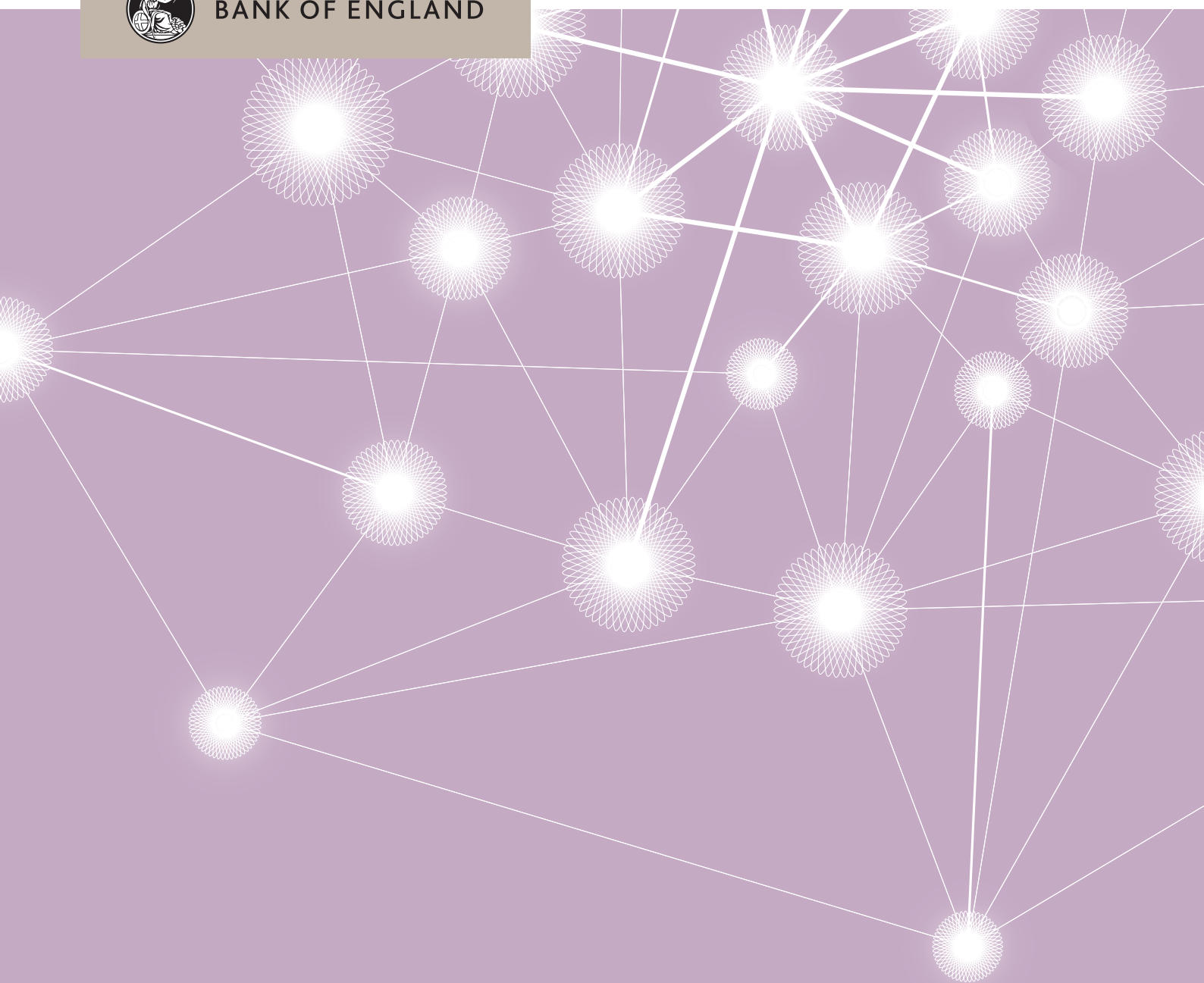


Systemic Risk Survey

Survey results | 2017 H1



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Systemic Risk Survey

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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 stability of the UK financial system.
- This report presents the results of the 2017 H1 survey, which was conducted between 3 April and 21 April prior to the UK general election.

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

- The perceived probability of a high-impact event in the UK financial system over the short term has fallen notably. In contrast the perceived probability of such an event over the medium term remains elevated. 24% (-19 percentage points since the 2016 H2 survey) of respondents now consider the probability of a high-impact event as high or very high over the next twelve months; 62% (unchanged) between one and three years ahead.
- Confidence in the stability of the UK financial system over the next three years has increased. This was driven by a lower proportion of respondents judging themselves as not very confident (10%, -9 percentage points since the 2016 H2 survey). The proportion of respondents that judged themselves to be very confident or completely confident was unchanged (21%).

Sources of risk to the UK financial system

- The risk to the UK financial system most cited by respondents was UK political risk (mentioned by 81% of respondents, -5 percentage points since 2016 H2). This was also the most frequently cited number one source of risk (52%, -3 percentage points).
- Around 80% of all responses citing UK political risk explicitly referred to the implications of the referendum vote to leave the European Union.
- There was a material increase in the proportion of respondents that cited geopolitical risk (61%, +25 percentage points). This was driven by a combination of European political developments, the risk of more protectionist economic policies and possible threats from global conflicts.
- The proportion of respondents that cited cyber attack is now at its highest level since the survey began (51%, +17 percentage points).
- A slightly larger proportion of respondents cited the risk of a UK economic downturn than in the previous survey (29%, +4 percentage points). A smaller proportion of respondents cited the risk of an overseas or global economic downturn (26%, -11 percentage points).

Risks most challenging to manage as a firm

- UK political risk was most commonly cited as the risk most challenging to manage (62% of respondents, -2 percentage points since 2016 H2). There was a notable increase in the proportion of respondents citing cyber attack and geopolitical risk as the most challenging to manage (47%, +18 percentage points, and 47%, +27 percentage points, respectively).

The *Systemic Risk Survey* is a biannual survey that asks market participants about perceived risks to, and their confidence in, the stability of the UK financial system. The survey is generally completed by executives responsible for firms' risk management or treasury functions. This report presents the results of the 2017 H1 survey, which was conducted by the Bank of England in the period between 3 April and 21 April 2017. 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. One hundred and one market participants took part in the survey, representing a 96% response rate. Participants ranged from UK banks and building societies, large foreign banks, asset

managers, hedge funds, insurers, pension funds, large non-financial companies, private equity firms and central counterparties. 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.

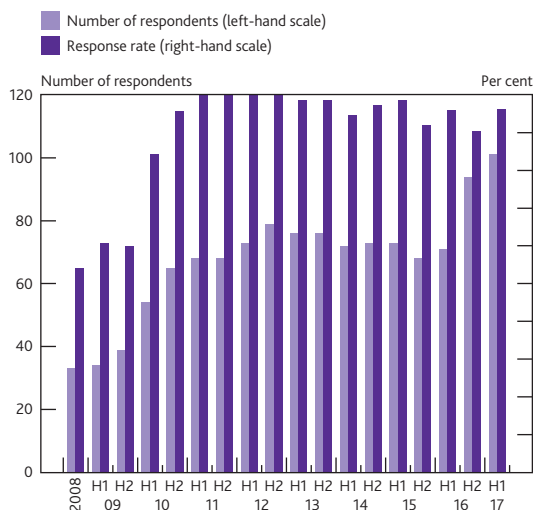
Systemic Risk Survey

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.⁽¹⁾

The survey is typically completed by executives responsible for risk management and treasury functions at institutions including: UK banks and building societies; large foreign banks; asset managers; hedge funds; insurers; pension funds; large non-financial companies; private equity firms; and central counterparties. One hundred and one participants took part in the 2017 H1 survey between 3 April and 21 April, representing a 96% response rate (Chart 1).

Chart 1 Survey response rates^{(a)(b)}



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*.
 (b) Surveys from 2010 H1 were carried out by the Bank. Earlier surveys were carried out by the British Market Research Bureau (BMRB) on behalf of the Bank.

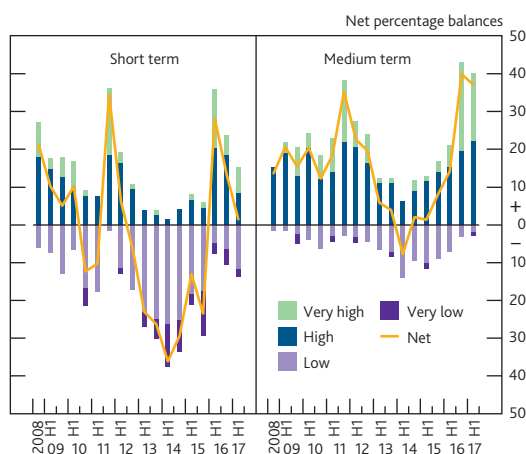
Probability of a high-impact event

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, and how these probabilities had changed over the past six months.⁽²⁾

In the 2017 H1 survey, the perceived probability of a high-impact event in the UK financial system over the short term has fallen. The percentage of respondents judging the

probability to be high or very high fell (43% to 24%). And the percentage of those judging the probability to be low or very low increased (17% to 26%). Chart 2 depicts these responses and weights the probabilities into one measure. In contrast, the perception of a high-impact event materialising over the medium term remains elevated. The percentage of respondents judging the probability to be high or very high (62%), and low or very low (5%) are close to the 2016 H2 survey (63% and 6% respectively).

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



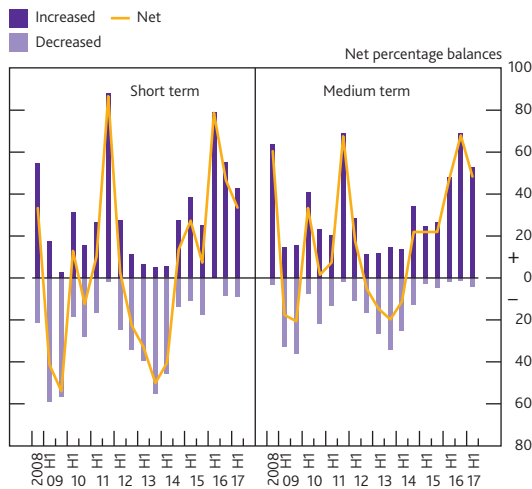
Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

- (a) Respondents were asked 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.

Respondents were asked how they perceived the risk of a high-impact event materialising had changed over the past six months (Chart 3). A large net percentage balance indicated the probability of such an event materialising over the short term had increased (34%). This contradicts participants' responses on the probability of a high-impact event materialising over the short term, relative to their responses in the 2016 H2 survey (Chart 2). This apparent contradiction is not unusual and it may be due to increased

- (1) The *Systemic Risk Survey* has been undertaken biannually since 2009, following a pilot survey conducted in July 2008. 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.
 (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.

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.

uncertainty among respondents. An even larger net percentage balance (49%) reported that the probability of a high-impact event materialising over the medium term had increased over the past six months.

Confidence in the UK financial system

Compared to the 2016 H2 survey, respondents were slightly more confident in the stability of the UK financial system over the next three years. This was primarily driven by a lower proportion of respondents judging themselves to be not very confident. The proportion of respondents judging themselves to be either not very confident or having no confidence fell from 19% to 10%. The proportion of respondents judging themselves to be either very confident or having complete confidence remained constant at 21%. **Chart 4** depicts these responses and weights the responses into one measure.

Sources of risk to the UK financial system

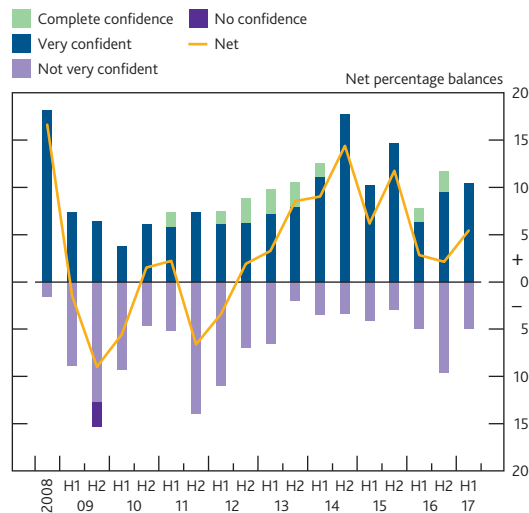
Turning to specific sources of risk to the UK financial system, respondents were asked to list the five risks they thought would have the greatest impact on the UK financial system if they were to materialise. Answers were provided in free-text format, but have been grouped into the 22 categories shown in **Table A2** in the data appendix to give an overview of the results.⁽¹⁾

The seven risks most frequently cited in the 2017 H1 survey were (**Chart 5**):

- UK political risk (cited by 81% of respondents).
- Geopolitical risk (61%).
- Cyber attack (51%).

- Risk of a UK economic downturn (29%).
- Risks around regulation/taxation (29%).
- Risk of an overseas or global economic downturn (26%).
- Risk of property price falls (22%).

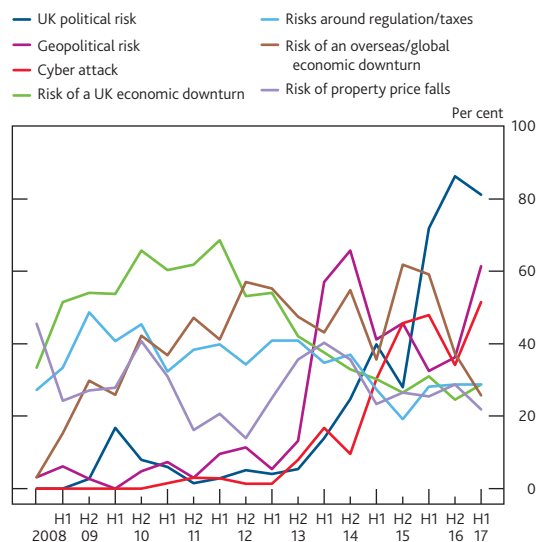
Chart 4 Confidence in the stability of the UK financial system as a whole over the next three years^(a)



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.

Chart 5 Sources of risk 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-text format and were grouped 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.

(1) 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.

Five of the top seven risks in the 2017 H1 survey were also in the top seven risks in the 2016 H2 survey. Risk surrounding the low interest rate environment and the risk of financial market disruption/dislocation are the two risks that have been displaced.

UK political risk was the risk to the UK financial system most cited by respondents (mentioned by 81% of respondents, -5 percentage points). This includes risks specifically related to the process of leaving the European Union. Around 80% of responses in this category directly referred to these risks.

There was a notable increase in the proportion of respondents that cited geopolitical risk (61%, +25 percentage points). This was driven by a combination of European political developments, the risk of more protectionist economic policies and possible threats from global conflicts. The proportion of respondents that cited cyber attack also increased noticeably, and is now at its highest level since the survey began (51%, +17 percentage points). A slightly larger proportion of respondents cited the risk of a UK economic downturn than in the previous survey (29%, +4 percentage points).

There was a fall in the proportion of respondents citing the risk of an overseas or global economic downturn (26%, -11 percentage points) or risk of property price falls (22%, -7 percentage points). The proportion of respondents citing risks around regulation/taxation was unchanged at 29%.

The risks most frequently cited as respondents' number one risk (**Chart 6**) were:

- UK political risk (52% of respondents viewed it as their number one risk).
- Geopolitical risk (16%).
- Cyber attack (7%).
- Sovereign risk (6%).

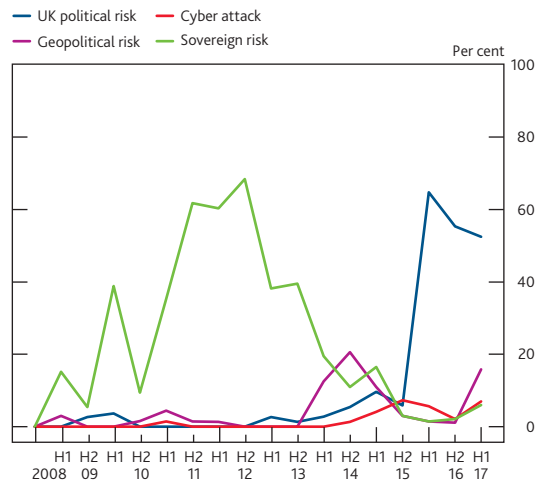
Risks most challenging to manage as a firm

Respondents were asked to indicate which three of the five risks they identified would be the most challenging to manage if they were to materialise.

UK political risk, cyber attack and geopolitical risk were the most cited responses (**Chart 7**):

- UK political risk (62% of respondents).
- Cyber attack (47%).
- Geopolitical risk (40%).
- Risks around regulation/taxation (15%).
- Risk of an overseas/global downturn (14%).
- Risk of a UK economic downturn (11%).
- Sovereign risk (11%).

Chart 6 'Number one' sources of risk to the UK financial system^{(a)(b)}

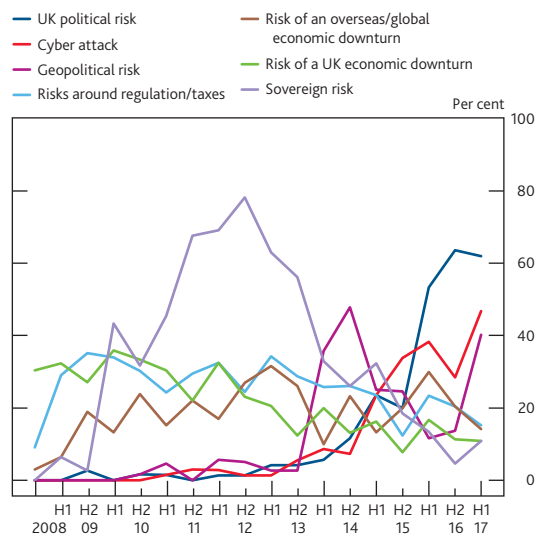


Sources: Bank of England Systemic Risk Surveys and Bank calculations.

(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-text format and were grouped 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 four 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.

Chart 7 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-text format and were grouped 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.

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)(b)(c)}

	2011		2012		2013		2014		2015		2016		2017
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1
Probability of a high impact event in the UK financial system in the short term^(d)													
Very high	0	18	3	1	0	1	0	0	1	1	15	5	7
High	15	37	33	19	8	5	3	8	14	9	41	37	17
Medium	50	43	40	46	42	38	33	33	45	43	31	40	50
Low	35	3	23	34	46	50	53	51	37	35	10	13	24
Very low	0	0	1	0	4	5	11	8	3	12	3	4	2
Probability of a high impact event in the UK financial system in the medium term^(d)													
Very high	9	16	7	8	1	1	0	3	1	3	6	23	18
High	28	44	41	33	22	22	13	18	23	28	31	39	45
Medium	56	34	44	51	63	61	60	60	53	51	49	31	33
Low	6	6	7	9	13	14	28	19	21	18	14	6	4
Very low	1	0	1	0	0	1	0	0	1	0	0	0	1
Change in the probability over the past six months of a high-impact event in the UK financial system in the short term^(e)													
Increased	26	88	27	11	7	5	6	27	38	25	79	55	43
Unchanged	57	10	48	54	54	39	49	59	51	57	21	36	49
Decreased	16	1	25	34	39	55	46	14	11	18	0	9	9
Change in the probability over the past six months of a high-impact event in the UK financial system in the medium term^(e)													
Increased	21	69	29	11	12	14	14	34	25	26	48	69	52
Unchanged	66	29	60	72	62	51	61	53	73	69	51	30	44
Decreased	13	1	11	16	26	34	25	12	3	4	1	1	4
Confidence in the stability of the UK financial system as a whole over the next three years^(f)													
Complete confidence	1	0	1	3	3	3	1	0	0	0	1	2	0
Very confident	12	15	12	13	14	16	22	36	21	29	13	19	21
Fairly confident	76	57	64	71	70	78	69	58	71	65	76	60	69
Not very confident	10	28	22	14	13	4	7	7	8	6	10	19	10
No confidence	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in confidence over the past six months^(g)													
Increased	10	3	12	11	22	33	25	15	5	9	1	5	11
Unchanged	79	35	77	81	67	62	68	75	77	79	51	46	61
Decreased	10	62	11	8	11	5	7	10	18	12	48	49	28

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) The survey has been undertaken biannually since 2009, following a pilot survey conducted in July 2008. Due to insufficient space in this table, results prior to 2011 H1 have not been included.

(c) Figures are expressed as nearest whole integer, so may appear inconsistent with figures shown in the text of the survey.

(d) 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. 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.

(e) Respondents were asked how the probability had changed over the past six months for the short and medium term. 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.

(f) Respondents were asked how much confidence they had in the stability of the UK financial system as a whole over the next three years.

(g) Respondents were asked how their confidence had changed over the past six months. The question was asked from 2010 H1 onwards.

Table A2: Sources of risk to the UK financial system^{(a)(b)(c)}

	2011		2012		2013		2014		2015		2016		2017
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1
Sources of risk to the UK financial system^(d)													
UK political risk	6	1	3	5	4	5	14	25	40	28	72	86	81
Geopolitical risk	7	3	10	11	5	13	57	66	41	46	32	36	61
Cyber attack	1	3	3	1	1	8	17	10	30	46	48	34	51
Risk of a UK economic downturn	60	62	68	53	54	42	38	33	30	26	31	24	29
Risks around regulation/taxes	32	38	40	34	41	41	35	37	27	19	28	29	29
Risk of a global/overseas economic downturn	37	47	41	57	55	47	43	55	36	62	59	37	26
Risk of property price falls	31	16	21	14	25	36	40	36	23	26	25	29	22
Sovereign risk	66	76	79	94	76	74	40	34	58	35	21	13	21
Risks surrounding monetary and fiscal policy	7	0	5	4	5	8	15	16	12	19	13	17	18
Other	3	7	1	1	9	13	8	15	16	12	4	15	17
Risk of financial market disruption/dislocation	31	19	21	22	20	18	18	18	42	44	37	30	16
Risk surrounding the low interest rate environment ^(e)	4	1	4	9	26	43	39	33	29	21	34	47	14
Risk of financial institution failure/distress	18	28	25	25	26	30	22	16	14	12	7	28	12
Operational risk	13	7	10	13	22	18	14	23	21	24	18	16	12
Household/corporate credit risk	25	10	14	14	18	11	19	7	11	10	7	1	6
Inflation risk	19	6	5	5	7	7	6	11	5	3	0	9	6
Risk of infrastructure disruption	6	10	10	9	11	11	13	15	15	16	10	2	2
Risk of tightening in credit conditions	13	12	16	16	14	8	4	8	4	6	6	2	2
Funding risk	43	56	45	32	17	16	15	4	11	9	8	2	1
Risk of lack of confidence in ratings, valuations and disclosure	4	4	4	1	0	0	0	1	1	3	4	0	1
Risk of loss of confidence in the authorities	7	10	15	11	11	9	4	3	0	0	0	1	1
Risks around public anger against, or distrust of, financial institutions	1	0	0	10	1	1	4	3	0	1	0	1	0
Number one source of risk to the UK financial system^(f)													
UK political risk	0	0	0	0	3	1	3	5	10	6	65	55	52
Geopolitical risk	4	1	1	0	0	0	13	21	11	3	1	1	16
Cyber attack	1	0	0	0	0	0	0	1	4	7	6	2	7
Sovereign risk	35	62	60	68	38	39	19	11	16	3	1	2	6
Risk of financial market disruption/dislocation	3	4	3	0	3	1	1	4	8	13	1	5	3
Inflation risk	1	0	1	0	0	0	1	7	0	0	0	0	3
Operational risk	0	0	0	0	1	0	0	5	4	3	3	2	3
Risk of a UK economic downturn	19	4	10	5	14	14	14	5	10	4	3	4	2
Risk of property price falls	3	1	3	1	3	7	8	3	4	0	1	1	2
Risk of a global/overseas economic downturn	16	9	7	9	17	11	8	16	12	38	8	7	2
Risk of financial institution failure/distress	4	1	4	3	4	3	1	3	5	3	0	7	1
Risks around regulation/taxes	1	1	3	3	3	8	7	4	4	3	1	1	1
Risk of tightening in credit conditions	0	0	0	0	0	0	0	1	0	1	0	0	1
Risks surrounding monetary and fiscal policy	1	0	1	1	1	0	7	0	0	3	0	3	1
Household/corporate credit risk	0	0	0	0	0	0	1	0	0	1	0	0	0
Funding risk	9	7	5	4	0	1	1	0	1	1	0	0	0
Risk of infrastructure disruption	0	1	0	1	3	1	1	0	1	0	1	1	0
Risks around public anger against, or distrust of, financial institutions	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk of lack of confidence in ratings, valuations and disclosure	0	0	0	0	0	0	0	0	0	0	1	0	0
Risk of loss of confidence in the authorities	0	6	1	4	1	3	0	0	0	0	0	0	0
Other	0	0	0	0	0	1	1	4	4	4	0	1	0
Risk surrounding the low interest rate environment ^(e)	0	0	0	1	9	9	11	8	4	4	6	5	0
Number of respondents citing at least one source of risk	68	68	73	79	76	76	72	73	73	68	71	94	101

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-text 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) The survey has been undertaken biannually since 2009, following a pilot survey conducted in July 2008. Due to insufficient space in this table, results prior to 2011 H1 have not been included.

(c) Figures are expressed as nearest whole integer, so may appear inconsistent with figures shown in the text of the survey.

(d) Percentages of respondents citing each risk at least once in their top five, among those citing at least one risk.

(e) The definition of this risk includes risks associated with a snapback in low rates to more normal levels, as well as risks directly associated with low rates.

(f) 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 source of risk.

Table A3: Risks most challenging to manage as a firm^{(a)(b)(c)}

	2011		2012		2013		2014		2015		2016		2017
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1
UK political risk	2	0	1	1	4	4	6	12	24	20	53	64	62
Cyber attack	2	3	3	1	1	5	9	7	24	34	38	28	47
Geopolitical risk	5	0	6	5	3	3	36	48	25	25	12	14	40
Risks around regulation/taxes	24	29	32	24	34	29	26	26	24	12	23	20	15
Risk of a global/overseas economic downturn	15	22	17	27	32	26	10	23	13	20	30	20	14
Risk of a UK economic downturn	30	22	32	23	21	12	20	13	16	8	17	11	11
Sovereign risk	45	68	69	78	63	56	33	26	32	18	13	5	11
Operational risk	9	4	7	6	12	11	10	13	12	12	13	8	10
Risk of financial market disruption/dislocation	18	10	14	15	15	14	14	13	29	34	28	18	8
Risks surrounding monetary and fiscal policy	2	0	4	4	3	5	9	6	7	8	7	9	7
Risk of financial institution failure/distress	12	19	15	17	14	14	13	9	7	6	0	19	4
Other	2	3	0	1	3	5	7	12	7	11	0	2	4
Risk of property price falls	5	0	4	3	10	14	11	7	6	12	7	7	4
Risk surrounding the low interest rate environment ^(d)	0	1	4	6	21	23	23	17	16	9	15	22	4
Inflation risk	5	1	1	3	5	1	3	7	4	0	0	5	3
Household/corporate credit risk	11	3	4	6	8	3	7	6	6	6	2	0	1
Funding risk	26	35	23	18	7	7	11	3	6	5	2	1	1
Risk of lack of confidence in ratings, valuations and disclosure	3	3	0	0	0	0	0	1	0	0	3	0	1
Risk of loss of confidence in the authorities	6	7	8	8	4	7	4	1	0	0	0	1	1
Risk of tightening in credit conditions	6	0	7	1	5	4	1	1	0	5	0	0	1
Risk of infrastructure disruption	5	6	7	6	8	10	10	12	9	12	8	2	0
Risks around public anger against, or distrust of, financial institutions	2	0	0	3	0	1	0	0	0	0	0	0	0
Cited at least one key risk, but did not cite any risk as challenging to manage	3	0	3	1	4	4	3	5	7	4	15	6	9
Number of respondents citing at least one source of risk	68	68	73	79	76	76	72	73	73	68	71	94	101

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-text 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 source of risk.

(b) The survey has been undertaken biannually since 2009, following a pilot survey conducted in July 2008. Due to insufficient space in this table, results prior to 2011 H1 have not been included.

(c) Figures are expressed as nearest whole integer, so may appear inconsistent with figures shown in the text of the survey.

(d) The definition of this risk includes risks associated with a snapback in low rates to more normal levels, as well as risks directly associated with low rates.