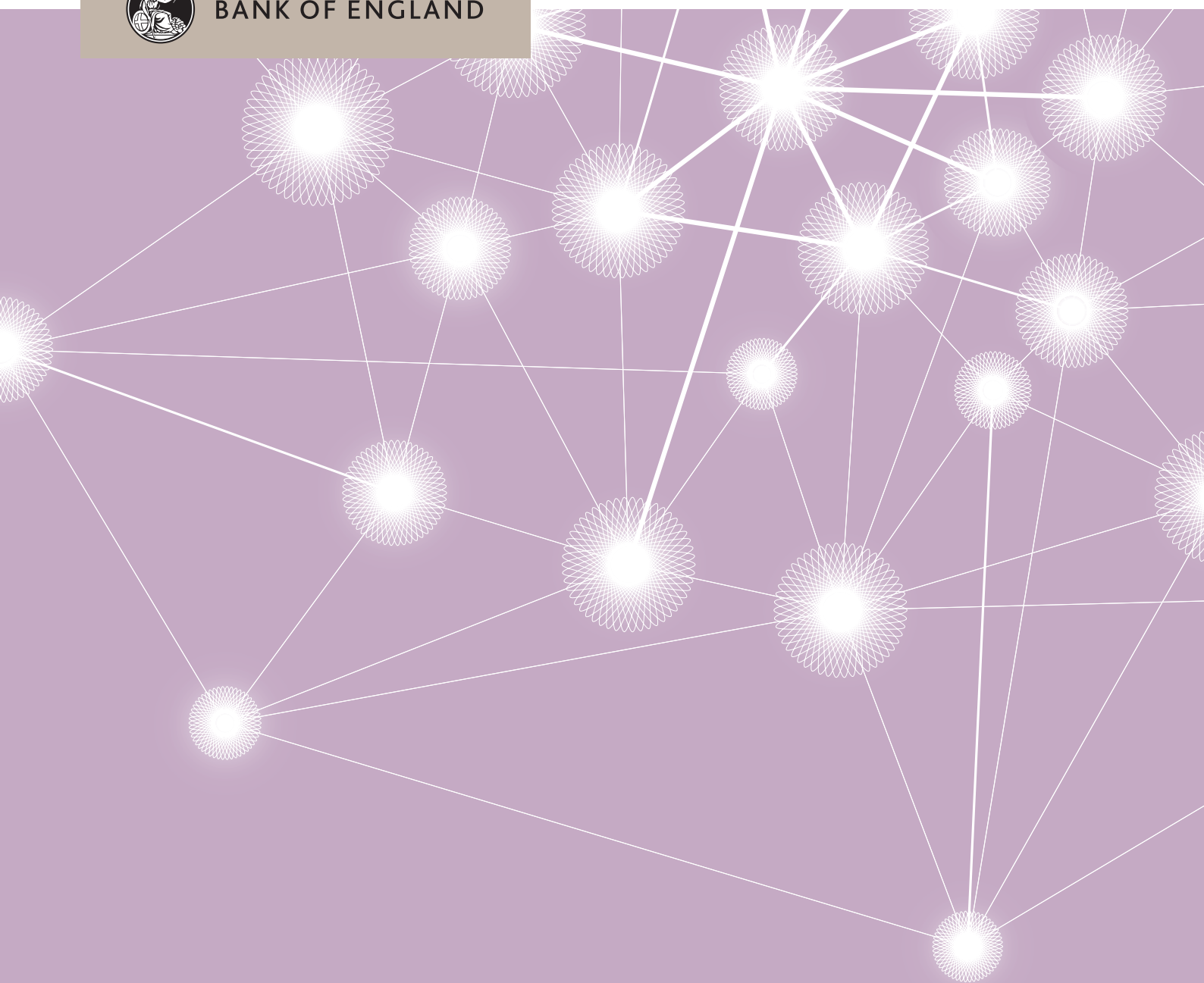


# Systemic Risk Survey

Survey results | 2017 H2



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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 H2 survey, which was conducted between 12 September and 29 September.

## 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 both the short term and medium term has fallen modestly.
- Confidence in the stability of the UK financial system over the next three years has increased. The proportion of respondents judging themselves to be very confident or completely confident increased slightly (26%, +5 percentage points) since the 2017 H1 survey.

## 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 91% of respondents, +9 percentage points since 2017 H1). This was also, by a considerable margin, the most frequently cited number one source of risk (67%, +14 percentage points).
- Around 90% of respondents that cited UK political risk explicitly referred to the implications of the referendum vote to leave the European Union.
- Geopolitical risk (61%, unchanged) and cyber attack (57%, +6 percentage points) were the second and third most cited risks respectively. The proportion of respondents that cited cyber attack is at its highest level since the survey began in 2008.
- There were modest increases in the proportion of respondents that cited the risk of a UK economic downturn (34%, +6 percentage points) and risks surrounding monetary or fiscal policy (27%, +9 percentage points). The proportion of respondents that cited risks around regulation and taxation was unchanged (29%).

## Risks most challenging to manage as a firm

- UK political risk was most commonly cited as the risk most challenging to manage (70% of respondents, +8 percentage points since 2017 H1). The proportion of respondents that cited cyber attack fell slightly (45%, -2 percentage points) but it remained the second most cited risk in this category.

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 H2 survey, which was conducted by the Bank of England in the period between 12 September and 29 September 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. Ninety six market participants took part in the survey, representing a 91% response rate. Participants ranged

from UK banks and building societies, large foreign banks, asset managers, hedge funds, insurers, pension funds, large non-financial companies 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](http://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](http://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.<sup>(1)</sup>

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; and central counterparties. Ninety six participants took part in the 2017 H2 survey between 12 September and 29 September, representing a 91% response rate.

## Probability of a high-impact event

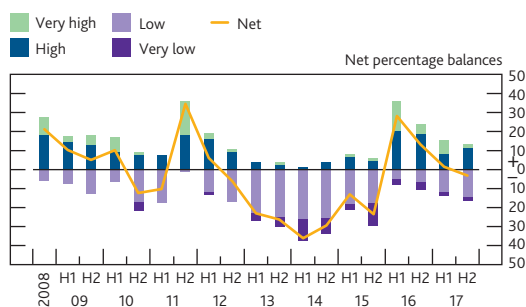
Respondents were asked for their view on the probability of a high-impact event in the UK financial system in the short and medium term, and how these probabilities had changed over the past six months.<sup>(2)</sup>

In the 2017 H2 survey, the perceived probability of a high-impact event in the UK financial system over the short term fell. The percentage of respondents judging the probability to be low or very low increased (26% to 31%). This was offset slightly by an increase in the percentage of respondents judging the probability to be high or very high (24% to 25%). The top panel of **Chart 1** depicts these responses and weights the probabilities into one measure.

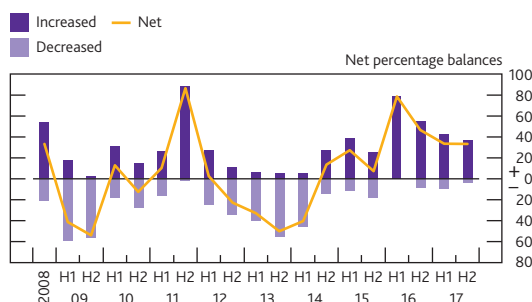
The perception of a high-impact event materialising over the medium term has also fallen, but remains elevated (the top panel of **Chart 2**). The percentage of respondents judging the probability to be high or very high fell (62% to 55%), while the proportion perceiving it to be low or very low was hardly changed from the previous Survey (5% to 7%).

Respondents were asked how they perceived the risk of a high-impact event materialising had changed over the past six months. A large net balance indicated the probability of such an event materialising over both the short and medium term had increased (33% and 52% respectively, see the bottom panel of **Chart 1** and **2**). This appears inconsistent with participants' responses on the probability of a high-impact event materialising, relative to their responses in the 2017 H1 survey. This apparent contradiction is not unusual and it may be due to levels of uncertainty among respondents.

**Chart 1** Probability of a high-impact event in the UK financial system over the short term<sup>(a)(b)</sup>



How respondents think this probability has changed over the past six months<sup>(a)(b)</sup>



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 term. And also how they thought this probability had changed over the past six months. From the 2009 H2 survey onwards, short term was defined as 0–12 months.
- (b) The net percentage balance in the upper chart is calculated by weighting responses as follows: very high (1), high (0.5), medium (0), low (-0.5) and very low (-1). The net percentage balance in the lower chart 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.

## Confidence in the UK financial system

Compared to the 2017 H1 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 higher proportion of respondents judging themselves to be very or completely confident (21% to 26%). **Chart 3** depicts these responses and weights the responses into one measure.

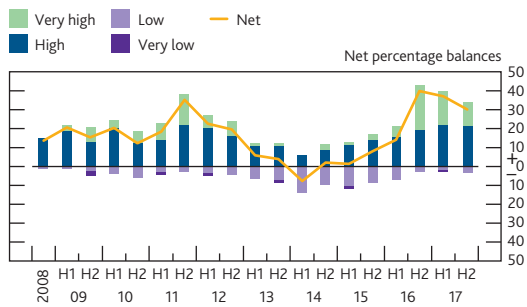
## Sources of risk to the UK financial system

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

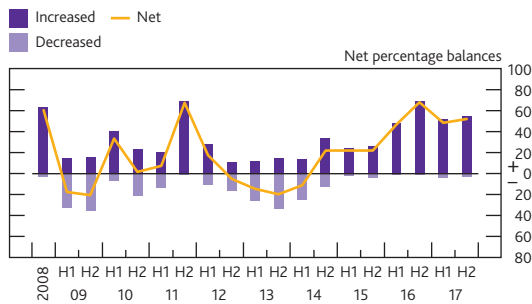
- (1) The *Systemic Risk Survey* has been undertaken biannually since 2009, following a pilot survey conducted in July 2008. It was published for the first time in November 2011. The survey results complement other sources of information used by the Bank to identify system-wide risks.
- (2) Since the 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.

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.<sup>(1)</sup>

**Chart 2** Probability of a high-impact event in the UK financial system over the medium term<sup>(a)(b)</sup>



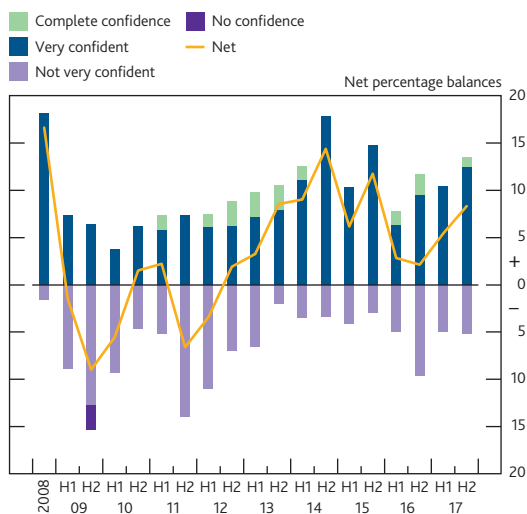
How respondents think this probability has changed over the past six months<sup>(a)(b)</sup>



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 medium term. And also how they thought this probability had changed over the past six months. From the 2009 H2 survey onwards, medium term was defined as 1–3 years.
- (b) See footnote (a) of Chart 1.

**Chart 3** Confidence in the stability of the UK financial system as a whole over the next three years<sup>(a)</sup>



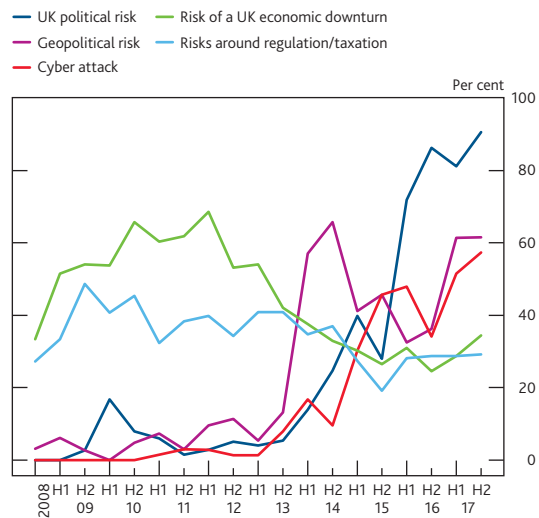
Sources: Bank of England Systemic Risk Surveys and Bank calculations.

- (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.

The seven risks most frequently cited in the 2017 H2 survey were (Chart 4):

- UK political risk (cited by 91% of respondents).
- Geopolitical risk (61%).
- Cyber attack (57%).
- Risk of a UK economic downturn (34%).
- Risks around regulation/taxation (29%).
- Risks surrounding monetary or fiscal policy (27%).
- Risk of property price falls (23%).

**Chart 4** Sources of risk to the UK financial system<sup>(a)(b)</sup>



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

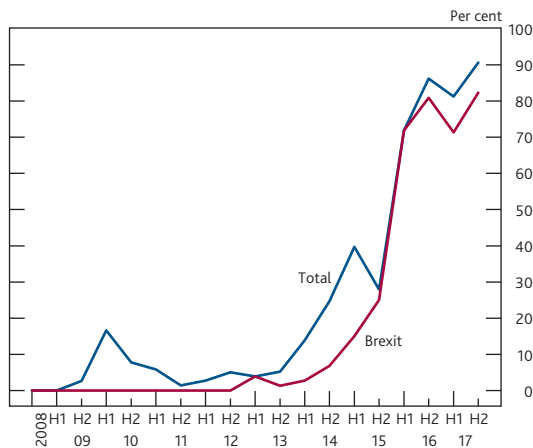
- (a) Respondents were asked to list the five risks they thought would have the greatest impact on the UK financial system if they were to materialise. Answers were in a free-text format and were grouped into categories after the questionnaires had been submitted; only one category was selected for each 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 five 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.

Six of the top seven risks in the 2017 H2 survey were also in the top seven risks in the 2017 H1 survey. Risk of an overseas or global economic downturn was displaced in the latest survey by risks surrounding monetary or fiscal policy.

UK political risk was the risk to the UK financial system most cited by respondents (mentioned by 91% of respondents, +10 percentage points). This includes risks specifically related to the process of leaving the European Union. Around 90% of respondents that cited UK political risk explicitly referred to these risks (Chart 5).

<sup>(1)</sup> 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.

**Chart 5** Proportion of respondents citing UK political risk<sup>(a)(b)</sup>



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.
- (b) This chart decomposes responses citing UK political risk into those that explicitly mention the impact of the referendum vote to leave the European Union.

Perceptions of geopolitical risk were unchanged but remained elevated (61%). Within this, responses citing possible risks from military conflict increased notably. The proportion of respondents that cited cyber attack also increased, and is at its highest level since the survey began (57%, +6 percentage points).

A slightly larger proportion of respondents cited the risk of a UK economic downturn than in the previous survey (34%, +6 percentage points). And there was an increase in the proportion of respondents that cited risks surrounding monetary or fiscal policy (27%, +9 percentage points).

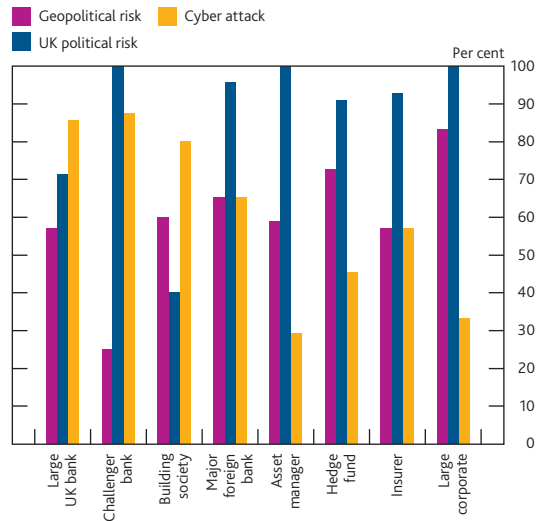
The proportion of respondents that cited risks around regulation or taxation was unchanged (29%).

Cyber attack was the risk most cited by UK building societies and large UK banks. UK political risk was the risk most cited by other sectors (Chart 6).

The risks most frequently cited as respondents' number one risk (Chart 7) were:

- UK political risk (67% of respondents viewed it as their number one risk).
- Geopolitical risk (7%).
- Cyber attack (7%).
- Risk of a UK economic downturn (3%).

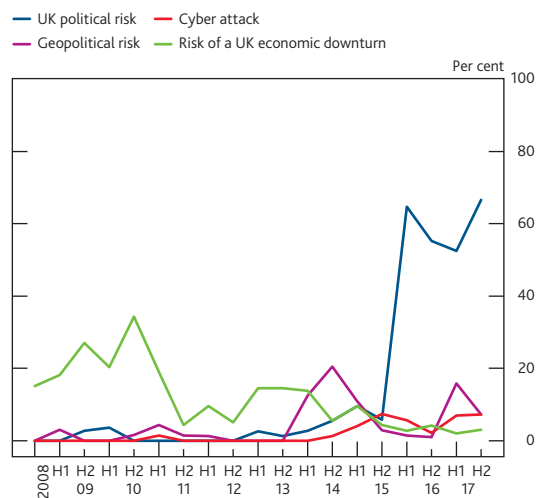
**Chart 6** Top three aggregate sources of risk by sector<sup>(a)(b)</sup>



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

- (a) This chart illustrates the proportion of respondents in each sector that cited the top three most cited risks in aggregate. The most cited risk in each sector also happened to be one of the top three most cited risks in aggregate.
- (b) Responses from central counterparties and pension funds have been excluded from this chart. This was due to a limited number of responses in these sectors.

**Chart 7** 'Number one' sources of risk to the UK financial system<sup>(a)(b)</sup>



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.

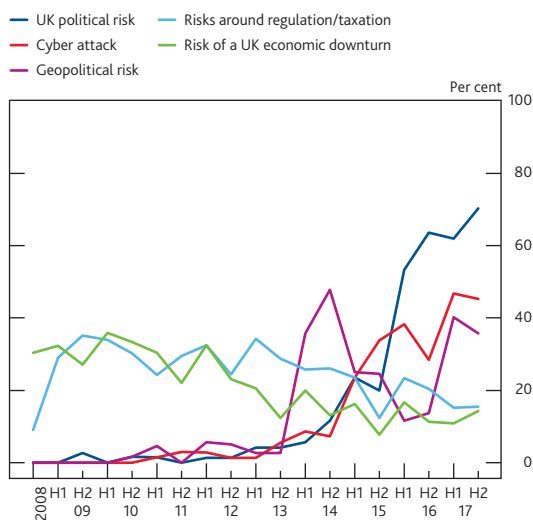
## Risks most challenging to manage as a firm

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 8**):

- UK political risk (70% of respondents).
- Cyber attack (45%).
- Geopolitical risk (36%).
- Risks around regulation/taxation (15%).
- Risk of a UK economic downturn (14%).
- Risk of property price falls (12%).
- Risks surrounding monetary and fiscal policy (11%).

**Chart 8** Risks most challenging to manage as a firm<sup>(a)(b)</sup>



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 five 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](http://www.bankofengland.co.uk/publications/Pages/other/srs/default.aspx).

**Table A1: Aggregate risks to the UK financial system<sup>(a)(b)(c)</sup>**

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

	2011		2012		2013		2014		2015		2016		2017	
	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	
<b>Sources of risk to the UK financial system<sup>(d)</sup></b>														
UK political risk	1	3	5	4	5	14	25	40	28	72	86	81	91	
Geopolitical risk	3	10	11	5	13	57	66	41	46	32	36	61	61	
Cyber attack	3	3	1	1	8	17	10	30	46	48	34	51	57	
Risk of a UK economic downturn	62	68	53	54	42	38	33	30	26	31	24	29	34	
Risks around regulation/taxes	38	40	34	41	41	35	37	27	19	28	29	29	29	
Risks surrounding monetary and fiscal policy	0	5	4	5	8	15	16	12	19	13	17	18	27	
Risk of property price falls	16	21	14	25	36	40	36	23	26	25	29	22	23	
Risk of financial market disruption/dislocation	19	21	22	20	18	18	18	42	44	37	30	16	18	
Risk of a global/overseas economic downturn	47	41	57	55	47	43	55	36	62	59	37	26	18	
Household/corporate credit risk	10	14	14	18	11	19	7	11	10	7	1	6	15	
Sovereign risk	76	79	94	76	74	40	34	58	35	21	13	21	14	
Risk of financial institution failure/distress	28	25	25	26	30	22	16	14	12	7	28	12	11	
Operational risk	7	10	13	22	18	14	23	21	24	18	16	12	10	
Risk surrounding the low interest rate environment <sup>(e)</sup>	1	4	9	26	43	39	33	29	21	34	47	14	6	
Inflation risk	6	5	5	7	7	6	11	5	3	0	9	6	5	
Risk of infrastructure disruption	10	10	9	11	11	13	15	15	16	10	2	2	5	
Other	7	1	1	9	13	8	15	16	12	4	15	17	5	
Risk of tightening in credit conditions	12	16	16	14	8	4	8	4	6	6	2	2	2	
Risk of lack of confidence in ratings, valuations and disclosure	4	4	1	0	0	0	1	1	3	4	0	1	1	
Funding risk	56	45	32	17	16	15	4	11	9	8	2	1	0	
Risks around public anger against, or distrust of, financial institutions	0	0	10	1	1	4	3	0	1	0	1	0	0	
Risk of loss of confidence in the authorities	10	15	11	11	9	4	3	0	0	0	1	1	0	
<b>Number one source of risk to the UK financial system<sup>(f)</sup></b>														
UK political risk	0	0	0	3	1	3	5	10	6	65	55	52	67	
Geopolitical risk	1	1	0	0	0	13	21	11	3	1	1	16	7	
Cyber attack	0	0	0	0	0	0	1	4	7	6	2	7	7	
Risk of a UK economic downturn	4	10	5	14	14	14	5	10	4	3	4	2	3	
Household/corporate credit risk	0	0	0	0	0	1	0	0	1	0	0	0	2	
Risk of financial market disruption/dislocation	4	3	0	3	1	1	4	8	13	1	5	3	2	
Risks around regulation/taxes	1	3	3	3	8	7	4	4	3	1	1	1	2	
Risk of tightening in credit conditions	0	0	0	0	0	0	1	0	1	0	0	1	2	
Risks surrounding monetary and fiscal policy	0	1	1	1	0	7	0	0	3	0	3	1	2	
Other	0	0	0	0	1	1	4	4	4	0	1	0	1	
Risk of property price falls	1	3	1	3	7	8	3	4	0	1	1	2	1	
Sovereign risk	62	60	68	38	39	19	11	16	3	1	2	6	1	
Risk surrounding the low interest rate environment <sup>(e)</sup>	0	0	1	9	9	11	8	4	4	6	5	0	1	
Risk of a global/overseas economic downturn	9	7	9	17	11	8	16	12	38	8	7	2	1	
Risk of financial institution failure/distress	1	4	3	4	3	1	3	5	3	0	7	1	0	
Funding risk	7	5	4	0	1	1	0	1	1	0	0	0	0	
Inflation risk	0	1	0	0	0	1	7	0	0	0	0	3	0	
Risk of infrastructure disruption	1	0	1	3	1	1	0	1	0	1	1	0	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	1	0	0	0	
Risk of loss of confidence in the authorities	6	1	4	1	3	0	0	0	0	0	0	0	0	
Operational risk	0	0	0	1	0	0	5	4	3	3	2	3	0	
Number of respondents citing at least one source of risk	68	73	79	76	76	72	73	73	68	71	94	101	96	

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 H2 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<sup>(a)(b)(c)</sup>**

	2011		2012		2013		2014		2015		2016		2017	
	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	
UK political risk	0	1	1	4	4	6	12	24	20	53	64	62	70	
Cyber attack	3	3	1	1	5	9	7	24	34	38	28	47	45	
Geopolitical risk	0	6	5	3	3	36	48	25	25	12	14	40	36	
Risks around regulation/taxes	29	32	24	34	29	26	26	24	12	23	20	15	15	
Risk of a UK economic downturn	22	32	23	21	12	20	13	16	8	17	11	11	14	
Risk of property price falls	0	4	3	10	14	11	7	6	12	7	7	4	12	
Risks surrounding monetary and fiscal policy	0	4	4	3	5	9	6	7	8	7	9	7	11	
Risk of financial market disruption/dislocation	10	14	15	15	14	14	13	29	34	28	18	8	10	
Risk of financial institution failure/distress	19	15	17	14	14	13	9	7	6	0	19	4	7	
Risk of a global/overseas economic downturn	22	17	27	32	26	10	23	13	20	30	20	14	6	
Other	3	0	1	3	5	7	12	7	11	0	2	4	5	
Sovereign risk	68	69	78	63	56	33	26	32	18	13	5	11	5	
Risk of infrastructure disruption	6	7	6	8	10	10	12	9	12	8	2	0	4	
Operational risk	4	7	6	12	11	10	13	12	12	13	8	10	4	
Household/corporate credit risk	3	4	6	8	3	7	6	6	6	2	0	1	2	
Risk surrounding the low interest rate environment <sup>(d)</sup>	1	4	6	21	23	23	17	16	9	15	22	4	2	
Risk of lack of confidence in ratings, valuations and disclosure	3	0	0	0	0	0	1	0	0	3	0	1	1	
Funding risk	35	23	18	7	7	11	3	6	5	2	1	1	0	
Inflation risk	1	1	3	5	1	3	7	4	0	0	5	3	0	
Risks around public anger against, or distrust of, financial institutions	0	0	3	0	1	0	0	0	0	0	0	0	0	
Risk of loss of confidence in the authorities	7	8	8	4	7	4	1	0	0	0	1	1	0	
Risk of tightening in credit conditions	0	7	1	5	4	1	1	0	5	0	0	1	0	
Cited at least one key risk, but did not cite any risk as challenging to manage	0	3	1	4	4	3	5	7	4	15	6	9	13	
Number of respondents citing at least one source of risk	68	73	79	76	76	72	73	73	68	71	94	101	96	

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 H2 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.