



## **JOINT SEMINAR OF THE IMF AND UNIVERSITY OF ICELAND**

**Friday, May 24, 2024 | 11:00 AM-12:30**

Location: Lecture Hall Oddi 101, University of Iceland, Reykjavik

### **“ICELAND 2023 FINANCIAL SECTOR ASSESSMENT PROGRAM: CONTEXT AND KEY FINDINGS”**

**Chair: Gylfi Zoega, Professor Iceland University**

#### **Abstract:**

The IMF’s Financial Sector Assessment Program (FSAP)—an in-depth review of the financial sector—suggests that the sector is resilient, while identifying some vulnerabilities and gaps. The FSAP bank solvency stress tests show adequate levels of capital that can withstand severe but plausible macro-financial shocks. Bank liquidity stress tests also show adequate levels of liquidity but suggest banks’ reliance on non-resident FX funding is a potential vulnerability. This vulnerability is attenuated in part by the large domestic institutional investor base with large foreign assets and the comfortable level of international reserves. Financial regulation and supervision are broadly adequate though the framework should be enhanced for pension funds, while for banks national guidance is needed in some risk domains.

**Presenter: Etienne B. Yehoue, PhD. Iceland FSAP Mission Chief**