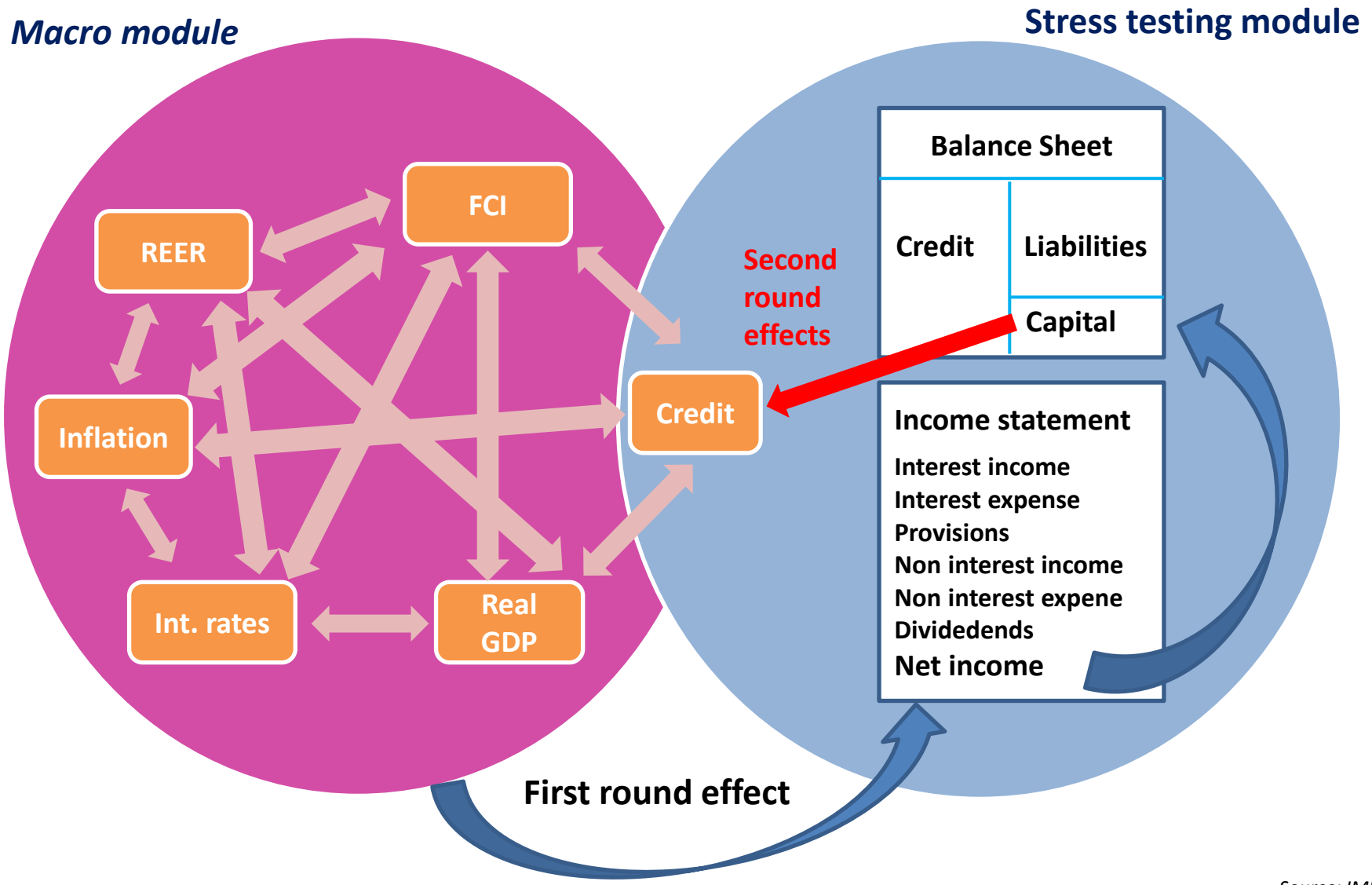
Source: IMF

Transmission channels of capital flows



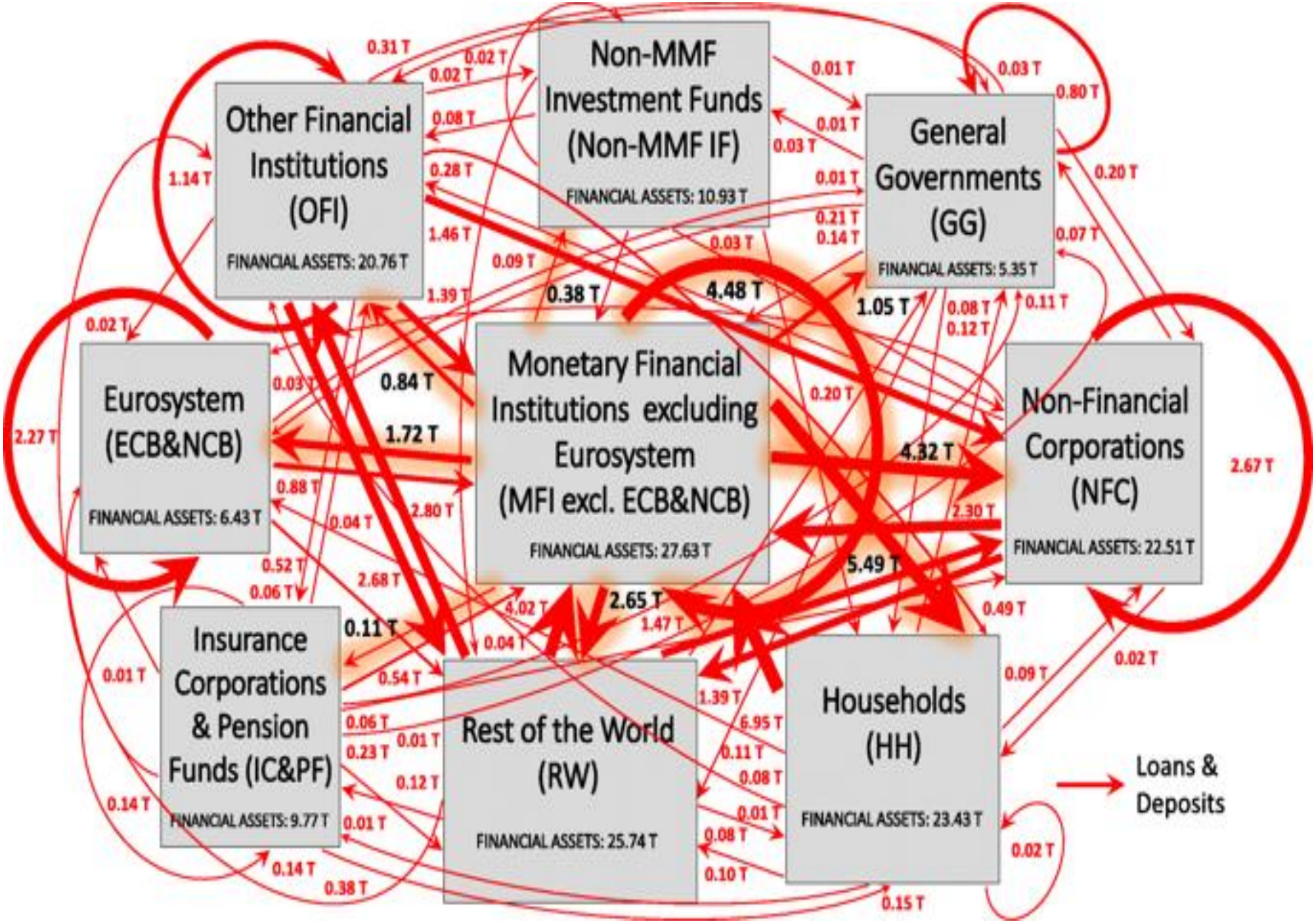
Source: IMF

Framework- macro and stress testing



Source: IMF

CONCLUSION


Other Financial Institutions (OFI)
FINANCIAL ASSETS: 20.76 T
Non-MMF Investment Funds (Non-MMF IF)
FINANCIAL ASSETS: 10.93 T
General Governments (GG)
FINANCIAL ASSETS: 5.35 T
Eurosystem (ECB&NCB)
FINANCIAL ASSETS: 6.43 T
Monetary Financial Institutions excluding Eurosystem (MFI excl. ECB&NCB)
FINANCIAL ASSETS: 27.63 T
Non-Financial Corporations (NFC)
FINANCIAL ASSETS: 22.51 T
Insurance Corporations & Pension Funds (IC&PF)
FINANCIAL ASSETS: 9.77 T
Rest of the World (RW)
FINANCIAL ASSETS: 25.74 T
Households (HH)
FINANCIAL ASSETS: 23.43 T
Loans & Deposits
0.31 T
0.02 T
0.02 T
0.08 T
0.28 T
1.46 T
0.09 T
1.39 T
0.01 T
0.03 T
0.01 T
0.03 T
0.01 T
0.21 T
0.14 T
0.03 T
0.80 T
0.20 T
0.07 T
1.14 T
0.02 T
0.03 T
0.88 T
0.04 T
0.52 T
0.06 T
2.27 T
0.38 T
4.48 T
1.05 T
0.08 T
0.12 T
0.11 T
0.84 T
1.72 T
0.20 T
4.32 T
2.67 T
2.80 T
2.30 T
5.49 T
2.68 T
4.02 T
2.65 T
1.47 T
0.49 T
0.11 T
0.04 T
0.01 T
0.54 T
0.06 T
0.23 T
0.01 T
0.12 T
0.01 T
0.14 T
0.38 T
1.39 T
6.95 T
0.11 T
0.08 T
0.01 T
0.08 T
0.10 T
0.15 T
0.09 T
0.02 T
0.02 T

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