



Press release

3 July 2025

General Board of European Systemic Risk Board held 58th regular meeting on 24 and 26 June 2025

- EU financial stability risks remain elevated amid ongoing trade uncertainty and geopolitical tensions
- Recognising the fungibility of stablecoins issued both in the EU and in a third country might pose risks to financial stability
- ESRB to provide further insights into key areas of financial stability by publishing two reports on (i) non-bank financial intermediation and (ii) credit default swaps

The General Board agreed that **financial stability risks in the EU had remained elevated** over the previous three months amid ongoing trade uncertainty and heightened geopolitical tensions. It noted that worsening trade restrictions could dampen economic growth prospects, potentially pushing corporate insolvencies up and weakening household balance sheets.

The General Board observed that **global financial markets had experienced high degrees of volatility** since its last meeting in March. While markets had partially recovered in recent weeks, financial conditions had not fully normalised, and future – possibly disorderly – corrections could not be ruled out. In this regard, the General Board took note of developments in the Middle East, which could amplify volatility, particularly in foreign exchange and commodity markets.

The outlook for sovereign risks was also discussed. The General Board acknowledged the necessity for EU Member States to increase defence spending to ensure sovereignty and security. At the same time, it recognised that such spending would reduce the fiscal space available to Member States and could pose challenges for countries with high existing debt levels.

European Systemic Risk Board

Directorate General Communications

Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany

Tel.: +49 69 1344 7455, email: media@esrb.europa.eu, website: www.esrb.europa.eu

Moreover, the General Board noted that the **growing links between the crypto sector and the financial sector needed to be closely monitored**. In this regard, the General Board also highlighted that the EU had fully implemented the [Financial Stability Board \(FSB\) recommendations on global stablecoins](#) through the [Markets in Crypto-Assets Regulation](#). At the same time, it noted that the FSB recommendations had not been implemented in full by all jurisdictions. Against this backdrop, members were particularly concerned that the fungibility of stablecoins issued both in the EU and in a third country, such as the United States, might ultimately pose risks to financial stability in the EU. Therefore, it was agreed that the ESRB would accelerate its work to assess systemic risks related to stablecoins and identify ways to prevent or mitigate them.

The General Board discussed the appropriateness of Member States' macroprudential policies. It agreed on the need to **maintain current levels of resilience in the financial system** to absorb various types of shock. The General Board called for more quantitative analyses of the impact of ongoing trade uncertainty on the financial sector, particularly for countries with a high degree of openness. Moreover, system-wide cyber security exercises should be stepped up, with the involvement of macroprudential authorities.

As part of its comprehensive risk assessment, **the General Board also reviewed two analytical reports providing insights into key areas of financial stability**, namely:

- the tenth edition of the ESRB Non-Bank Financial Intermediation Risk Monitor;
- a report on the analytical and policy aspects of credit default swap markets.

Both reports will be published in the coming months.

In addition, the General Board **agreed on the follow-up to the report of the [High Level Group on the ESRB Review](#)**. The General Board placed particular emphasis on two key recommendations: the need to advance a comprehensive framework for holistic systemic risk assessment and to strengthen the system-wide approach to macroprudential policy.

Lastly, the ESRB today released the 52nd issue of its [risk dashboard](#). This provides a set of quantitative and qualitative indicators that measure systemic risk in the EU financial system.

For media queries, please contact [Ettore Fanciulli](#), tel.: +49 1344 95012.

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