

Risk Map for Capital markets

The risk maps describe risks that may arise or accelerate as a result of the above trends and developments.

Risk assessment Risk magnitude

- High
- Raised
- Very high

Probability of materialisation in the next two years

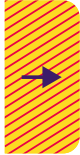
- Increase
- Remain the same
- Decrease

Keyword	Specific risk	Risk drivers	Importance
Developments in international capital markets	Rising tensions between the US, Europe and other regions of the world could undermine the existing international economic and financial order. This increases the risk of sudden and profound changes ('black swans') and hence serious disruption and instability in the European and Dutch capital markets. Examples of such changes include an accelerated decline in the dollar's role as a global reserve currency and changes in coordination between regulators worldwide.	- Digitalisation - Internationalisation	
Digital operational resilience	Sharply increasing threat of cyberattacks and physical sabotage on critical infrastructure due to geopolitical tensions. This increase is related to deteriorating geopolitical relations and growing assertiveness of hostile states such as Russia and North Korea.	- Digitalisation - Internationalisation	
Control of algorithms	Investors are increasingly relying on social media and online platforms for financial information. At the same time, the rapid rise of generative AI is making it easier to produce credible-looking but misleading content. This technology is also being used by state actors and organised networks with geopolitical or strategic motives. This may lead to distorted price formation and greater potential for market manipulation and abuse.	- Digitalisation - Geopolitical developments	
Effectiveness of supervision	In the EU, there are growing calls for burden reduction and simplification of existing rules in the areas of digitalisation and sustainability. This is reflected, for example, in the announcement of an Omnibus package of amendments to the CSRD. It is further reinforced by the shift in US policy on deregulation. These divergent developments may lead to reduced compliance and regulatory arbitrage.	- Digitalisation - Geopolitical developments	
Control of algorithms	The use of AI in the financial sector is growing rapidly. Trading strategies and decision-making are increasingly being delegated to machine-learning systems, reducing human intervention. The rise of generative AI allows the development of fully autonomous processes and businesses operating outside traditional governance and oversight structures. This development increases the likelihood of unpredictable and uncontrolled (trading) behaviour in capital markets.	- Digitalisation - Internationalisation - Laws and regulations	
Climate risk and capital markets	Climate change is continuing apace, while sustainability pressure is waning. Strong anti-ESG sentiment in the US is making businesses more cautious in their sustainability policies. At the same time, the EU is working to simplify and modernise regulations, including on sustainability. Meanwhile, physical climate risks, such as flooding and drought, are demonstrably increasing. This contradiction increases the risk of climate impact being structurally underestimated in the financial system.	- Digitalisation - Internationalisation - Laws and regulations	

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Chain dependence	Vulnerability of the capital markets due to chain dependence on dominant parties. In certain parts of the capital market chain, a limited number of players have a relatively large amount of market power. This concentration of market power increases the vulnerability of the system. There is an increasing likelihood that market participants will be highly dependent on a limited number of service providers, with little or no realistic alternatives in the event of disruptions or outages.	• Digitalisation • Internationalisation	
Robustness of market forces	Fragmentation of liquidity and weakening of regulated markets may lead to distortion of the price formation process. The increasing fragmentation of the capital market means that orders can be executed in many possible ways. There is a strong likelihood that market participants, driven by cost advantages, will execute orders on less regulated or opaque marketplaces. This may put pressure on price discovery and the effectiveness of supervision and price discovery.	• Digitalisation • Preservation	