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Macroprudential Tools for Regulated Investment Funds – An Assessment of Suitability

A number of central banks in the European Union (EU) are calling for the development of a new layer of regulatory macroprudential tools to address risks in non-bank financial intermediation (NBFI). These central banks argue that macroprudential tools could supplement existing regulatory frameworks and address perceived shocks and contagion stemming from NBFI.

A one-size-fits-all approach to funds through macroprudential tools is not only unnecessary, it also would be ineffective in achieving policymakers' financial stability goals. Rather than continue to pursue an ill-suited macroprudential approach to regulated investment funds, we encourage policymakers to work together with the funds industry to further deepen and build capital markets—in Europe and around the globe—in order to provide greater opportunities for individual investors to prosper and for economies to grow.

Read more in our paper framing the debate on the utility of macroprudential tools for NBFI.