

## 4<sup>th</sup> Chief Risk Officer Roundtable

Frankfurt am Main, Wednesday, 5 February 2025

### Meeting summary

The Chief Risk Officers (CROs) of nine financial institutions (see Annex) and senior staff from the ECB's Directorate General Macroeprudential Policy and Financial Stability and Directorate Risk Management participated in the fourth annual CRO Roundtable. This annual Roundtable aims at bringing together CROs from a diverse group of institutions, complementing the ECB's regular monitoring of systemic threats to the euro area financial system.

#### 1. Key threats to euro area financial stability

The session opened with a tour de table during which CROs outlined what they currently perceived to be the three main threats to euro area financial stability as well as one possible "blind spot" for policymakers<sup>1</sup>. Each CRO mentioned geopolitical risks among their top threats to euro area financial stability. In particular, they raised concerns about the high level of uncertainty regarding U.S. trade, foreign and economic policy. They saw a prevailing trend towards deglobalisation that would pose challenges both for euro area and global economic growth as well as social cohesion, with knock-on implications for financial stability. Most CROs flagged cybersecurity risks among their top threats, with some noting an increased focus on vulnerabilities arising from widely-used third party providers. Several CROs also flagged a row back on initiatives to fight climate change among their top threats to euro area and global financial stability. They pointed to rising physical risks and transition risks, some of which had become uninsurable.

High valuations in some asset markets and rising inflation were also mentioned as top threats, albeit less prominently when compared with previous Roundtables. Some CROs considered the activities of non-banks or the high and rising level of sovereign debt in the U.S. and certain euro area countries as either a key threat or even a potential blind spot. Among other potential blind spots, some CROs expressed concern that regulation was missing the bigger picture with respect to the key threats facing their institutions. They also noted the role of retail investors and social media influencers in financial markets as potential blind spots for policymakers.

#### 2. Cybersecurity risks

Two introductory CRO presentations on the evolving nature and management of cybersecurity risks laid the ground for a broad discussion. The first presentation focused on the operational risk management framework of an individual financial institution, for which digital operational resilience has become key. The second presentation showed how cybersecurity risk could significantly impact financial market stability. CROs were concerned about the speed, scale, and potential intent of cyber threats. They saw them as posing a significant threat to macro-financial stability through interconnectedness and technological vulnerabilities. Several CROs shared experiences of phishing, ransomware or denial-of-service attacks. Most of them called for enhanced private – public sector cooperation with more open communication, improved information sharing and collaboration against this threat for society. The "[Cyber Information and Intelligence Sharing Initiative \(CIISI-EU\)](#)" for pan-European financial infrastructures could serve as a positive example in this respect, also given that it benefits from the services of a third-party cyber threat intelligence provider as well as participation from Europol and the European Union Agency for Cybersecurity (ENISA).

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<sup>1</sup> "Blind spots" refer to sources of risk that CROs perceive policymakers might either be unaware of, might not to be focused on, or might not have full visibility of.

**Annex: List of participating institutions**

Commerzbank

DWS Group

Generali

Hannover Re

KBC Group

NN Group

Nordea

Tikehau Capital

Union Investment