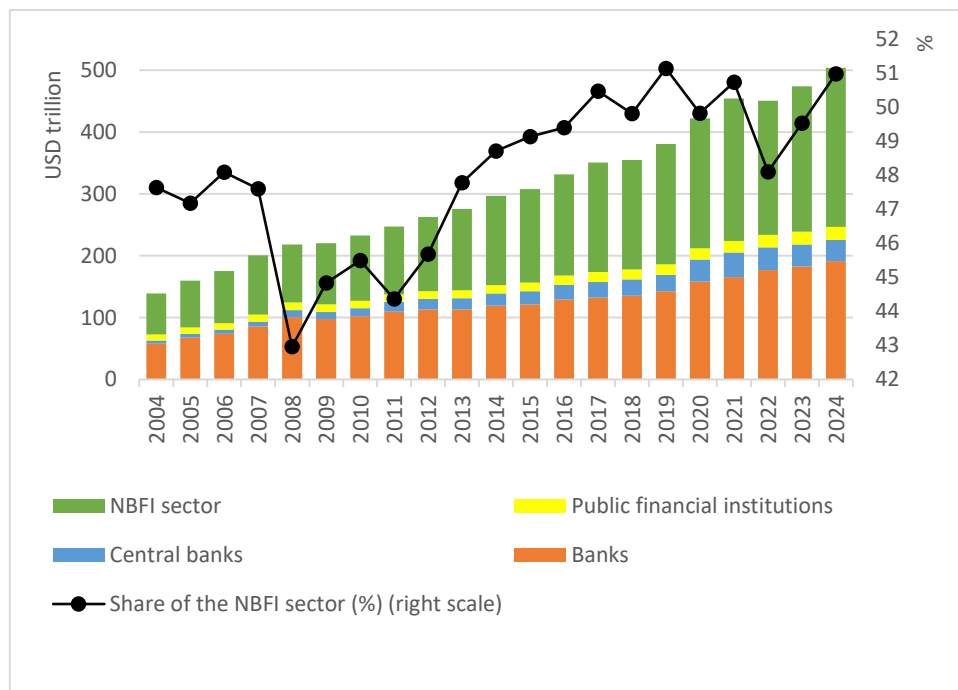


Towards greater resilience for “non-banks” in support the Savings and Investment Union

By Clément Bourgey, Feyrouz Djabali, Philippe Troussard

Non-bank financial intermediation, which has been growing rapidly since the 2007–08 financial crisis, represents an additional source of financing to address the challenges posed by the ecological and digital transitions. Its development contributes to the Savings and Investment Union initiative but requires close attention to ensure that this source of financing does not become a factor of vulnerability for the real economy.

Chart 1: Breakdown of global financial assets by sector



Source: Financial Stability Board, Global Monitoring Report on Non-Bank Financial Intermediation 2025

The Banque de France, the *Autorité de contrôle prudentiel et de résolution* (ACPR – Prudential Supervision and Resolution Authority), and the *Autorité des Marchés Financiers* (AMF – Financial Markets Authority) recently launched a system-wide [stress test](#) involving banks and non-bank financial intermediaries (NBFIs). Unlike traditional stress tests, which focus on a single sector, this exploratory exercise aims to help understand how a severe market shock spreads across the financial system and, in particular, to get a better grasp of the contagion dynamics linked to the interconnections between the banking sector and the NBFI sector (for a presentation of exploratory

work, see [Schilte et al. 2022](#)). The conduct of this exercise reflects the growing importance of the NBFi sector in financing the real economy, as well as the potential risks it entails.

The NBFi sector comprises all entities that raise funds and provide financing outside the banking system. This sector is highly diverse and includes insurers, pension funds, and investment funds – such as money market funds, equity funds, bond funds and hedge funds – and family offices. It has accounted for two-thirds of the financial sector’s growth since 2008 and today represents approximately 50% of global financial assets (Chart 1).

The growth of the NBFi sector, driven primarily by the expansion of asset management, has been a key development in the financial system in recent years. The underlying factors driving this growth include, in particular, long-term demographic trends leading to the accumulation of assets, rising valuations, and reforms introduced following the 2007–08 financial crisis, which increased the relative cost of bank financing ([FSB, 2025](#)). Within the NBFi sector, the development of the private credit market is a striking illustration of this phenomenon: in 2024, assets under management in Europe reached EUR 430 billion, compared to EUR 150 billion in 2014. Furthermore, hedge funds now account for more than 50% of transactions on the secondary market for European sovereign debt ([François Villeroy de Galhau, June 2025](#)).

These new financing channels are a useful addition to bank financing for players in the real economy, and the Savings and Investment Union (SIU) project intends to build upon them.

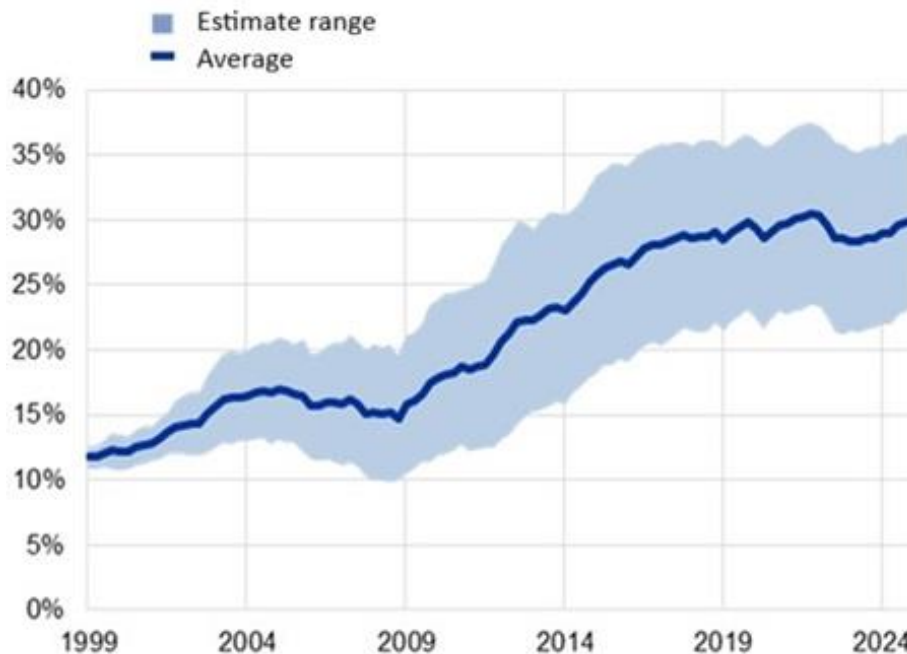
The NBFi sector’s contribution to financing the real economy, a key pillar of the SIU project

The European Union faces significant financing needs if it is to achieve the ecological and digital transitions, estimated by the European Commission at an additional EUR 800 billion per year up until 2030. To address these challenges, the SIU project—which builds on the Capital Markets Union—aims to allocate private savings more effectively and to develop capital market financing in addition to bank credit.

Equity financing, particularly venture capital, is essential because it is the most suitable tool for innovative projects—which are inherently riskier—led by “start-ups.” To boost this market in Europe, where it is considerably less developed than in the United States—with European tech companies having raised a cumulative total of USD 426 billion, compared to USD 1,200 billion in the US market over the 2015–24 period ([State of the European Tech, 2024](#))—the public sector, in particular the European Investment Bank, could have a catalysing effect ([ECB 2025; François Villeroy de Galhau, February 2024](#)).

Beyond providing equity capital, entities in the NBFi sector, in particular funds, already finance a significant share of the real economy. According to estimates, approximately 30% of total credit granted to non-financial corporations in the euro area come from the NBFi sector (Chart 2).

Chart 2: Share of non-bank credit in total credit extended to non-financial corporations in the euro area



Source: European Central Bank (Box 2, “Measuring market-based and non-bank financing of non-financial corporations in the euro area,” from the report “[Financial Integration and Structure in the Euro Area, 2022](#)”)

Note: Percentage of total credit granted by financial institutions; quarterly data, Q1 1999 – Q2 2025

The NBFIs show vulnerabilities that pose risks to the financial system and the financing of the real economy

The vulnerabilities of the NBFIs sector can have significant implications in terms of financial stability ([Saillard et al. 2023](#)), as evidenced by recent episodes: the “run on liquidity” during the Covid-19 crisis in March 2020, the collapse of the Archegos family office in 2021, and the disruptions in the UK sovereign debt market in 2022.

During such shocks, vulnerabilities in certain segments of the NBFIs sector—including inadequate liquidity risk management, excessive leverage, and strong interconnections with the rest of the financial system—amplify tensions and exacerbate market reversals, potentially forcing central banks to intervene outside any predefined framework to provide liquidity.

More specifically, the “dash for cash” episode during the COVID-19 crisis highlighted the liquidity risk within money market funds. Faced with growing cash needs due to the pandemic’s impact, investors simultaneously submitted significant redemption requests. To meet these requests, the funds had to sell their assets, particularly commercial paper, as their available cash reserves were insufficient. These “fire sales”, conducted under adverse market conditions, intensified downward pressure on prices and impacted the functioning of the entire financial system.

Strengthening the resilience of the NBFIs sector is essential for capital markets to serve as a long term source of financing

The regulations governing the NBFIs sector are primarily designed to ensure market integrity and investor protection. Therefore, the current framework no longer appears adequate for reducing the tendency of certain types of non-bank financial intermediaries—or certain practices—to amplify shocks. Strengthening the macroprudential perspective in the regulation of this sector therefore appears necessary to take into account the risks it poses to the financial system as a whole and thus preserve the sustainability of financing for the real economy.

This macroprudential approach should focus primarily on strengthening the sector's resilience *ex ante*, i.e. on mitigating vulnerabilities before risks actually materialise and reducing the potential for contagion or the amplification of shocks when they do occur ([Eurosystem, 2024](#)). Among the possibilities under consideration, the introduction of system-wide stress tests in Europe would be a very promising tool for assessing market participants' resilience to acute stress and gaining a better understanding of the spread of risks across entities.

Beyond the need to adopt a macroprudential approach to better regulate the NBFIs sector, other regulatory initiatives also bridge the gap between this sector and the SIU project. Thus, the European Commission has committed to two initiatives that the Banque de France and ACPR consider as priorities: a review of the securitisation framework to boost the securitisation market as a means of financing European companies, and reforms to achieve a more integrated supervision of capital markets.