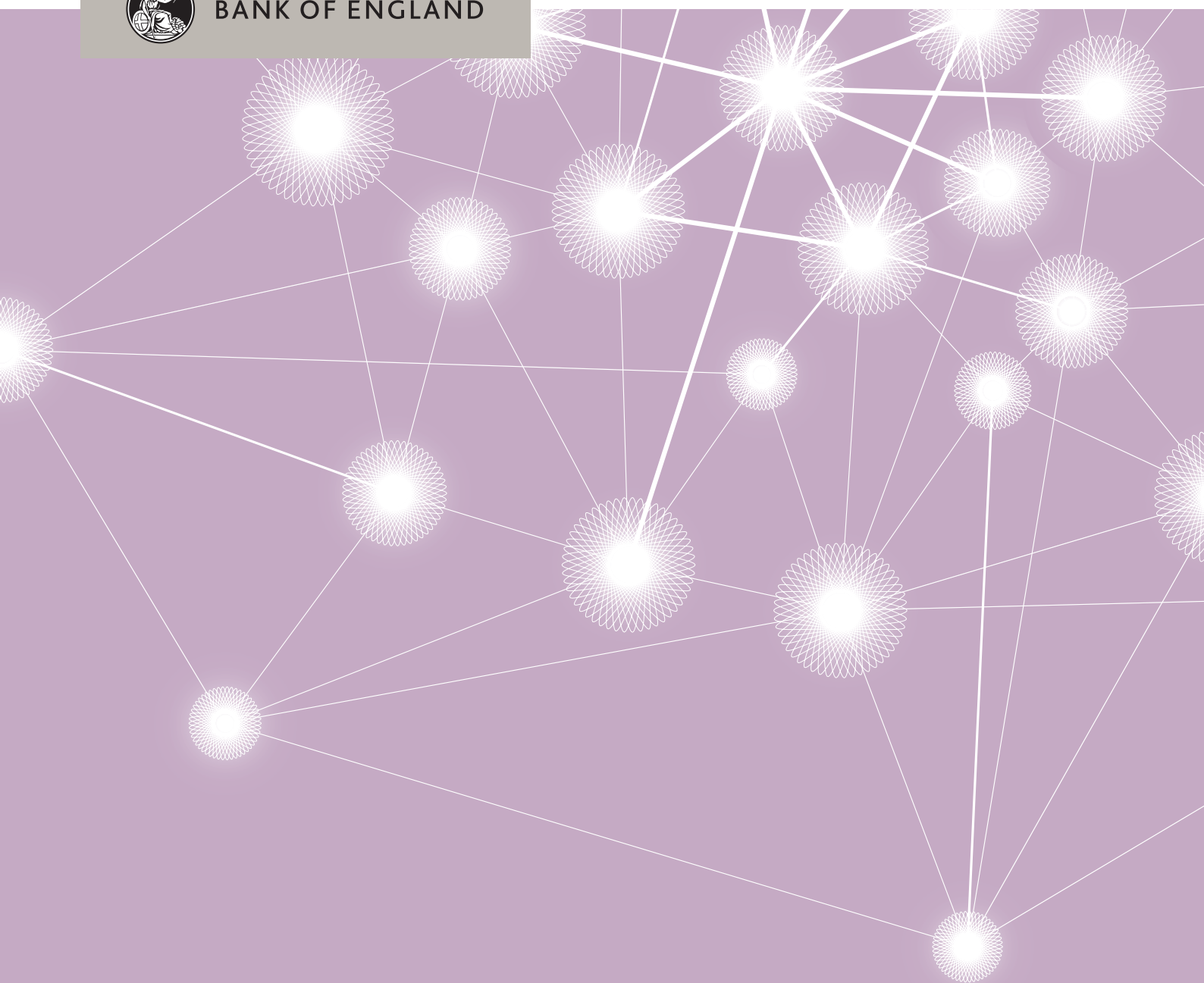


Systemic Risk Survey

Survey results | 2018 H2



BANK OF ENGLAND





Systemic Risk Survey

Survey results | 2018 H2

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 2018 H2 survey, which was conducted between 17 September and 11 October.

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 increased considerably. The percentage of respondents judging the probability of such an event to be high or very high increased from 24% to 67% since the 2018 H1 survey. Respondents' perceived probability of such an event over the medium term was broadly unchanged.
- Confidence in the stability of the UK financial system over the next three years has fallen slightly. Respondents were less likely to judge themselves as being completely confident or very confident (24%, -5 percentage points since the 2018 H1 survey), and more likely to judge themselves fairly confident (70%, +4 percentage points).

Sources of risk to the UK financial system

- UK political risk was the risk to the UK financial system most cited by respondents (mentioned by 97% of respondents, +6 percentage points since 2018 H1). Around 80% of responses that cited UK political risk explicitly referred to the implications of Brexit. UK political risk also remains, by a considerable margin, the most frequently cited number one source of risk (mentioned by 74% of respondents).
- Cyber attack (66%, +4 percentage points) and geopolitical risk (62%, unchanged) were the second and third most cited risks respectively. The proportion of respondents that cited cyber attack increased for the fourth consecutive survey to a new high.
- A slightly larger proportion of respondents cited either the risk of a UK economic downturn (30%, +4 percentage points) or the risk of a global/overseas economic downturn (30%, +5 percentage points) than in the previous survey.
- There was a decrease in the proportion of respondents that cited the risks surrounding monetary or fiscal policy (20%, -12 percentage points).

Most challenging risks to manage as a firm

- UK political risk was cited as the most challenging risk to manage for the sixth consecutive survey. The proportion of respondents that cited this risk increased significantly (80%, +28 percentage points), and is now at its highest level since the survey began in 2008.
- The proportion of respondents that cited cyber attack increased for the second consecutive survey (55%, +4 percentage points) and it remained the second most cited risk in this category.
- There was a notable increase in the proportion of respondents (16%, +9 percentage points) that cited the risk of a global/overseas economic downturn among the most challenging risks to manage.

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 2018 H2 survey, which was conducted by the Bank of England in the period between 17 September and 11 October 2018. 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. Eighty nine market participants responded, representing a 90% response rate of those surveyed. Participants include 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/systemic-risk-survey/2018/2018-h2. Additional background information on the survey is available in the 2009 Q3 *Quarterly Bulletin* article '[Bank of England Systemic Risk Survey](#)'.

Systemic Risk Survey

Introduction

The Bank of England's financial stability objective is to protect and enhance the stability of the financial system of the United Kingdom. The *Systemic Risk Survey* contributes to this objective by quantifying and tracking, on a biannual basis, market participants' views of risks to, and their confidence in, the stability of the UK financial system.⁽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; and central counterparties. Eighty nine participants took part in the 2018 H2 survey between 17 September and 11 October, representing a 90% response rate among those surveyed.

Probability of a high-impact event

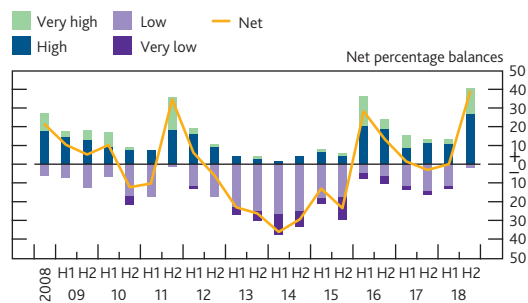
Respondents were asked for their view on the probability of a high-impact event in the UK financial system in the short and medium term.⁽²⁾

In the 2018 H2 survey, the perceived probability of a high-impact event in the UK financial system over the short term increased considerably. The percentage of respondents judging the probability to be high or very high increased from 24% to 67% since the 2018 H1 survey. And the percentage of respondents judging the probability to be low or very low has fallen (25% to 3%). The top panel of **Chart 1** depicts these responses and weights the probabilities into one measure.

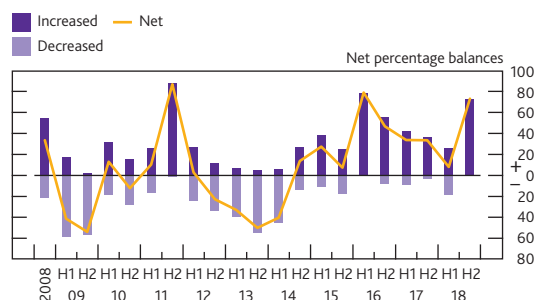
In contrast, the perception of such an event materialising in the medium term was broadly unchanged (the top panel of **Chart 2**). A slightly higher percentage of respondents judged the probability to be high or very high (60%, +2 percentage points since the 2018 H1 survey). But there was also a small increase in those judging the probability to be low or very low (9%, +3 percentage points). The top panel of **Chart 2** depicts these responses and weights the probabilities into one measure.

Respondents were also asked how they perceived the risk of a high-impact event materialising had changed over the past six months. A large net balance of respondents (73%) thought the probability of a high-impact event in the short term had increased. And no respondent reported that they thought the probability of such an event materialising in the short term

Chart 1 Probability of a high-impact event in the UK financial system over the short term^{(a)(b)}



How respondents think this probability has changed over the past six months^{(a)(b)}



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.

had fallen (bottom panel of **Chart 1**). A smaller, but still significant, net balance of respondents reported the probability of such an event occurring in the medium term had increased (38%), as shown in the bottom panel of **Chart 2**.

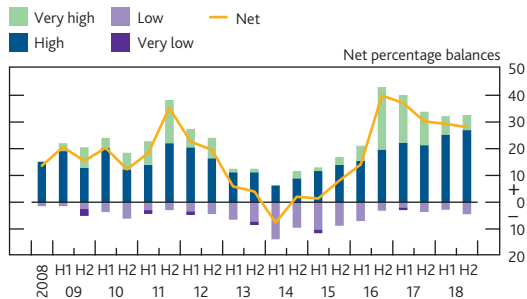
Confidence in the UK financial system

Compared to the 2018 H1 survey, respondents were slightly less confident in the stability of the UK financial system over the next three years. Respondents were less likely to judge themselves as being completely confident or very confident (24%, -5 percentage points), and more likely to judge themselves fairly confident (70%, +4 percentage points), as

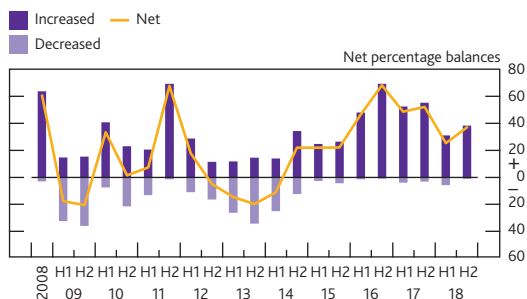
- (1) The *Systemic Risk Survey* has been undertaken biannually since 2009, following a pilot survey conducted in July 2008. It was published for the first time in November 2011. The survey results complement other sources of information used by the Bank to identify system-wide risks.
- (2) Since the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

can be seen in Table A1. Chart 3 depicts these responses and weights the responses into one measure.

Chart 2 Probability of a high-impact event in the UK financial system over the medium term^{(a)(b)}



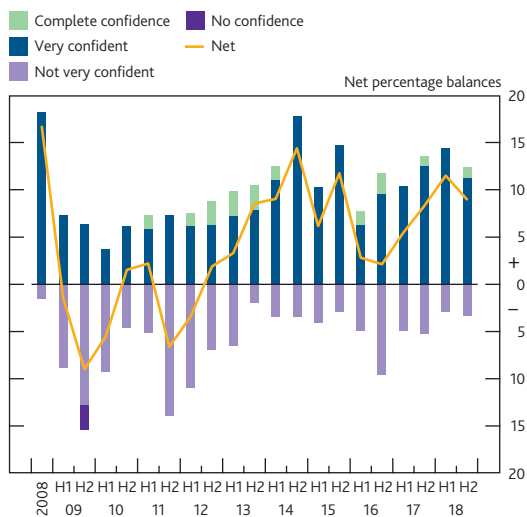
How respondents think this probability has changed over the past six months^{(a)(b)}



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 (b) of Chart 1.

Chart 3 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.

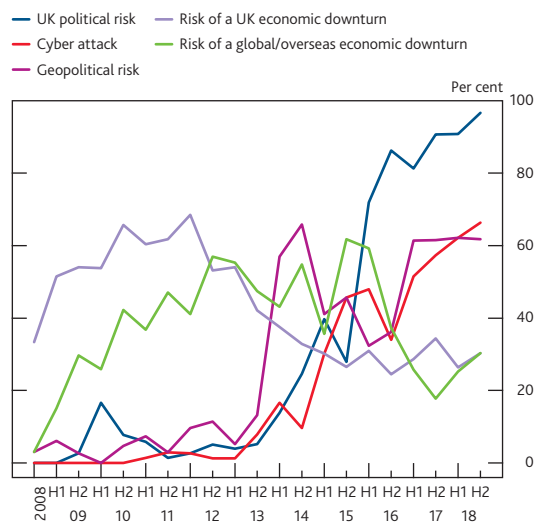
Sources of risk to the UK financial system

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.⁽³⁾

The risks most frequently cited in the 2018 H2 survey were (Chart 4):

- UK political risk (cited by 97% of respondents).
- Cyber attack (66%).
- Geopolitical risk (62%).
- Risk of a UK economic downturn (30%).
- Risk of a global/overseas economic downturn (30%).
- Risks surrounding monetary or fiscal policy (20%).
- Risk of property price falls (19%).

Chart 4 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 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 2018 H2 survey also featured in the top seven risks in the 2018 H1 survey. The only change was that the risk of property price falls entered the top seven in 2018 H2, displacing the risks around regulation or taxation.

The risk to the UK financial system most cited by respondents was UK political risk (mentioned by 97% of respondents, +6 percentage points), a record high proportion for this risk.

⁽³⁾ These summary categories are adjusted over time in order to better capture current risks cited; risks cited in previous surveys have been regrouped into the new categories to ensure comparability across survey rounds.

Around 80% of responses that cited UK political risk referred to the implications of Brexit.

The proportion of respondents citing cyber attack increased (66%, +4 percentage points) for the fourth consecutive survey, and has now overtaken geopolitical risk as the second most cited risk.

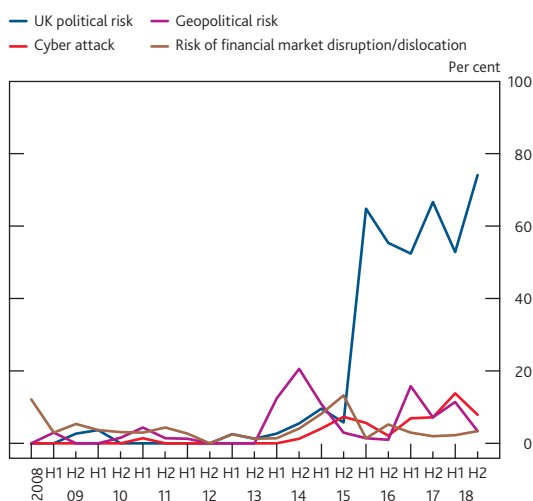
Perceptions of geopolitical risk were unchanged but remained elevated (62%). Within this, the proportion of responses that cited the risk of more protectionist economic policies and trade tensions increased (from 29% of responses in 2018 H1 to 42% of responses in 2018 H2). Ten per cent of responses highlighted the weaker performance of emerging markets.

There were increases in the proportion of respondents that cited either the risk of a UK economic downturn (30%, +4 percentage points) or the risk of a global/overseas economic downturn (30%, + 5 percentage points). A smaller proportion of respondents cited the risks surrounding monetary or fiscal policy (20%, -12 percentage points).

The risks most frequently cited as respondents' number one risk (Chart 5) were:

- UK political risk (74% of respondents viewed it as their number one risk).
- Cyber attack (8%).
- Geopolitical risk (3%).
- Risk of financial market disruption/dislocation (3%).

Chart 5 '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.

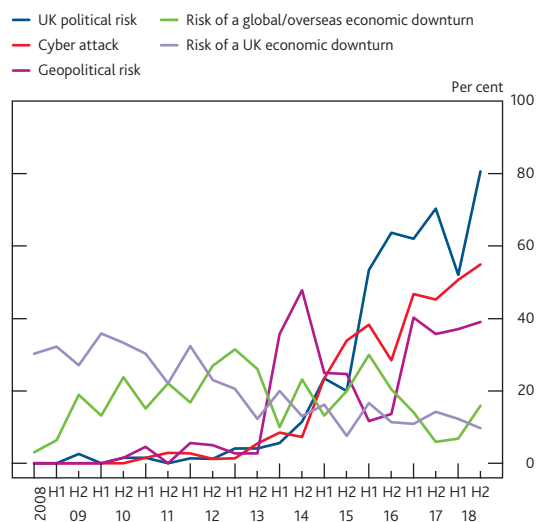
Most challenging risks to manage as a firm

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 6):

- UK political risk (80% of respondents).
- Cyber attack (55%).
- Geopolitical risk (39%).
- Risk of a global/overseas economic downturn (16%).
- Risk of a UK economic downturn (10%).
- Risk of financial market disruption/dislocation (9%).
- Risks around regulation or taxation (7%).

Chart 6 Most challenging risks 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 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.

UK political risk was cited as the most challenging risk to manage for the sixth consecutive survey. The proportion of respondents that cited this risk increased significantly (80%, +28 percentage points), and is now at its highest level since the survey began. The proportion of respondents that cited cyber attack among the most challenging risks to manage increased for the second consecutive survey (55%, +4 percentage points). There was also a notable increase in the proportion of respondents that cited the risk of a global/overseas economic downturn among the most challenging risks to manage (16%, +9 percentage points).

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/systemic-risk-survey/2018/2018-h2.

Table A1: Aggregate risks to the UK financial system^{(a)(b)(c)}

	2012		2013		2014		2015		2016		2017		2018	
	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	
Probability of a high-impact event in the UK financial system in the short term^(d)														
Very high	1	0	1	0	0	1	1	15	5	7	2	2	13	
High	19	8	5	3	8	14	9	41	37	17	23	22	54	
Medium	46	42	38	33	33	45	43	31	40	50	44	51	29	
Low	34	46	50	53	51	37	35	10	13	24	29	24	3	
Very low	0	4	5	11	8	3	12	3	4	2	2	1	0	
Probability of a high-impact event in the UK financial system in the medium term^(d)														
Very high	8	1	1	0	3	1	3	6	23	18	13	7	6	
High	33	22	22	13	18	23	28	31	39	45	43	51	54	
Medium	51	63	61	60	60	53	51	49	31	33	38	37	31	
Low	9	13	14	28	19	21	18	14	6	4	7	6	9	
Very low	0	0	1	0	0	1	0	0	0	1	0	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^(e)														
Increased	11	7	5	6	27	38	25	79	55	43	36	26	73	
Unchanged	54	54	39	49	59	51	57	21	36	49	60	55	27	
Decreased	34	39	55	46	14	11	18	0	9	9	3	18	0	
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	11	12	14	14	34	25	26	48	69	52	55	31	38	
Unchanged	72	62	51	61	53	73	69	51	30	44	42	63	61	
Decreased	16	26	34	25	12	3	4	1	1	4	3	6	1	
Confidence in the stability of the UK financial system as a whole over the next three years^(f)														
Complete confidence	3	3	3	1	0	0	0	1	2	0	1	0	1	
Very confident	13	14	16	22	36	21	29	13	19	21	25	29	22	
Fairly confident	71	70	78	69	58	71	65	76	60	69	64	66	70	
Not very confident	14	13	4	7	7	8	6	10	19	10	10	6	7	
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	11	22	33	25	15	5	9	1	5	11	3	7	1	
Unchanged	81	67	62	68	75	77	79	51	46	61	69	78	58	
Decreased	8	11	5	7	10	18	12	48	49	28	28	15	40	

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 2012 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^{(a)(b)(c)}

	2012		2013		2014		2015		2016		2017		2018	
	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	
Sources of risk to the UK financial system^(d)														
UK political risk	5	4	5	14	25	40	28	72	86	81	91	91	97	
Cyber attack	1	1	8	17	10	30	46	48	34	51	57	62	66	
Geopolitical risk	11	5	13	57	66	41	46	32	36	61	61	62	62	
Risk of a UK economic downturn	53	54	42	38	33	30	26	31	24	29	34	26	30	
Risk of a global/overseas economic downturn	57	55	47	43	55	36	62	59	37	26	18	25	30	
Risks surrounding monetary or fiscal policy	4	5	8	15	16	12	19	13	17	18	27	32	20	
Risk of property price falls	14	25	36	40	36	23	26	25	29	22	23	20	19	
Risk of financial market disruption/dislocation	22	20	18	18	18	42	44	37	30	16	18	16	18	
Risks around regulation or taxation	34	41	41	35	37	27	19	28	29	29	29	23	16	
Sovereign risk	94	76	74	40	34	58	35	21	13	21	14	8	15	
Household/corporate credit risk	14	18	11	19	7	11	10	7	1	6	15	17	10	
Risk of financial institution failure/distress	25	26	30	22	16	14	12	7	28	12	11	11	10	
Other	1	9	13	8	15	16	12	4	15	17	5	7	9	
Risk of infrastructure disruption	9	11	11	13	15	15	16	10	2	2	5	5	7	
Inflation risk	5	7	7	6	11	5	3	0	9	6	5	6	6	
Operational risk	13	22	18	14	23	21	24	18	16	12	10	8	3	
Risk of loss of confidence in the authorities	11	11	9	4	3	0	0	0	1	1	0	3	3	
Risk of tightening in credit conditions	16	14	8	4	8	4	6	6	2	2	2	2	0	
Funding risk	32	17	16	15	4	11	9	8	2	1	0	0	0	
Risk surrounding the low interest rate environment ^(e)	9	26	43	39	33	29	21	34	47	14	6	2	0	
Risk of lack of confidence in ratings, valuations and disclosure	1	0	0	0	1	1	3	4	0	1	1	1	0	
Risks around public anger against, or distrust of, financial institutions	10	1	1	4	3	0	1	0	1	0	0	0	0	
Number one source of risk to the UK financial system^(f)														
UK political risk	0	3	1	3	5	10	6	65	55	52	67	53	74	
Cyber attack	0	0	0	0	1	4	7	6	2	7	7	14	8	
Geopolitical risk	0	0	0	13	21	11	3	1	1	16	7	11	3	
Risk of financial market disruption/dislocation	0	3	1	1	4	8	13	1	5	3	2	2	3	
Risks around regulation or taxation	3	3	8	7	4	4	3	1	1	1	2	5	3	
Risk of a UK economic downturn	5	14	14	14	5	10	4	3	4	2	3	2	2	
Risk of a global/overseas economic downturn	9	17	11	8	16	12	38	8	7	2	1	5	2	
Risk of financial institution failure/distress	3	4	3	1	3	5	3	0	7	1	0	1	1	
Operational risk	0	1	0	0	5	4	3	3	2	3	0	1	1	
Risks surrounding monetary or fiscal policy	1	1	0	7	0	0	3	0	3	1	2	0	1	
Household/corporate credit risk	0	0	0	1	0	0	1	0	0	0	2	2	0	
Sovereign risk	68	38	39	19	11	16	3	1	2	6	1	0	0	
Risk of property price falls	1	3	7	8	3	4	0	1	1	2	1	1	0	
Risk of tightening in credit conditions	0	0	0	0	1	0	1	0	0	1	2	0	0	
Risk surrounding the low interest rate environment ^(e)	1	9	9	11	8	4	4	6	5	0	1	1	0	
Funding risk	4	0	1	1	0	1	1	0	0	0	0	0	0	
Inflation risk	0	0	0	1	7	0	0	0	0	3	0	0	0	
Risk of infrastructure disruption	1	3	1	1	0	1	0	1	1	0	0	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	1	0	0	0	0	0	
Risk of loss of confidence in the authorities	4	1	3	0	0	0	0	0	0	0	0	0	0	
Other	0	0	1	1	4	4	4	0	1	0	1	1	0	
Number of respondents citing at least one source of risk	79	76	76	72	73	73	68	71	94	101	96	87	89	

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 grouped 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 2012 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: Most challenging risks to manage as a firm^{(a)(b)(c)}

	2012		2013		2014		2015		2016		2017		2018	
	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	
UK political risk	1	4	4	6	12	24	20	53	64	62	70	52	80	
Cyber attack	1	1	5	9	7	24	34	38	28	47	45	51	55	
Geopolitical risk	5	3	3	36	48	25	25	12	14	40	36	37	39	
Risk of a global/overseas economic downturn	27	32	26	10	23	13	20	30	20	14	6	7	16	
Risk of a UK economic downturn	23	21	12	20	13	16	8	17	11	11	14	12	10	
Risk of financial market disruption/dislocation	15	15	14	14	13	29	34	28	18	8	10	12	9	
Risks around regulation or taxation	24	34	29	26	26	24	12	23	20	15	15	15	7	
Risk of property price falls	3	10	14	11	7	6	12	7	7	4	12	5	7	
Risks surrounding monetary or fiscal policy	4	3	5	9	6	7	8	7	9	7	11	15	6	
Sovereign risk	78	63	56	33	26	32	18	13	5	11	5	3	5	
Risk of infrastructure disruption	6	8	10	10	12	9	12	8	2	0	4	4	5	
Risk of financial institution failure/distress	17	14	14	13	9	7	6	0	19	4	7	4	4	
Household/corporate credit risk	6	8	3	7	6	6	6	2	0	1	2	5	4	
Other	1	3	5	7	12	7	11	0	2	4	5	3	4	
Risk of tightening in credit conditions	1	5	4	1	1	0	5	0	0	1	0	1	2	
Operational risk	6	12	11	10	13	12	12	13	8	10	4	8	1	
Inflation risk	3	5	1	3	7	4	0	0	5	3	0	5	1	
Funding risk	18	7	7	11	3	6	5	2	1	1	0	0	0	
Risk surrounding the low interest rate environment ^(d)	6	21	23	23	17	16	9	15	22	4	2	0	0	
Risks around public anger against, or distrust of, financial institutions	3	0	1	0	0	0	0	0	0	0	0	0	0	
Risk of lack of confidence in ratings, valuations and disclosure	0	0	0	0	1	0	0	3	0	1	1	1	0	
Risk of loss of confidence in the authorities	8	4	7	4	1	0	0	0	1	1	0	0	0	
Cited at least one key risk, but did not cite any risk as challenging to manage	1	4	4	3	5	7	4	15	6	9	13	16	8	
Number of respondents citing at least one source of risk	79	76	76	72	73	73	68	71	94	101	96	87	89	

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 grouped 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 2012 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.