

## EXTERNAL INFORMATION ON FINANCIAL STABILITY RISKS AND VULNERABILITIES

The Banco de España has continued compiling external information (begun in the previous edition of the Report) with the aim of better identifying the main financial stability risks and vulnerabilities that could affect the Spanish economy.

Banco de España staff met with Spanish bank chief risk officers and market analysts over the course of September 2025. Prior to these meetings a survey was circulated on risks and vulnerabilities potentially affecting financial stability, which served to structure the discussion.

This box provides a summary of the views collected from the survey and the meetings. It should not under any circumstance be interpreted as the Banco de España's analysis of the risks and vulnerabilities included in this report, although it does make a highly useful contribution in this respect.

Chart 1 presents the main risks identified in this round of contacts and compares them with the results obtained six months ago. The percentage of responses identifying each factor as a current risk is shown.

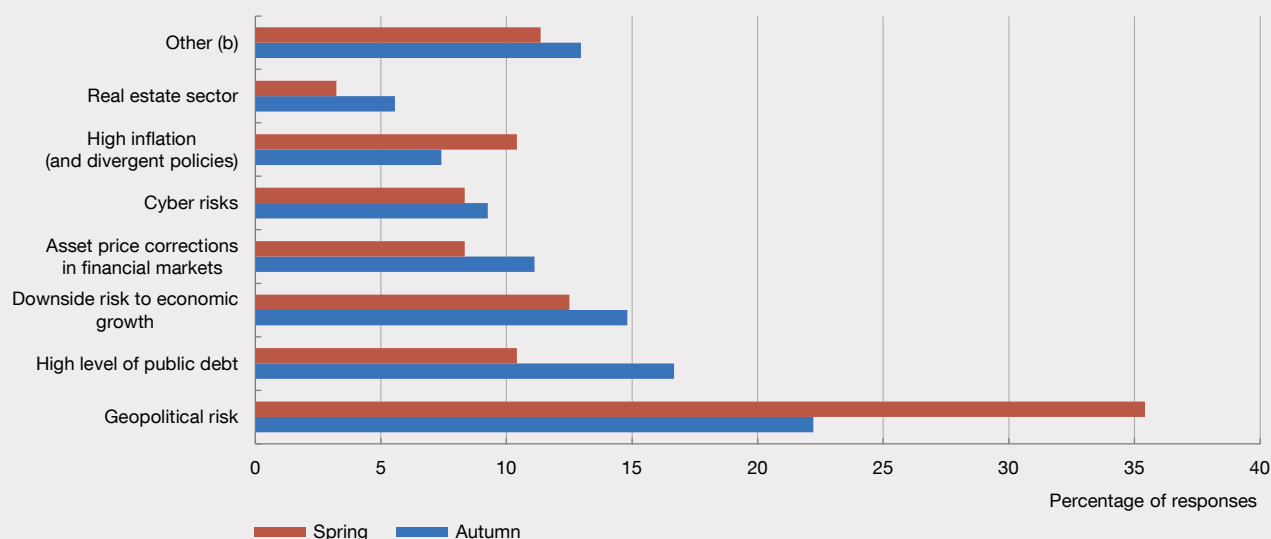
The main difference in this round of contacts is the lower relative concern for geopolitical risk and the rising concern

for the risk deriving from the high level of government debt. There are also more mentions of risks arising from a potential economic slowdown and from an abrupt financial market correction. However, these experts are increasingly less likely to anticipate a scenario of high and persistent inflation that could affect financial stability.

Geopolitical risk continues to be the most significant risk identified by the experts, despite the lower percentage of responses citing it. The respondents noted that the US trade policy resulted in a sharp increase in uncertainty last spring. However, this uncertainty has decreased owing to the new trade agreements reached. At the same time, other destabilising sources, such as the armed conflicts in Ukraine and the Middle East, have not spread elsewhere. However, they underscored the potential for this scenario to deteriorate rapidly, with highly uncertain consequences. The creation of a world order divided among major powers may increase the risk of incidents in the areas of trade or defence.

The risk associated with a high level of government debt in some of the main advanced economies became the second reason for concern among the experts. The respondents noted that the current US fiscal policy and the difficulties in

Chart 1  
Main risks to financial stability (a)



**SOURCE:** Banco de España survey of chief risk officers and market analysts, sent September 2025 (autumn) and February and March 2025 (spring).

- a Responses to the question: "What do you consider are the three main risks which, if they materialise, could have an adverse effect on the financial stability of the Spanish economy in the next two years?".
- b "Other" includes political instability, the threat to central bank independence, technology overregulation, the increase in household and firm non-performance, climate change, the energy crisis and the increase in taxes on banks.

implementing consolidation plans in other economies may lead to escalating risk premia, despite investors now showing greater tolerance to fiscal imbalances than the years after the global financial crisis.

A third factor identified in the survey was the downside risk to economic growth. In the meetings it was noted that this risk appears to be linked to the two foregoing risks, and it was underscored that, in the case of Spain, economic growth is underpinned by factors that might be difficult to maintain in the medium term. In particular, emphasis was placed on the challenges posed by stagnant productivity and demographic factors in sustaining economic growth in the medium and long term.

The experts also cited the risk of an abrupt financial market correction, with valuations remaining at historically high levels, which are sustained by particularly favourable expectations of the economic juncture and the potential of some technologies.

Other risks identified by many experts were (i) cyber risks, which are difficult to assess and hence remain a source of concern; (ii) high and persistent inflation; and (iii) real estate developments in Spain, due to their potential impact on growth and social cohesion. Some respondents also noted the potential risk for the financial sector posed by the surge in stablecoins and crypto-assets.