

**ESRB**

European Systemic Risk Board

European System of Financial Supervision

Closing remarks

Frankfurt am Main, 2 October 2026

Strengthening resilience in an age of interconnected risks

Speech by Francesco Mazzaferro, Head of the ESRB Secretariat

The Tenth Annual Conference of the European Systemic Risk Board

Ladies, Gentlemen, Distinguished Guests and Colleagues,

Once again, my task is to conclude the annual conference of the European Systemic Risk Board. Our theme, “ESRB@15: may you stay forever young” points to our anniversary, and we have much to be proud of – both at the ESRB and at the ESRB Secretariat.

There is no better way to honour the existing achievements of our broader ‘ESRB community’, celebrating its fifteenth anniversary today, than to reflect on our collective and modest attempt to prepare for its future. A future which will have to accommodate the accelerated dynamic of new vulnerabilities and potential risks, as every day of 2026 has shown us.

As I did last year, I would like to draw inspiration from the concepts of theory and praxis.

Theory

The theory has been formulated by the “High-Level Group on the ESRB Review” in December 2024. I will refer only to some elements, as I covered them last year.

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

Reproduction is permitted provided that the source is acknowledged.

In our job, we risk being subject to what I call an “entity dominance”. Whether risks originated from the financial sector or were exogenous to it, in both cases the associated legal status of each entity often dominates both our risk analysis and our guidance on possible policy responses.

We need to rethink critically this traditional vertical approach, as I fear it is, at least in part, too legalistic. As you know, many say that the difference between the EU and much of the rest of the world is that, when we focus on an open issue, we in Europe regulate it, while others take urgent action. Well, also in terms of systemic risks, we should think outside the box and learn to go beyond the rigidity of rules. Business models are evolving, and existing economic functions are increasingly performed in different ways. We risk overlooking it due to the fragmentation created by ‘entity dominance’. At the ESRB, we think that an activity-based approach to systemic risk is helpful and may better capture financial innovation. To be clear: we do not want to fall victim to an ‘activity dominance’ either. Rather, we need to use both perspectives wisely.

Praxis

In line with the theory which I just described, this year has been devoted to reappraising our praxis, with:

- A renewed and strengthened ESRB Secretariat, redesigned internally in two pillars (‘Assessment’ and ‘Operations’) and with new exciting assignments for staff;
- A radically streamlined structure for working groups, now simplified down to one single Macroprudential Standing Group, beyond the two statutory committees (Advisory Technical Committee and Advisory Scientific Committee) defined in the ESRB Regulation;
- A simplified implementation of around one hundred consultative assignments attributed to the ESRB by the *acquis communautaire*.

Let me stress that these steps have been courageous (and for some even audacious).

Aligning theory and praxis

Bridging theory and praxis should help us free thinking time and resources for key issues and for ramping up the speed of delivery when needed.

- We need space to address new vulnerabilities and to cover old ones from a more holistic angle. At the same time, we want to build up our operational tools (system-wide stress testing; macroprudential stance) to address and mitigate resulting risks to financial stability through Warnings and Recommendations;
- We need speed to be ahead of the curve, identifying risks and vulnerabilities before they become critical. Equally, we need to accelerate the identification of remedial action, to propose solutions when they are still possible and relevant.

Copying with the accelerated speed of new vulnerabilities: The example of technology

The systematic impact of technology on finance has become a core issue. I use consciously the adjective 'systematic' and not 'systemic'. Technology does not always trigger systemic risk, but it reshapes the financial system as a whole.

The pace at which technology has impacted the financial system is astonishing:

- Only a few years ago, the focus was on the inception of blockchain technology in finance, with the launch of crypto assets in their different form or shape (bitcoin, stablecoins, etc.) and of decentralised finance;
- It did not take much time, and the focus shifted to the financial implications of the global scaling up of crypto assets through global providers, as well as of their trading via blockchain-based trading platforms;

- More recently, it moved to the application by traditional financial players (banks, CCPs, etc) of digital ledger technologies (DLTs) to traditional products (tokenised deposits; tokenised assets; tokenised collateral);
- This year may be even split in two parts. In the first months, markets questioned the future value of software companies because of augmented expectations on artificial intelligence (AI) capabilities. As from April, AI-driven automatic hacking created new, immediate threats for society.

Our new way of working at the ESRB – i.e. “project-by-project”, without the need to cover all issues through permanent groups - has enabled us to focus on a few systematic issues which we also consider systemic, as they may propagate risk to the stability of the financial system. We issued a Recommendation on multi-issuance of stable coins (September 2025) and a Warning on AI-driven cyber risk (June 2026).

Addressing changes in business models: The example of private markets

The dynamic of private markets in the United States has created pressure on all global bodies sharing a financial stability goal to assess contagion risk. Global and European financial stability bodies gave themselves the task of checking whether the expansion of private equity and private credit were creating systemic vulnerabilities. The Financial Stability Board at international and the ECB at the European level have reached similar conclusions.

- Domestic private markets in the European Union are still too small to be systemic per se.
- EU exposures to US private markets are more worrisome in terms of concentration (a few US players make the most of them) than absolute size.
- Much progress is needed, globally and in Europe, to make private markets less opaque.

- Establishing data reporting (globally and regionally) will take years, but efforts are starting.

It is good common sense for the ESRB not to duplicate efforts, also to ensure it uses its resources wisely. For us, the starting point is the activity-based approach.

- Credit in Europe is provided to the economy by a multiplicity of financial actors (predominantly banks, but also increasingly other actors, including private credit funds).
- Credit is inherently cyclical, whatever its origination. However, business models exacerbate this feature, while others help mitigate it.

The core ESRB concern is therefore not about private credit. The ESRB covers a broader perspective: Will shifts in the origination of credit in the European Union impact the capacity of the financial system to provide credit throughout the financial cycle? Findings are important for the future stress tests which we are preparing. This brings me to the last example.

Addressing complexity with new tools. The example of system wide stress testing

The ESRB has contributed since its inception – also very much thanks to the know-how developed at the ECB – to the EU-wide stress tests assigned by legislation to the EBA (credit institutions), EIOPA (insurance companies, pension funds) and ESMA (money market funds, central counterparts).

This has helped strengthen the respective segments of the financial system. The issue remains of how systemic risk is shifted between them, and possibly amplified, at the EU level.

At the national level, the impact of tail risks on the entities carrying them is covered by system-wide exploratory scenarios (SWES) inspired by the experience at the Bank of England since 2023. A SWES scenario requires multiple interactions with entities, including data reporting, and is facilitated by proximity and supervisory powers.

The ESRB is therefore pursuing a different avenue: a model-based, top-down stress test, which will not require additional interaction with financial entities, but will serve to test the reaction of the entire financial system to systemic risk.

Conclusions: Agility is Art, not Science

At the ESRB Secretariat – but also at the ESRB at large – we are testing new ways of working and we have taken bold steps in this respect in 2026. Not because our fifteen-years' experience has proven to be a failure, but because history has shown that important shifts in technology, markets and risks are best navigated with a mind open to new ways of working. With the same spirit, our modest attempt to prepare for the future will be shaped by willingness to reconsider, whenever needed.

As always, I would like to thank the team which has accompanied me in these efforts. I would like to particularly thank my Deputy Head, Tuomas Peltonen and the ESRB Management Team, Emily Beau, Olaf Weeken and Ralf Jacob, Magnus Andersson, Joana Baptista, Roland Beck, Paulina Przewoska, Martina Spaggiari, Zoi Trachana and Iman van Lelyveld. I would also like to thank Wojciech Golecki and Elena Banu for helping us navigate through all the institutional processes that are involved in decision-making. Many other colleagues should be mentioned, and I would like to excuse myself, as they were core to much of what I have just described. And let me also express my special appreciation to Tuomas Peltonen, Antonio Sanchez, Shirley Simmons-Nocca, Elena Lanza, and the ECB and ESCB Conference team for organising this conference. Without them, this event would not have been possible.

Special thanks to all of you for the quality, openness and richness of our discussions over the past two days and for making this event once again such a success!

I look forward to our continued close collaboration and to the next year's conference!