Systemic Risk Survey

Survey results | 2013 H1

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The *Systemic Risk Survey*

- The *Systemic Risk Survey* is conducted by the Bank of England on a biannual basis to quantify and track market participants' views of risks to, and their confidence in, the UK financial system.
- This report presents the results of the 2013 H1 survey, which was conducted between 22 April and 22 May 2013.

Probability of a high-impact event and confidence in the UK financial system

- The perceived probabilities of a high-impact event in the UK financial system over both the short and medium term have fallen to their lowest levels since the survey began in 2008. Only 8% of respondents (-12 percentage points since October 2012) now consider the probability high or very high over the next year, 24% (-17 percentage points) between one and three years ahead.
- Confidence in the UK financial system has picked up slightly. 17% (+2 percentage points since October 2012) were completely confident or very confident in the stability of the UK financial system as a whole over the next three years, 70% fairly confident (-1 percentage point) and only 13% not very confident (-1 percentage point).

Key risks to the UK financial system

- The two main risks to the UK financial system remain an economic downturn and sovereign — principally euro area — risk, cited by 79% (+2 percentage points since October 2012) and 76% (-17 percentage points) of respondents respectively. Citations of risks around regulation/taxes, up 5 percentage points to 39%, remain around similar levels to the past couple of years, with one in five respondents pointing to this risk citing the Financial Transactions Tax.
- There are three new entrants to the top seven risks: the risk of property price falls (cited by 25% of respondents, up 11 percentage points), operational risk (up 10 percentage points to 24%), where 'cyber' security was most frequently mentioned, and risks surrounding the low interest rate environment (the fastest growing risk, up 16 percentage points to 24%). Participants' perceptions of an increased risk of property price falls (in particular residential property price falls) could be consistent with views of prices becoming overinflated or about to become overinflated. Responses in the low interest rate category focused on the risk that artificially low interest rates are creating distortions in asset allocation, potentially leading to overinflated risky asset prices.
- Funding risk saw a particularly noticeable drop-off, with only 17% of respondents citing it as a key risk (down 15 percentage points since October 2012).

Risks most challenging to manage as a firm

- Respondents indicated they would find six of the top seven key risks the most challenging to manage as a firm, but with a slightly different ordering. The three most cited were sovereign risk (63% of respondents), the risk of an economic downturn (42%) and risks around regulation/taxes (34%).

The *Systemic Risk Survey* is a biannual survey that asks market participants about perceived risks to, and their confidence in, the UK financial system. The survey is generally completed by executives responsible for firms' risk management activities. This report presents the results of the 2013 H1 survey, which was conducted by the Bank of England in the period between 22 April and 22 May 2013. The results presented are based on responses to the survey and do not necessarily reflect the Bank of England's views on risks to the UK financial system. Seventy-six market participants took part in the survey, representing a 99% response rate. Participants included hedge funds, banks, building societies, large complex financial institutions, asset managers and insurers.

Summary statistics are calculated by giving equal weight to each survey response.

This report is available on the Bank's website at www.bankofengland.co.uk/publications/Pages/other/srs/default.aspx. Additional background information on the survey is available in the 2009 Q3 *Quarterly Bulletin* article 'Bank of England *Systemic Risk Survey*' available at www.bankofengland.co.uk/publications/Documents/quarterlybulletin/qb090305.pdf.

The publication date for the next *Systemic Risk Survey* is 18 November 2013.

Systemic Risk Survey

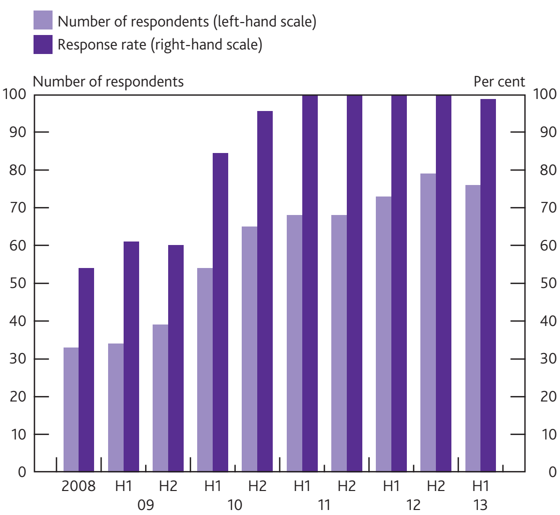
Introduction

As part of its statutory objective to protect and enhance financial stability in the United Kingdom, the Bank works to identify risks to the stability of the UK financial system. The *Systemic Risk Survey* contributes to this activity by quantifying and tracking, on a biannual basis, market participants' perceptions of such risks.

The *Systemic Risk Survey* has been undertaken biannually since 2009, following a pilot survey conducted in July 2008.[1] It was published for the first time in November 2011. The survey results complement other sources of information used by the Bank to identify system-wide risks. In particular, they capture market participants' views of aggregate risks to the UK financial system through the perceived likelihood of a high-impact event in the UK financial system in the short and medium term and respondents' confidence in the stability of the UK financial system as a whole in the period ahead. They also capture respondents' views of specific sources of risks, including those that would have an especially large impact on the system if they were to materialise and those that would be particularly challenging for firms to manage.

The survey is typically completed by executives responsible for financial institutions' risk management. Seventy-six participants took part in the 2013 H1 survey, representing a 99% response rate (**Chart 1**).

Chart 1 Survey response rates[(a)]



Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

(a) The percentage and number of contacts that answered at least one question in the *Systemic Risk Survey*.

Participants ranged from UK banks and building societies (18%), large complex financial institutions (LCFIs) and large foreign banks (21%), asset managers (22%), hedge funds (20%) and insurers (18%).[2] The 2013 H1 survey was conducted between 22 April and 22 May 2013.[3]

The remainder of this report describes the results of the 2013 H1 survey and is split into four sections: (1) the perceived probability of a high-impact event in the UK financial system; (2) respondents' confidence in the stability of the UK financial system; (3) key risks to the UK financial system; and (4) risks that respondents thought would be particularly challenging to manage as a firm.

Probability of a high-impact event

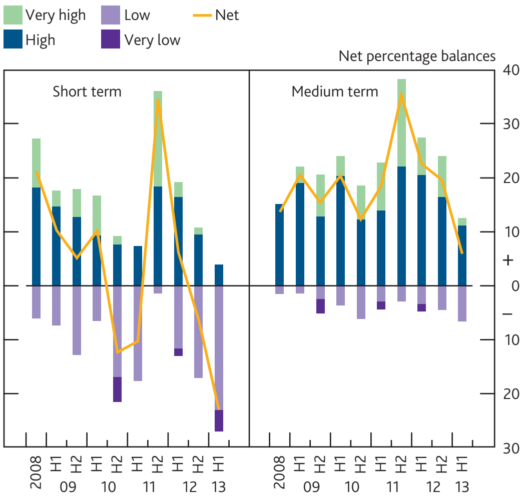
Respondents were asked for their view on the probability of a high-impact event in the UK financial system in the short and medium term (*question 2.1*), and how those probabilities had changed over the past six months (*question 2.2*). Since the 2009 H2 survey, short and medium term have been specifically identified as 0–12 months and 1–3 years respectively. These terms were not explicitly defined in earlier surveys.

In the 2013 H1 survey, the perceived probabilities of a high-impact event over both the short and medium term fell back further, to their lowest levels since the survey began in 2008. In the short term, only 8% of respondents considered the probability very high or high (-12 percentage points since October 2012), 46% considered it low (+12 percentage points) and 4% considered it very low (+4 percentage points). In the medium term, 24% considered the probability high or very high (-17 percentage points) and 13% (+4 percentage points) considered it to be low. **Chart 2** reflects these responses by weighting the probabilities into one measure.

These results tally with respondents' views on how the probability of a high-impact event had changed (**Chart 3**). A large net balance of respondents (33%) thought the probability of a high-impact event in the short term had decreased (39%) rather than increased (7%) over the past six months. A somewhat smaller net balance (14%) thought the probability of a high-impact event in the medium term

(1) The introduction of the *Systemic Risk Survey* is described in more detail in Burls, S (2009), 'Bank of England *Systemic Risk Survey*', *Bank of England Quarterly Bulletin*, Vol. 49, No. 3, pages 226–31.
(2) Percentages do not add up to 100% due to rounding.
(3) Surveys from 2010 H1 onwards were carried out by the Bank. Earlier surveys were carried out by British Market Research Bureau (BMRB) on behalf of the Bank.

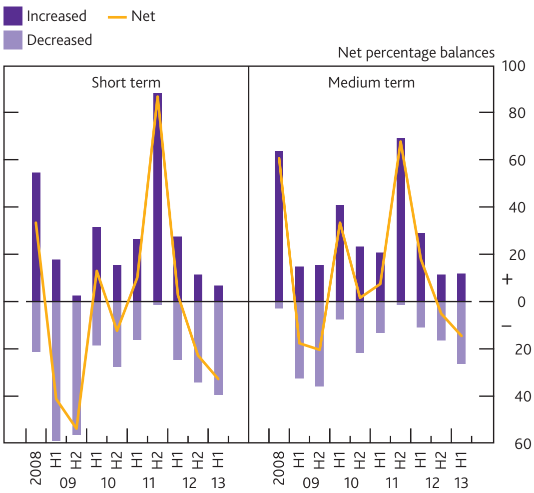
Chart 2 Probability of a high-impact event in the UK financial system[(a)]



Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

(a) Respondents were asked for the probability of a high-impact event in the UK financial system in the short and medium term. From the 2009 H2 survey onwards, short term was defined as 0–12 months and medium term as 1–3 years. The net percentage balance is calculated by weighting responses as follows: very high (1), high (0.5), medium (0), low (-0.5) and very low (-1). Bars show the contribution of each component to the net percentage balance.

Chart 3 Change over the past six months in the probability of a high-impact event in the UK financial system[(a)]



Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

(a) Respondents were asked how the probability of a high-impact event in the UK financial system in the short and medium term had changed over the past six months. From the 2009 H2 survey onwards, short term was defined as 0–12 months and medium term as 1–3 years. The net percentage balance is calculated as the percentage of respondents that perceived an increase, less the percentage that perceived a decrease. Bars show the contribution of each component to the net percentage balance.

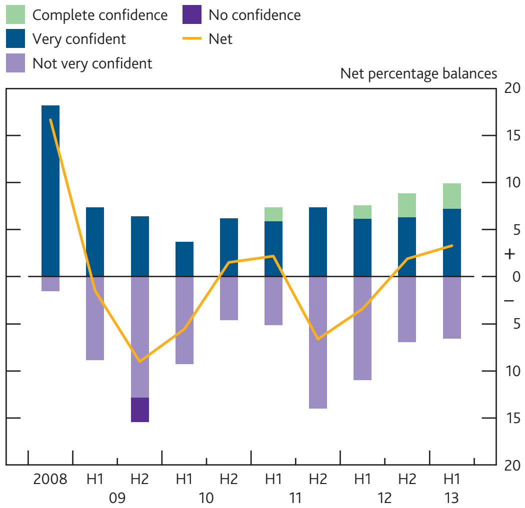
had decreased (26%) rather than increased (12%) over the past six months.

Confidence in the UK financial system

Respondents were also asked about their confidence in the stability of the UK financial system as a whole over the next three years (*question 2.3*), and how their confidence had changed over the past six months (*question 2.4*).

Confidence in the UK financial system has increased slightly. 17% (+2 percentage points since October 2012) were completely confident or very confident in the stability of the UK financial system as a whole over the next three years, 70% fairly confident (-1 percentage point) and 13% not very confident (-1 percentage point). **Chart 4** reflects these responses by weighting the probabilities into one measure.

Chart 4 Confidence in the stability of the UK financial system as a whole over the next three years[(a)]

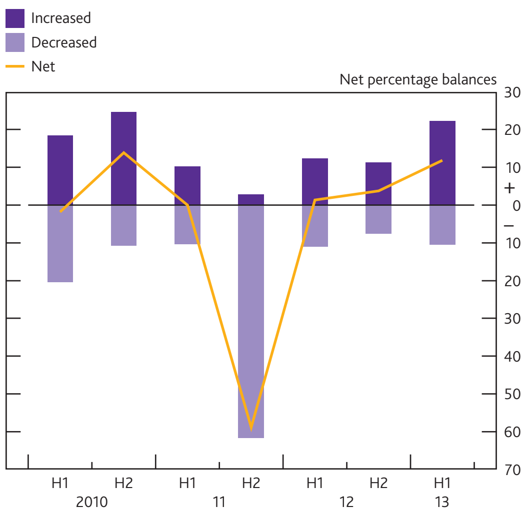


Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

(a) Respondents were asked how much confidence they had in the stability of the UK financial system as a whole over the next three years. The net percentage balance is calculated by weighting responses as follows: complete confidence (1), very confident (0.5), fairly confident (0), not very confident (-0.5) and no confidence (-1). Bars show the contribution of each component to the net percentage balance.

And, consistent with this, a net positive balance of respondents (12%) said their confidence had increased over the past six months (22% increased, 11% decreased) (**Chart 5**).

Chart 5 Change over the past six months in confidence in the stability of the UK financial system as a whole over the next three years[(a)]



Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

(a) Respondents were asked how their confidence in the stability of the UK financial system as a whole over the next three years had changed over the past six months. The net percentage balance is calculated as the percentage of respondents reporting an increase minus the percentage reporting a decrease. Bars show the contribution of each component to the net percentage balance. Question only asked since May 2010.

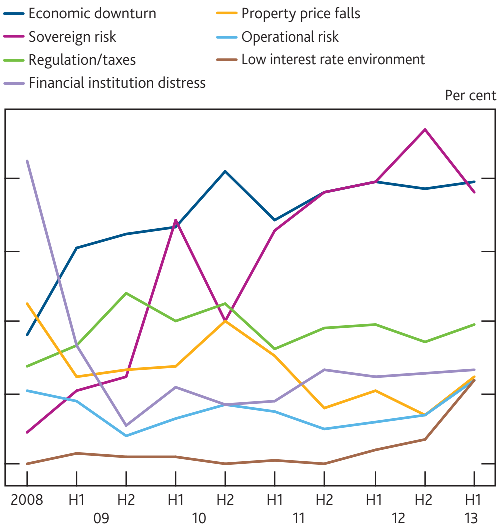
Key risks to the UK financial system

Turning to specific sources of risk to the UK financial system, respondents were asked to list the five risks they thought would have the greatest impact on the UK financial system if they were to materialise (*question 1.1*). Answers were provided in free format, but have been grouped into the 20 categories shown in **Table A2** in the data appendix to give an overview of the results. These summary categories are adjusted over time in order to better capture current risks; risks cited in previous surveys have been regrouped into the new categories to ensure comparability across survey rounds.

The seven risks most frequently cited in the 2013 H1 survey were (**Chart 6**):

- Risk of an economic downturn (cited by 79% of respondents).
- Sovereign risk (76%).
- Risks around regulation/taxes (39%).
- Risk of financial institution failure/distress (26%).
- Risk of property price falls (25%).
- Operational risk (24%).
- Risks surrounding the low interest rate environment (24%).

Chart 6 Key risks to the UK financial system(a)(b)



Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

(a) Respondents were asked to list the five risks they thought would have the greatest impact on the UK financial system if they were to materialise. Answers were in a free format and were coded into categories after the questionnaires had been submitted; only one category was selected for each answer. Chart figures are the percentages of respondents citing a given risk at least once, among respondents citing at least one key risk. The chart shows the top seven categories; see the data appendix for additional categories.
(b) Risks cited in previous surveys have been regrouped into the categories used to describe the latest data.

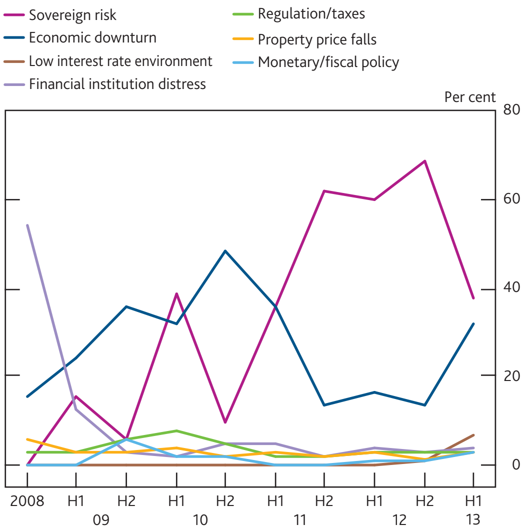
The top three key risks are identical to those highlighted in the 2012 H2 survey, although sovereign risk and the risk of an economic downturn have switched places. There are three new entrants to the top seven: the risk of property price falls, operational risk (where 'cyber' security was most frequently mentioned), and risks surrounding the low interest rate environment. This meant that funding risk, the risk of financial market disruption/dislocation and the risk of tightening in credit conditions have been pushed out of the top seven. Funding risk saw a particularly noticeable drop-off, with only 17% of respondents citing it as a key risk (down 15 percentage points since October 2012).

In terms of new risks, four respondents raised the risk of further weakening in sterling (currently categorised under 'Other'). And three out of the four responses categorised under 'UK political risk' referred to the risk of a UK exit from the EU.

The top two risks — sovereign risk and the risk of an economic downturn — were also those cited as having the greatest potential impact (**Chart 7**):

- Sovereign risk (38% of respondents viewed it as their number one risk).
- Risk of an economic downturn (32%).
- Risks surrounding the low interest rate environment (7%).
- Risk of financial institution failure/distress (4%).
- Risks around regulation/taxes (3%).
- Risk of property price falls (3%).
- Risks surrounding monetary and fiscal policy (3%).

Chart 7 Number one key risks to the UK financial system(a)(b)



Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

(a) Respondents were asked to list the five risks they thought would have the greatest impact on the UK financial system if they were to materialise, in order of potential impact (ie greatest impact first). Answers were in a free format and were coded into categories after the questionnaires had been submitted; only one category was selected for each answer. Chart figures are the percentages of respondents citing a given risk as their number one key risk, among respondents citing at least one key risk. The chart shows the top seven categories; see the data appendix for additional categories.
(b) Risks cited in previous surveys have been regrouped into the categories used to describe the latest data.

There was therefore broad agreement among survey respondents that the two largest impact risks for the UK financial system were the risk of a further economic downturn and a crystallisation of sovereign risk.

The risk of an economic downturn rose slightly since the previous survey, and has now overtaken sovereign risk as most cited. Respondents most frequently mentioned risks to the United Kingdom (46% of responses citing a particular region) and global (40%) economic outlooks. 7% cited Europe, and 1% China and the United States respectively.

Concerns about sovereign risk have dropped back to the level last seen in the second half of 2011, but they remain high and the risk is still cited as the number one risk by the most respondents. Responses focused mainly on Europe (mentioned in 87% of the responses which indicated a particular region), while the United States and United Kingdom were each cited in 5% of these responses. Of the 87% of responses citing Europe, half highlighted concerns over a break-up of the euro area.

Risks associated with regulation and/or taxes remained the third most cited (up 5 percentage points to 39%). As in previous surveys, the focus was on potential negative aspects of regulation, including excessive, poorly co-ordinated, inappropriate, or overly complex regulation, as well as on a loss of confidence in regulation. The Financial Transaction Tax appeared to be a concern, being mentioned in 21% of the responses citing this risk.

This risk of property price falls has climbed back to levels last seen at the start of 2011. Of the responses pinpointing a particular area of the property market, two thirds were concerned about falls in residential property prices while one third was concerned about falls in commercial property prices (a split comparable to the previous survey). Although the majority of participants did not give a reason for their concern that prices would fall, it is interesting to note that participants citing the risk of increased household or corporate default rose by much less, perhaps implying that some participants are concerned about property prices falling independently of a rise in defaults. This could be consistent with views of prices becoming overinflated or about to become overinflated.

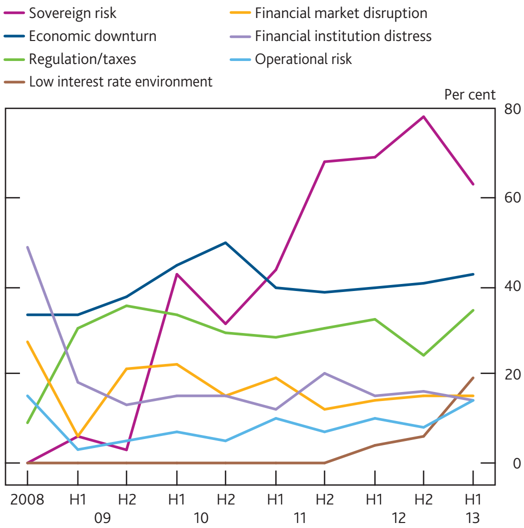
Risks surrounding the low interest rate environment was the fastest growing category, with nearly a quarter of respondents citing it, up from 8% in the previous survey. Responses focused on the risk that artificially low interest rates are creating distortions in asset allocation in the United Kingdom and elsewhere across developed markets, potentially leading to overinflated risky asset prices.

Perceptions of operational risk also rose to their highest level since the survey began. The risk was cited by 24% of respondents, up 10 percentage points since October 2012. The threat of 'cyber' attacks was the most commonly mentioned specific risk in this category.

Risks most challenging to manage as a firm

Respondents were also asked which three of the key risks they had listed would be most challenging to manage as a firm (*question 1.2*). **Chart 8** presents the results.

Chart 8 Risks most challenging to manage as a firm[(a)(b)]



Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

(a) After respondents had listed the five risks they believed would have the greatest impact on the UK financial system if they were to materialise, they were asked which three of these risks they would find most challenging to manage as a firm. Answers were in a free format and were coded into categories after the questionnaires had been submitted; only one category was selected for each answer. Chart figures are the percentages of respondents citing a given risk at least once, among respondents citing at least one key risk. The chart shows the top seven categories only; see the data appendix for additional categories.
(b) Risks cited in previous surveys have been regrouped into the categories used to describe the latest data.

Respondents indicated they would find six of the seven risks from **Chart 6** the most challenging to manage. The risk of property price falls was thought to be easier to manage, not appearing in the top seven:

- Sovereign risk (63% of respondents).
- Risk of an economic downturn (42%).
- Risks around regulation/taxes (34%).
- Risks surrounding the low interest rate environment (19%).
- Risk of financial market disruption/dislocation (15%).
- Risk of financial institution failure/distress (14%).
- Operational risk (14%).

Data appendix

The tables in this appendix in Excel format and the survey questionnaire are available on the Bank's website at www.bankofengland.co.uk/publications/Pages/other/srs/default.aspx.

Table A1: Aggregate risks to the UK financial system[(a)]

	2008	2009		2010		2011		2012		2013
		H1	H2	H1	H2	H1	H2	H1	H2	H1
Probability of a high-impact event in the UK financial system in the short term[(b)]										
Very high	9	3	5	7	2	0	18	3	1	0
High	36	29	26	19	15	15	37	33	19	8
Medium	42	53	44	61	45	50	43	40	46	42
Low	12	15	26	13	34	35	3	23	34	46
Very low	0	0	0	0	5	0	0	1	0	4
Probability of a high-impact event in the UK financial system in the medium term[(b)]										
Very high	0	3	8	4	6	9	16	7	8	1
High	30	38	26	41	25	28	44	41	33	22
Medium	67	56	59	48	57	56	34	44	51	63
Low	3	3	5	7	12	6	6	7	9	13
Very low	0	0	3	0	0	1	0	1	0	0
Change in the probability over the past six months of a high-impact event in the UK financial system in the short term[(c)]										
Increased	55	18	3	31	15	26	88	27	11	7
Unchanged	24	24	41	50	57	57	10	48	54	54
Decreased	21	59	56	19	28	16	1	25	34	39
Change in the probability over the past six months of a high-impact event in the UK financial system in the medium term[(c)]										
Increased	64	15	15	41	23	21	69	29	11	12
Unchanged	33	53	49	52	55	66	29	60	72	62
Decreased	3	32	36	7	22	13	1	11	16	26
Confidence in the stability of the UK financial system as a whole over the next three years[(d)]										
Complete confidence	0	0	0	0	0	1	0	1	3	3
Very confident	36	15	13	7	12	12	15	12	13	14
Fairly confident	61	68	59	74	78	76	57	64	71	70
Not very confident	3	18	26	19	9	10	28	22	14	13
No confidence	0	0	3	0	0	0	0	0	0	0
Change in confidence over the past six months[(e)]										
Increased				19	25	10	3	12	11	22
Unchanged				61	65	79	35	77	81	67
Decreased				20	11	10	62	11	8	11

Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

(a) Entries are percentages of respondents and may not sum to 100% due to rounding.
(b) Respondents were asked what the probability of a high-impact event in the UK financial system was in their view, for both the short and medium term. In the 2009 H2–2013 H1 surveys, short term was defined as 0–12 months and medium term as 1–3 years.
(c) Respondents were asked how the probability had changed over the past six months for the short and medium term. In the 2009 H2–2013 H1 surveys, short term was defined as 0–12 months and medium term as 1–3 years.
(d) Respondents were asked how much confidence they had in the stability of the UK financial system as a whole over the next three years.
(e) Respondents were asked how their confidence had changed over the past six months. The question was asked from 2010 H1 onwards.

Table A2: Key risks to the UK financial system[(a)]

	2008	2009		2010		2011		2012		2013
		H1	H2	H1	H2	H1	H2	H1	H2	H1
Key risks[(b)]										
Risk of an economic downturn	36	61	65	67	83	69	76	79	77	79
Sovereign risk	9	21	24	69	41	66	76	79	94	76
Risks around regulation/taxes	27	33	49	41	45	32	38	40	34	39
Risk of financial institution failure/distress	85	33	11	22	17	18	26	25	25	26
Risk of property price falls	45	24	27	28	41	31	16	21	14	25
Operational risk	21	18	8	13	17	15	10	12	14	24
Risks surrounding the low interest rate environment	0	3	3	2	0	1	0	4	8	24
Risk of financial market disruption/dislocation	45	24	32	30	27	31	19	21	22	20
Household/corporate credit risk	12	36	49	17	19	25	10	14	14	18
Funding risk	18	33	32	30	39	43	57	45	32	17
Risk of tightening in credit conditions	15	24	24	20	13	13	12	16	16	14
Risk of loss of confidence in the authorities	3	9	3	9	6	7	10	15	11	11
Risk of infrastructure disruption	12	9	8	6	9	6	10	10	9	11
Other	12	9	8	9	9	3	7	1	3	9
Inflation risk	6	9	14	13	9	19	6	5	5	7
Risks surrounding monetary and fiscal policy	12	0	22	7	8	10	1	5	4	7
Geopolitical risk	3	6	3	0	5	7	3	10	11	5
UK political risk	0	0	3	17	8	6	1	3	5	4
Risks around public anger against, or distrust of, financial institutions	0	0	5	6	0	1	0	0	10	1
Risk of lack of confidence in ratings, valuations and disclosure	12	18	8	11	2	4	4	4	1	0
Number one key risks[(c)]										
Sovereign risk	0	15	6	39	9	36	62	60	68	38
Risk of an economic downturn	15	24	36	31	48	36	13	16	14	32
Risks surrounding the low interest rate environment	0	0	0	0	0	0	0	0	1	7
Risk of financial institution failure/distress	55	12	3	2	5	4	1	4	3	4
Risks around regulation/taxes	3	3	6	7	5	1	1	3	3	3
Risk of property price falls	6	3	3	4	2	3	1	3	1	3
Risks surrounding monetary and fiscal policy	0	0	6	2	2	0	0	1	1	3
Risk of infrastructure disruption	0	0	0	0	2	0	1	0	1	3
Risk of financial market disruption/dislocation	12	3	6	4	3	3	4	3	0	3
UK political risk	0	0	3	4	0	0	0	0	0	3
Risk of loss of confidence in the authorities	0	3	0	2	2	0	6	1	4	1
Operational risk	0	3	0	0	0	1	0	0	0	1
Other	0	0	3	0	5	0	0	0	0	1
Funding risk	6	12	14	4	13	9	7	5	4	0
Geopolitical risk	0	3	0	0	2	4	1	1	0	0
Inflation risk	0	0	0	2	2	1	0	1	0	0
Risk of tightening in credit conditions	3	0	3	0	2	0	0	0	0	0
Household/corporate credit risk	0	15	14	0	2	0	0	0	0	0
Risk of lack of confidence in ratings, valuations and disclosure	0	3	0	0	0	0	0	0	0	0
Risks around public anger against, or distrust of, financial institutions	0	0	0	0	0	0	0	0	0	0
Number of respondents citing at least one key risk	33	33	37	54	64	68	68	73	79	76

Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

(a) Respondents were asked which five risks they believed would have the greatest impact on the UK financial system if they were to materialise, in order of potential impact (ie greatest impact first). Answers were provided in a free format and were subsequently coded into the above categories; only one category was selected for each answer. Risks cited in previous surveys have been regrouped into the categories used to describe the latest data.
(b) Percentages of respondents citing each risk at least once in their top five, among those citing at least one risk.
(c) Percentages of respondents citing each risk as their number one risk (ie the risk with the greatest potential impact), among those citing at least one key risk.

Table A3: Risks most challenging to manage as a firm[(a)]

	2008	2009		2010		2011		2012		2013
		H1	H2	H1	H2	H1	H2	H1	H2	H1
Sovereign risk	0	6	3	43	31	44	68	69	78	63
Risk of an economic downturn	33	33	38	44	50	40	38	39	41	42
Risks around regulation/taxes	9	30	35	33	30	28	31	32	24	34
Risks surrounding the low interest rate environment	0	0	0	0	0	0	0	4	6	19
Risk of financial market disruption/dislocation	27	6	22	22	16	19	12	14	15	15
Risk of financial institution failure/distress	48	18	14	15	16	12	21	15	17	14
Operational risk	15	3	5	7	5	10	7	10	8	14
Risk of property price falls	18	6	5	6	8	4	0	4	3	10
Risk of infrastructure disruption	6	6	5	4	6	4	6	7	6	8
Household/corporate credit risk	6	18	22	9	8	12	3	4	6	8
Funding risk	18	15	27	17	27	25	35	23	18	7
Inflation risk	0	0	5	6	6	4	3	1	3	5
Risk of tightening in credit conditions	6	3	11	7	3	6	0	7	1	5
Risk of loss of confidence in the authorities	0	3	3	7	3	6	7	8	8	4
Risks surrounding monetary and fiscal policy	6	3	5	9	5	1	1	4	4	4
UK political risk	0	0	3	0	2	1	0	1	1	4
Geopolitical risk	0	0	0	0	2	4	0	6	5	3
Other	6	3	5	2	6	3	3	0	1	3
Risks around public anger against, or distrust of, financial institutions	0	0	3	2	0	1	0	0	3	0
Risk of lack of confidence in ratings, valuations and disclosure	6	9	3	7	2	3	3	0	0	0
Cited at least one key risk, but did not cite any risk as challenging to manage (per cent)	0	3	0	2	2	0	0	3	1	4
Number of respondents citing at least one key risk	33	33	37	54	64	68	68	73	79	76

Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

(a) After respondents had listed the five risks they believed would have the greatest impact on the UK financial system if they were to materialise, they were asked which three of these risks they would find most challenging to manage as a firm. Answers were provided in a free format and were subsequently coded into the above categories; only one category was selected for each answer. Risks cited in previous surveys have been regrouped into the categories used to describe the latest data. Table entries are the percentages of respondents citing each risk at least once in this second question, among those citing at least one key risk.

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