



Roundtable Discussion Proceedings:

Supervisory Implications of Current Developments and Uncertainties

On April 24, 2025, Toronto Centre convened a high-level roundtable to examine the implications of global economic, political, and technological uncertainties for financial supervision. Participants discussed the impact of geopolitical fragmentation, climate risk, deregulation, technological innovation, and the evolving role of international standard setters. The discussion highlighted that financial supervisors face heightened complexity and uncertainty, necessitating adaptive, resilient, and forward-looking supervisory approaches.

Key insights from the discussion underscored the importance of cross-border cooperation, institutional capacity-building, and a strong supervisory culture to preserve financial stability. Supervisors must remain alert to emerging risks while also reaffirming foundational responsibilities such as financial inclusion, market integrity, and systemic oversight.¹

Babak Abbaszadeh, CEO of Toronto Centre, welcomed the participants, outlined the objectives of the discussion, and thanked funders for their support of the Toronto Centre's mission.

The discussion was moderated by Socorro Heysen (Board Member, Toronto Centre) and led by Stefan Ingves (Chair of Toronto Centre Board of Directors) and Martin Moloney (Deputy Secretary General, Financial Stability Board).

Key Themes and Insights

Supervisory Preparedness Amid Global Uncertainty

Participants acknowledged the unprecedented degree of uncertainty facing the global financial system. This includes inflationary pressures, slowdowns in global growth, and geopolitical fragmentation. Supervisory authorities must now account for risks that extend beyond financial markets — including trade disruptions, energy shocks, and climate-induced volatility. Although these shocks may originate elsewhere, their financial sector implications can be profound if left unchecked.

In response, supervisors are turning to scenario analysis and stress testing to prepare for low-probability, high-impact events. Mapping leverage and identifying pockets of vulnerability — especially in less transparent areas such as shadow banking or tech-driven credit provision — are top priorities. The goal is not to predict the future, but to build resilience by ensuring institutions can withstand multiple plausible shocks.

¹ To learn more, please read the latest Toronto Centre Insight, [Supervisory Implications of Global Fragmentation and Uncertainties](#) (2025).



Resilience of the International Regulatory Architecture

Despite challenges to multilateral cooperation, the core architecture of international regulatory coordination continues to function. Standard-setting bodies remain committed to shared principles and continue to issue guidance on emerging risks such as climate risk, cyber resilience, and financial innovation. However, the process has become more decentralized and operational in nature.

Many of the current efforts are not focused solely on drafting new principles, but rather on developing shared infrastructures — such as taxonomies, disclosure templates, or data-sharing platforms — that enhance cross-border supervisory effectiveness. Regulatory convergence is no longer only about harmonizing rules but also about enabling practical cooperation to address common supervisory challenges in a fragmented world.

Supervisory Culture and Institutional Support

Frontline supervision requires both technical competence and institutional backing. Supervisors often face difficult trade-offs when evaluating institutions' resilience, especially during periods of high uncertainty. A supportive supervisory culture — one that encourages critical thinking, challenges groupthink, and rewards diligence — is essential for robust oversight.

To build such a culture, authorities must invest in talent, ensure supervisors have the legal mandate and political independence to act, and foster open communication within and across agencies. Informal networks and peer learning forums also play an important role in strengthening supervisory judgment and confidence, particularly in emerging and developing economies where formal resources may be more limited.

Implications of Deregulation and Strategic Autonomy

Several jurisdictions are engaging in regulatory simplification or deregulatory agendas, often in pursuit of national growth or financial autonomy. While there is merit in reducing undue compliance burdens, participants warned against sacrificing prudential standards. Simplification should not become a pretext for weakening supervision or increasing systemic vulnerabilities.

Strategic autonomy can support resilience if it involves building robust domestic frameworks. However, it can also lead to fragmentation and competitive deregulation if not accompanied by transparency and mutual learning. The supervisory community must continue to uphold core principles while accommodating diverse national approaches.

The Evolution of Financial Supervision

Traditional rule-based regulatory frameworks are giving way to more dynamic and data-centric supervisory approaches. Emerging risks such as decentralized finance, cyberattacks, and digital onboarding fraud require rapid response capabilities and cross-agency coordination. Supervisors must become more agile and technologically savvy to keep pace with innovation.

International cooperation is critical, particularly for jurisdictions with high exposure to cross-border capital flows or financial innovation. Shared supervisory infrastructure — such as common reporting templates, joint crypto assessments, and real-time incident reporting — can serve as force multipliers. Capacity-building initiatives should focus on both core supervisory skills and digital fluency.



Country-Level Observations

Jurisdictions provided insights into how they are adapting to current challenges. Some highlighted the institutionalization of financial stability committees, increased use of early warning indicators, and improved crisis communication frameworks. Others emphasized the need to regulate market information flows to prevent manipulation and reinforce public trust in financial markets.

Climate-related risks were a shared concern, particularly for countries vulnerable to extreme weather events. Supervisors are implementing green taxonomies, integrating climate risks into risk assessment frameworks, and launching capacity-building programs for both financial institutions and regulators. Virtual asset growth, digital onboarding, and cybersecurity vulnerabilities were also frequently cited. Legal reforms, regulatory guidance, and supervisory training programs are being pursued to address these areas.

Conclusion

The roundtable discussion highlighted a clear shift in global supervisory priorities: from rule-making to implementation, from principles to practices, and from reactive oversight to forward-looking preparedness. While uncertainties abound, the supervisory community has tools, experience, and networks that can be leveraged to safeguard financial stability.

Going forward, financial supervisors must continue to innovate, invest in institutional capacity, and engage in strategic dialogue with peers around the world. International bodies must also continue to support alignment and resilience by fostering interoperability and supervisory convergence. Only through adaptive, inclusive, and coordinated efforts can financial supervisors ensure their mandates remain relevant and effective in an increasingly complex world.