

**ESRB**

European Systemic Risk Board

European System of Financial Supervision

Press release

31 March 2026

Outcomes of the 61st General Board meeting of the European Systemic Risk Board – 24 March 2026

- Systemic risks in the EU remain elevated and increased since the previous General Board meeting in November
- EU financial system proved resilient to the Middle East conflict thus far
- Preserving the current level of resilience across the EU financial system is essential

The General Board of the European Systemic Risk Board (ESRB) agreed that **financial stability risks in the EU have increased** due to the escalation of the conflict in the Middle East. The General Board noted sharp increases and volatility in oil and gas prices, as well as a repricing in major bond markets, which has partly reflected higher short-term inflation expectations. These uncertainties have also been reflected in declines in key equity indices, following record highs earlier this year. Risk of a cyberattack on critical infrastructure remains elevated due to heightened geopolitical tensions. The General Board noted that the **EU economy and financial system have shown broad resilience** to these events.

Looking ahead, financial stability in the EU could be adversely affected through financial and economic channels.

Regarding financial channels, an extended period of heightened conflict could lead to a sudden adjustment in markets' expectations of its economic impact, potentially triggering sharp and disorderly asset price corrections and leading to a further tightening of financing conditions. Moreover, persistent fragilities in parts of the investment fund sector could amplify adverse market dynamics through forced asset sales, liquidity strains and procyclical behaviour. The

European Systemic Risk Board

Directorate General Communications

Sonnenmannstrasse 20, 60314 Frankfurt am Main, Germany

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

General Board also highlighted concerns regarding the apparent opacity in private markets, as well as leverage and liquidity mismatches.

With respect to economic channels, an extended period of heightened conflict, combined with persistently high energy prices and uncertainty, could lead to balance sheet stress for both households and firms, particularly in energy-intensive sectors. The General Board emphasised that this could lead to a rise in credit risk in the medium term. Furthermore, rising borrowing costs and lower economic activity could exacerbate sovereign risks.

In light of the risks highlighted above, the General Board stressed the **need to preserve the current level of resilience across the EU financial system**. In this context, the General Board exchanged views on the strategic priorities guiding the ESRB's response to the European Commission's consultation on banking competitiveness.

The ESRB today released the 55th issue of its [risk dashboard](#). **This provides a set of quantitative and qualitative indicators that measure systemic risk in the EU financial system.**

Finally, the General Board **reappointed Professor Richard Portes** (London Business School) **as member of the Advisory Scientific Committee**, for a four-year term until March 2030.

For media queries, please contact [François Peyratout](#), tel.: +49 172 8632 119.

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