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Non-bank financial intermediation: Canada's submission to the 2025 global monitoring report

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Introduction

The global non-bank financial intermediation (NBFI) sector has grown significantly since the 2008–09 global financial crisis.[1] Because of this growth, the Financial Stability Board (FSB) established in 2016 the Non-bank Monitoring Experts Group, which collects data annually from 29 jurisdictions and produces the ***Global Monitoring Report on Non-Bank Financial Intermediation*** (GMR) (Financial Stability Board 2025). The GMR summarizes growth in the NBFI sector and key subsectors in each jurisdiction.

The Bank of Canada works closely with Statistics Canada, the Ontario Securities Commission and the Office of the Superintendent of Financial Institutions to compile Canadian data for the GMR.

We share insights from the data from 2002 to 2024 that the Bank has compiled and submitted to the FSB for inclusion in the 2025 GMR. Although we provide context for recent developments, we do not present the Bank's overall assessment of vulnerabilities related to either Canadian NBFI entities or more general activity in core financial markets. The Bank's *Financial Stability Report—2026* contains the most recent assessment of vulnerabilities associated with the NBFI sector (Bank of Canada 2026a).

Key insights from the data

- NBFI assets in Canada grew by $1.29 trillion (10.2%) in 2024—from $12.7 trillion to $14.0 trillion—after growing by 5.9% in 2023. The annual average growth rate has been 6.9% since 2010. The main contributors to this growth were:
  - "Other investment funds": This category includes bond, equity and mixed mutual funds. It grew 18.8% over the period, largely a result of rising asset valuations.
  - Captive financial institutions and money lenders: These entities facilitate transactions within a group of companies and saw a 10.4% increase in assets over the year.
  - Pension funds: Strong market performance amid declining interest rates caused pension fund assets to increase 9.6% over the year.
  - Insurance corporations: Strong market performance caused their assets to grow 9.8% over the year.

[1] Definitions of the NBFI terms used in this note can be found in the Appendix.

- Assets for the narrow measure of NBFI—which excludes entities that do not engage in bank-like activities—grew by 12.1%. This growth was relatively broad-based, with an increase in every component of the FSB's narrow measure except for Private mortgage insurers. About 80% of the assets captured by the FSB's narrow measure of NBFI consists of Investment funds that own credit assets. The value of assets in these funds grew 11.8% due to investor inflows and rising valuations in bond markets.
- Outside of NBFIs, commercial banks' share of financial system assets also remained largely unchanged, falling from 34.9% to 34.5%, while the Bank's share fell slightly from 2.2% to 2.0%, mainly because of quantitative tightening (Gravelle 2025).
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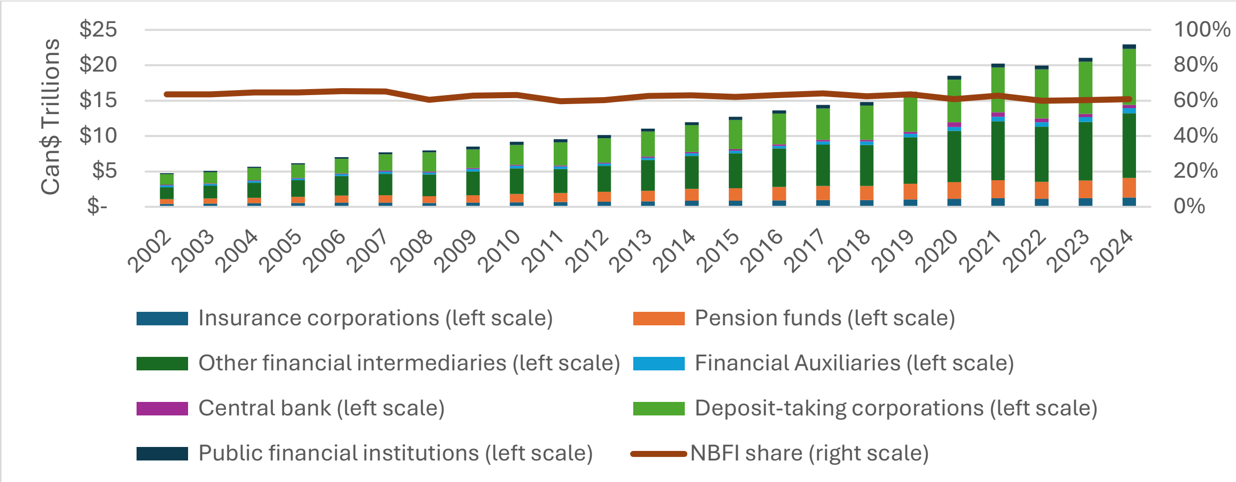
Developments in the Canadian financial system and non-bank financial intermediation sector

The total value of assets in the Canadian financial system expanded from $21.0 trillion to $22.9 trillion between the end of 2023 and the end of 2024, an increase of 9.0% (**Chart 1**). Growth differed across sectors: from the assets of deposit-taking institutions—mostly commercial banks and credit unions—increased in value by 7.7% between the end of 2023 and the end of 2024. NBFI assets increased in value by 10.2%, driven largely by increases in investment fund assets. Despite the differences in growth rates across sectors, the overall structure of the financial system changed little. The NBFI share of total assets in the financial system was largely unchanged, rising from 60.3% to 60.9%.

Chart 1: Total value of assets in the Canadian financial system grew 9% in 2024

Total financial assets, annual data



Note: The non-bank financial intermediation (NBFI) sector includes insurance corporations, pension funds, financial auxiliaries and other financial intermediaries.

Sources: Canadian Derivatives Clearing Corporation, Canadian Investment Regulatory Organization, Ontario Securities Commission, LSEG Data & Analytics, Statistics Canada and Bank of Canada calculations.

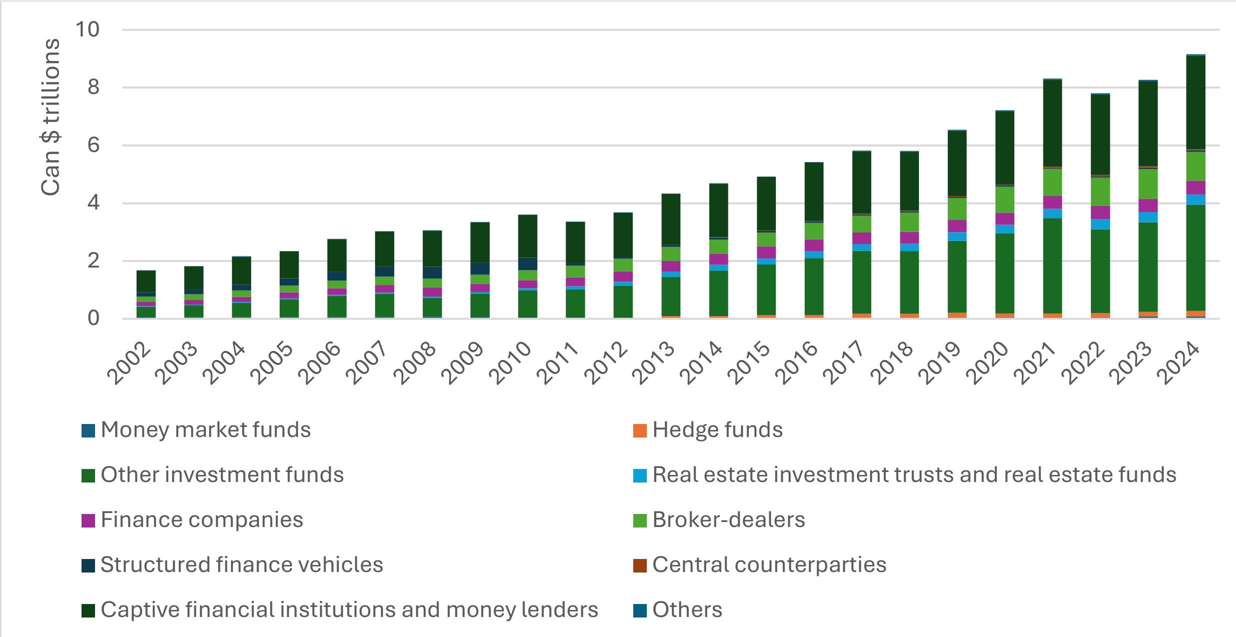
Last observation: December 2024

The assets of Other financial intermediaries—NBFIs less pension funds, insurance companies and financial auxiliaries—, grew by 10.8% in 2024. Although this increase was broad-based, with most types of entities seeing a rise in asset valuations (**Chart 2**), two sectors—Other investment funds and Captive financial institutions and money lenders—, which grew 18.8% and 10.4% respectively, accounted for a large share of the growth.

Only two sectors of Other financial intermediaries experienced declines in assets: broker-dealers fell 2.3% while central counterparties fell 48.1%. The steep decline in central counterparty assets resulted from a decline in open repo positions, a category of assets which is typically quite volatile from year to year. This decline does not reflect any concerns about CCPs in Canada.

Chart 2: Assets held by Other financial intermediaries grew in 2024

Total financial assets, annual data



Note: Other financial intermediaries are all entities in the non-bank financial intermediation sector excluding pension funds, insurance corporations, and financial auxiliaries. *Other investment funds* consists primarily of mutual funds and exchange-traded funds and excludes hedge funds, money market funds, real estate investment trusts and real estate funds. *Others* includes entities not captured by any of the other categories.

Sources: Canadian Derivatives Clearing Corporation, Canadian Investment Regulatory Organization, Ontario Securities Commission, LSEG Data & Analytics, Statistics Canada and Bank of Canada calculations.

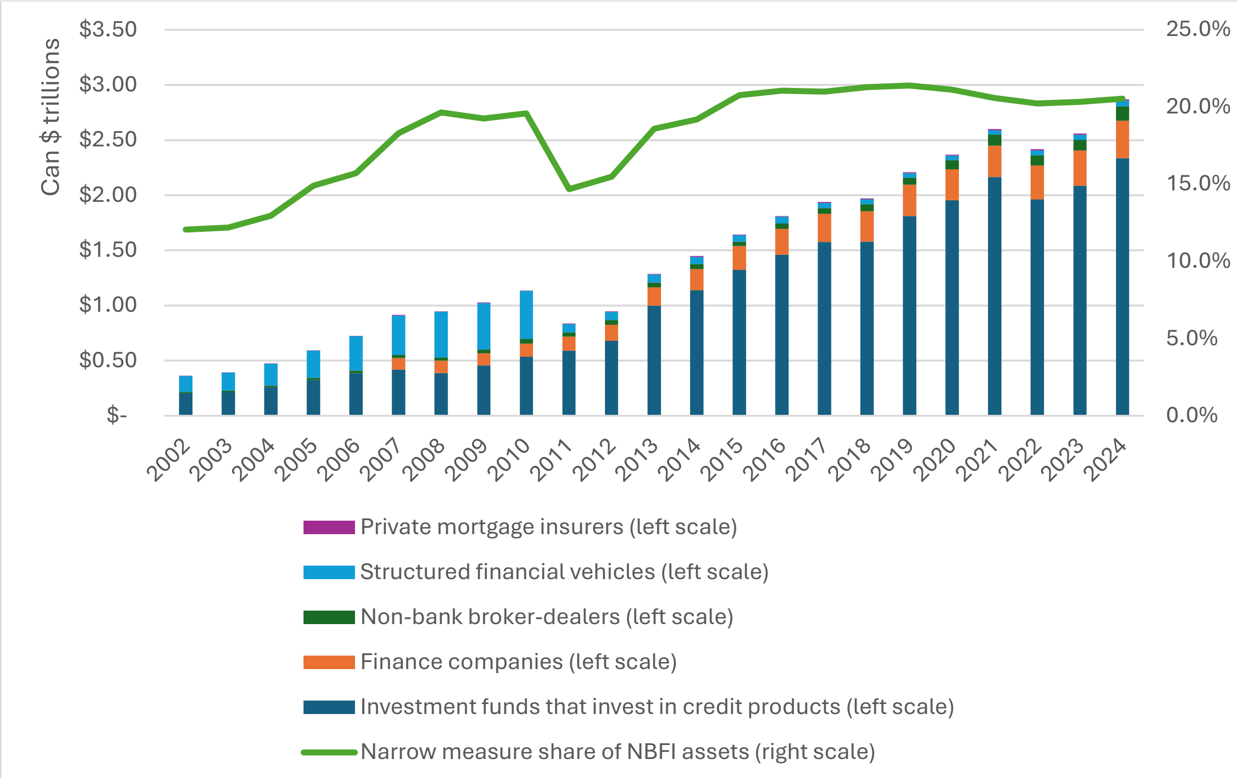
Last Observation: December 2024.

Tracking changes in the narrow measure of non-bank financial intermediation

NBFI entities captured by the narrow measure saw the value of their assets as a group grow by 12.1% between the end of 2023 and the end of 2024 (Chart 3). While Investment funds were key to this growth, asset valuations increased among all components of the FSB's narrow measure except for Private mortgage insurers, which declined 0.6%.

Chart 3: Asset values rose for entities in the narrow measure of non-bank financial intermediation in 2024

Total financial assets, annual data



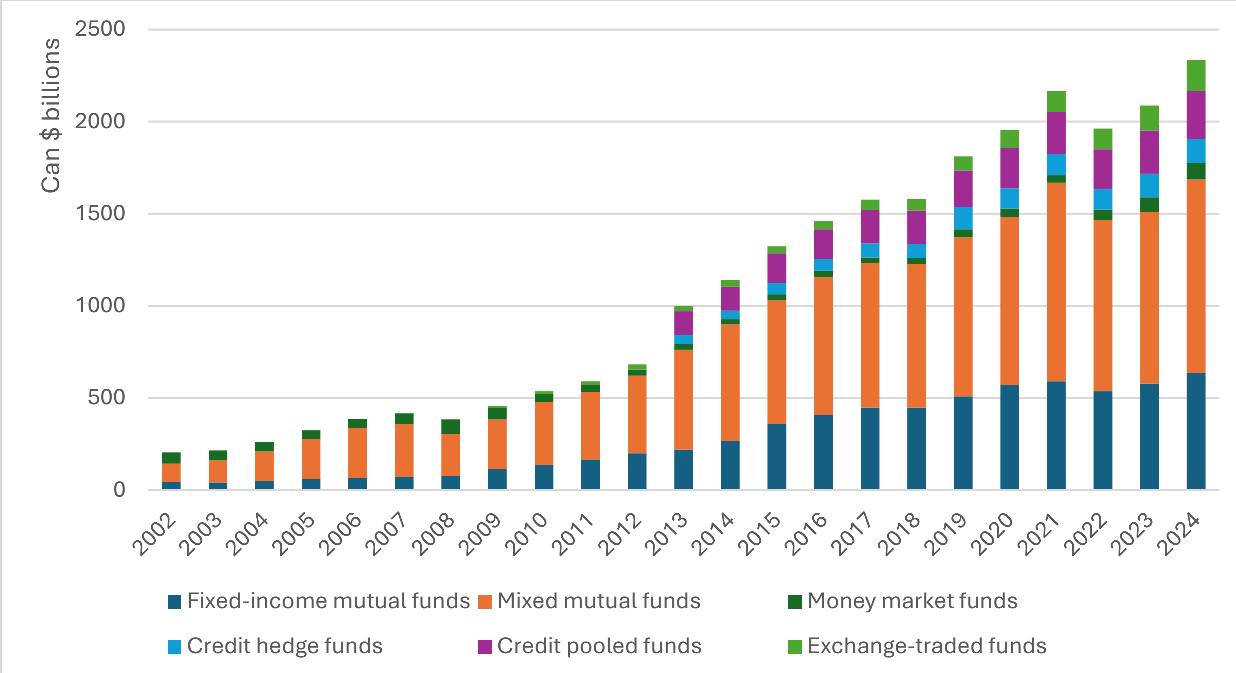
Sources: Canadian Investment Regulatory Organization, Office of the Superintendent of Financial Institutions, Ontario Securities Commission, LSEG Lipper, Statistics Canada and Bank of Canada calculations.
Last observation: December 2024

Investment funds continue to make up about 80% of assets in the narrow measure of NBFI in Canada. One of the largest components of investment funds—open-ended mutual funds—saw the value of its assets increase in 2024 reflecting both investor inflows and rising asset prices (Securities and Investment Management Association 2025). Chart 4 shows that growth was broad-based. The two largest drivers were:

- Mixed mutual funds, which grew by 12.7% to over $1 trillion.
- Fixed income funds, which grew 10.3%.

Chart 4: Growth of investment funds was broad-based in 2024

Total financial assets, annual data



Note: Data for *credit hedge funds* and *credit pooled funds* are available only from 2013 onwards.

Sources: Ontario Securities Commission, LSEG Lipper, Statistics Canada and Bank of Canada calculations

Last observation: December 2024

Some smaller entity types experienced significant value growth, as well:

- money market funds grew by 11.4% to $90.2 billion
- Credit pooled funds grew by 12.0% to $261.1 billion

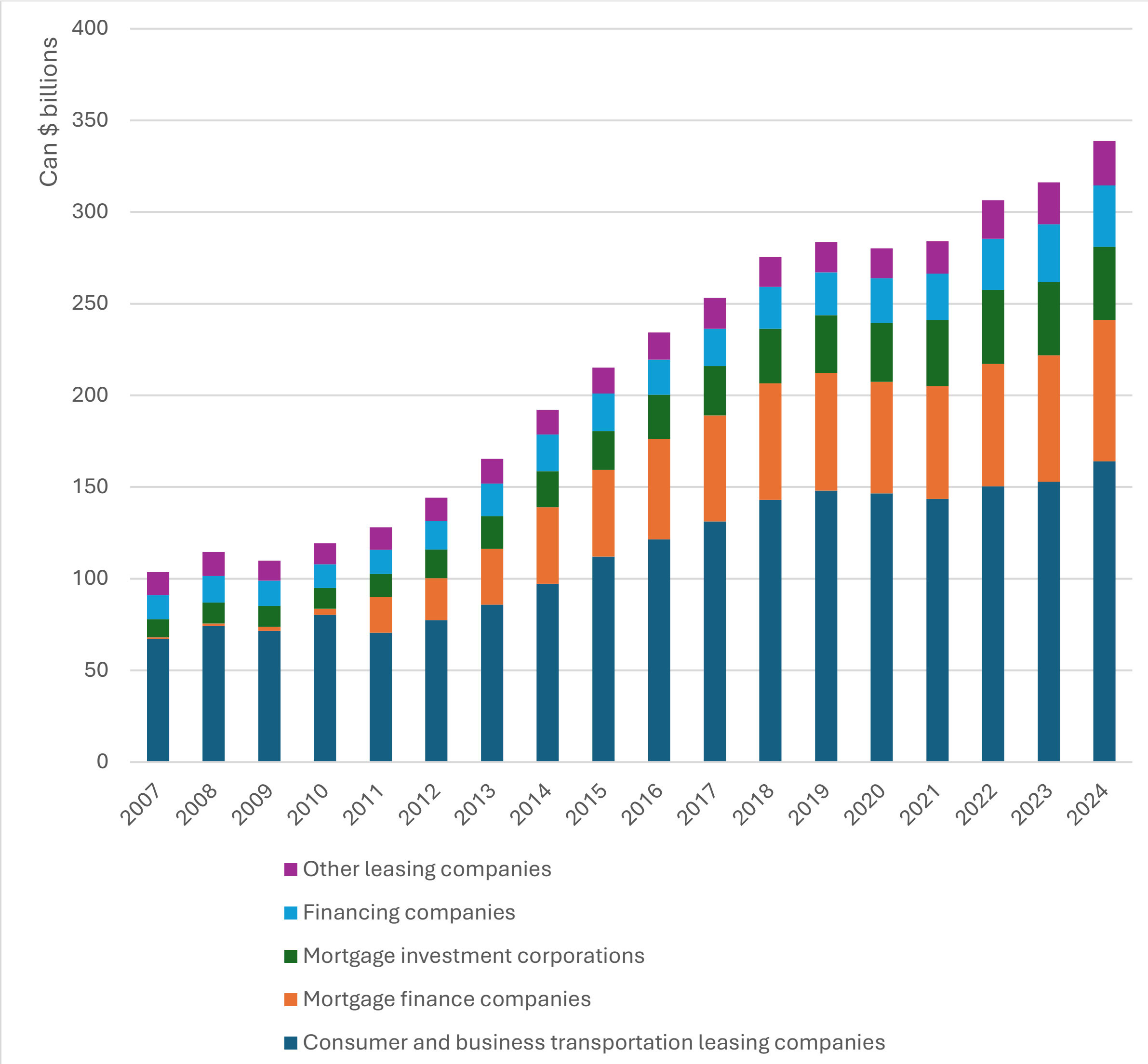
- In contrast, Credit hedge funds remained flat, growing by +0.2% to $129.2 billion

Finance companies hold 11.8% of the total assets held by entities captured in the narrow measure, making them the second largest component of this group. They recorded growth in assets of 7.1% in 2024 (Chart 5) (Statistics Canada 2025.

Non-bank broker dealers grew 35.4% over 2024 (**Chart 3**). This growth was driven by online brokers and the small size of the sector: non-bank broker dealers only make up about 5% of the overall broker-dealer sector in Canada (bank-owned broker-dealers representing the other 95%).

Chart 5: Finance companies grew over 7% in 2024

Total financial assets, annual data



Note: The value of assets held by mortgage finance companies has been interpolated for 2014 due to confidentiality reasons.

Sources: Statistics Canada and Bank of Canada calculations

Last observation: December 2024

Conclusion

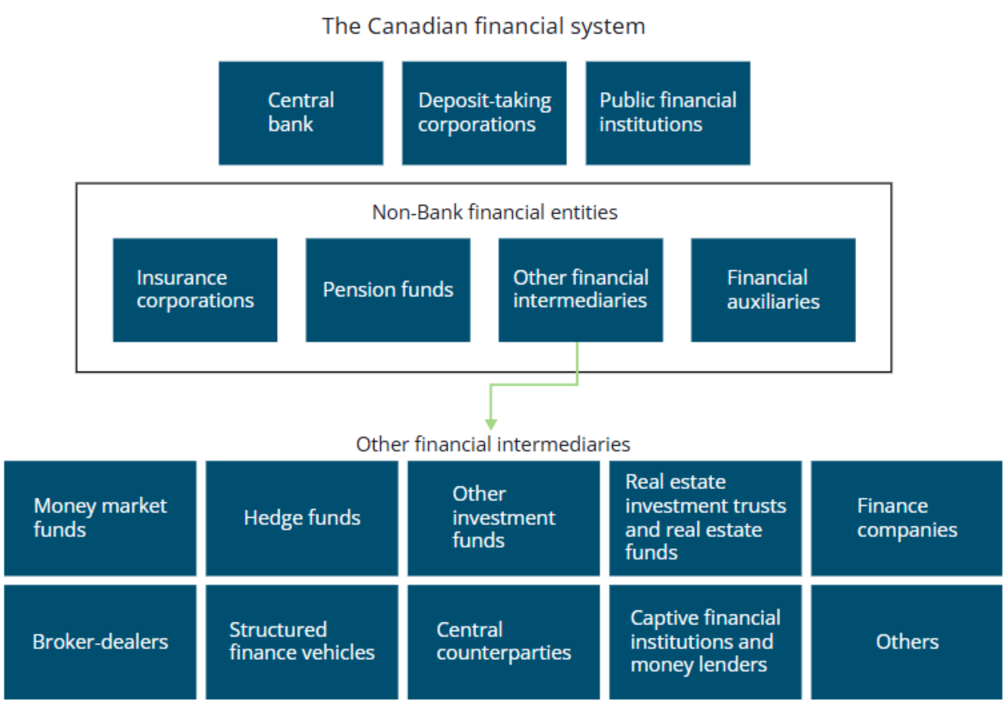
In 2024, the value of assets in the Canadian NBFI sector grew by 10.2%, compared with overall global growth of 9.4% (Financial Stability Board 2025). The growth in Canada was broad-based and reflected rising asset prices in Canadian and global financial markets. Every type of NBFI entity rose except for real estate investment trusts. As a result, the share of NBFI assets in the Canadian financial system also rose slightly to 60.9%. In 2024, the narrow measure of NBFI saw its assets rise in value by 12.1%. This increase was also broad-based, with growth seen across most of the main categories of the narrow measure.

Appendix: Definitions of non-bank financial intermediation

We follow the definitions for non-bank financial intermediation (NBFI) entities set out in the *Global Monitoring Report on Non-Bank Financial Intermediation* (Figure A-1) (Financial Stability Board 2025).

The NBFI sector is composed of all non-bank financial entities that engage in some form of financial intermediation. These include pension funds, insurance corporations, financial auxiliaries and many other intermediaries referred to collectively as other financial intermediaries.

Figure A-1: Entities in the non-bank financial intermediation sector include insurance corporations, pension funds, financial auxiliaries and other financial intermediaries



Note: The Financial Stability Board establishes financial entity categories.

Some NBFI entities engage in bank-like activities that involve a significant amount of:

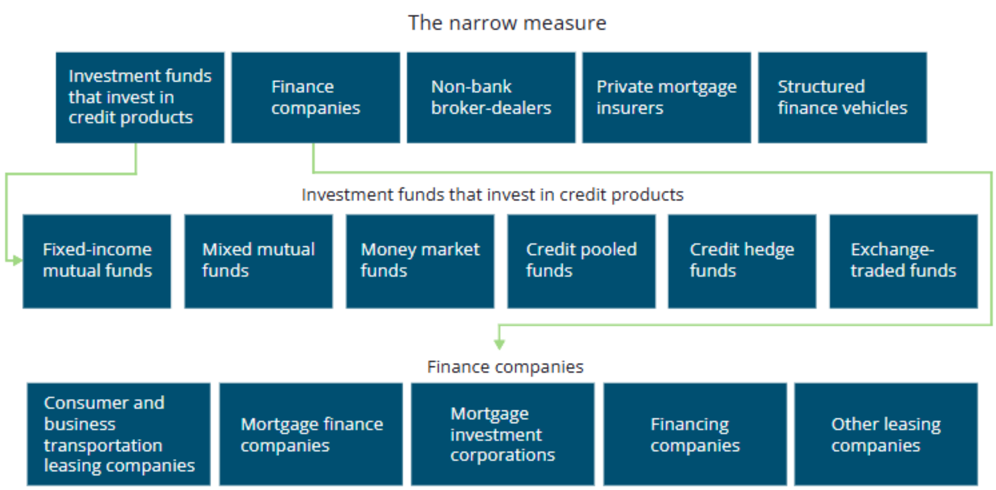
- maturity transformation
- liquidity transformation
- credit transformation

Entities that engage in these activities fall into what the FSB defines as the narrow measure of NBFI (Figure A-2). These entities often provide a valuable alternative to traditional banking by:

- fostering innovation
- enhancing competition
- catering to underserved market segments
- promoting efficiency in the financial system

However, these activities are often associated with financial leverage and represent an important channel through which risk can spread across the financial system.

Figure A-2: The narrow measure of non-bank financial institutions monitors entities that engage in bank-like activities



Note: The Financial Stability Board establishes narrow measure categories. Entities included in the narrow measure tend to engage in activities that involve a significant amount of maturity, liquidity and credit transformation.

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Endnotes

Footnotes

1. 1. Definitions of the NBFI terms used in this note can be found in the Appendix.[←]

Acknowledgements

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