

EXTERNAL INFORMATION ON FINANCIAL STABILITY RISKS AND VULNERABILITIES

Since the Spring 2025 *Financial Stability Report*, the Banco de España has been compiling external information on a six-monthly basis to better identify the main financial stability risks and vulnerabilities that could affect the Spanish economy.

In this context, in February – prior to the outbreak of the Iran war –, Banco de España staff met with Spanish banks’ chief risk officers, market analysts and geopolitical researchers. Subsequently, additional meetings were held with geopolitical experts in March and April to gain a deeper understanding of the potential financial stability implications of the Middle East conflict.

Prior to some of these meetings, a survey was circulated on the risks and vulnerabilities potentially affecting financial stability, which served to structure the discussion. In this round, participants were invited for the first time to indicate how they perceived the trend in the identified factors (falling, stable or rising).

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 relevant contribution to it.

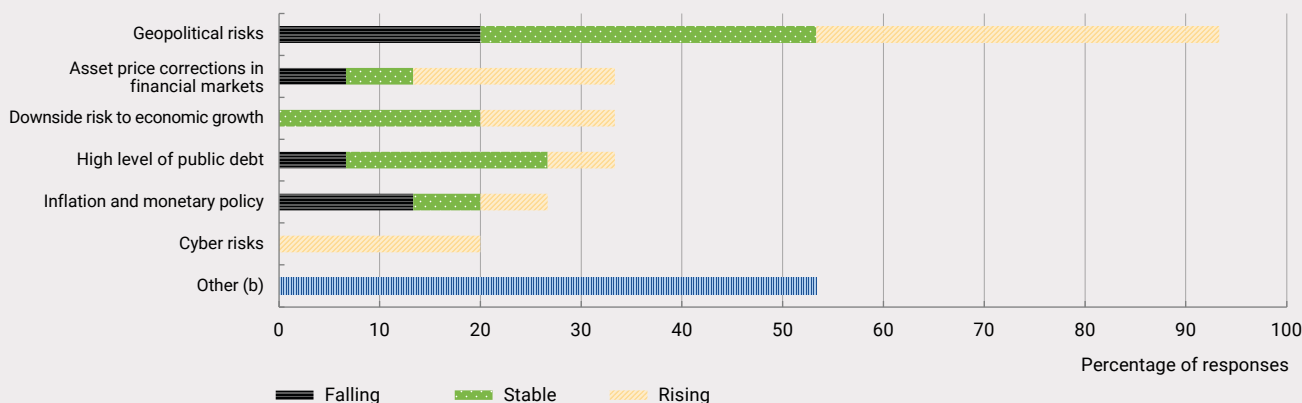
Chart 1 presents the main risks identified by the respondents over a two-year horizon. It shows the percentage of experts identifying each factor as a current risk, as well as the variation in its perceived intensity in the last six months.

Geopolitical risk is, by far, the main risk identified and its relevance is predominantly unchanged or higher than six months ago. Participants highlighted the unpredictable nature of many recent geopolitical events, which play out in a matter of weeks or days, as well as the difficulty in mapping them onto traditional risks (credit, market, liquidity, etc.). Furthermore, they underscored concerns about a world order divided among major powers owing to the potential relative weakening of the economy and the European institutions, and about the risk that financial markets may be underestimating the impact of these events, given their increasing frequency over the past year.

Another three areas of risk were identified well behind, all noted by a very similar percentage of experts.

The risk of an abrupt correction in financial asset prices is also largely perceived as being equally or more relevant than six months ago. The respondents indicated that certain asset prices remain at historically high levels and that geopolitical events, together with potential revisions to

Chart 1
Main risks to financial stability (a)



SOURCE: Banco de España survey of chief risk officers and market analysts, sent February 2026.

- 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?”. Respondents were also asked: “In the last six months, how has the intensity of such risks changed?”.
- b “Other” includes the real estate market, the risk of low profitability of AI, operational risks, environmental, social and governance risks, increased competition in the financial sector, high levels of private sector indebtedness, the interconnections between banks and the non-bank financial sector, the EU’s structural challenges, and regulatory risk.

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expectations about the development of artificial intelligence (AI) and its economic and financial implications, could affect their valuations. The impacts on financial stability would be stronger in the event of sharp asset price corrections.

The risk associated with a persistent slowdown in economic growth appears to have grown in the last six months. The participants underlined its intertwining with geopolitical risk. However, they also noted that some of the Spanish economic growth drivers – such as European Union (EU) funds received and population growth – are temporary in nature, which might make it difficult to sustain the current economic momentum in the medium term.

Risks related to the high level of public debt persist in some of the main advanced economies. High indebtedness was identified as a factor constraining the capacity of fiscal policy to respond to potential shocks. The participants also noted the difficulties in implementing fiscal consolidation plans in many jurisdictions. While investors continue to display appetite for government debt – particularly Spanish sovereign debt –, the experts warned of this situation potentially reversing in the event of a significant deterioration in the economic outlook.

Other risks indicated by many experts were inflation developments and the monetary policy response – despite the fact that the survey had been sent before the outbreak

of the Iran war –, as well as cyber risks, especially those associated with geopolitical conflicts.

In the meetings held with geopolitical researchers, the experts highlighted that, beyond the fallout from the war (see Section 5.1), the current environment is characterised by an increasingly fragmented world order associated with the formation of blocs in a context of growing rivalry, entailing a high level of uncertainty.

Against this backdrop, the EU faces a number of structural challenges that will shape its international role, including in particular the need to improve its competitiveness, advance towards a common defence framework, strengthen governance in a context of increasing political fragmentation and enhance its strategic autonomy. Its military and financial stance regarding the war in Ukraine, under a scenario of reduced involvement of the United States (US), could also further heighten tensions. In parallel, participants highlighted significant implications for financial stability and technological sovereignty, such as regulatory tensions surrounding stablecoins, the rise of protectionist approaches in Europe and the slow progress on the banking union.

With regard to other global players, the participants emphasised the redefinition of the US international leadership towards a less multilateralism-oriented framework, whereas they expected China to continue advancing in the consolidation of its technological and industrial leadership.