

Financial Regulation

2018 G-SIBs list: the three key changes

Arturo Fraile

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The Financial Stability Board (FSB) has released its [2018 list](#) for the Global Systemically Important Banks (G-SIBs). The total number of G-SIBs decreases to 29 (from 30). The three key changes versus the [prior list](#) are: i) one bank in (BPCE); ii) two outs (Nordea and RBS) and iii) two banks shift to a lower bucket (Bank of America and China Construction Bank)

Table 1 G-SIBs list from 2011 to 2018

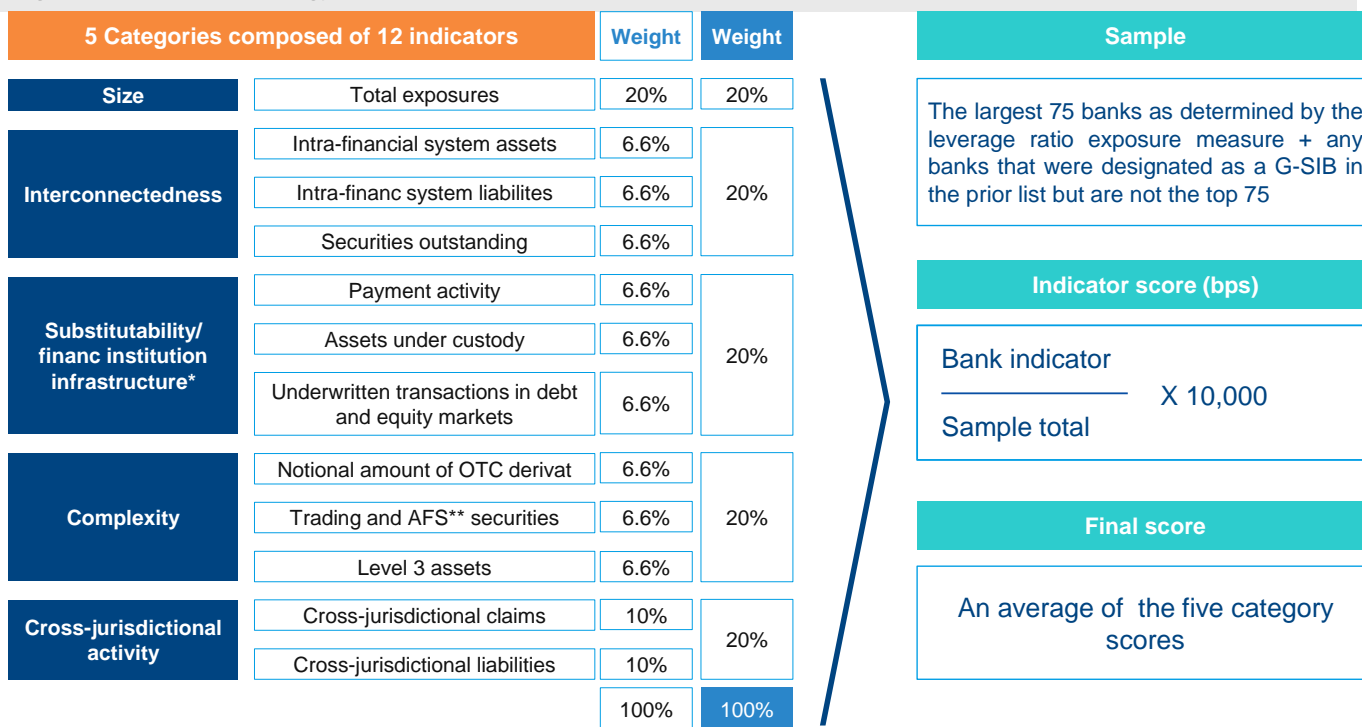
Entities	Capital Surcharge (% of CET1/RWAs)							
	2011*	2012	2013	2014	2015	2016	2017	2018
JP Morgan	*	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Citigroup	*	2.5	2	2	2	2.5	2	2
HSBC	*	2.5	2.5	2.5	2.5	2	2	2
Deutsche Bank	*	2.5	2	2	2	2	2	2
Bank of America	*	1.5	1.5	1.5	1.5	2	2	1.5
Barclays	*	2	2	2	2	1.5	1.5	1.5
BNP Paribas	*	2	2	2	2	2	1.5	1.5
Goldman Sachs	*	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Mitsubishi	*	1.5	1.5	1.5	1.5	1.5	1.5	1.5
ICBC			1	1	1	1.5	1.5	1.5
Wells Fargo	*	1	1	1	1	1.5	1.5	1.5
Bank of China	*	1	1	1	1	1	1.5	1.5
China Construction Bank					1	1	1.5	1
Agricultural Bank of China				1	1	1	1	1
Bank of NY Mellon	*	1.5	1	1	1	1	1	1
Crédit Agricole	*	1	1.5	1	1	1	1	1
Crédit Suisse	*	1.5	1.5	1.5	1.5	1.5	1	1
ING	*	1	1	1	1	1	1	1
Morgan Stanley	*	1.5	1.5	1.5	1.5	1	1	1
Mizuho	*	1	1	1	1	1	1	1
Nordea	*	1	1	1	1	1	1	OUT
Royal Bank of Canada							1	1
RBS	*	1.5	1.5	1.5	1	1	1	OUT
Santander	*	1	1	1	1	1	1	1
Société Générale	*	1	1	1	1	1	1	1
Standard Chartered		1	1	1	1	1	1	1
State Street	*	1	1	1	1	1	1	1
Sumitomo	*	1	1	1	1	1	1	1
UBS	*	1.5	1.5	1	1	1	1	1
Unicredit	*	1	1	1	1	1	1	1
BBVA		1	1	1	OUT			
BPCE	*	1	1	1	1	1	OUT	1
Commerzbank	*							
Dexia	*							
Lloyds	*							
Total entities	29	28	29	30	30	30	30	29

* No bucket released for the 2011 list. CET1: Core Equity Tier 1 Capital. RWAs: Risk Weighted Assets.
Source: BBVA Research based on FSB

Some other issues to be noted: **i)** BPCE exited the list in 2017 after being in it since 2011 and it has been designated as a G-SIB again 2018. **ii)** Nordea and RBS have been in the list from 2011 to 2017. **iii)** Bank of America has been between the 1.5% and the 2% bucket since 2012. Last but not least, **iv)** China Construction Bank entered the list in 2015 and has been always in the 1% bucket except in 2017 (1.5%) and now is back to 1%.

The capital requirements of the 2018 list have to be fulfilled before 1 January 2020. An updated list of G-SIBs will be released in November 2019.

Figure 1 Current methodology: an overview



* The substitutability/financial institution infrastructure category score is subject to a 500 bps cap. ** AFS: Available for sale. Source: BBVA Research based on BCBS

A review of the current methodology by the BCBS: main dates and changes

Last 5 July, the Basel Committee on Banking Supervision (BCBS) released its [revised methodology and the higher loss absorbency requirement](#) for the G-SIBs. Its goal is to enhance the framework to capture new sources of systemic risk. The updated methodology is expected to become applicable on 1 January 2021 (end-2020 data) and the corresponding capital buffer will be applied from 1 January 2023.

Three main changes that are worth to be noted are: **i)** the inclusion of insurance activities in the consolidation perimeter; **ii)** a new trading volume indicator in substitutability and **iii)** a change in defining cross-jurisdictional indicators¹ to be consistent with the definition of BIS consolidated statistics.

In addition to that, the BCBS indicates that *as regards the structural changes in regional arrangements – in particular in the European Banking Union – they will be reviewed independently from the three-year review cycle as actual changes are made.*

1: Related to derivatives consolidation.

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