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IOSCO's role in fostering international cooperation and coordination

Since the 2008 global financial crisis, IOSCO made significant strides in strengthening our financial systems in a globally consistent manner. The events of recent years and of recent months have underscored the critical importance of safeguarding financial stability and ensuring the consistent implementation of international standards.

The importance of global cooperation hasn't faded — it's as essential now as ever.

Given the ongoing uncertainties, it's clear that we need to further monitor developments and potential risks, and that we benefit from sustained global coordination to address emerging risks and ensure a resilient financial system.

More than ever, political priorities in many regions are focused on economic growth and competitiveness. In this respect, it is my view that supporting economic growth goes hand in hand with measures to protect investors, enhance the resilience of the global financial system, and safeguard market integrity. This is why IOSCO is working closely with other Standard Setting Bodies (SSBs) and the FSB.

IOSCO's wide membership makes it unique amongst other financial standard setters in its ability to reach jurisdictions. IOSCO's engagement with its diverse range of stakeholders is essential to ensure that its policy development is both evidence-based and outcomes-focused. Such inclusive engagement is particularly important in rapidly evolving areas where a variety of viewpoints can help identify emerging risks and support the development of policies that are both forward-looking and effective in promoting market integrity and investor protection.

IOSCO's role is to contribute to providing global solutions to global risks and issues within its remit. With that in mind, there are a number of global structural developments that are reshaping financial markets and where global coordination through IOSCO is instrumental, further building on its strong track record.

First, demographics and the rise of the digital retail investor. Younger generations are increasingly entering markets through digital platforms, mobile trading apps, and social media. Their sources of information—often influencers rather than licensed advisers—present new supervisory challenges. IOSCO has been at the forefront of analysing this shift. This year we published several reports which underscore the urgency of ensuring that digital engagement techniques—such as gamification—are used responsibly and that retail investors are not misled or manipulated. This is a fast-evolving space, and we continue to engage with social media platforms and other platform providers to see how we may collaborate to mitigate the risk of online investment fraud.

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Second, financial innovation. We are seeing signs that technological innovations such as tokenisation of assets could enhance processes, improve transparency, and lower operational costs. But we are equally aware that these innovations could create risks to investor protection and market integrity. That is why IOSCO has prioritised work in this space. In 2023 and 2024, we published a comprehensive toolkit for crypto and digital asset markets and decentralized finance. The goal is not to stifle innovation, but to enable it responsibly—on a level playing field and with adequate investor safeguards. We are now working with interested jurisdictions to implement these recommendations swiftly and consistently.

Similarly, Artificial Intelligence (AI) is increasingly embedded in the financial system—from predictive analytics and fraud detection to portfolio management and client interaction. Our latest work identifies several pressing risks to be addressed appropriately and proportionally: the malicious uses of AI, concerns related to the integrity of models, risks of hallucination, risks of concentration, and governance gaps.

Third, Non-Bank Financial Intermediation. IOSCO will continue to work on issues related to NBFI going forward. One area of focus is contributing to the work of the Financial Stability Board (FSB), addressing issues relating to non-bank data availability, use and quality. A high-level group within the FSB is now exploring how to close data gaps—to support risk monitoring, policy design and implementation, and cross-border cooperation. With IOSCO's input, this group will evaluate the extent to which progress can be achieved on this topic by conducting a test case focused on leveraged trading strategies in sovereign bond markets.

Given the interconnected nature of global financial markets, international cooperation and coordination remain imperative, also across sectors. My view is that IOSCO's international standards and guidance provide the foundations for resilient and sustained growth, support innovation, and mitigate regulatory fragmentation, in the interest of efficient capital allocation.