REPORTING

TREND MONITOR

Trend Monitor 2026

In short Heightened geopolitical and international tensions are a breeding ground for instability and possibly the prelude to a more fragmented global financial system. So far, markets have proven resilient. Cryptos, stablecoins and private markets are gaining ground worldwide. The advance of AI in the financial sector offers opportunities, but also requires attention to the risks and the strengthening of digital resilience and autonomy. AI is also leading to a new generation of digital fraud and scams. The increasing economic risks of climate change highlight the importance of the sustainability transition and reliable sustainability information.

Trend Monitor 2026 *lists important* ***trends and risks*** *in the financial sector, and provides detail and coherence on relevant supervisory topics.*

Early identification *and understanding of changes in the sector contributes to a risk-based, forward-looking and preventive supervisory approach.*

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Introduction

Trend Monitor provides an overview of important trends and risks in the financial sector. Early identification and understanding of changes in the sector contribute to a risk-based, forward-looking and preventive supervisory approach. In this way, we fulfil our mission to promote fair and transparent financial markets and to contribute to sustainable financial well-being. Chapters 1 to 4 set out the key trends and risks for our four areas of supervision – Financial Services, Capital Markets, Asset Management and Accountancy and Reporting. This publication is accompanied by two in-depth analyses on (i) hyperpersonalisation in the online choice environment and (ii) interconnected capital markets. These two in-depth analyses are published separately.

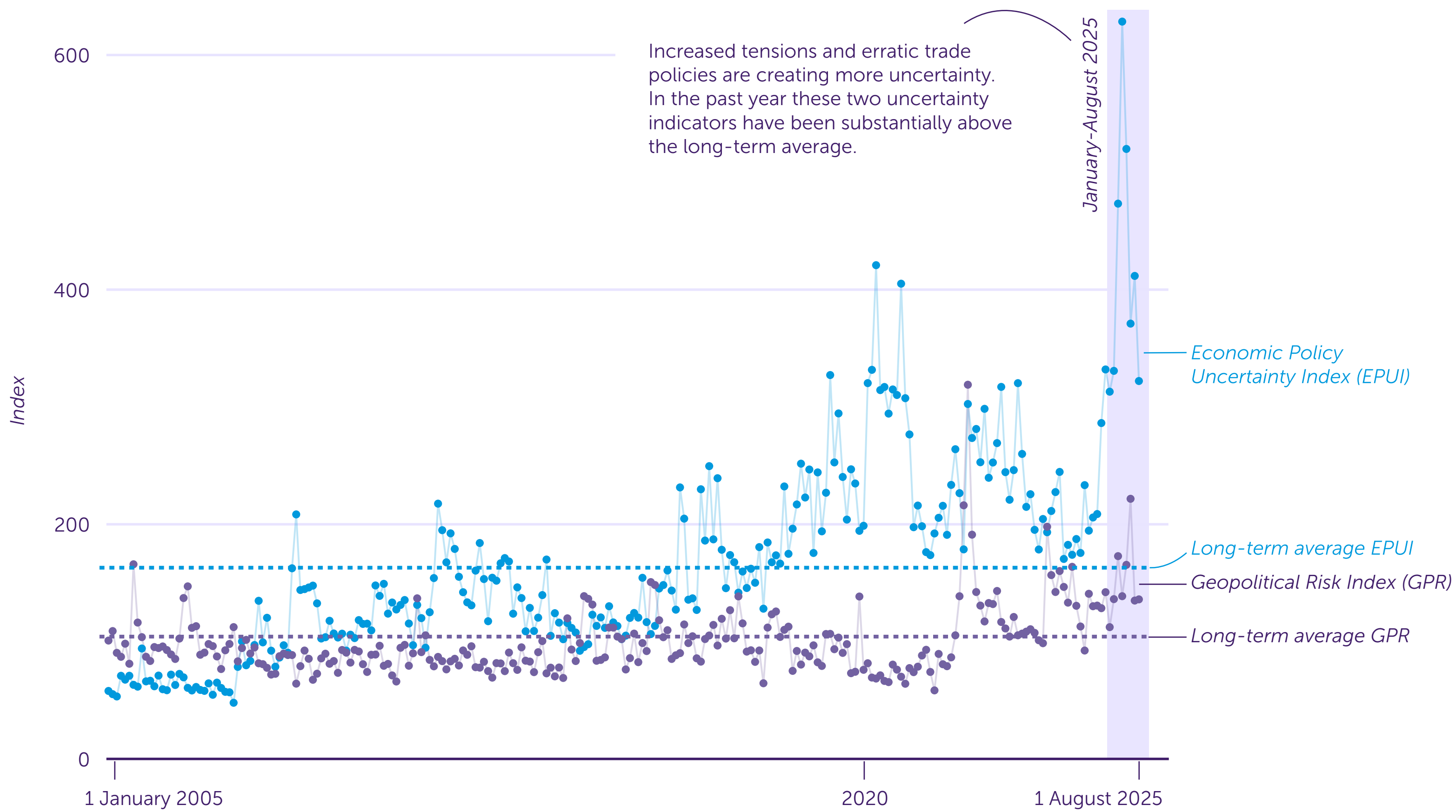
General developments

These times are characterised by increased geopolitical and international (trade) tensions. The international environment has become noticeably more unstable, as evidenced by ongoing conflicts, wars and trouble spots in various parts of the world and increasingly sophisticated and coordinated cyberattacks on digital systems and critical processes. There is a growing awareness that this could also lead to social disruption in the Netherlands. As a result, the need to increase our societal resilience is also becoming increasingly urgent. This is reflected not only in sharply increasing investments in defence and growing attention to strategic autonomy, but also in initiatives aimed at the business community and citizens to prepare for possible disruptions to vital (economic) processes. On the trade front, the announcement of tariffs by the US government on 2 April 2025 ('Liberation Day') sent shockwaves through the global trading system. Subsequently, many tariffs were temporarily frozen and agreements were concluded with various countries, using the tariffs as a strategic means of pressure.

Increased tensions and erratic trade policies are creating great uncertainty, which is putting pressure on global economic growth and financial stability. Various indices show that uncertainty in the past year has been much higher than the long-term average (Figure on next page). This heightened uncertainty may pose a risk to economic activity, as businesses and consumers become more cautious about investing and spending. Financial markets, energy prices and exchange rates may also react strongly to heightened uncertainty.

Despite the ongoing uncertainty about trade policy, financial markets have proved to be quite resilient. After the sharp market correction following Liberation Day, equity markets rebounded to high valuation levels. Credit spreads for companies have also narrowed again and market volatility has decreased. A striking development in financial markets is the depreciation of the dollar. In the first half of 2025, it fell by 11%, the largest decline in more than 50 years. The effects of the geopolitical situation on the real economy – including for the Netherlands – appear to be limited for the time being, but uncertainty nevertheless remains high.

Figure Uncertainty indices have been well above their long-term average over the past year.



Notes: GPR is the Geopolitical Risk Index; data downloaded from www.matteoiacoviello.com on 29 September 2025; EPUI is the Economic Policy Uncertainty Index; data downloaded from www.policyuncertainty.com on 29 September 2025.

Trade barriers and increasing rivalry between economic blocs may be the prelude to a more fragmented global financial system. The growing emphasis on national self-reliance and strategic autonomy is contributing to declining cross-border capital flows. In the event of further escalation, it could possibly lead to the introduction of capital controls, limited access to international payment and settlement systems or the Federal Reserve limiting its swap lines with the Eurosystem in any stressed situations. In addition, the declining dominance of the dollar as the world's reserve currency — partly due to concerns about the sustainability of the US debt burden — and the rise of digital currencies point to a shift towards a multipolar monetary system. Fragmentation makes the global financial landscape less stable and predictable, makes efficient allocation of capital more difficult, increases risk premiums and may lead to significant welfare losses over time.

Markets in crypto and stablecoins are gaining influence and the importance of private markets is increasing. In the United States, the Trump administration is giving a lot of room to the further development of crypto markets and facilitating the use of stablecoins. This is expected to increase the interconnectedness between crypto markets and the traditional financial sector and broaden the possibilities for decentralised finance (DeFi). This increases the likelihood of risks from the crypto world spilling over to the traditional financial world. In addition, it may lead to a growing perception among consumers that investments in crypto and stablecoins are 'safe', whereas in reality the risks are significant. Another development is the global growth of private equity and private credit markets. Retail investors are gaining increasing access to these markets, although the risk profile of such investments may not be appropriate for them.

The rising public debts of many countries pose a growing challenge to sustainable economic growth and the stability of capital markets. The average public debt of the ten largest economies has risen from 63% of GDP in 2000 to 114% in 2023.[1] Higher debt levels tend to lead to rising bond yields, as investors demand higher risk premiums. This is also visible in the eurozone, where government bond yields have recently risen, including for France. Structurally high debt positions limit authorities' policy space and increase financial vulnerabilities, especially in the event of interest rate hikes or external shocks. Persistent doubts among investors about the debt sustainability of European countries could also lead to a weakening of confidence in the eurozone and hence in the euro in the long term.

Demographic developments have an impact on the financial sector. Population ageing is contributing to increasingly tight labour markets and thus to a slowdown in economic growth and possibly lower share valuations. Older investors prefer less risky assets, which may reduce demand for stocks and increase inflows into bonds and similar products. It is also becoming increasingly expensive to offer good pensions, and the ageing population is therefore increasing concerns about public finances. Another demographic development is the entry of new generations with different investment behaviour into the financial markets. Generations such as Gen Z set great store by convenience and speed, depend less on traditional advisers and rely more on social media and networks when making investment decisions. This makes them more vulnerable to misinformation and impulsive financial behaviour.

1 'https://www.imf.org/en/Publications/FM/Issues/2025/04/23/fiscal-monitor-April-2025', IMF, April 2025.

Trust in public institutions is declining in many countries and is accompanied by a hardening of societal relations. This undermines the decisiveness and legitimacy of policies, which are essential in times of crisis. Increasing polarisation is making it difficult to reach political consensus on necessary but unpopular measures, such as reducing government deficits and pursuing climate policy. Reduced continuity and predictability of policy also create uncertainty for investors and companies, leading to delayed investment and increased risk premiums. Decreasing trust in institutions also makes markets more sensitive to external shocks and volatility.

Digitalisation

The use of artificial intelligence (AI) in the financial sector appears to be accelerating.[2] AI investment in the financial sector is expected to rise from $35 billion in 2023 to $97 billion in 2027.[3] Although surrounded by uncertainty, there are studies that predict that the use of generative AI (GenAI), such as large language models, could lead to productivity gains of up to 30% in the financial sector.[4] Within GenAI, the development of 'agentic AI' in particular seems to be entering a new phase. It is conceivable that such AI agents – systems that are capable of autonomous action and decision-making – will be increasingly used in the financial sector, for example in securities trading, portfolio management, investment research and claims handling by insurers.[5] The responsible use of AI is an important point of attention for the AFM.

The development of quantum computing promises unprecedented computing power in the long term, but at the same time creates new challenges around cybersecurity. Worldwide, only a few quantum computers are currently in use – computers that use quantum mechanics to solve problems that cannot be calculated by ordinary computers – and they still have relatively limited computing power. It is expected that this number and their computing capacity will increase, possibly significantly, in the coming years.[6] While quantum computing offers important advantages (for example, in calculating stress tests or pricing assets), it may also lead to increased cybersecurity risks. Quantum computers would eventually be able to break (non-quantum-proof) encryption algorithms of financial institutions which are used to ensure the confidentiality of data.[7] Addressing these risks will require significant effort and investment.

Geopolitical tensions are increasing the unease about the high digital dependence on non-European service providers. In Europe, companies (both financial and non-financial), citizens and governments are highly dependent on American cloud service providers for their data storage. Cybersecurity solutions are also often integrated into these services. In addition, the payment system is also highly dependent on American providers, such as VISA and Mastercard. If access to these essential services is restricted, the financial system could face systemic operational risks and confidence in the market may erode. The development of alternatives to these US services and the further deepening of the European capital market could increase Europe's strategic autonomy in this area.[8]

2 'https://www.allaboutai.com/resources/ai-statistics/finance/', M. Tilawat, July 2025.
3 'https://reports.weforum.org/docs/WEF_Artificial_Intelligence_in_Financial_Services_2025.pdf', WEF, January 2025.
4 'https://www.bankofengland.co.uk/financial-stability-in-focus/2025/april-2025', Bank of England, April 2025.
5 'https://medium.com/digital-banking-2030/agentic-ai-in-stock-markets-6a4c010da16b', A. Kumar, April 2025.
6 'https://www.spinquanta.com/news-detail/how-many-quantum-computers-are-there', SPINQ, March 2025.
7 'https://www.bis.org/publ/bppdf/bispap149.htm', BIS, October 2024.
8 'https://fd.nl/politiek/1557708/kabinet-wil-cloudbeleid-voor-hele-overheid?itm_campaign=pw_trial&itm_medium=paywall&itm_source=articles', FD, June 2025.

Increasing digitalisation requires continued attention to cybersecurity, partly in view of the current geopolitical situation. The high dependence on IT systems and the use of AI, which uses large amounts of data, makes the financial sector vulnerable to cyberattacks (whether or not by state actors). These can affect essential parts of the financial system, such as payment systems or trading infrastructure. The introduction of the EU Digital Operational Resilience Act (DORA) means an instrument is available to strengthen the digital resilience of the financial sector – including the entire chain of ICT service providers.

Sustainability

The economic risks of climate change are increasing and highlight the importance of the sustainability transition. Extreme temperatures, heavy precipitation and prolonged drought are increasing in severity and frequency. These events are often accompanied by significant economic damage.[9] These risks have an impact on the financial sector, for example through claims payments by insurers, asset depreciation and credit losses for banks. To cope with climate risks and adapt our society to the consequences of climate change, a transition is needed that requires major investments. The financial sector has an important role to play in financing this. Even though the market for sustainable finance has grown in recent years, it is still limited in size compared to the overall market.[10]

The impact of geopolitical developments on the sustainability transition is not yet clear-cut. On the one hand, increasing geopolitical uncertainties are contributing to an increasing focus by governments on energy security and affordability. This could hinder the sustainability transition and the phasing out of the use of fossil energy sources. On the other hand, because of geopolitical turmoil, the pursuit of greater energy independence of countries and the intended further development of the European energy infrastructure could also give a further boost to the sustainability transition.

It is clear, however, that sentiment towards the pursuit of sustainability goals by financial and other companies has become more negative. This is reflected, among other things, in the abandonment or scaling down of climate targets and ambitions by companies and financial institutions. This is most prominent in the US. We also see financial institutions withdrawing from voluntary sustainability partnerships. This movement in the sector cannot be seen in isolation from the political climate that is increasingly (and again particularly in the US) giving scope to deprioritise ESG policy. These developments potentially increase climate risks and may (over time) have a further upward effect on the risks for the financial sector. In addition, the risk of companies being held legally liable may increase as a result of not fulfilling previously promised sustainability efforts.[11]

Internationalisation

Strained international political relations make it difficult to establish global agreements and rules. As a result of geopolitical dynamics, changing power structures and the emphasis on national interests in some countries, international political relations have hardened in recent times. This makes it more difficult to reach agreement within multilateral bodies such as the IMF and IOSCO, potentially undermining their impact and effectiveness. This may hinder a rapid response to shocks and makes it more difficult to align standards globally. At the same time, rules are becoming increasingly divergent in some areas. This is the case, for example, in the field of sustainability, where Europe has introduced relatively strict reporting obligations, while in the US mostly voluntary standards are used. In the field of international trade, countries are also increasingly concluding bilateral or regional trade agreements instead of global rules through the WTO, resulting in differences in norms, standards and obligations.

9 'https://www.eea.europa.eu/en/analysis/indicators/economic-losses-from-climate-related', EEA, October 2025.

10 'https://www.ngfs.net/en/publications-and-statistics/publications/synthesis-report-greening-financial-system-insights-financial-actors-advanced-and-emerging-economies', NGFS, January 2025.

11 'https://www.ft.com/content/76e4715e-88a7-48e6-898e-a8ed886cdd5f', FD, June 2025.

Within Europe, work is being done to simplify and modernise financial and other regulations. In February 2025, the European Commission made proposals to reduce the regulatory burden on companies and strengthen the competitiveness of the European economy. For example, the so-called 'Omnibus package' proposes to simplify and streamline sustainability regulations for financial and other companies. In the case of the Corporate Sustainability Reporting Directive (CSRD) that recently came into force, the proposals will reduce the number of companies covered by this regulation, among other things.

The Savings and Investments Union (SIU) was launched in March 2025. This is a renewed vision of the long-running initiative for a European Capital Markets Union. The SIU aims to boost the European financing and investment market and thus strengthen Europe's competitiveness. The focal point is the mobilisation of savings for productive investments by giving European citizens wider access to capital markets. The European Commission is expected to come up with more detailed initiatives in the fourth quarter of 2025.

The establishment of the Anti-Money Laundering Authority (AMLA) intensifies European cooperation in combating money laundering and terrorist financing and ensuring compliance with sanctions regulations. Constant attention must be devoted to the prevention and combating of money laundering and terrorist financing and to compliance with sanctions regulations. An important step is the establishment of AMLA, which will be operational from mid-2025 and will have direct supervisory responsibilities from 2028. Existing guidelines will also be strengthened, with uniform rules for customer due diligence, transaction monitoring and reporting of suspicious activities, and cooperation and coordination between national Finance Intelligence Units (FIUs) will be promoted.[12]

Integrity and criminal behaviour

AI and crime-as-a-service act as catalysts for digitalised crime. The rapid development of artificial intelligence, especially GenAI, combined with the rise of crime-as-a-service – which makes it possible to outsource parts of the criminal business process, such as recruiting victims or laundering criminally obtained assets – leads to a new generation of digital fraud. AI makes it possible to carry out fraud and scams on an industrial scale with minimal technical knowledge and at low cost. This makes large-scale and sophisticated crime more accessible than ever. Criminals use AI to generate deepfakes, voice cloning, synthetic identities and sophisticated phishing campaigns, allowing traditional detection mechanisms to be circumvented. The spread of these forms of fraud then proceeds at lightning speed through social media. Platforms such as Instagram, TikTok and Telegram, among others, are actively used to recruit new victims, often under the guise of investment advice or success stories. This blurs the line between marketing and manipulation or scams. These developments undermine consumer confidence and make the fight against online fraud an increasingly international issue. After all, criminal networks operate across borders and use digital infrastructures that transcend national supervisory borders. This therefore requires a coordinated, international response bringing together supervision, technology and cooperation. Organisations such as IOSCO and FATF play a central role in this.

12 'https://www.amla.europa.eu/resources/news-articles/amla-signs-memorandum-understanding-european-supervisory-authorities-effective-cooperation-and_en', AMLA, July 2025.

Crypto service providers (CASPs) are exposed to high risks of money laundering, terrorist financing and sanctions circumvention. CASPs must have a Markets in Crypto-Assets Regulation (MiCAR) licence or notification and fall under the anti-money laundering and sanctions regulations. As gatekeepers, they have an important role in protecting the financial sector. Due to the technological properties and decentralised nature of crypto-assets, they are exposed to risk as gatekeepers. Its pseudo-anonymous nature and rapid and global transferability make crypto-assets attractive to criminals and sanctioned parties. In this context, police are seeing a shift towards these digital alternatives, partly because crypto-assets are becoming easier to exchange for cash or luxury goods. The proposed ban on cash payments above €3,000 could also lead to a flight to crypto-assets. While crypto-assets can be transferred directly without the intervention of a CASP, such a service provider is needed to exchange them for traditional currencies – such as euros or dollars – and vice versa. For CASPs, this entails the risk that they will become part of a transaction chain in which money laundering takes place. On the other hand, the transparent nature of the blockchain offers opportunities for monitoring the origin and destination of crypto, and CASPs can mitigate these risks by taking appropriate action.

Regulations

In March 2025, the European Commission launched the **Savings and Investments Union** (SIU), a strategic initiative aimed at better mobilising savings towards productive investments through integrated capital markets. The SIU is in line with recommendations in the Letta report (April 2024) and the Draghi report (September 2024) on the **strengthening of the single market**. In parallel, the Commission is implementing the Simplification and Burden Reduction programme, with the aim of **simplifying rules and reducing administrative burdens**. This programme includes the Omnibus packages, which simplify the rules around sustainability reporting (CSRD), with an easing of requirements for smaller businesses and an expected reduction in costs of billions of euros per year.

Simplification and Burden Reduction

2025 Q3 / Q4
- *Taxonomy Delegated Act - Reporting Threshold Adjustment*

2025 Q4
- *MiFIR Review*
- *SFDR Revision Package*

2025 Q4 / 2026 Q1
- *SME Listing Act (Prospectus Simplification)*

Savings and Investments Union (SIU)

2025 Q3
- *Encouraging retail participation in capital markets*

2025 Q4
- *Developing the supplementary pension sector*
- *Market integration and supervision*
- *Promoting equity investment: eligibility and clarification of equity investment by institutional investors*

2026 Q3
- *Promoting equity investment: European Venture Capital Fund (EuVECA) Regulation Review*

2027 Q2
- *Mid-term review of the overall progress in achieving the SIU*

Towards a resilient and competitive EU

Trend map 2026: what trends do we observe?

Trends can form the basis for the emergence of risks and thus largely determine the direction of our supervision. Early identification and understanding of these trends contribute to a risk-driven, forward-looking and preventive approach to supervision.

General developments

- Geopolitical tensions could be a prelude to a more fragmented global financial system.
- Markets in crypto and stablecoins are gaining influence and the importance of private markets is increasing.
- Rising government debts are putting pressure on sustainable economic growth and stability in capital markets.

Digitalisation

- The use of AI in the financial sector seems to be accelerating further.
- Geopolitical tensions have increased unease about the digital dependencies of non-European service providers.
- Increasing digitalisation requires continued attention to cybersecurity in the financial sector, partly in view of the current geopolitical situation.

Sustainability

- The economic risks of climate change are increasing and highlight the importance of the sustainability transition.
- The more negative sentiment towards sustainability is putting pressure on the mitigation of climate risks and thus increasing the risks for the financial sector in the long run.

Internationalisation and European regulations

- Strained international political relations make it difficult to come to global agreements and rules.
- Within Europe, work is being done to simplify and modernise financial and other regulations.
- The establishment of AMLA intensifies European cooperation in the fight against money laundering and terrorist financing.

Integrity and criminal behaviour

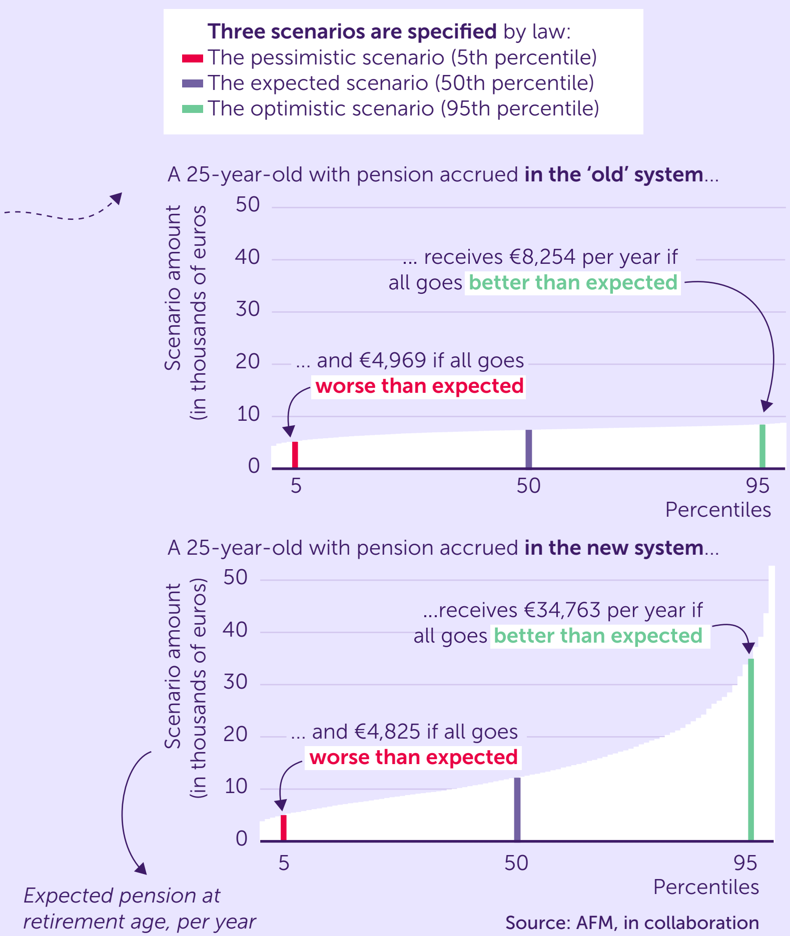
- AI and "crime-as-a-service" act as catalysts for digitalised crime and require a coordinated, international response.
- Crypto-asset service providers are exposed to high risks of money laundering, terrorist financing and sanctions circumvention.

1. Financial services

THIS CHAPTER IN 1 MINUTE

- **Digitalisation is leading to further personalisation** of the product range and AI-based advice. As a result, the product range and advice can be tailored (even more) to personal circumstances, but it can also lead to exclusion, opaque pricing or more complex products.
- **The pension transition** may lead to **unrealistic expectations** among pension participants about the amount of their pension, as this is highly dependent on the scenario that ultimately occurs (Figure on the right).
- Due **to geopolitical turmoil and high valuations of financial products**, financial markets remain vulnerable to sharp corrections that could hit retail investors and pension funds through losses on their investments.
- Climate change continues unabated and interest in sustainable financial products and services is undiminished. Because **sustainability claims are often insufficiently precise, verifiable and substantiated**, there is a risk that consumers or pension participants will not receive the products that match their objectives.
- The advent of GenAI has given rise to new forms of **digital fraud and scams**. In addition to investment and mortgage fraud, AI is increasingly used for payment fraud, with direct consequences for consumers. Although specific figures are lacking, broader analyses point to a sharp increase in consumer-facing fraud.

There are significant differences in possible pension outcomes between the old and the new pension system.



Source: AFM, in collaboration with Ortec Finance.

General developments

The use of artificial intelligence (AI) and the further digitalisation of the financial markets may increase the accessibility of financial services. Due to the growth of data sources and AI applications, financial services are becoming faster, more digital and more personal. By leveraging data in a smarter way, financial services can be better tailored to individual customer needs and customers can be segmented more accurately and served directly through interactive, digital channels. This increases ease of use and enables proactive support, for example through always-on chatbots.

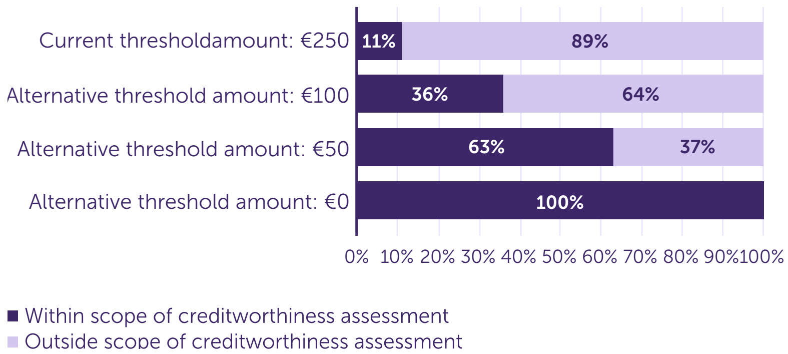
European regulations must prevent the use of AI from leading to exclusion or discrimination as a result of biases or incomplete/ incorrect data.[13] In the case of data-driven underwriting and acceptance processes, in lending or insurance, the use of AI could lead to the exclusion of customers with a different risk profile.[14] The AI Act should provide safeguards to prevent this. In addition, demographic developments, such as increasing population ageing and migration, may lead to an increase in groups that are relatively more likely to be financially vulnerable and have fewer digital skills. Examples include the elderly, people with a practical education, people with low literacy and Dutch people with a migration background.[15] New European regulations, such as the Payment Services Directive 3 (PSD3) and the Financial Data Access Regulation (FIDAR), contribute to better accessibility of financial services. By giving consumers more insight into their financial situation, these rules also offer pathways to improve their financial health.

The vulnerability of specific target groups is continuing to grow because consumers are increasingly interested in alternative, riskier ways of financing purchases, such as 'Buy Now, Pay Later' (BNPL) and private leases with an option to buy. This involves growing risks, such as debt habituation, debt accumulation and loss of financial overview. BNPL grew by 17% in 2024, and that figure does not include e-commerce platforms that offer postpay themselves.[16] In the case of private leases with an option to buy, more than four out of 10 users eventually want to acquire the product.[17] At the same time, most users feel insufficiently informed about important conditions such as the acquisition price, rental costs and termination options. They are often tied to the contract for the entire term, without adequate testing of their creditworthiness.

Due to the implementation of the revised European Consumer Credit Directive (CCD2), these alternative forms of credit will be regulated as of November 2026. The CCD2 requires providers of BNPL and private leases with an option to buy to clearly inform consumers about the characteristics and risks of these products and to assess their creditworthiness. The threshold for such a creditworthiness test is currently €250. For higher amounts, credit providers must obtain information about the consumer's income and expenses in order to prevent excessive lending. AFM's investigation into the BNPL market shows that nine out of 10 BNPL transactions with payment problems are below this €250 threshold (Figure 1.1). It is therefore important that when the CCD2 is implemented the threshold for creditworthiness testing is sufficiently low, so that consumers are actually better protected against payment problems.

13 'https://www.afm.nl/nl-nl/sector/actueel/2024/april/ai-rapport', AFM, April 2024.
14 'https://www.afm.nl/nl-nl/sector/actueel/2025/jun/sb-tech2035', AFM, June 2025.
15 'https://www.afm.nl/en/consumenten/actueel/2023/januari/toegang-financiele-dienstverlening', AFM, January 2023.
16 'https://www.afm.nl/nl-nl/sector/actueel/2025/juli/pb-marktupdate-BNPL-2025', AFM, July 2025.
17 Consumer Monitor, AFM, 2025 (not yet published).

Figure 1.1 No creditworthiness test was carried out on nine out of 10 BNPL transactions with payment problems.



Source: AFM

Crypto as a financial product remains risky and is becoming more accessible due to the increasing interconnectedness between the traditional financial sector and the crypto sector. Some European banks and investment firms are entering the market for crypto-asset services. This allows crypto to be blended with traditional investment portfolios. At the same time, some crypto companies are also entering the market for investment services and payment services. These developments are making the crypto market increasingly accessible. The market for crypto derivatives and crypto ETFs is also continuing to grow. It is important that consumers remain aware of the risks involved in trading crypto-assets, despite the entry into force of MiCAR. Furthermore, illegal crypto providers remain an issue. There has also been a strong increase in the use of stablecoins, as explained in more detail in the Capital Markets chapter.

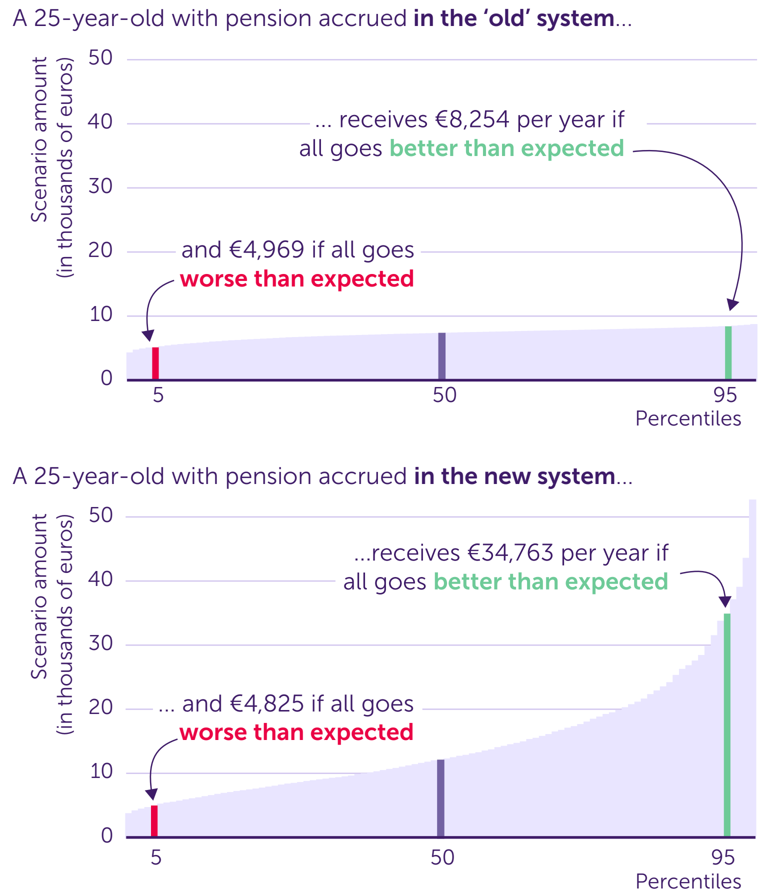
Risky private investment products, including private equity and private credit, are increasingly being offered to retail investors. While these investments can offer attractive benefits – such as the potential for portfolio diversification in private equity and stable income streams in private credit – they also carry significant risks. A key concern is limited liquidity. These investments are usually difficult to trade, and the capital is often tied up for a longer period of time. In addition, the valuation of private investments is complex. Since no daily market prices are available, it is difficult to determine the current value of these products – especially in volatile market conditions. Investment products in private markets are also often characterised by complex and high-cost structures. With the arrival of the Savings and Investments Union (SIU), it will be easier for European investment platforms to offer investment products to Dutch consumers. This may result in an increasing supply of risky private investment products that are offered without advice. This may increase the risk of retail investors investing in products that do not fit their risk profile.

The pension transition is currently in full swing, with many pension funds set to enter the new system in the coming years. Switching to the new system is an important milestone, but it is important to look beyond the transition now and for pension administrators to think about the structure of the new pension system. After the transition, pension administrators' attention should shift to sustainable long-term issues. This includes ensuring comprehensibility for participants by giving them realistic expectations about their pension, cost transparency and improving the position of consumers with little pension accrual – including by providing insight into possible action they could take.

In the past year, the pension sector has taken positive steps to prevent unrealistic expectations among participants. Nevertheless, it is important to maintain the focus on possible unrealistic expectations, both during the transition and during the subsequent more structural phase. Correct, timely, balanced and clear information gives participants a realistic picture of their pension and the uncertainties that come with it. Moreover, even after the transition, it remains important that pension administrators explain the scenario amounts shown (for example on the annual uniform pension overview) in a way that is appropriate for and understandable by participants. This is the only way to prevent unrealistic expectations about future pension benefits. In the explanatory notes, pension administrators still have steps to take, and it is essential that they test the explanatory notes in advance with specific participant groups. During the transition, pension administrators must clearly inform their participants about the personal consequences of the pension transition no later than one month before and six months after the transfer of the pension scheme. Here too, the notes accompanying the amounts that the participants see must be explained. After all, calculations show that expectations under the new system can differ considerably from those under the old system (Figure 1.2). In the optimistic scenario, the outcomes are significantly higher than in the pessimistic scenario.

Figure 1.2 There are considerable differences in possible pension outcomes between the old and the new pension system.

Three scenarios are specified by law:
- The pessimistic scenario (5th percentile)
- The expected scenario (50th percentile)
- The optimistic scenario (95th percentile)



Source: AFM, in collaboration with Ortec Finance.

It is important that pension participants receive adequate choice guidance. Pension administrators have been working on setting up choice guidance and can still take the necessary steps, especially if the pension scheme is adjusted during the transition. An exploratory investigation by the AFM into the structure of choice guidance shows that there are pension administrators who have thought carefully about the structure of their choice guidance and have set it up in the interest of their participants.[18] Changes and new insights may make it desirable or necessary for pension administrators to adjust their choice guidance or the information on the consequences of choices, for example in the event of changed market conditions, new legislation, adjustments to the pension scheme (such as during the transition) and new behavioural insights. In some adjusted schemes, the transition entails new choices and new consequences of choices, both during the transition (e.g. consequences of pension choices for compensation and the 'entry bonus') and after the transition. Furthermore, the option of withdrawing a lump sum may be introduced in the short term, and pension administrators must also provide participants with adequate guidance on this.

Consumers and financial service providers may be affected in various ways by rising geopolitical unrest. The current geopolitical turmoil is accompanied by considerable volatility and price shocks in the financial markets. For example, financial markets are vulnerable to sharp market corrections, which can then affect retail investors and pension participants through losses on their investments. Pension funds that are close to entering the new pension system may therefore be faced with difficult choices – such as having fewer buffers available to pay compensation. An escalation of the geopolitical situation could also lead to a slowdown in economic growth. This would increase the risk of payment arrears and rising debts among consumers. In addition, geopolitical unrest could lead to disruptions in the payment system. The high dependence on US financial institutions and infrastructure is a vulnerability in this respect.

Digitalisation

Digitalisation and the further personalisation of the product range and the choice environment have advantages but can also lead to opaque markets in which comparing products becomes increasingly difficult. Financial services are becoming increasingly digitalised. Digitalisation can lead to further personalisation of financial products and services, among other things providing consumers with solutions more tailored to their personal circumstances. In addition, the choice environment can be increasingly aligned with the individual preferences of the consumer – a process known as hyperpersonalisation.[19] This offers opportunities, such as more appropriate lending or better insurance coverage. At the same time, personalisation can lead to undesirable effects. For example, solidarity in the insurance market may come under pressure if consumers only pay for their own, personalised cover. Personalised profit margins may also have undesirable effects, as previously investigated by the AFM.[20]

In the future, consumers will increasingly be confronted with AI-driven advice, both solicited and unsolicited, sometimes to the advantage of the customer, but sometimes also with detrimental effect due to errors in the underlying decision rules. Financial companies can use AI in the entire customer journey, from product development and information provision to lending and claims handling. This may be in the interest of consumers: for example, information can be presented in a more understandable way, credit acceptance can be more robust and fraud can be prevented by the use of algorithms. It is important that these processes operate in the interest of the customer, and that they are not influenced by biases, errors in the data or incorrect decision rules, including in the case of outsourcing and access to external sources. In addition, a process must always remain explainable for consumers, for example when they are refused credit or insurance, or have questions about a premium increase.

18 'https://www.afm.nl/en/sector/actueel/2025/feb/sb-keuzebegeleiding', AFM, February 2025.

19 Trend Monitor, in-depth analysis of hyperpersonalisation in the online choice environment, AFM, 2025.

20 'https://www.afm.nl/~/profmedia/files/rapporten/2025/deep-dive-margepersonalisatie-nl.pdf', AFM, April 2025.

In addition, consumers are increasingly using public large language models during the orientation phase, especially the younger generations. Research shows that 17% of Gen Z consult AI tools for financial information, even though these tools are not trained to provide financial advice.[21] AI accelerates and personalises access to information but makes it more difficult to critically assess that information.

Providers of online investment training and trading courses pose a risk to retail investors, especially when they operate at the intersection of education, promotion of financial products and financial advice. Online investment training and trading courses can help consumers learn to invest independently. For beginners, they offer a safe practice environment to gain experience (without risk). However, signals received by the AFM indicate that some providers also engage in a form of 'finfluencing', which involves very active marketing through social media platforms. Some providers present themselves as educational platforms, but in reality promote risky investments, for example in foreign exchange or cryptocurrency derivatives. Sometimes their revenue model is even set up in such a way that they benefit financially from the losses of their participants. In serious cases, there is even deception, incitement to excessive trading (churning), sham constructions such as 'funded trading accounts' (trading with other people's money) or even investment fraud.

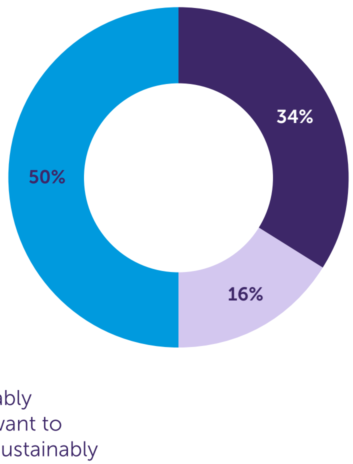
The likelihood of large-scale outages is growing as financial services become increasingly intertwined. Financial institutions are highly digitalised, and that also applies to the financial services they offer. At the same time, the market is increasingly interconnected, partly due to the growing operational dependence on IT, cloud technology, outsourcing and the use of multiple external parties. This digitalisation and interconnectedness also entails risks, including the risk of disruptions to services due to large-scale cyber incidents. Major incidents such as the one at Crowdstrike show that an incident at one party can lead to disruptions throughout the chain. Legislation such as DORA focuses on making organisations resilient to these types of risks. It is also wise for parties that do not fall under DORA – such as smaller financial service providers – to investigate which dependencies exist within the organisation. They can then take appropriate risk management measures, for example by mapping all outsourced services.

Sustainability

More and more consumers want sustainable financial products. However, sustainability claims by financial companies could still be improved in terms of precision, verification and substantiation. Half of consumers indicate that they are interested in sustainable financial products and services (Figure 1.3).[22] Financial companies respond to this by developing products and promoting sustainable features of products and services. In addition, financial firms make claims about their ambitions or achievements in the field of sustainability. Unfortunately, sustainability claims are still often imprecise and hard to verify or substantiate and/or overemphasise the positive aspects. Images and terms in claims can also create expectations that companies cannot fulfil.[23] As a result, consumers and pension participants run the risk of being misled about the actual sustainability performance, which may lead them to choose products that do not align with their sustainability goals. Partly due to the relaxation and postponement of European rules on sustainability information, such as the Corporate Sustainability Reporting Directive (CSRD), it remains difficult to compare and test companies' sustainability claims.

21 'https://www.afm.nl/~/profmedia/files/rapporten/2025/rapport-kantar-genz.pdf', AFM, March 2025.
22 'https://www.afm.nl/nl-nl/sector/actueel/2024/november/consumentenmonitor-beleggers', AFM, November 2024.
23 'https://www.afm.nl/nl-nl/sector/actueel/2023/oktober/leidraad-duurzaamheidsclaims', AFM, October 2023.

Figure 1.3 Half of consumers invest, or are interested, in sustainable financial investment products.



Source: Consumer Monitor, AFM, 2024 – Percentage of investors in sustainable investments.

In addition, home valuations still take insufficient account of climate risks, such as foundation damage. Both homeowners and prospective homebuyers should be aware of the potential consequences of more extreme weather on their home – and on its value. In most cases, this 'climate damage' cannot be insured. One of the biggest risks is foundation damage. Research shows that approximately 425,000 buildings and homes will face moderate to severe damage due to deterioration of the foundations by 2035.[24] Foundation damage can have major financial consequences. If consumers buy a house which subsequently turns out to have foundation damage, this can cause the house to decrease in value. If the owners have taken out a high mortgage to buy a home with foundation damage, they may find themselves with negative equity. This means the mortgage debt is higher than the value of the home. In that case, they may be left with a residual debt when they sell. Due to the increasing foundation risks, ministries, including Housing and Spatial Planning, are taking a leading role and in July 2025 set out the broad outlines of a national approach to foundation problems.[25]

Internationalisation

By increasing competition, growth of cross-border financial services can bring benefits to consumers, such as lower costs, higher savings rates and a wider range of financial products. Foreign insurers now have a share of around one-third of the Dutch non-life insurance market.[26] In addition, the Dutch are increasingly using cross-border investment service providers. The share of Dutch bank deposits abroad is also increasing – in the period 2022 to 2024, this share almost doubled from 1.3% to 2.4%. Although this is still a relatively low share, it is expected to rise further, given that during this period 15% of the total growth in bank deposits was placed with foreign banks (Figure 1.4).[27]

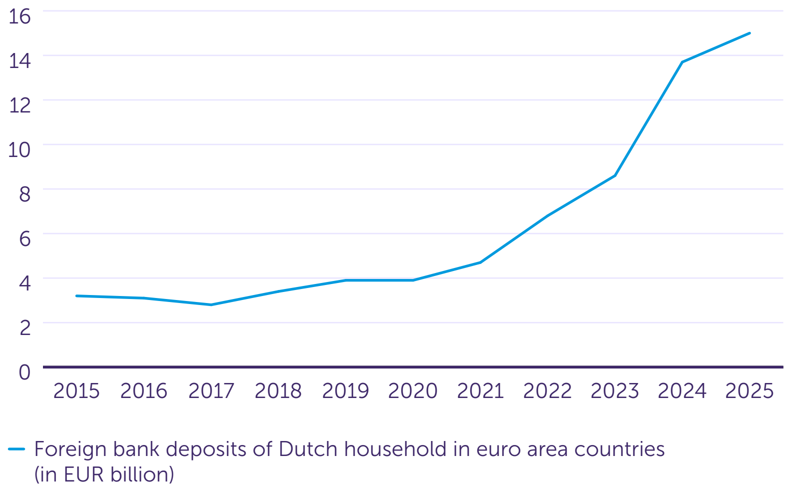
24 'https://www.rli.nl/publicaties/2024/advies/goed-gefundeerd', Rli, February 2024.

25 'https://www.rijksoverheid.nl/documenten/kamerstukken/2025/07/04/kamerbrief-kabinetsreactie-op-advies-de-olifant-onder-de-kamer', Dutch government, July 2025.

26 'https://www.dnb.nl/statistieken/data-zoeken/#/details/premies-schaden-en-kosten-van-verzekeraars-per-branche-solvency-ii-jaar/dataset/3f37c91a-2e35-45ce-ab8c-083844972375', DNB, August 2025.

27 'https://www.dnb.nl/algemeen-nieuws/statistiek/2024/buitenlandse-banktegoeden-nederlandse-huishoudens-in-twee-jaar-tijd-verdubbeld/', DNB, September 2024.

Figure 1.4 An increasing number of foreign bank deposits of Dutch households are held in euro area countries.



Source: DNB

However, foreign financial services may also apply different standards and working methods, which may make safeguarding the interests of the customer less effective. This could lead to differences in quality of service and consumer protection. Moreover, Dutch regulators, such as the AFM, have limited scope to intervene. The responsibility lies with the supervisor in the country of origin, which makes effective enforcement more difficult. Cross-border financial services therefore require continuous European cooperation. Only then can the customer's interests be safeguarded.

Integrity and criminal behaviour

The advent of GenAI has given rise to new forms of digital fraud and scams. Criminals use AI to create convincing deepfakes, synthetic identities, personalised phishing and disinformation campaigns on social media. These technologies make fraud scalable, credible and difficult to detect. AI is used not only for investment or mortgage fraud, but also for forms of payment fraud, which can mislead consumers and institutions in new ways. AI not only increases the threat to cybersecurity and the resilience of institutions but also lowers the threshold for criminals to target consumers directly. The automation of fraud processes makes it increasingly cost-effective for bad actors to recruit victims on a large scale, especially through social media platforms.

While there is still a lack of specific figures on the use of AI in fraud targeting retail customers in the financial market, broader analysis points to a strong increase. For example, a study into the use of AI in identity fraud in Europe shows an 80% increase in the number of fraud attempts in the past three years. The share of deepfake-based fraud increased from 0.1% to 6.5% of all fraud attempts.[28] In the long term, developments in AI may damage confidence in digitally available information and therefore in particular consumer confidence in digital financial services.

Mortgage fraud undermines confidence in the financial sector. A central role in this is reserved for so-called fixers: intermediaries who link consumers to rogue advisers, falsify documents or facilitate criminal real estate use. This is often done without a licence and out of the sight of regulators. The AFM receives an increasing number of signals pointing to mortgage fraud.[29] This trend is confirmed by the police: it is estimated that 8,000 homes are associated with fraudulent activity, accounting for approximately €60 million in criminal assets, with properties being misused for drug storage, illegal housing or money laundering.[30] The AFM has established that fixers

28 'https://www.signicat.com/the-battle-against-ai-driven-identity-fraud', Signicat, 2025.
29 'https://www.afm.nl/nl-nl/sector/actueel/2025/jun/sb-hypotheekfraude', AFM, June 2025.
30 'https://www.rtl.nl/nieuws/artikel/5511059/politie-wil-hypotheekfraude-beter-aanpakken', RTL, May 2025.

play a central role in mortgage fraud by presenting themselves as advisers or confidants and taking over the application process from the consumer. In doing so, they provide services that may require a licence, even though they are not licensed by the AFM. Since there is no direct customer contact with the financial service provider, there is an increased risk of deception. Service providers that do have a licence collaborate either knowingly or unknowingly with fixers. This increases the risk of abuse of that licence.

Investment fraud is growing in scale partly as a result of facilitators using malicious software and fake websites. The AFM, FIOD (investigation service for financial and tax crime) and the Police have seen a clear increase in investment fraud, including online.[31] Fraudsters deceive investors using rogue software and fake websites. In doing so, they receive support from so-called facilitators: professional service providers who – consciously or unconsciously – help to set up, legitimise and maintain fraudulent investment structures. Research shows that this fraud is rarely isolated.[32] It is often part of a broader criminal infrastructure. Facilitators play a key role in this. They recruit victims, conceal the criminal origin of money flows and provide a semblance of legitimacy. In addition to technical support, some legal and other advisers help structure investment products in such a way that they appear legal and reliable. In reality, these schemes are often deliberately designed to mislead investors, for example by abusing exemptions or by setting up international structures that hinder supervision and enforcement.

31 'https://www.politie.nl/binaries/content/assets/politie/onderwerpen/publicaties/2024/fa4d5b66-a32e-4b1f-af15-90bd3c2918f8.pdf', Police, September 2024.
32 'https://www.europol.europa.eu/cms/sites/default/files/documents/EU-SOCTA-2025.pdf', Europol, 2025.

Risk Map for **Financial services**

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
Financial vulnerability	The further digitalisation of the financial markets is putting pressure on the accessibility of financial services, making certain target groups more vulnerable.	• Digitalisation • Demography	↗
Overlending (instant credit)	Alternative, riskier ways of financing purchases (including 'Buy Now, Pay Later') can lead to excessively high loans or debt accumulation. They make consumers vulnerable in the event of a decline in purchasing power, changes in personal circumstances or an increase in interest rates.	• Digitalisation • Laws and regulations	→
Risky investment products	Crypto remains risky, but it becomes more accessible through integration with the traditional financial sector. Risky private investments are also more often offered to retail investors. The introduction of the Savings and Investments Union (SIU) facilitates the provision of investment products but may also lead to riskier investment products.	• Digitalisation • Laws and regulations	→
Pension transition	The pension transition creates unrealistic expectations about pensions when information is not correct, clear, timely and balanced. In addition, pension participants cannot sufficiently gauge the importance and impact of decisions they make.	• Laws and regulations	→
AI in financial advice and products	The use of AI can put pressure on solidarity if consumers only pay for their own personalised coverage.	• Digitalisation	→
Sustainability claims	Because sustainability claims are often insufficiently precise, verifiable and substantiated, there is a risk that consumers or pension participants will not receive the products that match their objectives.	• Preservation	→
AI as a catalyst for fraud	The use of AI, especially generative AI, increases the risks of fraud within the financial services industry. As a result, service providers are confronted with new forms of digital scams. In addition to investment and mortgage fraud, AI can also be used for payment fraud, affecting consumers directly.	• Integrity and criminal behaviour • Digitalisation	↗

2. Capital markets

THIS CHAPTER IN 1 MINUTE

- Geopolitical tensions create uncertainty, which can lead to **disruptions in capital markets**.
- The **rise in the use of AI** increases the risk of market manipulation. The number and scale of **cyberattacks** is growing, which increases the need to strengthen digital resilience.
- There is a risk of **structural undervaluation of climate risks** due to declining sustainability pressure in combination with increasing climate change.
- International dependence on the US makes the EU vulnerable; a **more integrated capital market would contribute to the EU's autonomy**.

This year, attention was drawn to some Chinese funds that are traded on Nasdaq. Retail investors worldwide were approached on social media to invest in these funds, which resulted in a price explosion. Subsequently, the shares were dumped en masse. Among other things, fake videos of analysts were used to convince investors to buy the stock.

Share price development Regencell Bioscience Ltd

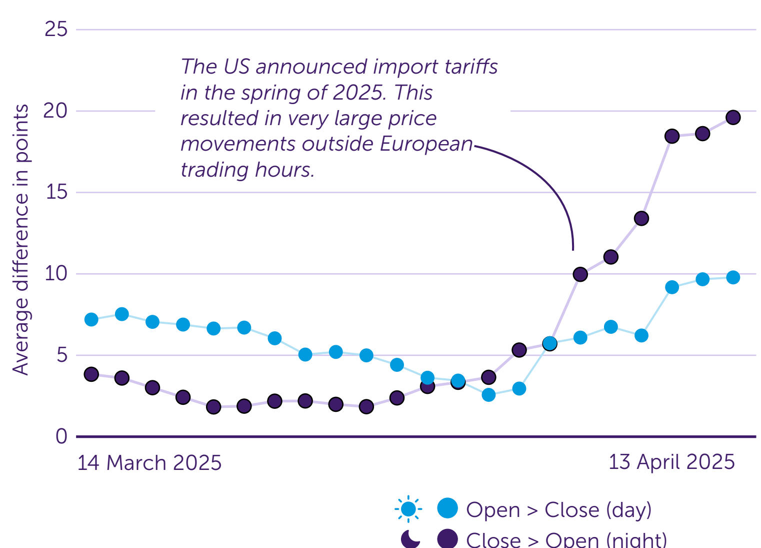
Source: Bloomberg

General developments

Increasing geopolitical tensions are creating more uncertainty in global financial markets. This increases the risk of disruptions in European and Dutch capital markets. Geopolitical tensions have risen sharply and are expected to remain high in the longer term. These geopolitical tensions and an increasingly fragmented global economy pose risks to the stability of capital markets. Particularly worrying is the risk that international (supervisory) cooperation will disappear, and with-it expectations of stable future legislation. Sudden shifts of capital to safe havens such as gold may create liquidity risks. Continued uncertainty may reduce confidence in capital markets, hampering the role of capital markets in the economy. For crucial market parties, this may increase the pressure on controlled and ethical business operations.

In the face of political and economic uncertainty, investors are reacting faster and more strongly to news, which directly affects capital flows. Uncertainty about economic policy is at its highest level in years. When there is great uncertainty, corrections in stock markets are usually twice as large as in quiet times.[33] This is reinforced by the increasing speed of information processing by trading algorithms. High volatility increases the risk of disruption within the financial system. Rapid price movements can lead to problems for market participants or disruptions in the financial infrastructure. Around the time of the US announcement of import tariffs, it became apparent that very large price movements regularly took place outside European trading hours (Figure 2.1). As a result, market participants were potentially less able to reduce risks. In addition, we see that the increased political and economic uncertainty is leading to a shift in capital flows – especially from the US to other investment regions, such as Asia or Europe. This has effects on valuations of various financial assets, such as the dollar and US government bonds. More unstable services could affect confidence in the European capital markets.

Figure 2.1 The price movement as a result of turbulence in the financial markets in the spring of 2025 mainly took place outside trading hours on the Amsterdam exchange.



Source: Bloomberg

Digitalisation

Geopolitical tensions increase the risk of cyberattacks and sabotage of vital parts of the capital markets, such as trading platforms and clearing houses. States with offensive cyber capabilities that are ill-disposed towards the EU pose a realistic threat of incidents such as cyberattacks, sabotage of internet or electricity networks or combinations of these. When such attacks occur, they can lead to (temporary or long-term) system outages at crucial players in the capital markets, such as trading platforms, central counterparties, brokers or data providers. As a result, essential functions such as trading, clearing and settlement are disrupted or disabled. In the short term, this results in illiquidity, abrupt price disruptions and operational downtime. In the longer term, a structural loss of confidence affects the stability and resilience of European capital markets.

33 'https://www.dnb.nl/media/vlepwg0u/81981_dnb_ofs-voorjaar-2025_tg2.pdf', DNB, May 2025.

The increased threat highlights the need for market participants to further strengthen their digital and operational resilience. Active preparation for various scenarios, including through backup strategies, is important in this regard, not only in the IT domain but for the company as a whole, in areas such as communication, energy and critical personnel.

Because many market participants are dependent on a small number of digital service providers, concentration risks arise. Increasingly, technological power lies with a select few American big techs. In addition, there are several tech parties which, although smaller, can control the largest share of the market for one specific component. Dependence on such parties entails a risk of failure that financial institutions often cannot overcome individually. This may even lead to risks to financial stability.

Dealing with third-party risk is not a new issue, but it is taking on new dimensions due to advancing technological developments and geopolitical tensions. Increasing dependencies, geopolitical and rapid technological developments in the field of AI, for example, are reasons for institutions and the regulator to further assess the risks and risk management and address any problems.

Generative AI increases the risk of misleading messages that are difficult to spot. Investors are more likely to get information from social media. Generative AI makes it easier to produce credible looking but misleading content. This technology is also being deployed by state actors or criminal networks with geopolitical, strategic and financial motives, making the information landscape increasingly diffuse and difficult to trust.

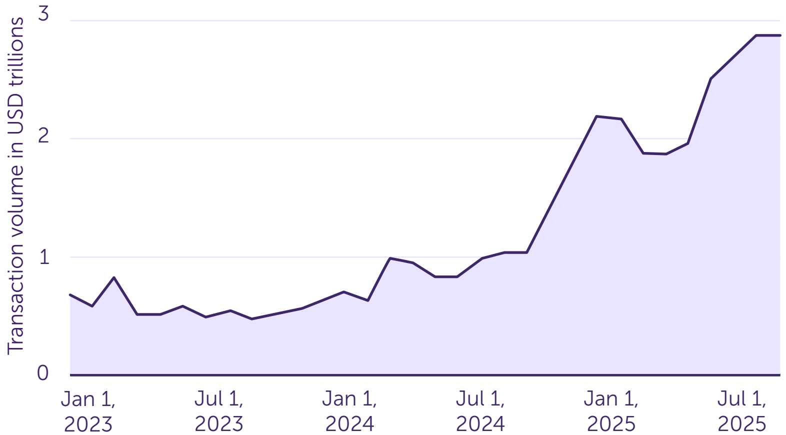
The advent of generative AI also increases the risk of market manipulation. Investors also increasingly rely on social media for financial information. This increases the risk of basing investment decisions on incorrect or manipulated information. In addition, AI-driven trading strategies are becoming increasingly complex, making detection of prohibited practices such as spoofing or layering more difficult. Alternative trading platforms such as dark pools make it more difficult to detect market manipulation. All of this can lead to losses, damaged confidence and distorted pricing.

The role of crypto assets in the traditional financial system continues to grow. Stablecoins such as USDC and USDT are now widely used for cross-border payments, and their role as a bridge between crypto and the traditional financial system is becoming increasingly prominent. Large institutions such as BlackRock tokenise government bonds through blockchain platforms, while crypto ETFs lower the threshold for retail investors. In fact, according to the Financial Stability Board, we are approaching a tipping point where crypto could pose a systemic risk.[34] At the same time, central banks such as the Federal Reserve are recognising the potential of DeFi and tokenisation and are attempting to integrate these innovations into their policies. The rise of regulated stablecoins and the institutional adoption of blockchain technology indicate that crypto is no longer a parallel system, but an increasingly important part of the financial ecosystem. This therefore warrants supervision of comparable quality.

We see increasing interconnectedness between regular financial institutions and crypto providers. Partly due to new legislation, we first see increasing interest among traditional financial institutions in entering the crypto market. In addition, there are crypto companies that apply for a regular licence to operate an organised trading facility (OTF) or a multilateral trading facility (MTF) for crypto derivatives or acquire a party with a regular licence. Finally, we are seeing increasingly concrete and extensive attempts by traditional financial institutions to support their regular trading activities with tokenisation and distributed ledger technology (DLT). This cross-fertilisation creates opportunities for integrated, full-service offerings to customers, but also means that consistent regulation and supervision are just as important as for regular financial services.

34 See, for example: 'https://www.bloomberg.com/news/articles/2025-06-12/crypto-nearing-tipping-point-toward-systemic-risk-fsb-s-knot-says', Bloomberg, June 2025.

Figure 2.2 Global stablecoin transaction volume is increasing rapidly.



Source: Chainanalysis

Stablecoins are increasingly being used both in the EU and globally (Figure 2.2). By definition, these are intertwined with the traditional financial system, as the value of a stablecoin is pegged to a specific currency and backed by other stable investments, such as government bonds, commodities and other currencies. In the US, their use is further encouraged by the Genius Act, while in the EU steps have already been taken with the entry into force of the Markets in Crypto-Assets Regulation (MiCAR). Among other things, MiCAR sets rules for stablecoins. The existence of different standards for similar stablecoins can lead to ambiguity and risks, for example when it comes to the certainty of repayment.

Sustainability

The sustainability transition requires changes in the financial system; this inherently entails uncertainty. The ecological space (emissions, deforestation, freshwater use) to develop business activities is scarce. In the current financial system, investment decisions do not automatically take this into account. This leads to fundamental tension between social value and financial valuation. For the time being, this will continue to manifest itself in uncertainty, discussions about structural change and shock adjustments. This is reflected in valuations, in the development of regulations, in the requirements that investors themselves set for investments and information and also in the public debate. Major social transitions are erratic. The latest exponent of this is the downgrading of policy ambitions for sustainability in the US, with increasing calls in Europe to do the same.

Growing uncertainty about policy direction is hampering long-term decisions by investors and providers. The regulations on sustainability reporting, taxonomies and other measures have been in full development for some time and are being simplified in some respects and apply to fewer companies, partly due to the changing sentiment surrounding the sustainability transition. Transparency helps market participants to develop consistent strategies and make investment choices that create value in the long term. This is especially true for investments in the energy transition and other ESG-related sectors, where returns often only become visible in the longer term. Reduced transparency ultimately increases the risk of inefficient resource allocation, greenwashing and reluctance on the part of market participants to make necessary investments. In the worst case, this leads to wait-and-see behaviour among investors, slowing down the financing of sustainable initiatives.

Due to weakened rules and increasing climate risks, there is a danger that these risks will be structurally underestimated in financial valuations. The lack of clarity about simplified sustainability rules, such as the CSRD and the ESRS, may allow companies to report risks less accurately. This is mainly due to the uncertainty that arose during the revision of the ESRS about the requirement to provide quantitative estimates of the expected financial effects of sustainability risks. Because a realistic assessment of climate risks can have a negative impact on their value, companies have an incentive to present a less clear picture. For the time being, however, the AFM does not see any weakening in Dutch issuers' reporting on sustainability. Adequate reporting is important, because if physical climate risks manifest themselves or are recognised, sudden revaluations and price shocks can occur. Less reliable valuations do not contribute to investor confidence in the capital markets.

Internationalisation

The rapidly evolving geopolitical landscape and the challenges of climate change and technological developments are leading to major financing needs. The European Commission estimates that €750-800 billion will be needed annually to finance innovation and the sustainability transition. A strong European capital markets union is needed to generate sufficient (risk-bearing) capital to make investments. The European Commission has announced that it will come up with 22 legislative and non-legislative actions from the second half of this year to create a Savings and Investments Union (SIU), which will then be negotiated.[35] The proposals are partly based on Mario Draghi's report, which focuses on the EU's competitiveness.[36]

Risks to the fair, orderly and transparent functioning of capital markets increase when parties are highly dependent on a few dominant chain partners. Past financial crises, such as the 2008 financial crisis, the 2022 LME nickel crisis or the bankruptcy of Archegos in 2021, show how unexpected events can disrupt the capital market through concentrations and dependencies. The problem is often not in one institution, but in the interaction of dependencies, such as invisible concentration, technological dependencies and herd behaviour. Since such crises are difficult to predict, supervisors can use scenarios and risk hypotheses in addition to more static stress tests. Testing scenarios — both quantitative and qualitative — will make institutions and capital market infrastructure more resilient. It is important that not only technical measures are taken, for example compliance with legislation such as DORA, but that attention is also paid to strengthening the strategic thinking of financial institutions. Rehearsing crisis situations, such as cyberattacks or sudden capital restrictions, can strengthen the robustness of European capital markets.

The EU's capital markets are closely interconnected with capital markets in third countries in terms of capital flows. The Letta report notes that EU citizens collectively save €33 trillion and that they currently invest €300 billion annually in the US, for example in American ETFs.[37] For institutional investors, the trend of investing in the US is no different. DNB reports that Dutch pension funds invested €293 billion in non-financial companies in the US in Q4 2024, compared to €97 billion in the EU and €23 billion in the Netherlands.[38] Conversely, the largest number of transactions in AEX shares are carried out by parties from the UK.[39] Geopolitical developments consequently have a major impact on the EU capital markets.

35 'https://eur-lex.europa.eu/legal-content/NL/TXT/HTML/?uri=CELEX:52025DC0124', European Commission, March 2025.

36 'https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en', European Commission, September 2024.

37 'https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf', European Council, April 2024.

38 'https://www.dnb.nl/en/general-news/statistical-news/2025/dutch-pension-funds-invest-more-in-us-companies-than-in-european-companies/', DNB, March 2025.

39 'https://www.afm.nl/nl-nl/sector/actueel/2025/jun/pb-state-capital-markets', AFM, June 2025.

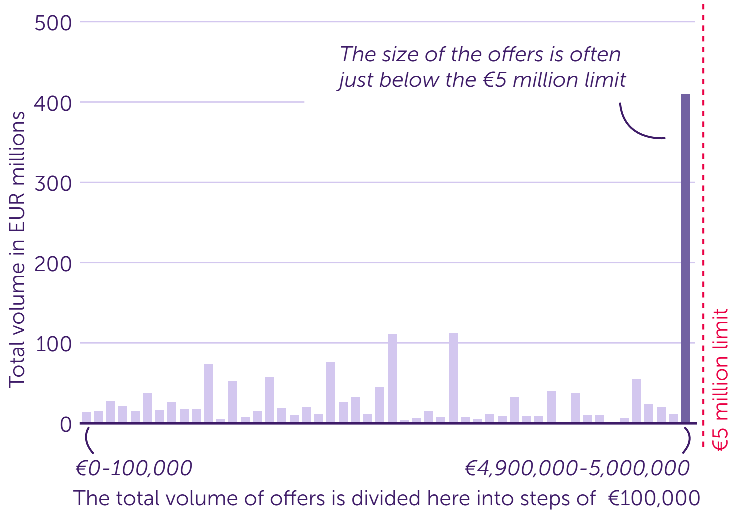
Differences in regulations between Europe and other power blocs increase the risk of an uneven playing field. Recently, we have seen the US under President Trump taking a course in which it is less of a partner of Europe. At the same time, the US is committed to deregulating financial markets and reducing the powers of supervisory institutions. Financial regulation in the UK is also developing apace due to the British government's efforts to promote the competitive position of the City. These developments in countries with which the European capital market is highly interconnected and on which it depends increase the likelihood of an uneven playing field between the EU and internationally competitive markets. Fragmentation and sometimes sluggish regulatory convergence within the EU contribute further to this. In order to reduce these last two disadvantages compared to other markets, it is necessary to get the SIU off the ground. The SIU will not be enough, however. Comprehensive economic reforms are also needed for an attractive European investment climate.[40]

European data centralisation is an essential part of further integration of European capital markets. Data centralisation means that potential financial risks and cross-border market abuse are detected earlier and better. After all, most players in the European capital markets operate internationally. In addition, access to a high-quality national data set remains necessary to keep data-driven supervision of the Dutch capital markets sharp and to improve it.

Integrity and criminal behaviour

Issuers of securities may abuse the exemption from the prospectus requirement to mislead investors and raise large sums. The prospectus exemption offers opportunities for rogue issuers of securities to give misleading information about risks, returns or spending goals. Since 2020, more than 1,600 exempt offers have been reported with a total value of more than €2 billion. It is striking that many offers are just below the €5 million exemption limit, which suggests that the size often seems to be determined by the limit rather than by the financing requirement (Figure 2.3). The AFM receives signals about abuses on a structural basis. Since 2020, more than 300 signals have been received, leading to 78 investigations and 35 measures, including four reports of fraud or embezzlement. Important risk factors are the focus on private investors (85% of the offers), the frequent use of bonds, investments in objects such as real estate instead of SME activities, promised high returns and the accumulation of offers. Although the expected increase of the exemption limit to €12 million is in line with the aim of a better functioning and more integrated capital market, it also increases the risk of abuse and the potential damage.

Figure 2.3 The size of the offers is often just below the exemption limit of €5 million.



Source: AFM

40 'https://www.afm.nl/~/profmedia/files/publicaties/2024/trendzicht-2025/aantrekkelijke-europese-kapitaalmarkten.pdf', AFM, November 2024.

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	↗

Continue reading on the next page

Risk Map for
Capital markets

Continued from the previous page

Keyword	Specific risk	Risk drivers	Importance
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	→

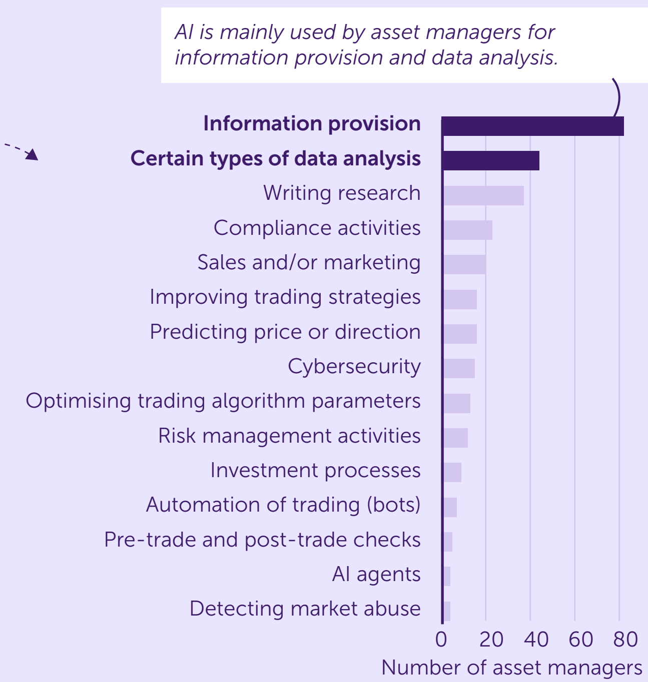
3. Asset management

THIS CHAPTER IN 1 MINUTE

- **Outsourcing and consolidation** in the asset management sector continues. **Economies of scale** are important for small and medium-sized entities because of enhanced efforts in the field of compliance and risk management.
- **Cyberattacks** are increasing in number and severity; this not only has an impact on the business operations of individual asset managers but can also have a **disruptive effect on the market**.
- The use of **AI applications** by asset managers is increasing. AI is mainly used for information gathering and data analysis. The use of AI or GenAI to improve trading strategies, among other things, is likely to increase in the future. Managing **the inherent risks** therefore remains important.
- Providing **correct and clear sustainability information** requires continued attention, also in view of the changing regulations and the political climate with regard to sustainability.
- In the upcoming period, the implementation of new European laws and regulations and the further establishment of the European Savings and Investments Union (SIU) will have an impact on the **playing field and competitiveness** of the European asset management sector.

In which day-to-day activities is AI used?

A total of 323 asset managers were surveyed. Multiple answers could be given to this question.



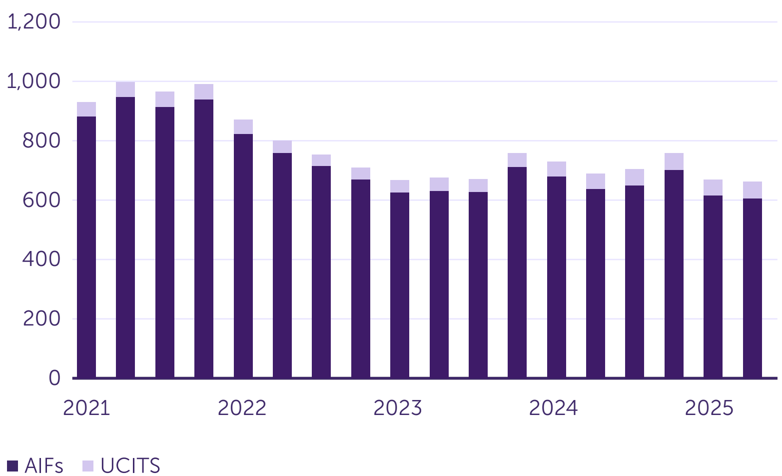
Source: AFM research, Q1/Q2 2025

General developments

Invested assets in Dutch investment funds fell slightly in the first half of this year to around €670 billion (Figure 3.1). The decline in the total value (of both Alternative Investment Funds (AIFs) and Undertakings for Collective Investment in Securities (UCITS)) is mainly due to a relocation of funds domiciled in the Netherlands to other countries and a shift in assets from funds to segregated mandates, i.e. tailor-made portfolios for individual clients, often with specific investment guidelines.

Figure 3.1 invested assets in Dutch investment funds have fallen slightly in 2025.

Invested assets (EUR billions)



Source: Morningstar and AIFMD data, up to and including 30 June 2025.

In April 2025, mutual funds experienced sharp price falls and very high volatility due to the trade tariffs announced by the US. However, outflows from Dutch funds have remained relatively limited and, as far as is known, there have been no liquidity problems among funds. While calm seems to have returned to capital markets, policy uncertainty and geopolitical tensions continue to increase the risk of sudden and simultaneous value adjustments in financial and real estate assets. This may lead to outflows from funds, reinforcing existing market dynamics. The current high level of uncertainty in financial markets may prompt investors to revise their outlook. Combined with a potentially increasing need for liquidity, for example due to margin calls, there is a risk of capital movements further fuelling volatility. Large global institutional investors have indicated that they will shift assets from the US to the EU; this is because of concerns about their exposure to US assets.[41] Such a shift in capital requires robust infrastructure to be able to invest assets effectively in Europe. This requires better European cooperation and further deepening of the European capital market, for example by promoting the Savings and Investments Union (SIU).[42]

Although the number of licence holders, and in particular managers registered under the AIFMD, continues to rise (Figure 3.2), consolidation in the Dutch asset management market continues unabated.[43] The number of mergers is increasing in almost all segments, in terms of both the number of transactions and the volume of assets involved. For small and medium-sized managers, scaling is crucial. After all, efforts aimed at being compliant with laws and regulations and arranging processes efficiently and manageably are increasing, while at the same time the leeway to increase management rates is minimal. In acquisitions, the emergence of private equity parties as buyers is visible for the first time. Given the return targets of private equity operators, this reinforces the consolidation trend. The asset management industry is attractive to private equity for several reasons, including the ability to create funding and/or distribution channels for their investment products.

41 See, for example: 'https://www.ft.com/content/4d7892b3-ec07-4ae9-ae93-dcd34ad42c5b', FT, May 2025.

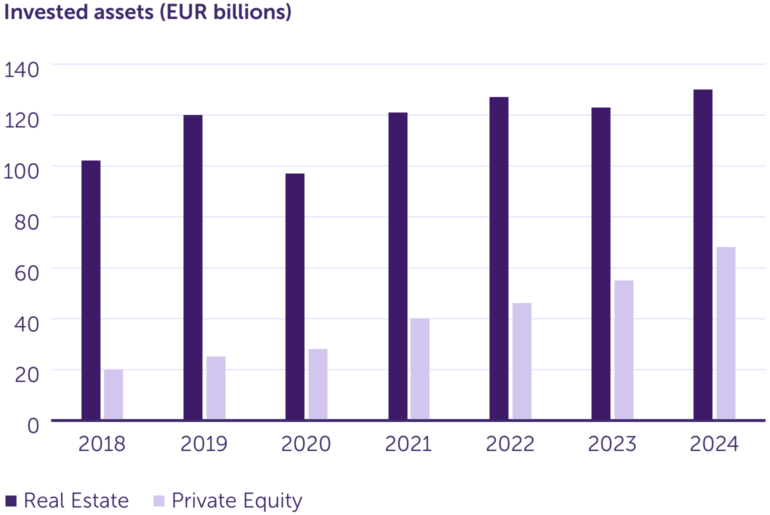
42 'https://www.afm.nl/nl-nl/sector/actueel/2025/mei/pb-rapport-financiele-stabiliteit', AFM, May 2025.

43 An AIFM registration is a requirement in the Netherlands for managers of alternative investment funds (AIFs) that do not have to comply fully with the AIFM Directive.

Figure 3.2 The total number of Dutch managers (licensed and light) continues to increase.

Source: AIFMD data

Figure 3.3 The total invested assets of real estate and private equity funds are rising.



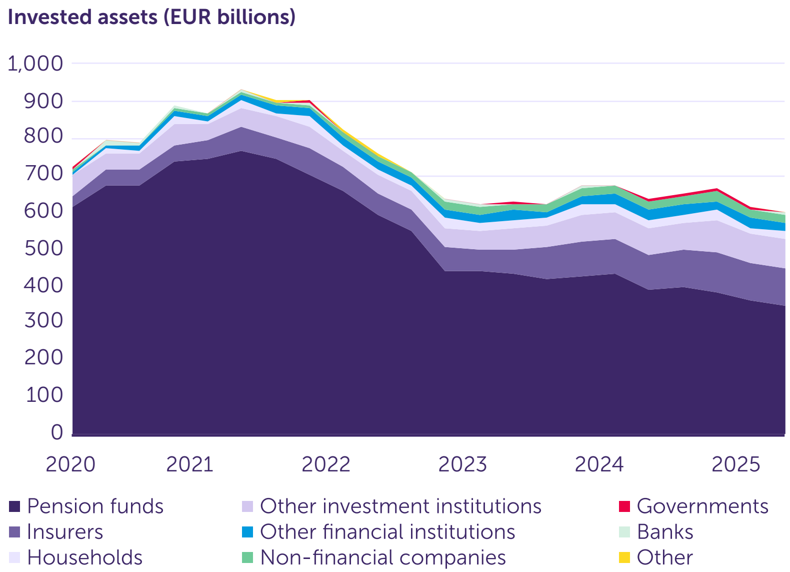
Source: AIFMD data

Investment funds that invest in illiquid assets are particularly exposed to increased liquidity risk and valuation risk. In illiquid and private markets (such as real estate and private equity/credit), relatively few transactions take place and prices are not established on a daily basis. Pricing assets is therefore difficult. This creates the risk of overvalued assets. In addition, there are more and more alternative investment funds (AIFs) with illiquid investments (including private equity) that are offered as open-ended funds. Liquidity is very limited in these types of funds and, if the exit conditions are not properly aligned with the liquidity of the underlying assets, this can result in a liquidity mismatch. As a result, the fund may not be able to meet investors' outflow requests and may have to deploy liquidity management instruments more quickly. Figure 3.3 shows the increase in invested assets in funds with a private equity strategy.

Dutch banks, medium-sized asset managers and large asset managers are expanding their range of private market funds for wealthy individuals and private banking clients. Entry thresholds and allocation limits are used to limit market and liquidity risks. Although these funds in the Netherlands are still mainly targeting wealthy investors, the offer is increasingly aimed at retail investors, a development that is already more advanced internationally. This broadening entails additional risks, such as valuation uncertainty and mis-selling. Examples include unclear conditions or conflicts of interest around entry and exit moments, such as adjusting valuations just before exit to limit losses or applying restrictions or high and unreasonable charges at the time of exit.

The Future of the Dutch Pensions Act (Wtp) and the strategic reorientation of the institutional market go hand in hand. The introduction of the new Dutch pension system raises strategic issues for a number of institutional asset managers in their asset management proposition for pension funds. In addition, the implementation of the Wtp entails significant adjustments to operational chain processes now that the data and information exchange between pension funds, administrators and asset managers is becoming more intensive. On balance, this is expected to have a positive impact on the quality of the business operations of these institutional asset managers. Dutch pension funds are looking for more flexibility to better pursue their specific investment guidelines, including their sustainability objectives. This requires tailor-made solutions that translate into a movement in which pension funds withdraw assets from investment funds and then allocate them to asset management mandates that seamlessly meet the requirements and wishes of the pension fund in question. Figure 3.4 shows the decline in the invested assets of Dutch pension funds in AIFs.

Figure 3.4 The share of pension funds in the invested assets in AIFs is falling.



Source: AIFMD data

In addition, the Wtp may be a reason for pension funds to reconsider their relationship with their existing fiduciary manager. This combination of factors may lead to significant changes in the client portfolios and assets under management, and hence in the earning capacity of institutional asset managers in the run-up to or immediately following implementation of the Wtp.

Digitalisation

The growing use of and dependence on IT systems makes asset managers increasingly vulnerable to IT-related incidents, such as corporate identity fraud. One form of corporate identity fraud consists of creating fake websites and social media channels. This involves the use of logos, publications and documentation from existing providers to illegally attract funds and/or mislead customers through pump-and-dump transactions.

Asset management parties are increasingly being targeted by cyberattacks; to further support resilience, particular attention must be paid to outsourced processes. The current geopolitical tensions increase the risk of cyberattacks. Measures are needed to strengthen resilience (especially in the case of legacy IT systems) and to prevent damage as much as possible. This also includes ensuring that asset managers respond to cyberattacks in a timely and correct manner and get their IT infrastructure back up and running with the shortest possible disruption. Even when asset managers outsource IT tasks to service providers such as cloud platforms, they must take robust measures. This includes implementing advanced security protocols, conducting regular risk assessments and ensuring strict adherence to security standards by their service providers.

Digital resilience therefore remains essential for the robust business operations of asset managers. The European Union is placing increasing emphasis on strengthening the digital resilience of organisations, sectors and member states. For the financial sector, including the asset management sector, the Digital Operational Resilience Act (DORA) has been in force since the beginning of 2025 and contains detailed requirements for digital resilience. Digital processes form the modern foundation of the business operations of financial institutions, which means the dependence on IT systems is very high.

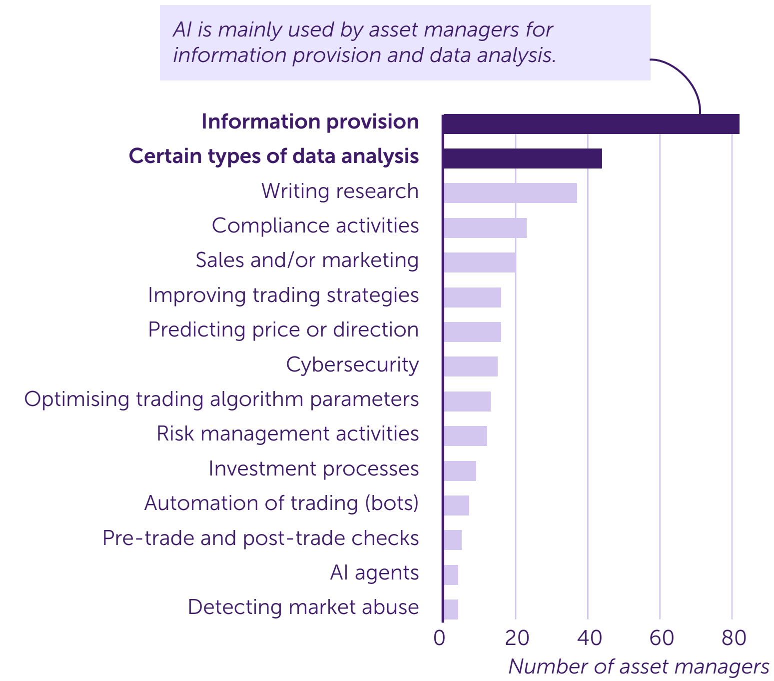
Nevertheless, a no-IT scenario can have serious and market-distorting effects. A no-IT situation is a situation in which IT systems fail completely or largely to such an extent that business operations cannot be continued. This situation can arise due to various scenarios, such as cyberattacks, technical failures, internal sabotage or geopolitical tensions that limit access to IT systems. Not only asset management, but also other important and critical functions such as payment transactions and risk management can be brought to a standstill in such scenarios. The consequences of a (possibly prolonged) no-IT situation can be impactful. Long-term operational disruptions at individual institutions affect the continuity of service for customers. Moreover, these can lead to reputational damage and even market instability and system failure: when multiple market participants fail, this can disrupt financial markets and cause a chain reaction with significant consequences for the asset management industry as a whole as well as the wider economy.

The use of algorithms and other AI applications by asset managers continues to increase. Research by the AFM shows that asset managers currently use AI mainly to collect and analyse information and data (Figure 3.5).[44] Proprietary traders also deploy AI applications to make price predictions and improve trading strategies.

Figure 3.5 Asset managers mainly use AI applications in the field of information provision.

In which day-to-day activities is AI used?

A total of 323 asset managers were surveyed. Multiple answers could be given to this question.



Source: AFM research Q1/Q2 2025

Asset managers expect to achieve various benefits by deploying AI applications. For example, the use of AI can lead to more efficient processes, which can reduce costs for institutions. In addition, AI can help asset managers to assess risks better and more consistently, provided they have high-quality, complete data and models that can be explained and audited. The AFM study shows that AI can provide efficiency benefits in particular and can help analyse data and

44 AFM investigation Q1/Q2 2025 into the use of AI applications in the Dutch asset management sector.

improve processes (Figure 3.6). In the future, the use of AI and GenAI applications by asset managers is likely to increase further. With the help of AI, portfolio allocations and market analyses can be improved. Whether these AI tools will then also make final investment decisions remains to be seen. In any case, it is important that asset managers are transparent towards their clients about the role of AI in their investment policy or portfolio composition.

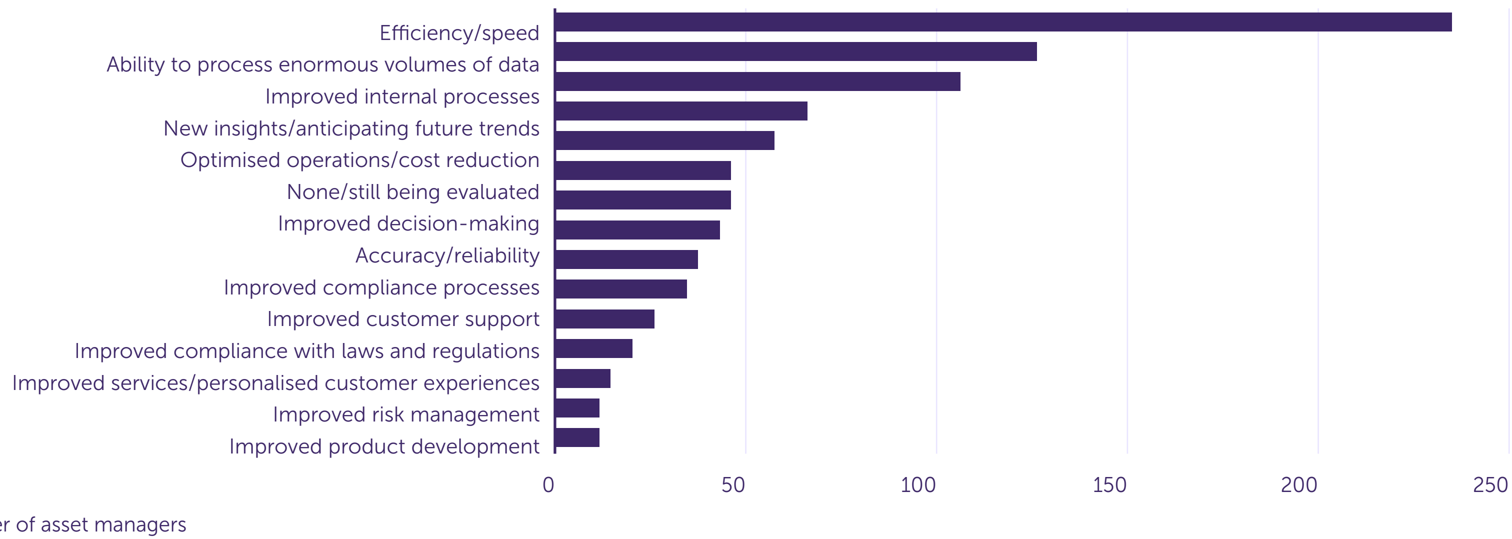
While the use of AI can improve investment strategies and customer service, it also comes with inherent risks. These risks include algorithmic biases, poor data quality and a potential lack of transparency. After all, advanced AI models can make complex decisions that might not be clearly construed, which may undermine the explainability of financial outcomes. Furthermore, the use of AI by asset managers may lead to dependency risks, partly because there is currently only a limited group of (mainly non-European) technology companies that can provide AI technology. Furthermore, valuation issues – particularly among smaller AI-related companies and startups – and possible concentrated market exposure also play a role.

Sustainability

The asset management industry plays an important role in meeting customers' demand for sustainable investments. Providing correct and clear sustainability information is important in this regard. Although most funds have the sustainability information required under the Sustainable Finance Disclosure Regulation (SFDR) available, continuous attention still needs to be paid to the quality of this information. When sustainability information from funds turns out to be insufficiently reliable, this can damage confidence in sustainable products.

The field of sustainability information and regulations continues to undergo significant change. Of particular note are the ESMA guidelines for fund names, which have been fully applicable since

Figure 3.6 Asset managers expect these benefits from using AI applications.



Source: AFM research Q1/Q2 2025

this year, and the revision of the SFDR. A proposal from the European Commission for the revision of the SFDR is expected by the end of 2025. It is still unclear how this will work out, especially now that the political climate with regard to sustainability and associated legislation is changing. A consultation from the European Commission has already given a preview of possible adjustments, such as the introduction of sustainable product categories and less comprehensive reporting obligations for companies. These potential changes could have major consequences for parties that need to comply with the SFDR. The entry into force of the amended requirements is expected in 2028 at the earliest.

In the run-up to the entry into force of the ESMA guidelines for fund names, a number of asset managers have chosen to remove or amend sustainability-related terms from fund names. In the market, it is noted that some fund managers have chosen to adjust the names of their funds. Other fund managers have left the names of funds unchanged but have recently adapted their fund documentation and, where appropriate, their investment policies to meet the criteria arising from the ESMA guidelines, for example regarding the number of mandatory exclusions.

Internationalisation

Consolidation and geopolitical developments require asset managers to focus increasingly on their counterparty risk. Due to economies of scale in the form of consolidation (acquisitions) and outsourcing to third parties, the concentration risk and thus the counterparty risk is increasing, and managing these risks is becoming increasingly important. This counterparty risk can take several forms. Asset managers not only outsource investment administration and IT, but also activities that require a licence, such as portfolio management. Asset managers depend on a limited number of cloud and asset servicing providers (mainly US-based). Under these circumstances, it is important that asset managers guarantee a certain autonomy, are sufficiently resilient and pay extra attention to due diligence when entering into and reviewing agreements with third-party providers and outsourcing services. Setting up an oversight function and periodically reviewing the existing services are part of a mature outsourcing policy. This trend of outsourcing and consolidation may lead to concentration risks if many asset managers become dependent on a limited number of third parties, or if only a few large asset managers with dominant market positions remain. Consolidation and group outsourcing do not relieve asset managers of the obligation to ensure robust local and independent assurance of compliance and risk functions.

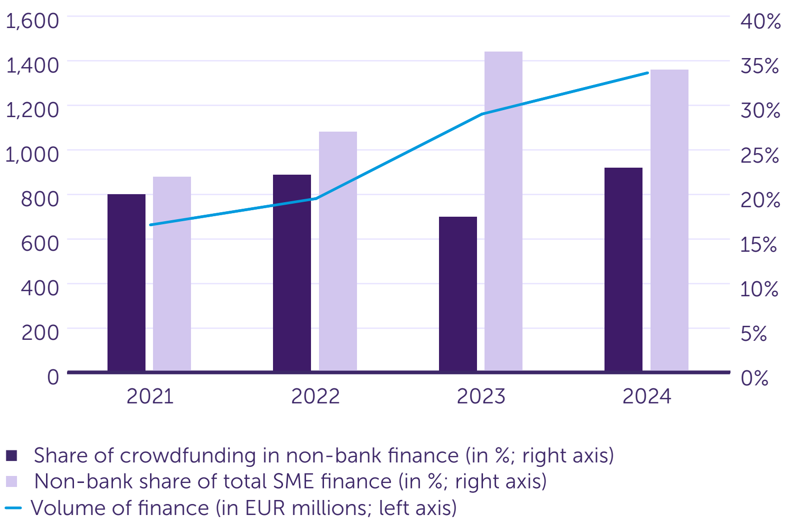
In the coming period, new European laws and regulations and the further establishment of the European Savings and Investments Union (SIU) will have an impact on the playing field and the competitive position of the European asset management sector. The aim of the SIU is to provide EU citizens with more investment opportunities and to improve financing opportunities for companies in the EU. An important part of the plans is the integration of the European capital markets. This also includes efficient supervision. The AFM supports further steps towards strengthening and, where necessary, centralising supervision at the European level. It is important that this leads to a more consistent application of EU legislation, more effective supervision and further integration of capital markets. For the asset management industry, this should result in lower compliance costs and an increased level playing field within the EU. This will promote fairer competition and make it easier to operate across borders.

Integrity and criminal behaviour

The presence of illegal crowdfunding service providers (CSPs) undermines confidence in the sector and distorts fair competition. Illegal CSPs operate outside the licensing system of the European Crowdfunding Service Providers Regulation (ECSPR), which means that investors are insufficiently protected against deception, incomplete information or even fraudulent acts. There is also a risk that unlicensed CSPs may additionally have serious operational deficiencies, which could lead to bankruptcies or insufficient resilience to cyberattacks. This could result in investors suffering financial damage and confidence in the crowdfunding market being undermined. Although the crowdfunding market is currently relatively small, crowdfunding is growing as a form of financing for SMEs in both absolute and relative terms (Figure 3.7). Within the EU, the Netherlands has the largest number of CSPs after France, with the Netherlands being on an equal footing with France in terms of invested capital.[45] These figures reflect the registered part of the market. Figures on the size of the illegal part of the market are still lacking, but the AFM regularly receives signals from consumers and from the sector concerning potentially illegal CSPs.

The lack of protection for investors combined with a growing market increases the risk of financial damage and loss of reputation for the industry as a whole. There is also a risk of negative media coverage, which can further undermine consumer confidence in the market. A well-functioning CSP market is essential for maintaining that confidence.

Figure 3.7 Crowdfunding is growing as a source of financing for SMEs.



Source: SME Financing Foundation

45 'https://www.esma.europa.eu/sites/default/files/2025-01/ESMA50-2085271018-4039_ESMA_Market_Report_-_Crowdfunding_in_the_EU_2024.pdf', ESMA, January 2025.

Risk Map for **Asset management**

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

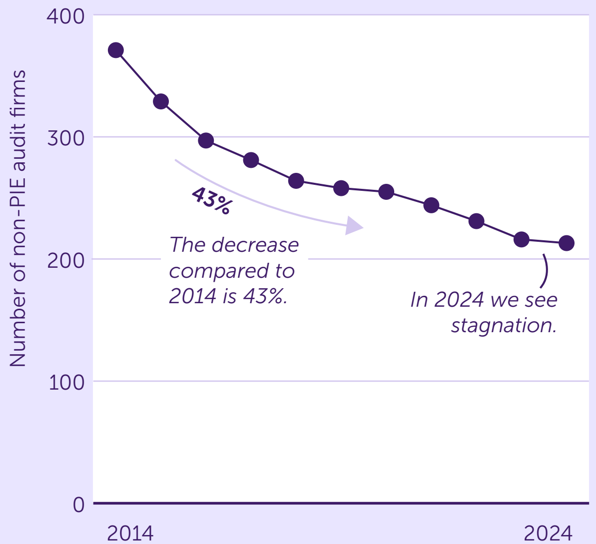
Keywords	Specific risk	Risk drivers	Importance
Consolidation	The ongoing consolidation trend requires attention to the operational risks of acquirers. In addition, concentration risks are increasing and heterogeneity in the Dutch asset management market is under pressure. This is accompanied by the risk of a less specialised offer and a decrease in freedom of choice for investors.	• Margin pressure/scale • Laws and regulations • Complexity of business operations	Raised, Increase
Valuation and illiquid markets	Open-ended funds that invest in illiquid assets (such as private markets) or funds that make extensive use of derivatives are particularly exposed to liquidity risks in the event of market stress. Insufficient market transactions for illiquid assets increase the risk of mispricing and conflicts of interest. The expected growth of this category of investments increases the likelihood of materialisation of these risks.	• Macroeconomic developments • Geopolitical developments	Raised, Increase
Chain dependence	Outsourcing activities, such as portfolio management, investment administration and IT, to third parties leads to chain dependency. When many asset management parties become dependent on a limited number of third parties, this results in concentration and/or systemic risks (domino effect).	• Digitalisation • Internationalisation	Raised, Increase
Digital operational resilience	Increasing use of and reliance on IT systems makes asset managers vulnerable to cyberattacks and other IT incidents. The increasing outsourcing of business processes to large service providers (such as cloud platforms) also makes the entire asset management sector vulnerable to cyber incidents at such 'nodes'. A no-IT scenario can have serious and market-disruptive effects.	• Digitalisation	Raised, Increase
AI in investment policy and business operations	Uncontrolled use of AI in both portfolio management and internal operational processes creates risks, such as potential biases and reduced transparency and explainability and exposure of asset managers to model risks. In extreme cases, errors in algorithms or poor management of these risks can lead to financial instability.	• Digitalisation	High, Increase
Sustainability legislation and communication	Against the backdrop of changing regulations, it is important that asset managers communicate to investors in a clear and correct way about the sustainable characteristics of a product. If sustainability information turns out to be insufficiently reliable, this can damage confidence in sustainable products.	• Preservation • Laws and regulations	High, Remain the same
Integrity and criminal behaviour	The presence of illegal crowdfunding service providers (CSPs) undermines confidence in the sector and puts investors at risk, since they are operating without a licence. This increases the likelihood of deception, fraud, bankruptcies or cyberattacks.	• Laws and regulations • Digitalisation	High, Increase

4. Accountancy and reporting

THIS CHAPTER IN 1 MINUTE

- The **consolidation of non-PIE audit firms** is continuing and can provide a quality boost. However, there are also developments that put pressure on the quality of audits, such as a lagging learning culture in terms of root cause analyses and an increasing share of private equity parties.
- Audit firms indicate that they are increasingly **using advanced and innovative tooling**, which offers opportunities but also entails risks for the performance of statutory audits.
- The delayed implementation of the Corporate Sustainability Reporting Directive (CSRD) in Dutch legislation and the proposals for burden reduction in the Omnibus package are creating uncertainty in the market and **decreasing availability of reliable sustainability information** for stakeholders.
- Geopolitical turmoil may increase uncertainty about the future financial situation of companies. This requires **extra vigilance** from statutory auditors with regard to testing the **going concern assumption**.
- If statutory auditors do not follow up sufficiently on identified fraud risks, the **gatekeeper role of audit firms** will come under pressure. Involvement of statutory auditors in exam fraud can have negative consequences for the **credibility of and trust in the sector**.

The number of non-PIE audit firms is still falling due to mergers and acquisitions (consolidation) but seems to be stabilising.



Sources: AFM Market Monitor 2014-2021; data on non-PIE audit firms 2022-2024.

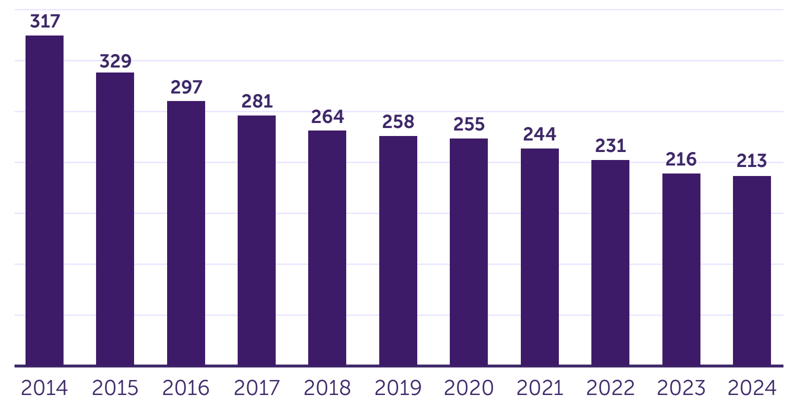
TREND MONITOR REPORTING

General developments

Various general developments in the accountancy sector may improve the quality of statutory audits, but they also entail new risks. In this section, we share the main findings of our analysis of developments that may affect the quality of statutory audits. We take as our basis the data reported by audit firms, both those with a regular licence to perform statutory audits (hereinafter: non-PIE audit firms) and those with a licence that also extends to the performance of statutory audits of public interest entities (hereinafter: PIE audit firms).[46] We discuss the consolidation of non-PIE audit firms, learning from root cause analyses, the use of quality controls in statutory audits, the market share of private equity parties and the establishment of an internal supervisory body. More in-depth information and other developments can be found in the publication titled State of the Auditing and Reporting Industry 2025.

The number of non-PIE audit firms is still declining (Figure 4.1), but the number of licence applications has recently increased. The number of non-PIE audit firms fell by roughly 1% in the past financial year. Compared to the 2014 financial year, the decrease is approximately 43%. This development is the result of mergers and acquisitions, in which private equity is also playing an increasingly important role. Because there are fewer non-PIE audit firms, the remaining firms perform more statutory audits. This increase in scale may contribute to a higher quality of the statutory audits. Since last year, the number of applications for a new regular licence has increased, resulting in 10 licences being granted in 2024. This seems to be curbing the decline in the number of non-PIE audit firms.

Figure 4.1 The number of non-PIE audit firms is still falling but seems to be stabilising.

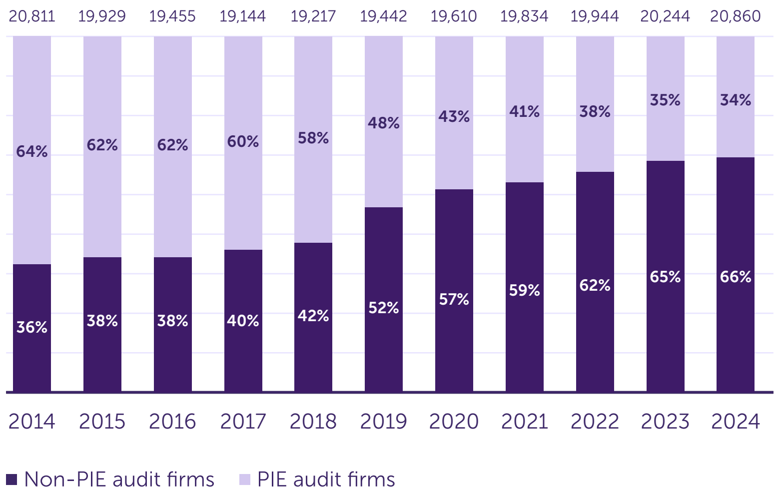


Sources: AFM Market Monitor 2014-2021; data on non-PIE audit firms 2022-2024. Note: Due to corrections in the data quality, there are small deviations compared to previous publications, but this does not affect the conclusion.

The market share of non-PIE audit firms compared to PIE audit firms is still increasing (Figure 4.2). The number of statutory audits carried out has fluctuated around 20,000 for many years. PIE audit firms performed approximately 7,051 statutory audits in the 2024 financial year (34%), compared to 7,104 in 2023 (35%). Non-PIE audit firms performed 13,809 statutory audits in 2024 (66%), compared to 13,140 in 2023 (65%). This can be explained by the fact that PIE audit firms have become more selective in their client acceptance policy, partly due to capacity pressure and quality requirements, as a result of which clients switch to non-PIE audit firms. This can put pressure on the quality of statutory audits.

46 The data used in this publication have been updated to mid-September 2025.

Figure 4.2 The market share of non-PIE audit firms based on the number of statutory audits is still rising.



Sources: AFM Market Monitor 2014-2021; data on non-PIE and PIE audit firms 2022-2024. Note: The years refer to financial years and the numbers above the bars represent the total number of statutory audits.

Audit firms miss opportunities to learn from root cause analyses. Analysing completed statutory audits or specific themes provides insight into factors that influence the quality of statutory audits. This insight helps to take targeted quality measures and offers starting points for learning what is going well and what can be improved in statutory audits. Although there are good examples of such root cause analyses (with attention paid to technical, process-related and behavioural aspects), there are also audit firms that do not yet or hardly ever use this instrument. An analysis of the data for 2024 shows that PIE audit firms perform an average of 13 root cause analyses. Non-PIE audit firms perform an average of 1.7 root cause analyses. A sufficient number of root cause analyses are needed to recognise patterns and learn from statutory audits. Although there is no fixed standard and average figures are difficult to compare, this helps to achieve structural improvements.

Audit firms are slightly more likely to use quality controls in statutory audits. These quality controls consist of engagement quality reviews (EQR), file coaching, interim reviews of the audit file, deployment of a second auditor in the audit team and/or other measures. Audit firms that systematically deploy and monitor their quality controls can better control the quality of their statutory audits.[47] At non-PIE audit firms, the percentage of statutory audits with one or more reported quality controls increased from 61.5% in 2023 to 62.0% in 2024. There also seems to be an increase in the use of quality controls at PIE audit firms.[48]

Private equity parties are gaining an increasing market share in non-PIE audit firms, which entails risks. It is estimated that by 2025 36% of the total number of statutory audits by non-PIE audit firms will be performed by organisations that are fully or partly owned by private equity, compared to 11% in 2023 and 21% in 2024. The AFM still considers that the risks of private equity outweigh the opportunities. A key risk is that the commercial pressure entailed by private equity could put pressure on the quality of statutory audits. That is why the AFM keeps a close eye on the influence of private equity. It monitors indicators in the areas of quality controls, significant risks, statutory auditor involvement and threats to independence – both before and after working with private equity.[49] In its supervision, the AFM also pays attention to compliance with the voting rights requirement and the requirement concerning the day-to-day policy of audit firms with private equity.[50]

47 'https://www.afm.nl/nl-nl/sector/actueel/2019/jun/gebruik-kwaliteitswaarborgen-accountants', AFM, June 2019.
48 The picture may still change because not all PIE audit firms have provided all data for 2024.
49 'https://www.afm.nl/nl-nl/sector/actueel/2025/apr/sb-private-equity', AFM, April 2025.
50 According to Sections 16 and 16b of the Audit Firms Supervision Act.

The number of large non-PIE audit firms with an internal supervisory body is increasing. The Accountancy Sector Amendment Act obliges the largest non-PIE audit firms to establish an internal supervisory body. This body must consist of at least three independent members, who – like other policymakers – are assessed for suitability.[51] Based on our data for the financial year from 2022 to 2024, 15 non-PIE audit firms met the criteria for the mandatory establishment of the supervisory body. Many of the audit firms involved are already preparing for the governance requirements of the Accountancy Sector Amendment Act. The websites of these audit firms and the AFM register show that 10 of the 15 non-PIE audit firms have an internal supervisory body. The average number of members is four. Although an internal supervisory body can give a positive impulse to safeguarding the public interest in performing statutory audits, not all large non-PIE audit firms meet the requirement of at least three members, and it will be necessary to see in practice to what extent these supervisory bodies function according to the requirements of the Accountancy Sector Amendment Act.

Digitalisation

The importance and the impact of technological developments are increasing. Due to the sustainability transition, technological advances and increasingly complex value chains, audit clients are increasingly opting for future-proof business models. As a result, their IT processes are becoming more complex. This requires IT solutions at audit firms, different expertise in performing statutory audits and integration of emerging technology into audit practice. In PIE audit firms, the international networks play an important guiding role in this regard. In the case of non-PIE audit firms, the growing market share of private equity firms and the discontinuation of licence updates for a number of audit software tools may contribute to an increase in the use of new technology in performing statutory audits.

More and more audit firms are using advanced data analysis tools and cloud solutions for statutory audits, which makes it possible to perform audits more efficiently and effectively. The use of data analysis in statutory audits by non-PIE audit firms has increased sharply: from 74% in 2022 to 91% in 2025 (Figure 4.3).[52] Advanced data analysis is also being used more often, with an increase from 4% to 9%. An incidental survey in 2024 shows that 49% of non-PIE audit firms use innovative tooling, with most combining multiple forms.[53] PIE audit firms have been using these types of tools for some time, but they are now increasingly using them for risk analyses and other non-routine audit work. They are also experimenting more and more with new technologies such as AI. [54] The use of innovative tools can make statutory audits more effective. Although setting up technological applications takes extra time in the initial phase, automation saves time in the long run because routine tasks are taken over. This leaves the audit team more time for more complex audit work, which can directly and indirectly improve the quality of statutory audits.

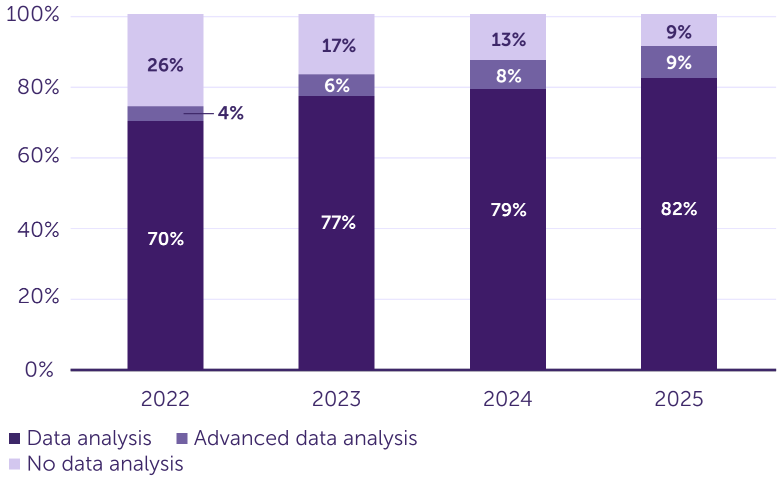
51 The cumulative criteria for this are that non-PIE audit firms generate at least €3 million in turnover per financial year from statutory audits and perform at least 150 statutory audits per financial year during three consecutive financial years.

52 In accordance with NBA Guideline 1141, we use the following definition for data analysis: "Data analysis is the discovery of patterns, deviations and inconsistencies, and the extraction of other useful information about the object of the research by means of analysis, modelling and visualisation for the purpose of planning or carrying out the assignment". ('https://www.afm.nl/~/profmedia/files/doelgroepen/accountantsorganisaties/2024/aanleverspecificaties-uitvraag-wettelijke-controles-2024-v14.pdf').

53 The possible answers for this question are: 1. Process mining, 2. Robotic process automation, 3. Artificial intelligence, 4. Continuous auditing, 5. PowerBI, 6. Big data/data lakes, 7. Other. Audit firms could indicate at their own discretion whether they use this innovative tooling.

54 'https://media.frc.org.uk/documents/Thematic_Review_on_the_Certification_of_Automated_Tools_and_Techniques.pdf', FRC, June 2025; 'https://www.ifiar.org/?wpdmdl=18273', IFIAR, March 2025.

Figure 4.3 The use of data analysis and advanced data analysis by non-PIE audit firms is increasing.



Source: Data on statutory audits of non-PIE audit firms. Note: The data for 2025 have been updated to mid-September.

However, the use of advanced or innovative tools also poses risks to the quality of statutory audits. Research shows that auditors are susceptible to an automation bias: auditors assess work less well if it is created by automated tools than if the same work is done by a colleague.[55] The risk is therefore that statutory auditors have too much confidence in the correct operation and outcomes of these tools (overreliance). It is therefore essential that audit firms implement safeguards to guarantee the security and correct functioning of the tooling. This is also relevant to AI tools that can produce outcomes and/or conclusions without human intervention. This can lead to situations in which tools generate non-traceable and/or non-reproducible outcomes without the user being aware of this. This can compromise the quality of statutory audits, according to inspection findings by other international regulators.[56]

Audit firms report few cyber incidents, and non-PIE audit firms seem to underestimate their own cyber risks. Although audit firms are not covered by the Digital Operational Resilience Act (DORA), information security is an important theme for them. After all, audit firms and their suppliers of software tools and cloud solutions hold large amounts of confidential information. In addition, the use of advanced and innovative tools is increasing. Despite the increasing importance of cybersecurity, audit firms report few cyber incidents in our data request. However, 143 non-PIE audit firms have shared their cyber risk level: 5% indicate that they have a high or critical risk level, 36% a medium level and 59% a low level.

Sustainability

The delayed implementation of the CSRD in Dutch legislation and the proposals for burden relief in the Omnibus package are causing uncertainty in the market. At the beginning of 2025, the European Commission published the Omnibus package with proposals for simplifying the CSRD with the aim of reducing the burden on companies.[57] The proposal to postpone the reporting obligation for large companies (second wave) and small listed companies (third wave) by two years has now been adopted.[58] In the proposals of the Omnibus package, the criteria for companies subject to the CSRD have been increased. The European Council then made a proposal to increase these criteria even further.[59] The final scope of the CSRD is still uncertain, as it has yet to be determined through trilogue negotiations between the Commission, the Council and the European Parliament.

55 'http://dx.doi.org/10.2139/ssrn.4309348', Peters, June 2025.

56 'https://www.ifiar.org/?wpdmdl=18273', IFIAR, March 2025.

57 'https://finance.ec.europa.eu/publications/commission-simplifies-rules-sustainability-and-eu-investments-delivering-over-eu6-billion_en', European Commission, February 2025.

58 'https://www.consilium.europa.eu/en/press/press-releases/2025/04/14/simplification-council-gives-final-green-light-on-the-stop-the-clock-mechanism-to-boost-eu-competitive-ness-and-provide-legal-certainty-to-businesses/', European Council, April 2025.

59 'https://data.consilium.europa.eu/doc/document/ST-10276-2025-INIT/en/pdf', European Council, June 2025.

Despite the delayed implementation of the CSRD, many issuers have published a sustainability report based on the CSRD for 2024. Companies have made good strides by making their sustainability reports more structured, accessible and visual.[60] More and more good examples of sustainability reports based on the CSRD are becoming available, but there are also points to be addressed in order to better highlight the place of the company in the world. A global internal analysis by the AFM shows that almost all sustainability reports of issuers for 2024 have been issued with a practitioner's report with limited assurance.

The proposals of the European Commission and the European Council reduce the number of companies subject to the CSRD and reduce the availability of sustainability information to stakeholders. These proposals may lead to sustainability reporting increasingly being carried out by a small group of specialised statutory auditors and employees. This concentration of expertise may improve the quality of the sustainability report and assurance work. At the same time, this reduction in the number of assurance engagements may be an obstacle for statutory auditors and employees seeking to become proficient in this form of assurance. In addition, the removal of the proposed transition to a reasonable degree of assurance may lead to less in-depth assurance procedures and possibly less reliable sustainability reporting. In addition, the fully voluntary nature of sustainability reporting (VSME standard) for large listed companies with fewer than 1,000 employees results in a decrease in information for stakeholders.

The proposals to increase the criteria for companies subject to the CSRD may lead to market shifts. Our analysis shows that most non-PIE audit firms with companies subject to the CSRD in their client portfolio are expected to have only one or two of these companies. This may lead to shifts in the market: companies may switch to an audit firm with more CSRD expertise, organisations may collaborate to provide assurance for sustainability information or companies may choose to have the assurance carried out by a party other than the auditor of the financial statements.

Internationalisation

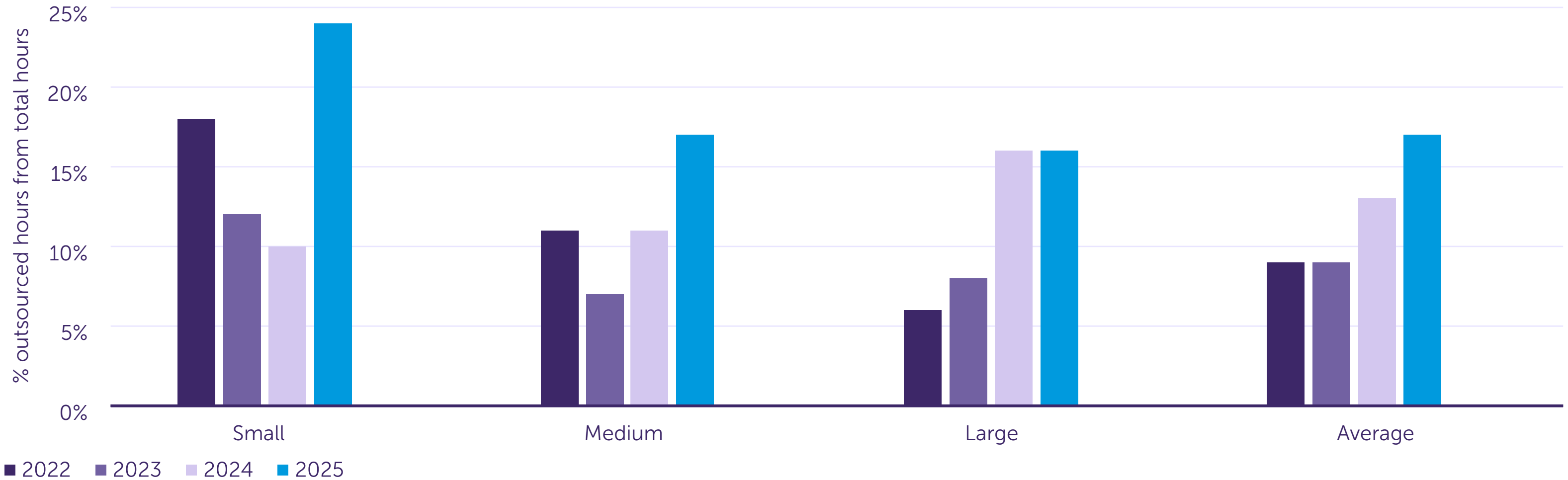
The volume of outsourced audit work is increasing and requires audit firms to safeguard the quality of this work. This concerns the outsourcing of audit work to, for example, service delivery centres, possibly abroad. Although the percentage of statutory audits reported at non-PIE audit firms with outsourced hours remains virtually the same, the percentage of outsourced hours relative to the total number of hours of these audits increased from 9% in 2022 to 17% in 2025 (Figure 4.4). At PIE audit firms, the reported percentage of statutory audits with outsourced hours is increasing, but the share of outsourced hours of these audits remains approximately the same at around 15% for both 2023 and 2024.[61] Outsourcing audit work can increase the quality of statutory audits, for example because more time is available for the more complex parts of the audit. At the same time, it can also put pressure on quality by potentially requiring more coordination and alignment depending on the risk profile of the audit client, the nature of the outsourced work and the experience with the outsourced party. In addition, outsourcing may limit the development of junior employees. They have less opportunity to build up the basic skills needed to properly review audit work carried out.[62] In the long term, this can have consequences for the quality of the audit team.

60 'https://www.afm.nl/nl-nl/sector/actueel/2025/juli/sb-rapport-onderneming-3-focuspunten-CSRD', AFM, July 2025.

61 In contrast to non-PIE audit firms, the share of outsourced hours at PIE audit firms includes hours of self-employed persons. However, additional analyses show that the majority of outsourced hours at PIE audit firms consist of hours from service centres and that this share increased in 2024.

62 'https://assets.pcaobus.org/pcaob-dev/docs/default-source/documents/culture-spotlight.pdf?sfvrsn=d0a0346e_1', PCAOB, December 2024.

Figure 4.4 Percentage of total hours that non-PIE audit firms outsource in statutory audits in which hours are outsourced (>0) is increasing.



Note: Small refers to small non-PIE audit firms, medium to medium-sized non-PIE audit firms, large to large non-PIE audit firms and average to the average across all non-PIE audit firms.

Source: Data on statutory audits of non-PIE audit firms. Note: The data for 2025 have been updated to mid-September.

Geopolitical turmoil is causing more instability and uncertainty, which requires extra vigilance from statutory auditors when testing the going concern assumption of companies. Increasing geopolitical tensions may raise valuation issues that are relevant to corporate reporting and the performance of statutory audits. In addition, these geopolitical developments may increase uncertainty about the future financial position of companies. Statutory auditors must then be extra vigilant about checking the going concern assumption and possibly including an explanatory paragraph in the auditor's report stating a material uncertainty about the going concern assumption.

Integrity and criminal behaviour

Statutory auditors are increasingly identifying fraud risks in statutory audits, but are still not following up on them enough.[63] An analysis of the data for 2022 to 2025 shows that the number of statutory audits by non-PIE audit firms in which more than two fraud risks have been identified increased from 55% in 2022 to 68% in 2025 (Figure 4.5).[64] At the same time, the number of statutory audits by non-PIE audit firms with fewer than two identified fraud risks decreased from 12% in 2022 to 4% in 2025. A similar trend is visible at PIE audit firms. AFM investigations show that the audit procedures to respond to fraud risks

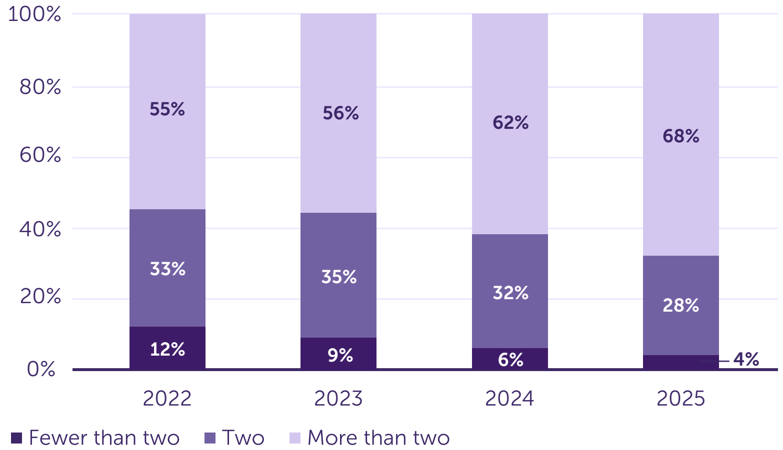
63 Fraud risks are risks of material misstatement due to fraud.

64 The average number of fraud risks per statutory audit by non-PIE audit firms rose from 2.8 to 3.2 in this period.

are often insufficiently specific and insufficiently thorough.[65] Audit firms have an important gatekeeper role in detecting material fraud and should use their professional scepticism when performing audit procedures that address identified fraud risks.

Exam fraud affects the integrity of the accountancy sector and may undermine confidence in statutory audits. After a joint investigation with the AFM, the PCAOB has imposed several fines on PIE audit firms for the involvement of employees in exam fraud.[66] These organisations are now under intensified supervision by the AFM. In addition, the non-PIE audit firms were informed about our expectations regarding exam fraud.[67] Audit firms have a crucial role in society, so it is important to understand how exam fraud could have arisen and why it has been able to continue for so long. A reflection on the design of the system in which auditors operate and their own organisation, paying attention to vulnerabilities and measures, is therefore essential.[68] The AFM expects audit firms to take responsibility in this regard and supervises their handling of it. After all, audit firms operate in a market structure in which they perform a public task in a private environment in which commercial interests can play a role. Integrity and exemplary behaviour are then important preconditions for trust in the system.

Figure 4.5 The percentage of statutory audits by non-PIE audit firms with more than two fraud risks is increasing.



Note: The number of observations in 2022 = 1,648, 2023 = 8,449, 2024 = 12,536 and 2025 = 7,545. Source: Data on statutory audits of non-PIE audit firms. Note: The data for 2025 have been updated to mid-September.

Audit firms must take responsibility for combating financial crime. Audited companies can try to use audit firms to mask investment fraud, money laundering and/or tax fraud by having financial statements wrongly approved and receiving advice on circumventing supervision. If audit firms cooperate in this, there will be negative consequences for confidence in the accountancy sector and the financial sector as a whole. That is why it is important that they fulfil their gatekeeper role properly, for example by identifying fraud and other risks and/or reporting unusual transactions.

65 'https://www.afm.nl/nl-nl/sector/actueel/2025/jan/pb-rapport-frauderisicos', AFM, January 2025.
66 'https://www.afm.nl/nl-nl/sector/actueel/2025/jun/pb-pcaob', AFM, June 2025.
67 'https://www.afm.nl/en/sector/actueel/2024/december/sb-brief-verwachtingen-rondom-examenfraude', AFM, December 2024.
68 'https://fd.nl/opinie/1559563/scherp-en-tijdig-optreden-in-kwetsbaar-systeem', Van Beusekom & Van den Bergh, FD, June 2025.

Risk Map for **Accountancy and reporting**

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
Root cause analyses	Audit firms do too little root cause analysis. As a result, they miss opportunities to learn what is going well and what can be improved in statutory audits, and targeted quality measures are not taken.	• Laws and regulations • Integrity and criminal behaviour	Very high, →
Private equity	The explicit growth and return ambitions of private equity parties put increased commercial pressure on the audit firms they finance, which may compromise the quality of statutory audits.	• Laws and regulations • Macroeconomic developments	Very high, ↗
Technology	Statutory auditors rely too much on technology without critically assessing the security, operation and outcomes of the tools and ensuring their correct creation. This may put pressure on the quality of statutory audits.	• Digitalisation • Integrity and criminal behaviour	Very high, →
Sustainability	The CSRD has not yet been implemented in legislation in the Netherlands, unlike many other countries, and may look different because of the proposals in the Omnibus package. As a result, there remains considerable uncertainty for the market and less sustainability information may become available to stakeholders.	• Preservation • Laws and regulations	High, ↗
Continuity	Geopolitical developments may increase uncertainty for the future financial position of companies. Statutory auditors may then erroneously fail to include an explanatory paragraph in the auditor's report indicating a material uncertainty about the going concern assumption, as a result of which the users of reports miss out on important information.	• Internationalisation • Geopolitics • Laws and regulations	High, →
Fraud	Statutory auditors miss obvious fraud risks and/or do not follow up on identified fraud risks when performing statutory audits, as a result of which they fall short in their gatekeeper role in identifying fraud.	• Laws and regulations • Integrity and criminal behaviour	Raised, →
Integrity risks	Integrity incidents at multiple audit firms, such as exam fraud, may undermine confidence in statutory audits.	• Integrity and criminal behaviour	Raised, →