

**ESRB**

European Systemic Risk Board

European System of Financial Supervision

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Outcomes of the 63rd General Board meeting of the European Systemic Risk Board – 1 October 2026

- Risks to EU financial stability have increased in past quarter
- Global rise in government bond yields has added to persistent fiscal pressure also in EU
- Growing concentration in AI and technology financing could amplify market downturns
- Advancements in frontier AI models are intensifying cyber risk, requiring sustained EU vigilance

Despite headwinds from the energy shock caused by the conflict in the Middle East, the EU economy has proven to be resilient so far. The EU banking system also remains strong with high profitability as well as ample capital and liquidity buffers. The General Board of the European Systemic Risk Board (ESRB) nevertheless assessed that risks to financial stability in the EU have increased during the last quarter.

The global increase in government bond yields in major economies is pushing up the cost of debt servicing and reducing fiscal space. The General Board identified key drivers, varying in nature from market concerns about public finances, inflation pressures from the energy shock and higher economic growth expectations in some economies. The increased footprint of leveraged investment funds in sovereign debt markets could amplify market moves in periods of stress. These factors could also result in a broader risk repricing in corporate bond and equity markets.

In this context, the General Board also discussed the growing concentration of risks associated with the financing of AI and the technology industry. First, the concomitant elevated level of issuance of debt by large technological corporates in the first half of 2026 may have also contributed to higher bond yields. Second, if AI profit expectations proved to be

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overly optimistic, this could lead to a disorderly fall in asset prices and a deterioration in asset quality. However, concentration of risks in financing AI and the technology industry is smaller in the EU than in the US.

Advancements in frontier AI models are intensifying cyber risk, requiring sustained vigilance in the EU. The General Board noted a steep increase in cyber risk since the [June 2026 ESRB Warning](#). This stems both from a rapid computational advancement and proliferation of frontier AI models, as well as autonomous hacking of companies by such models. In August 2026, leading AI companies issued a joint call for stronger cyber defences, highlighting risks such as loss of control, unauthorised actions and unethical conduct.

All these risks could materialise jointly, interacting with each other, and worsen due to geopolitical tensions. The intensification of geopolitical developments could worsen the overall risk environment by disrupting energy supply, increasing inflation and dampening economic growth. Geopolitical tensions may also hinder a coordinated global response to AI-driven cyber threats.

The General Board praised the [European Parliament resolution of 20 January 2026 on safeguarding and promoting financial stability amid economic uncertainties](#) in an exchange of views with its rapporteur, MEP Johan Van Overtveldt. The resolution highlights the need for coordinated, system-wide and activity-based macroprudential oversight¹ by EU and national authorities, backed by high quality, accessible data. The General Board noted that preserving the resilience of financial intermediaries and financial stability remain key to completing the banking union and the capital markets union agenda in the EU.

With regard to the Advisory Scientific Committee (ASC), which advises the ESRB on relevant issues from an academic perspective, the General Board appointed 11 members for a term of four years:

- Professor **Philippe Bacchetta**, University of Lausanne
- Professor **Thorsten Beck**, European University Institute
- Professor **Stephen Cecchetti**, Brandeis University
- Professor **Vasso Ioannidou**, Bayes Business School
- Professor **Robin Lumsdaine**, American University

¹ See [ESRB response to the European Commission's consultation assessing the adequacy of macroprudential policies for nonbank financial intermediation](#), November 2024

- Professor **Massimiliano Marcellino**, Bocconi University
- Professor **Karsten Müller**, SAFE and Goethe University
- Professor **Loriana Pelizzon**, SAFE and Goethe University
- Professor **Javier Suárez**, CEMFI
- Professor **Xavier Vives**, IESE Business School
- Professor **Kathleen Weiss Hanley**, Lehigh University

The terms of Professor Thorsten Beck and Professor Loriana Pelizzon will start in November 2026, and the terms of all other appointees will start in May 2027. They will join Professor Bo Becker (Stockholm School of Economics), Professor Hans Degryse (KU Leuven), Professor Richard Portes (London Business School) and Professor Sascha Steffen (Frankfurt School of Finance & Management), whose mandates are ongoing.

The General Board expressed its sincere gratitude to Professors Bruno Biais (HEC Paris), Laurent Calvet (SKEMA Business School), Kathryn Dominguez (University of Michigan) and Martin Oehmke (London School of Economics and Political Science), whose mandates on the ASC are finishing at the end of April 2027.

The ESRB today released the [57th issue of its risk dashboard](#). This provides a set of quantitative and qualitative indicators that measure systemic risk in the EU financial system.