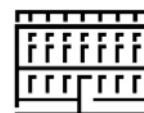


## Press release



FINANCIAL  
SERVICES  
AND  
MARKETS  
AUTHORITY



Office of the Minister  
of Finance in charge  
of Combating Tax Fraud

### REPORT ON ASSET MANAGEMENT AND SHADOW BANKING

**The FSMA and the NBB have written a [joint report](#) on asset management and shadow banking in Belgium.**

The FSMA and the NBB wrote the report at the request of the Minister of Finance, Johan Van Overtveldt, and the High Level Expert Group on the future of the Belgian financial sector. Comparable exercises have taken place in other countries and at international level.

The report addresses the evolution toward a more market-based financial system, where more financial intermediation occurs outside the banking sector. This form of financing provides an alternative to borrowing from banks and helps to support the real economy. However, like the activities of companies under prudential supervision, it can also become a source of systemic risks.

Market-based financing can take many forms. At the request of the High Level Expert Group, this report focuses on asset management and shadow banking. The expert group had recommended that the risks associated with these activities and their interconnectedness with other sectors be more closely monitored.

The FSMA and the NBB have calculated the scale of the shadow banking activities in Belgium based on the definition given by the Financial Stability Board. The total financial assets in this category amounted to € 128 billion at the end of last year. These assets consist mainly of money market funds and non-equity investment funds. The vast majority of these funds are under the supervision of the Belgian authorities.

In the current state of affairs, no substantial systemic risks have been identified that are associated with asset management and shadow banking. The developments in both activities and the links with other sectors of the economy require further close monitoring, including for potential reputational risks to financial groups (the so-called step-in risk).

The FSMA and the NBB consider it very important to gather data not hitherto available concerning asset management and shadow banking to be filled. They recommend that shadow banking in Belgium be monitored periodically and that international developments in this area continue to be followed. Mitigating the liquidity risks of Belgian investment funds and the interconnectedness of asset management and shadow banking with other sectors are other important recommendations.



The Minister of Finance, Johan Van Overtveldt, commented on the report: "This is the first time that a complete picture of shadow banking and asset management in our country has been presented. The report fulfils one of the recommendations made by the High Level Expert Group on the future of the Belgian financial sector. The excellent collaboration between the NBB and the FSMA enables them to monitor the risks the sector presents in our country and to safeguard financial stability."

Jan Smets, Governor of the National Bank: "It is important that this study provides us with an overview of the relationships between shadow banking and the banking and insurance sector; the report thus enables us better to identify and monitor the risks."

Jean-Paul Servais, Chairman of the FSMA: "The FSMA and the NBB have, partly on the basis of the observations contained in this report, further refined the reporting by investment funds in Belgium, as a result of which we as supervisors are better able to assess the risks."

Brussels, 02 October 2017

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