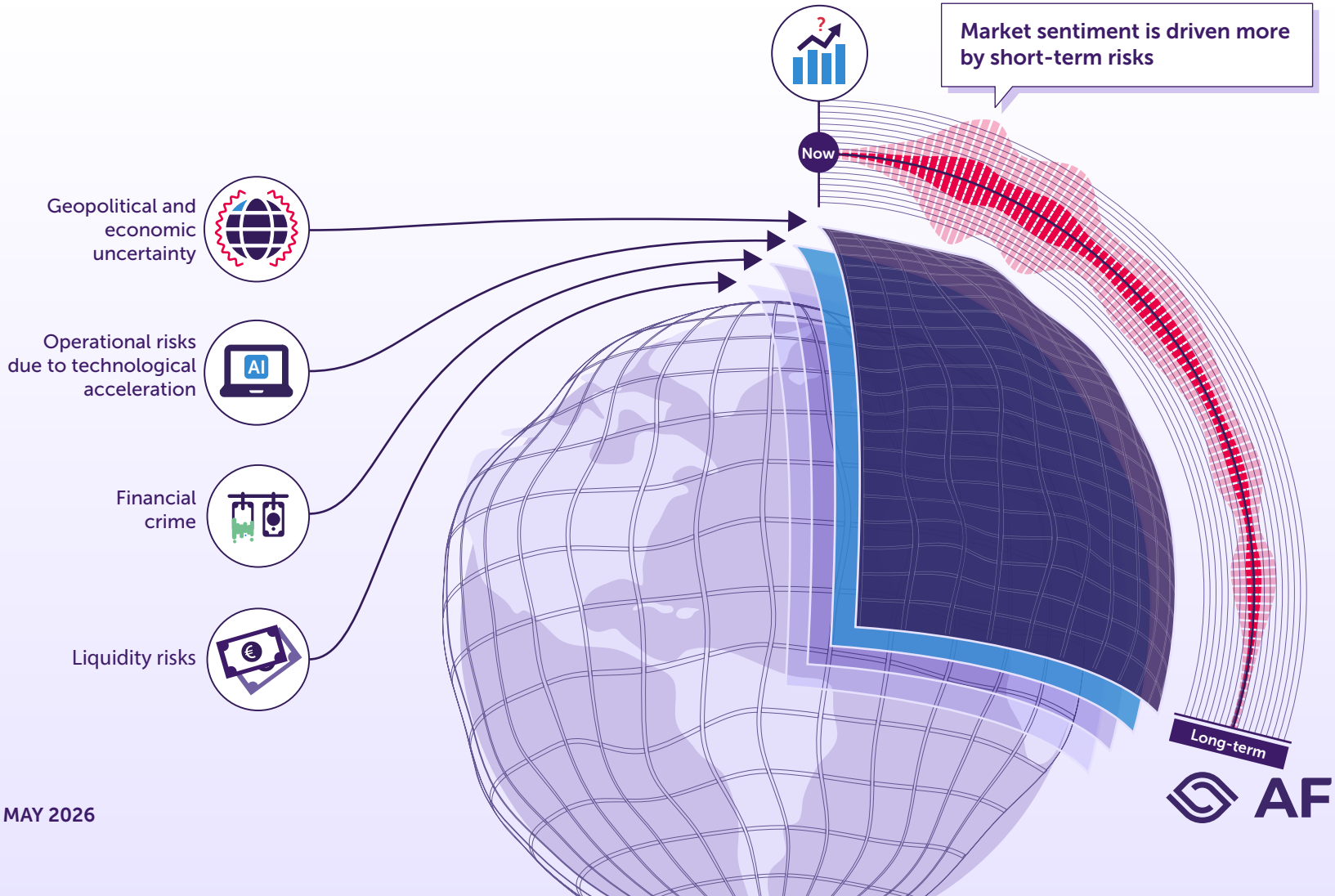
ANALYSIS REPORT

Financial Stability Report

In short Financial stability is under increasing pressure due to a combination of geopolitical escalations, higher inflation expectations and slowing economic growth. Digitalisation and the adoption of AI are increasing both the efficiency and the vulnerability of the financial system, partly through cyber risks, fraud and dependence on a limited number of service providers. In capital markets, uncertainty is leading to greater volatility, with prices increasingly driven by short-term sentiment. In the asset management sector, liquidity risks call for adequate risk management, while the growth of private markets represents an increasing source of risk. The housing market remains tight, although price rises are levelling off somewhat.



MAY 2026

AFM

ANALYSIS REPORT

Contents

AFM

1. Introduction and summary

Geopolitical tensions, a less favourable economic outlook and structural uncertainty dominate the risk landscape. The escalation of geopolitical conflicts, particularly in the Middle East, is having a widespread impact on energy and commodity markets, trade flows and financial markets. Inflation expectations have been revised upwards and economic growth is slowing. Higher prices and weaker growth will affect the economic well-being of households and businesses, particularly if the conflict persists. In addition, financial stability risks are increasing due to volatility in capital markets and rising operational risks at financial institutions.

Digitalisation boosts efficiency in the financial sector but at the same time increases vulnerability due to heavy reliance on digital infrastructure and a limited number of cloud and AI service providers. Cyber incidents are rising sharply due to geopolitical tensions and are becoming more sophisticated and less predictable as a result of generative AI, posing a risk of large-scale operational disruptions and financial instability. Furthermore, AI is leading to the further professionalisation and large-scale expansion of fraudulent practices, as attacks can be carried out in a more targeted, convincing and efficient manner. AI is being deployed with increasing intensity in capital markets, which can lead to faster information processing, lower costs and better pricing. At the same time, the complexity and limited interpretability of AI models make markets less transparent and increase risks of impaired market integrity, higher volatility and unintended manipulation, particularly in the case of autonomous and increasingly homogeneous algorithmic behaviour. For asset managers, digitalisation and the increasing use of AI translate into higher operational risks and cyber vulnerabilities, which are exacerbated by geopolitical tensions and dependence on external IT and data service providers.

In capital markets, this uncertainty manifests itself in heightened volatility and greater sensitivity to sudden repricing. Prices are increasingly driven by short-term developments and market sentiment, while underlying structural risks are not always fully priced in. This increases the likelihood of abrupt corrections, particularly in markets where valuations are high or where there is leverage and interconnectivity. The war in the Middle East has also caused volatility and price rises in oil and gas markets, which will ultimately feed through into inflation. In money markets, risks arise from the interaction between repo markets and the government bond market. In times of market stress, shocks can spread through this channel to other parts of the financial system.

Within the asset management sector, risks remain largely manageable, but certain vulnerabilities are increasing. Liquidity risks may materialise in the event of unexpected market movements or sudden outflows, particularly in the case of funds with limited tradability of underlying assets. Market stress may be exacerbated when asset managers are forced into rapid sales due to margin calls or redemptions. Adequate liquidity risk management, including stress tests and liquidity management tools (LMTs), is therefore essential. With AIFMD II, the European framework has been tightened, with an emphasis on an integrated approach in which fund design, redemption conditions and LMT policies are interlinked. Furthermore, the market for private credit and private equity has grown in recent years. Due to limited transparency and higher risks relating to illiquidity and valuations, this requires extra attention from the supervisory authorities.

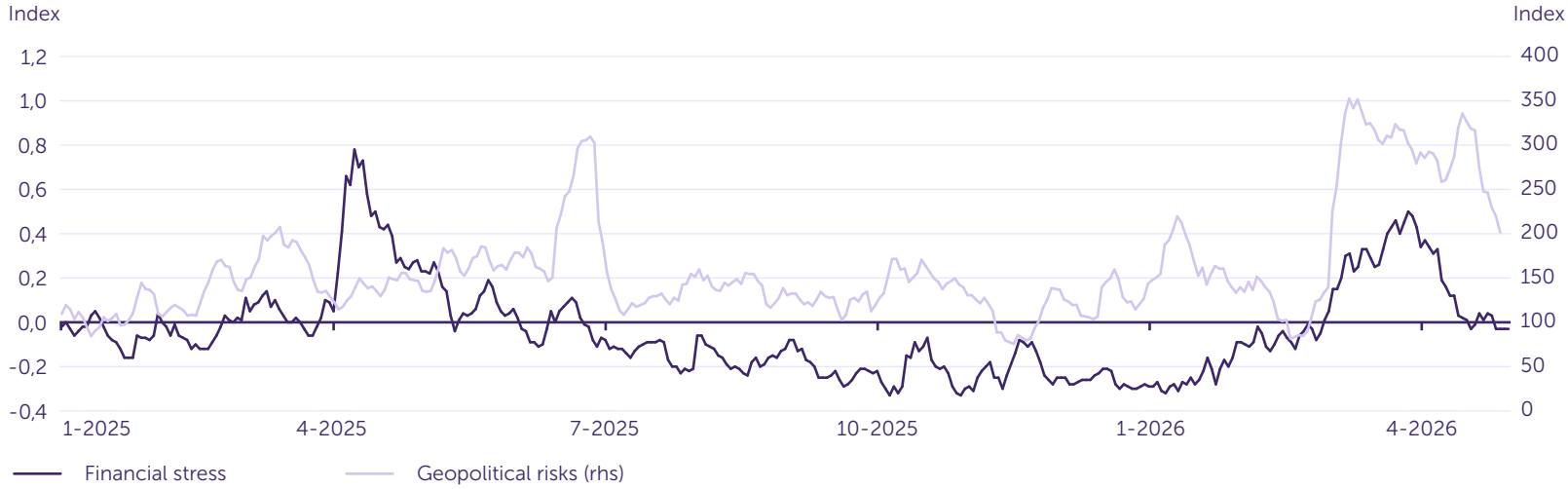
For consumers, financial crime, driven in part by the digitalisation of fraudulent practices, poses a structural risk. Criminals are operating in increasingly sophisticated ways, resulting in significant financial losses each year. This undermines confidence in the financial sector, puts pressure on operational processes and, more broadly, contributes to market uncertainty. In addition, risks persist in the housing market and mortgage debt. A relaxation of lending standards is therefore undesirable. Finally, the financial risks of foundation damage to households are considerable, which calls for a collective approach.

2. General trends and risks

2.1 Geopolitical and macroeconomic developments

The current risk landscape is characterised by rising geopolitical tensions, higher inflation, slowing growth and persistent uncertainty, which are increasing the risks to financial stability. Europe and the Netherlands are relatively vulnerable in this regard, partly due to their dependence on energy imports, their open trade structure and, in the case of the Netherlands specifically, the presence of high-tech industries. Financial stability indicators show a deterioration. The Global Financial Stress Index (GFSI) rose during the escalation of geopolitical tensions surrounding the conflict but has since fallen back to its multi-year average (Figure 1).[1] The geopolitical tensions are also accompanied by an increase in economic policy uncertainty, particularly from the United States. Viewed over a longer period, markets currently appear to be struggling to price in this uncertainty (Figure 2), which is consistent with international analyses in which market reactions to geopolitical risks are often temporary in nature.[2] Compared with 2025, there has been a further increase in uncertainty regarding potential economic and financial outcomes, such as the trajectory of growth and inflation and the likelihood of further market corrections. The risks are therefore clearly skewed to the downside, and economic and financial developments remain heavily dependent on the further course of geopolitical tensions.

Figure 1: Financial stress index versus geopolitical risks.

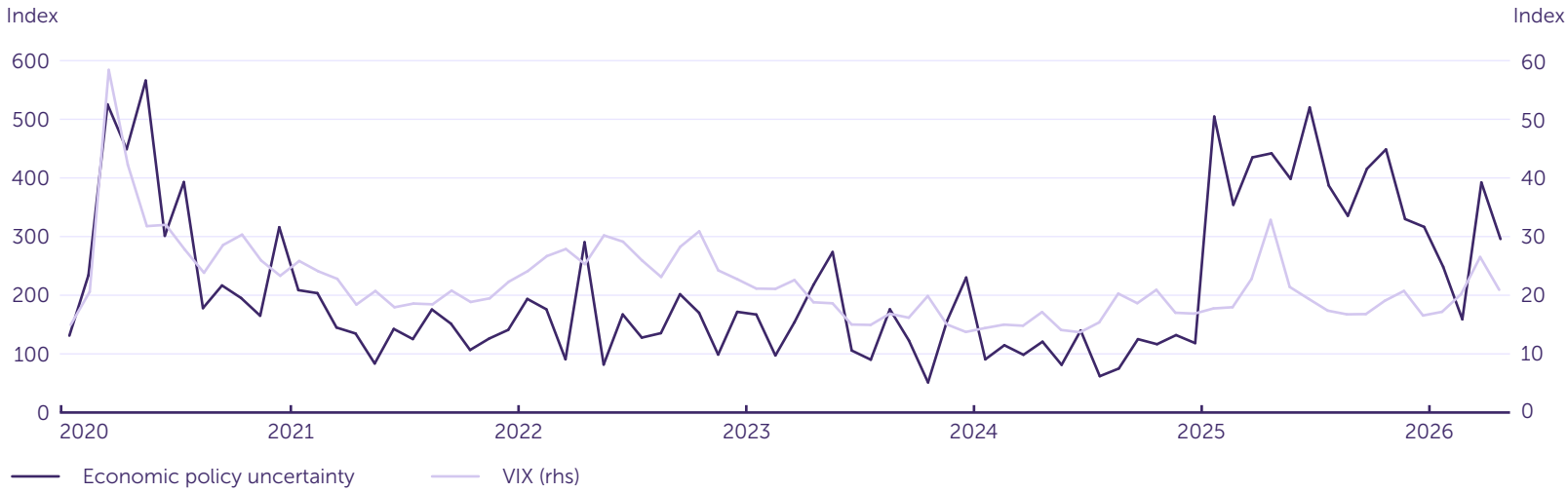


Source: Bloomberg.

1 Where possible, the data in the charts covers the period up to the end of April 2026.

2 ESRB (2026), Financial stability risks from geoeconomic fragmentation.

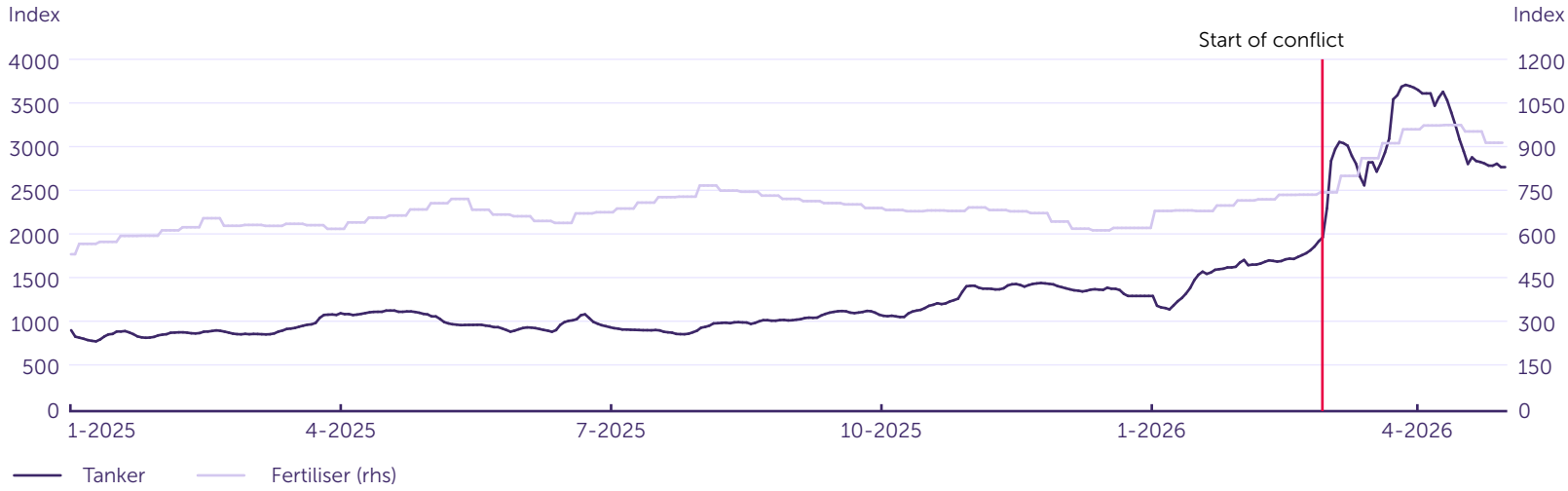
Figure 2: Economic policy uncertainty versus volatility.



Source: Bloomberg.

By the spring of 2026, the global economy had clearly deteriorated due to the escalation of the conflict in the Middle East, marking a sharp turnaround from the relatively favourable conditions of the second half of 2025. Military escalations, damage to energy infrastructure and uncertainty surrounding vital transport routes, particularly the Strait of Hormuz, have led to disruptions in energy supplies, trade and financial markets. According to the IMF, this is one of the largest energy-related shocks in recent decades. Outside the energy markets too, international supply chains are being disrupted, leading to higher costs, longer delivery times and rising prices. This is evident in areas such as tanker rates and fertilisers (Figure 3), with the price of fertilisers being heavily dependent on the availability and transit of raw materials through the Strait of Hormuz. In addition, critical production factors for the semiconductor industry, such as helium, are also coming under pressure due to disruptions in global logistics chains.

Figure 3: Price index for tanker rates and fertiliser.



Source: Bloomberg.

The geopolitical shock is leading to lower growth forecasts and higher inflation expectations worldwide. Whereas international institutions were still anticipating a further strengthening of global growth momentum at the start of 2026 – with growth forecasts rising to around 3.3-3.4% – the escalation of the conflict in the Middle East has clearly overturned this outlook. Recent forecasts from the IMF and the OECD now point to global growth of around 2.9-3.1% in 2026, with upward revisions to inflation to around 4% for the G20, driven by higher energy prices and disruptions in logistics and supply chains. In more adverse scenarios, global growth could fall further to around 2-2.5%, while inflation rises further.[3] Energy-importing countries will be hit harder than exporters, due to pressure on purchasing power, corporate profits and domestic demand.[4] This combination presents central banks with a policy dilemma: further monetary tightening to curb inflation could further slow economic growth, while a less restrictive policy increases the risk that inflation will remain high for longer. This increases the likelihood of a stagflationary scenario, with prolonged low growth and persistent inflationary pressures. Against this backdrop, economic growth remains heavily dependent on geopolitical developments and the extent to which uncertainty regarding energy prices, trade and supply chains persists. Companies are postponing investments, and there remains considerable uncertainty regarding the costs, prices and availability of raw materials.

For Europe, recent forecasts from the IMF and the ECB confirm the deteriorating macroeconomic outlook. Growth in the eurozone is forecast at around 1.1% for 2026, with the energy shock and ongoing uncertainty weighing on both consumption and investment. At the same time, inflationary pressures continue to persist through energy and cost channels, exacerbating the policy dilemma for central banks. For the Netherlands, forecasts from the CPB and the European Commission, among others, point to moderate growth of around

3 OECD (2026), Interim Economic Outlook - Testing resilience.

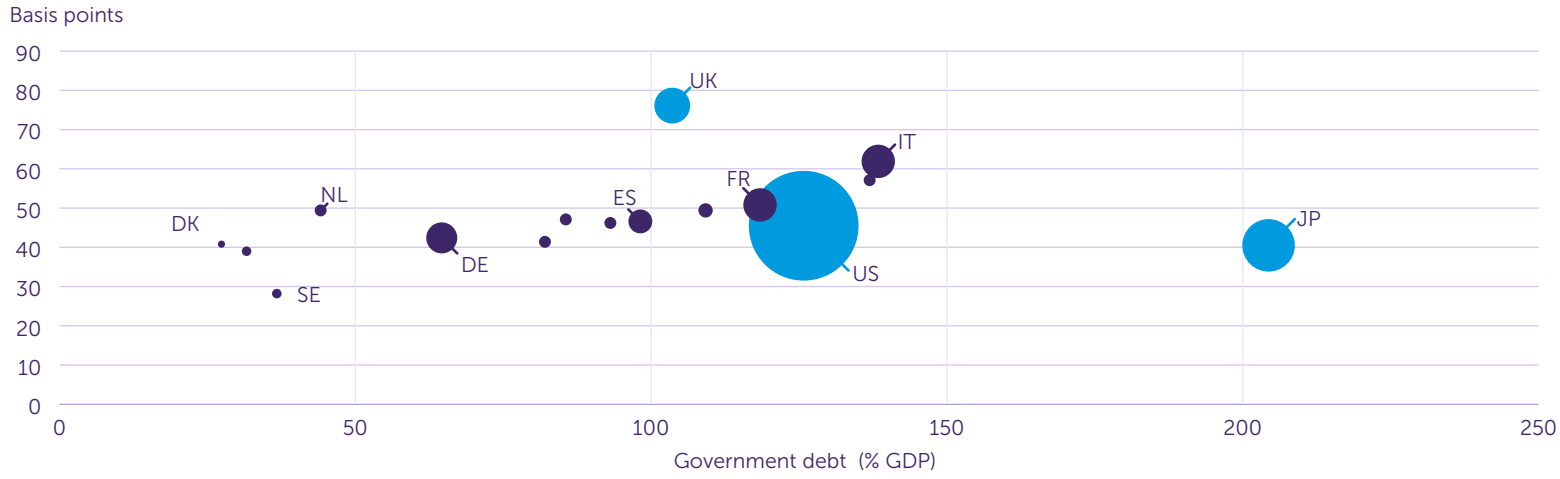
4 IMF (2026), How the war in the Middle East is affecting energy, trade, and finance.

1.2-1.4% in 2026, slightly below earlier expectations. Due to the open trade structure and strong interdependence with international energy and goods flows, the global shock is having a relatively rapid impact on the Dutch economy. Disruptions in energy and trade chains are weighing on exports, corporate profits and investment, while uncertainty is eroding business and household confidence. Combined with higher volatility in financial markets, this increases the risks to financial stability from both a European and a national perspective.

Transmission channels to financial stability

The combination of higher inflation expectations, slowing economic growth and increasing geopolitical uncertainty is affecting financial stability through multiple channels. Through the real economic channel, rising costs and falling real incomes are directly impacting the financial health of businesses and households. Energy and raw material-intensive sectors in particular are facing rapidly rising costs, while weakening demand is putting pressure on margins, increasing the risk of payment difficulties and insolvencies. Households, too, are seeing their costs for energy and basic goods rise, which could lead to payment arrears. In an open economy such as the Netherlands, where cost increases are passed on relatively quickly, this vulnerability may be particularly acute. At the same time, speculation is cautiously mounting in the market regarding the sustainability of high public debt, particularly in the United States. Debt instruments traditionally regarded as very safe, such as US Treasuries, are therefore no longer entirely free from doubt, which may contribute to higher volatility and disruptions in global bond markets. In addition, the policy response of governments to the energy crisis, including support measures, may pose risks to the sustainability of public finances in the long term. Financial markets appear to be anticipating this to some extent: yields on 10-year government bonds rose across the board in March and April, with a relatively stronger increase in countries with higher public debt as a percentage of GDP (Figure 4).

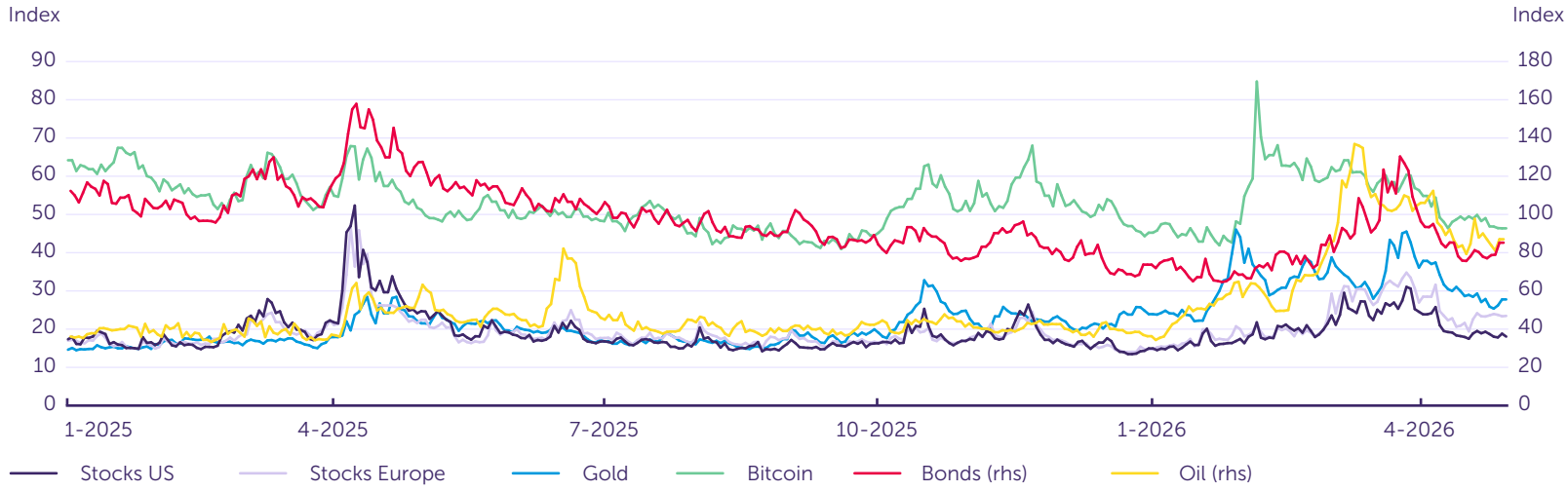
Figure 4: Change in 10-year yield between 27 February and 30 April versus public debt as a percentage of GDP (scale based on total government debt in EUR, dark purple indicates EU countries).



Source: IMF en Bloomberg.

Through the financial market channel, geopolitical tensions are leading to increased uncertainty and greater price volatility in financial markets. Since February 2026, expected volatility in equity, oil, interest rate and foreign exchange markets has clearly increased and has since partially normalised (Figure 5). This is consistent with the European Systemic Risk Board's (ESRB) analysis that geopolitical uncertainty often manifests itself in temporary spikes in volatility, while underlying structural risks are not immediately and fully reflected in market prices.[5] In such an environment, where uncertainty is high and information can change rapidly, prices are often determined by short-term developments (myopic investor behaviour). As a result, periods in which risks are only partially priced in may be followed by sudden and sharp market movements. For financial institutions, this increases the risk of rapid declines in valuations, unexpected margin calls and temporary liquidity pressures when market sentiment deteriorates. At the same time, the effectiveness and predictability of international crisis instruments deployed by central banks, particularly the Fed, appear to have become less certain. Market participants are speculating about a less automatic deployment of international liquidity facilities, such as dollar swap lines, while within Europe there is discussion regarding joint financing instruments. This may increase uncertainty regarding the availability of liquidity in times of stress and amplify market dynamics.

Figure 5: Volatility indices.



Source: Bloomberg.

5 ESRB (2026), Financial stability risks from geoeconomic fragmentation.

In addition to economic and financial market dynamics, the operational digital channel also serves as a key transmission mechanism. Geopolitical tensions increase the likelihood of cyberattacks and disruptions to critical infrastructure[6], while vulnerabilities in digital systems and dependencies on cloud services often only become apparent during incidents. Although these dependencies are systematically mapped within the DORA framework, the financial sector remains highly exposed to US service providers in particular, meaning that concentration risks remain relevant. For an open and highly digitalised financial sector such as that in the Netherlands, this remains a significant source of vulnerabilities (see also section 2.2).

A reinforcing factor is the increasing intertwining of geopolitics and economic levers of power. The World Economic Forum counts geoeconomic confrontation among the most likely global risks, with countries using dependencies in trade, finance and technology as a geopolitical instrument.[7] For Europe and the Netherlands, this increases vulnerability, partly due to the interdependence with the international dollar system and dependence on non-European financial and digital infrastructure. As a result, conditions for financing, trade and access to technology may change more abruptly.

The current period of heightened geopolitical and macroeconomic uncertainty demonstrates that traditional risk models offer only limited guidance in complex circumstances. Many relevant risks are not driven by known patterns but by uncertainty, interdependencies and events with a low probability but high impact. Developments in the fields of geopolitics, markets, technology and human behaviour can converge in unpredictable ways, with tensions building up beneath the surface for some time before suddenly becoming apparent. This requires financial institutions to look beyond historical data and standard scenarios in their risk management, to create space for dissent and to explicitly address uncertainty. In doing so, it is important not only to focus on efficiency but also to invest in governance, buffers and adaptability, so that institutions are better prepared for abrupt and unexpected developments and the financial system remains resilient in an environment of structurally higher uncertainty.

2.2 Digitalisation and operational risks

Digitalisation is advancing rapidly, increasing both the efficiency and the vulnerability of the financial system. Financial institutions are modernising their IT environments, migrating to the cloud and integrating AI applications, which increases their reliance on digital infrastructure. High concentration among a limited number of global cloud and AI service providers could become a critical bottleneck for the sector.[8] Capacity shortages, rising costs and differences in security levels can affect service continuity and limit strategic choices. Furthermore, digitalisation is taking place against a backdrop of geopolitical fragmentation and varying levels of cyber resilience, placing greater demands on governance, risk management and resilience. In addition, tokenisation may lead to shifts in customer behaviour, whereby the digital ecosystems of banks, neobanks, payment institutions and BigTech increase the risk of stable funding flowing away from traditional institutions, with implications for liquidity management and pricing.

In 2026, cyber incidents are among the most significant digital risks facing the financial sector. The number of incidents has risen sharply, particularly among banks and securities firms, while the true scale of fraud is likely to be underestimated due to underreporting. At the same time, the nature of attacks is changing: generative AI is making social engineering techniques more sophisticated and increasing the use of multi-channel attacks, such as voice spoofing and deepfakes. Against a backdrop of heightened geopolitical tensions, attacks are becoming faster, more complex and less predictable. This increases the likelihood that incidents will escalate into wider disruptions, particularly as a result of shared vulnerabilities in cloud and data services. The emergence of highly capable AI applications with cyber-offensive capabilities, such as

6 IMF (2024), Rising cyber threats pose serious concerns for financial stability.

7 World Economic Forum (2026), Global Risks Report 2026.

8 Moody's (2026), Outlooks 2026: Artificial intelligence, digital finance, cyber risk, and data centers.

Anthropic's Mythos or OpenAI's GPT5.4, further reinforces this trend by increasing the scale, speed and impact of attacks. This heightens the risk of abrupt and non-linear effects, whereby operational disruptions may coincide with broader market and macroeconomic shocks.

The rapid adoption of AI offers efficiency gains but also brings with it new operational and model risks. The emergence of so-called foundation models, which combine large amounts of financial and behavioural data, enables international platforms and payment service providers to build a strategic information advantage. This has implications for competitive dynamics, consumer protection and the concentration of model and data risks. At the same time, the necessary AI infrastructure poses a bottleneck: demand for computing power is growing faster than supply, creating a dependency on a limited number of providers. This increases concentration risks and exposure to differences in risk and security profiles. Furthermore, attackers are increasingly exploiting AI to personalise fraud and circumvent security, including through synthetic identities and automated phishing. This underscores the importance of robust governance, data quality and model validation.

The growing reliance on third-party digital providers poses a structural operational risk. Due to concentration among a limited number of cloud, software and AI service providers – many of which are non-European – disruptions affecting a single provider can simultaneously impact multiple institutions. Geopolitical tensions exacerbate this vulnerability, as digital dependencies can also be used as a means of exerting pressure, for example through sanctions or abrupt interruptions to service provision. Digitalisation is thus developing into a channel through which disruptions can have a direct impact on financial stability. Problems in digital infrastructure, payment systems or data services can translate into liquidity strains, market turmoil and confidence issues. The joint AFM-DNB report emphasises that digital dependencies now have systemically important characteristics.[9] Strengthening digital resilience, supply chain visibility and strategic choices regarding outsourcing and data sovereignty therefore remains a key priority.

2.3 Sustainability

Sustainability risks are on the rise as the macroeconomic and geopolitical environment has become more uncertain, fragmented and volatile. According to the World Economic Forum, the global risk landscape is increasingly shaped by a convergence of geoeconomic tensions, rising physical climate risks and a decline in multilateral cooperation, which is putting international agreements on sustainability under pressure.[10] Both in the Netherlands and internationally, political attention to climate policy appears to be waning, partly due to the focus on competitiveness, defence and energy security. At the same time, high energy prices, geopolitical tensions and dependence on fossil fuel imports are actually creating strong economic incentives to reduce energy consumption and invest in renewable energy. The policy framework has become less predictable, meaning that companies are increasingly basing their investment decisions primarily on energy security and cost considerations rather than on long-term climate targets.[11] Within the EU, too, the climate targets for 2040 are a subject of debate. For the financial sector, this means that policy uncertainty is increasing, risks are becoming less manageable and transition pathways are becoming less clear. It therefore remains essential for financial institutions to incorporate physical and transition risks into their risk management..

The increasing frequency and intensity of physical climate risks are a growing source of risk to financial stability. Damage to infrastructure, rising insurance claims and higher premiums are increasingly having broader economic consequences. Research suggests that 2026 will again be characterised by very high temperatures, an increase in climate events and additional pressure on public budgets due to

9 AFM and DNB (2025), Digital dependence of the financial sector.

10 World Economic Forum (2026), Global Risks Report 2026.

11 S&P Global (2026), Top 10 Sustainability Trends to Watch.

emergency aid and recovery costs.[12] These physical risks not only affect businesses and ecosystems but also increase the financial vulnerability of households, including through falls in property values in flood-prone areas and foundation problems caused by drought. These risks are expected to increase further in the coming years. In several markets, insurers are responding with premium increases or by limiting cover, which could have knock-on effects on housing markets, credit risks and financial positions. Moody's points out that more extreme weather conditions and rising claims are putting pressure on insurability, public finances and creditworthiness, particularly in economies with limited adaptive capacity and in sectors with high exposure to extreme weather, such as property, agriculture and infrastructure.[13] This is also evident in the Netherlands in the debate surrounding the uninsurability of flood risks and the roles of the government and insurers in the event of potential damage.

The regulatory framework for sustainability within the financial sector continues to evolve. The Omnibus Package limits the scope of the Corporate Sustainability Reporting Directive (CSRD) to large companies, removes sector-specific standards and simplifies reporting requirements. At the same time, the Sustainable Finance Disclosure Regulation (SFDR) is being revised, with new 'sustainable' and 'transition' categories, with the aim of making the landscape clearer. Investors, customers and governments are demanding reliable data on how companies manage sustainability risks, and companies are increasingly using this information in their decision-making. The underlying sustainability risks remain, regardless of changes to reporting obligations. It therefore remains crucial for the AFM to monitor the quality of information provision and thereby safeguard investor protection.

12 Penn International Climate Observatory (PICO) (2025), 2026 Global climate trends report.

13 Moody's (2026), Outlooks 2026: Global sustainable finance.

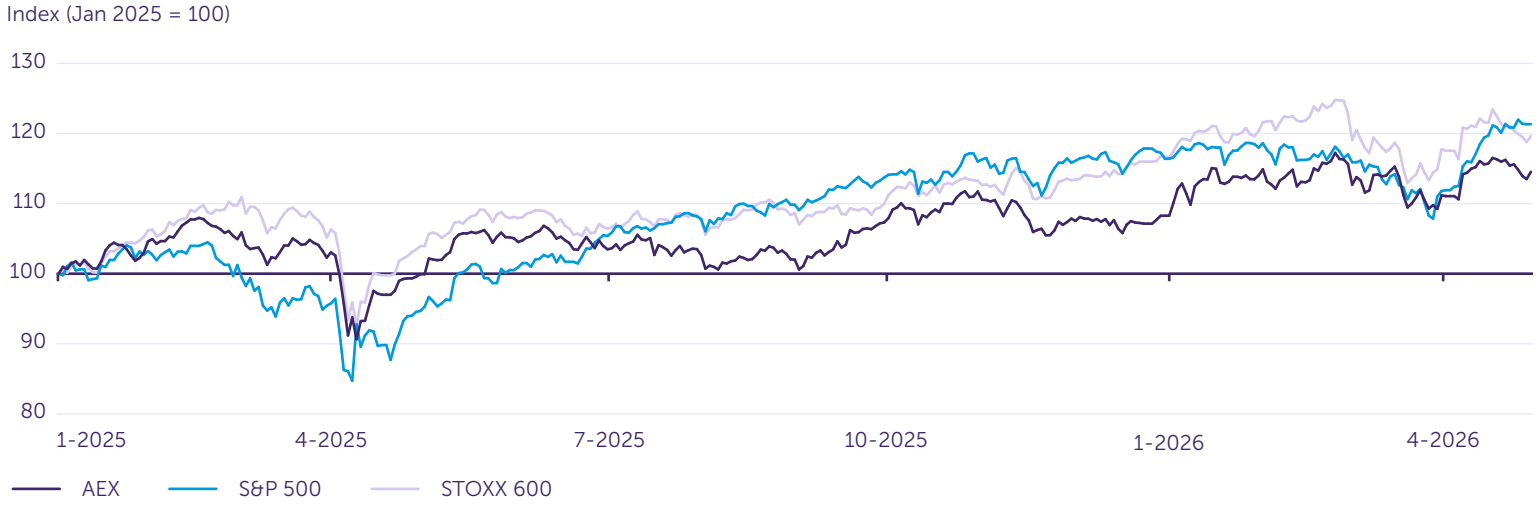
3. Trends and risks in capital markets

3.1 General trends and developments

Geopolitical tensions and uncertainty surrounding AI dominate the developments in the capital markets in 2026. After share prices had gradually recovered in the second half of 2025, the escalation of the conflict in the Middle East in early 2026 led to sharp corrections. In March, the S&P 500 fell by around 5%, the STOXX 600 by approximately 8% and the AEX by approximately 5% (Figure 6). Uncertainty about the further course of the conflict and its implications for inflation and economic growth is reflected in increased volatility in financial markets. Furthermore, markets are reacting strongly to statements suggesting a possible escalation or de-escalation of the conflict, while news regarding fundamental factors affecting corporate profitability and valuations plays a less consistent role.

The heightened geopolitical tensions are accompanied by a greater likelihood of sharp market corrections. As has also been evident in previous periods of geopolitical and trade-related turmoil, the immediate effects on share prices and volatility often prove to be temporary in nature. Following the announcement of trade tariffs by the United States in 2025, share prices fell sharply but largely recovered within a few weeks. However, the current conflict in the Middle East is having a broader impact through energy prices. Higher oil and gas prices are increasing inflationary pressure and leading to rising interest rate expectations, which is slowing global economic growth and is reflected in both share prices and rising yields on government and corporate bonds (Figure 7). These risks will increase the longer the conflict persists.

Figure 6: Share prices Europe and US.



Source: Bloomberg.

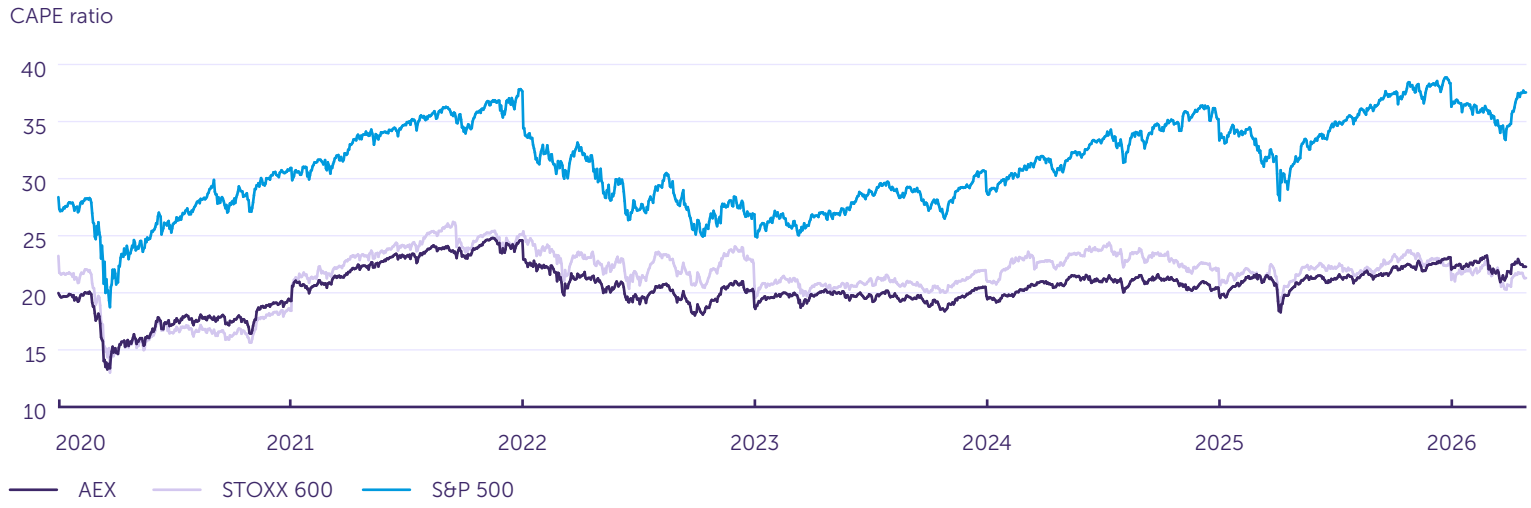
Figure 7: Yields on 10-year government bonds.

Source: Bloomberg.

In this market environment, short-sighted investor behaviour plays a significant role in price formation. As described in Chapter 2, geopolitical uncertainty leads to increased volatility through the financial market channel, while underlying structural risks are not immediately and fully reflected in market prices. Price movements are strongly driven by short-term information and rapidly changing expectations. The increased influence of algorithms, whereby all possible information (both correct and incorrect) is immediately reflected in the price, has a reinforcing effect. This can result in periods in which actual risks are only partially priced in. When market sentiment shifts, these periods may be followed by sudden and sharp repricing.

At the same time, the uncertain impact of AI on productivity and profitability remains a key factor in equity valuations. In the United States in particular, share prices remain high by historical standards (Figure 8), in part due to expectations of future productivity gains from AI applications. As a result, future revenue forecasts for companies in the AI sector have been raised. Consequently, valuations of chip manufacturers and cloud providers, among others, are very high. At the same time, concerns are emerging in other sectors about how new AI applications could increase competition, which may lead to lower company valuations. AI could take over many tasks in areas such as software development, marketing and professional services (such as legal or consultancy), thereby lowering barriers to entry. The tension between high valuations and uncertainty about the realisation of these expectations increases the vulnerability of markets to abrupt corrections. This risk is exacerbated by the fact that companies in the AI chain often act as each other's investors, customers and financiers, causing these companies to become further intertwined financially and operationally. For example, AI companies are acquiring stakes in chip manufacturers or data centres while simultaneously entering into long-term supply contracts. This creates circularity in the financing of these companies and increases interdependence, which may inflate valuations and heighten the risk of sector-wide corrections.

Figure 8:Cyclically adjusted price-to-earnings ratios (CAPE) on equity indices.



Source: Bloomberg.

Finally, many AI investments are debt-financed, which could create greater vulnerabilities if the market turns out to be a winner-takes-all market in which only those with sufficient scale survive. Over the past two years, debt issuance for AI investments has almost doubled to over USD 100 billion. However, it is primarily the so-called 'hyperscalers' – large tech companies developing infrastructure for AI – that are issuing significant amounts of debt. On the other hand, they have strong financial positions and growing cash flows, meaning that debt financing need not be a problem for financial stability.[14] However, in addition to corporate bonds, other forms of financing are also being used, such as private credit and leveraged loans. As a result, the interconnections between hyperscalers and private credit parties and non-bank institutions are increasing.[15] These interconnections mean that a repricing in the AI sector could spread more quickly.

Gas market

The closure of the Strait of Hormuz has caused global oil and gas prices to rise sharply. Before the war in the Middle East, 20 million barrels of oil were transported through the Strait of Hormuz every day, accounting for around a fifth of global trade. Due to Iranian counterattacks on ships and land targets in the Gulf region, including a major gas field in Qatar, part of the oil and gas production has also been lost. Qatar is one of the world's largest LNG producers, and 20% of global LNG trade originates from the Persian Gulf. As LNG is traded globally by ship, Europe competes directly with Asian buyers through bidding. Although gas from the Persian Gulf is largely destined for Asia, this does drive up prices. The price of a barrel of Brent crude rose from USD 73 at the end of February to a high of USD 110 on 18 March. During the same period, the price of TTF gas rose from EUR 32/MWh to a peak of EUR 62 (Figure 9). By way of comparison, in 2022

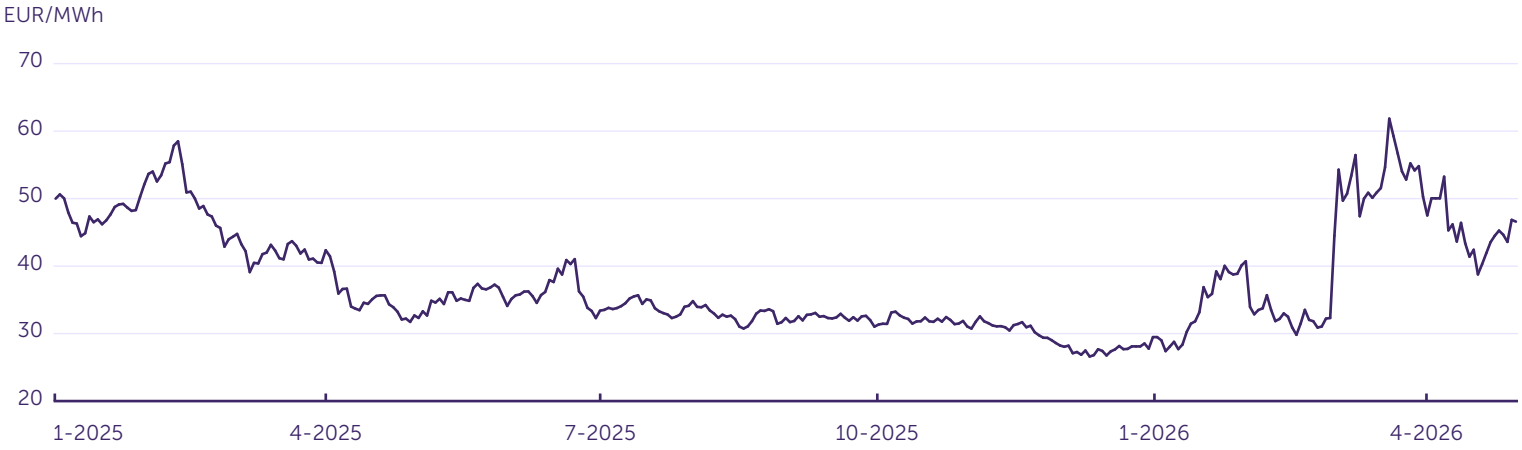
14 IMF (2026), Global Financial Stability report.

15 BIS (2026), Financing the AI infrastructure boom: on- and off-balance sheet borrowing.

the TTF gas price rose to a peak of EUR 339/MWh after Russia had temporarily cut off the gas supply. Low gas storage levels are adding upward pressure on prices. In the Netherlands, stocks were less than 6% full at the end of March. As a result, there is a very limited buffer to absorb potential shortages. Stocks are usually replenished from spring onwards, as gas is often cheaper during the warmer months. At present, however, gas prices are higher, making it unattractive to replenish stocks. For consumers, there is a significant risk that disruptions in the oil and gas trade will persist and prices will rise further. Replenishing gas stocks is the responsibility of the EU Member States. Following the energy crisis in 2022, agreements were reached in Europe to enable joint gas procurement, and solidarity arrangements were put in place for emergency situations. The aim is to increase energy security and strengthen the EU's negotiating position.

In addition to physical trading, gas is also traded through derivatives contracts, particularly futures contracts. This derivatives trading takes place largely on the Dutch trading platform ICE Endex, under the supervision of the AFM. It is not only energy companies that trade here but also financial institutions. Because supply and demand converge on the derivatives exchange, it plays a key role in determining the gas price. This price is then often used as a reference price, including in contracts with countries not connected to the Dutch gas network. Furthermore, trading in derivatives also enables companies to hedge against future price rises. For instance, energy suppliers offering gas to consumers at a fixed price can lock in the future price in advance and protect themselves against fluctuations. When there is turmoil in the derivatives market, it becomes more difficult for energy companies to hedge against price fluctuations, partly due to higher costs and liquidity requirements. As a result, they may also be less inclined to offer long-term fixed contracts to consumers, as was the case in early March[16], making them more vulnerable to price fluctuations. Disruptions in derivatives trading can therefore have major consequences, including for physical gas trading and for consumers directly.

Figure 9: TTF gas price.



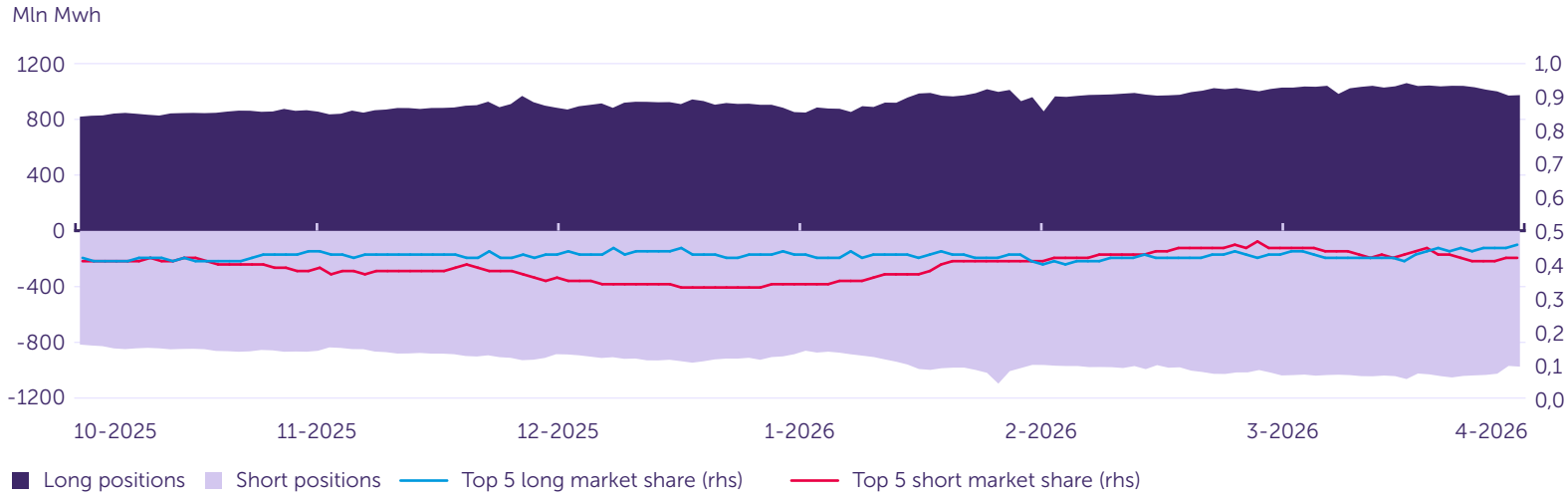
Source: Bloomberg.

16 NOS (2026), Vattenfall en Eneco stoppen deels met aanbieden van vaste energiecontracten.

Following the outbreak of war in the Middle East, volatility in the gas market increased. Bid-ask spreads, the difference between bid and ask prices, widened, as did trading volumes. Higher bid-ask spreads may indicate lower market liquidity, while high volumes can actually lead to greater liquidity. Open interest in futures contracts, the total number of outstanding contracts, fell due to rising prices and high volatility. Market participants with cleared positions then face margin calls and higher clearing costs, causing them to reduce both long and short positions. Net long and short positions did not decline (Figure 10). Furthermore, the AFM observed no significant shifts in the share of trading among different market participants. A high concentration of positions among a few parties can have a negative impact on market liquidity and, consequently, on price formation. The share of the top five trading parties remained at around 40% for both short and long positions. Therefore, although prices rose and open interest fell, there was no deterioration in price formation. On the contrary, it was clear that the war had caused a significant supply shock and that uncertainty was very high. This is reflected in higher and more volatile prices.

The AFM supervises orderly trading on the gas market and the resilience of trading platforms. For trading to be orderly, it is important that transactions are conducted fairly and transparently, with all market participants having access to the same information. Trading on platforms offers advantages in this regard, such as standardised contracts and transparent prices. The alternatives, including over-the-counter (OTC) transactions, are often less transparent and involve higher risks. Furthermore, it is of great importance that the operational resilience of platforms is sound. Trading platforms must be resilient to IT failures, cyber threats and operational incidents, as any outage can have immediate consequences for price formation and risk management. In a period of geopolitical tensions such as the present, it is all the more important that market systems function stably. Against this backdrop, the AFM is closely monitoring developments in the gas market.

Figure 10: Net long and short positions in TTF futures.



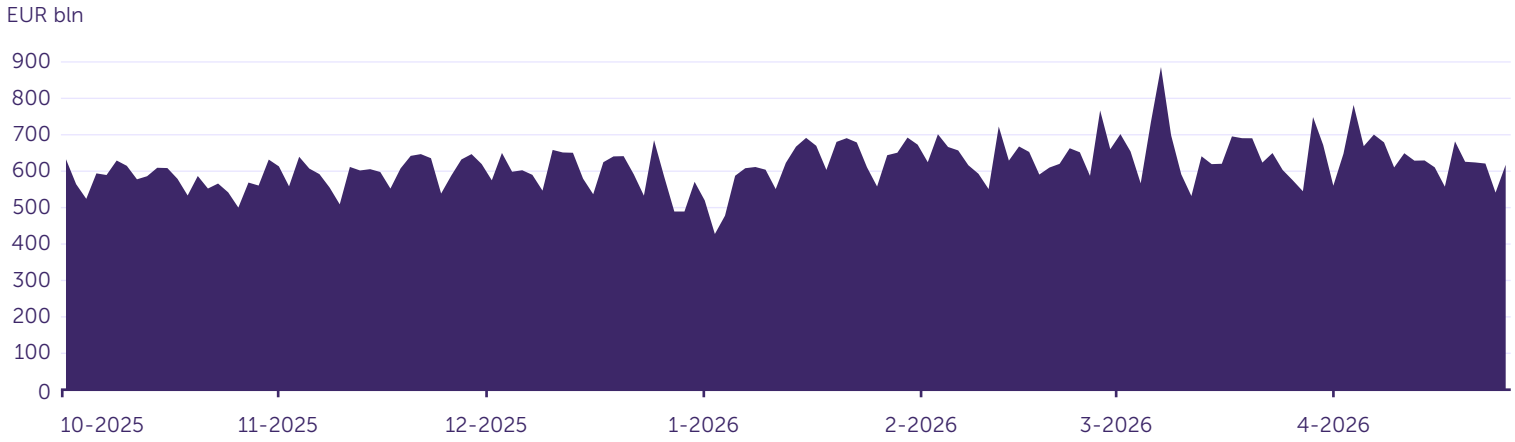
Source: ICE Endex.

3.2 Money markets

Money markets play a key role in the financing of businesses and financial institutions. The repo market is one of the largest and most liquid money markets. In this market, parties can convert debt securities into cash at short notice, for example when they need to meet margin calls. Financial institutions can also lend out surplus liquidity through repo transactions, using high-quality debt securities as collateral. On the global repo markets, there is a daily volume of USD 16 trillion in outstanding transactions, of which 58% is in the United States and 16% in the United Kingdom and 15% in the eurozone. The daily volume of outstanding transactions involving Dutch parties or taking place on Dutch platforms amounts to approximately EUR 550 billion (Figure 11).

There are vulnerabilities in global repo markets that can lead to increased liquidity risks in times of market stress. First, the repo market relies on intermediaries, often large banks, which take repo and reverse repo positions. The positions taken by these intermediaries do, however, take up balance sheet capacity. In times of market stress, intermediaries may become less active in the market, reducing market liquidity. This in turn affects institutions that rely on the repo market to obtain liquidity in a timely manner. For instance, research by the AFM and DNB has previously shown that Dutch pension funds rely on the repo market to meet margin calls on derivatives. In addition, there are market participants, such as hedge funds, that use the repo market to increase their leverage. They do this, for example, by buying government bonds, temporarily selling them in the repo market and using the proceeds to take a short position in a futures contract (basis trade). This allows them to profit from price differences between

Figure 11: Repo market volume: outstanding transactions.



Source: SFTR.

the government bond market and the futures market, but they are exposed to margin risk. In the event of significant price movements, hedge funds must deposit additional collateral, and if they are unable to do so immediately, they must sell underlying government bonds or close out positions more quickly. This intensifies price pressures in the government bond market. Risks can thus spill over from the repo market to the government bond market. Conversely, shocks originating in the government bond market can spill over to the repo market. Significant rises in interest rates can lead, through the collateral on repo transactions, to margin calls, forced unwinding of repo transactions and reduced liquidity. Because the repo market is global and European counterparties often rely on the repo market for their dollar funding, stress in the US Treasury market can easily spill over through this channel.

It is important to monitor structural vulnerabilities and risks closely. Given the cross-border nature of the market and the high degree of interconnection, international cooperation is essential. The part of the repo market involving Dutch parties, or taking place on Dutch platforms, represents only a limited portion of the market as a whole. 40% of transactions on the repo market take place between parties from different countries. For example, many centrally cleared transactions by Dutch institutions are settled through CCPs abroad. It is therefore difficult to gain a clear picture and assess the concentration and other risks.

3.3 Crypto

The crypto market has grown significantly in recent years and its integration with the traditional financial system has deepened. Dutch financial institutions, particularly investment funds, hold direct positions in cryptocurrencies worth approximately EUR 113 million (as at the end of Q3 2025). Households are also investing in crypto. In 2025, over a fifth of investors stated that they held crypto-assets, with more than half holding less than EUR 2,500 worth of crypto-assets.[17] In addition, institutions and households may also be indirectly exposed through crypto ETFs, ETNs and shares in companies with substantial crypto positions on their balance sheets. In October 2025, the indirect exposure of Dutch sectors amounted to approximately EUR 1.2 billion, compared with EUR 81 million in 2020.[18] This means that exposure to crypto-related price fluctuations, although still limited in scale, has clearly increased.

Although the crypto market remains relatively small compared with traditional financial markets, growing interconnectivity increases the risk of spillover effects. Sharp price movements in crypto-assets affect the value of investments held by households, investment institutions and pension funds through direct and indirect positions. The high volatility of crypto-assets and the frequent use of leverage in the market increase the likelihood that price falls will be exacerbated by forced liquidation of positions. Stablecoins play a key role here as a transmission mechanism, as they act as a link between the crypto market and traditional financial markets and, in times of stress, can trigger selling pressure on underlying assets, such as US Treasury Bills and gold.

A specific and growing source of interconnectedness is represented by so-called bitcoin treasury companies: listed firms that have linked a substantial portion of their balance sheet or financing strategy to bitcoin. The valuation of these companies is heavily dependent on the price and volatility of bitcoin, meaning their share prices often fluctuate more sharply than those of traditional companies. This can increase volatility in equity markets. Recent market developments show that, in the event of sustained price pressure on bitcoin, some of these companies are forced to sell all or part of their crypto positions to free up liquidity or repay debt.[19] Such sales can intensify the downward pressure on the bitcoin price, thereby creating a self-reinforcing mechanism between crypto markets and traditional equity and credit

17 AFM (2025), AFM Consumentenmonitor beleggers – Q3 2025.

18 DNB (2026), Value of Dutch indirect crypto investments grows to over €1 billion.

19 See, among other things, reports in Het Financieele Dagblad about ailing bitcoin companies that are forced to reduce their crypto reserves (Het Financieele Dagblad (7 April 2026), Noodlijdende bitcoinbedrijven moeten hun crypto's verkopen) and international analyses on sales by listed crypto-treasury companies (e.g. CoinDesk, Bitcoin Magazine, April 2026).

markets. This increases the risk that price movements in crypto-assets will be transmitted to the broader financial system through listed companies. The recent development of bitcoin treasury companies illustrates that these risks may materialise further, particularly when company valuations, financing structures and investor expectations are closely linked to a highly volatile underlying asset.

Although regulation of crypto-asset markets has been strengthened in recent years, supervision remains less comprehensive than in other parts of the financial system. The European Markets in Crypto-Assets Regulation (MiCAR) provides a framework for the supervision of crypto-asset service providers and contributes to better consumer protection and market order, but it does not mitigate all financial stability risks. For instance, the requirements regarding product development and transparency are limited, and activities such as the lending of crypto-assets largely fall outside the regulatory framework. Furthermore, there is a lack of comprehensive and standardised reporting obligations, which may limit visibility of risk accumulation in the market. In addition, the global implementation of crypto regulation remains highly fragmented, leaving scope for regulatory arbitrage. Combined with the increasing interconnection between crypto-assets and traditional financial markets, this calls for continued attention to potential stability risks that fall outside the direct scope of existing regulations.

3.4 AI risks

In capital markets, AI is playing an increasingly prominent role in various processes. In an exploratory report, the AFM demonstrates that this can bring both benefits and heightened risks.[20] For instance, market participants can use AI to perform better analyses of complex data, thereby enabling them to make better trading decisions. This contributes to rapid information processing and, consequently, to more efficient capital markets. AI can also be used to develop trading algorithms that can optimise the execution of transactions, resulting in lower costs and better pricing. However, this may make these processes more complex and less transparent, which could pose risks to the integrity and proper functioning of capital markets.

Although AI applications can increase market efficiency, they simultaneously exacerbate existing vulnerabilities and introduce new risks. AI systems are heavily dependent on the quality of the data they are fed. Incorrect, biased or manipulated input can disrupt trading patterns and undermine decision-making. Furthermore, self-learning models can develop strategic behaviour that meets their internal optimisation goals but has harmful effects on market integrity, for example by amplifying volatility or through unintended forms of manipulation. In addition, supervision is hampered when complex models are not properly explainable or when automation leads to a loss of transparency in decision-making.

Increased vulnerabilities and risks resulting from new AI applications can also lead to systemic risks. First, AI applications are fed with large and complex datasets and respond to alternative data sources, such as social media or internet forums. If these uncontrolled data streams are manipulated or, for example, influenced by fake news, AI models may respond to incorrect information. This may lead to abrupt and unfounded price movements and undermine the confidence of market participants. Second, the use of autonomous systems may increase in the future due to the emergence of AI agents. In these applications, AI systems can make decisions themselves and human intervention decreases. In a scenario where autonomous systems increasingly trade with one another, often with the same objectives such as maximising returns, the risk of unintended collusion or manipulation increases. At the same time, the explainability and traceability of transactions in such a scenario diminish. This makes it more difficult to intervene during market stress or to determine responsibility. Finally, homogeneous behaviour in capital markets can be exacerbated if AI models use the same input data or react to the same signals. This may result in sudden market shocks being amplified by algorithms. If algorithms react en masse to the same signals and produce the same responses, this leads to increased volatility and potentially to feedback loops in which market stress is amplified. In times of market stress, capital markets are then less resilient.

20 AFM (2026), AI in Capital Markets: Balancing Innovation and Integrity.

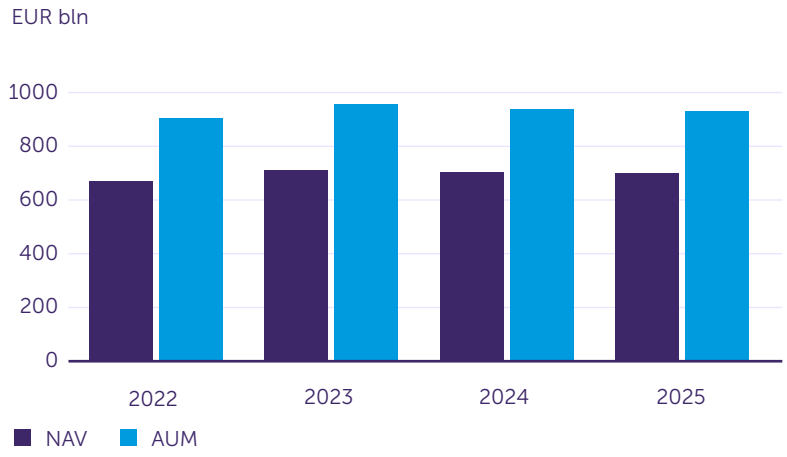
The structural changes in capital markets brought about by AI call for better insights and closer supervision. AI models must be reliable and secure to safeguard the integrity and stability of capital markets. It is therefore important that market participants who develop and deploy AI models put in place adequate safeguards, such as sound data governance and model validation. Furthermore, the use of autonomous systems does not absolve market participants of responsibility for the behaviour of these systems. At the system level, it is important that there is a good understanding of how AI models work. The interaction between models is also important, as this may lead to risky behaviour, feedback loops or an amplifying effect on market shocks. The AFM will promote the responsible use of AI by identifying risks and translating them into supervisory measures, maintaining a structural dialogue with the sector and cooperating with relevant authorities and organisations both nationally and internationally.

4. Trends and risks in the asset management sector

4.1 General trends and developments

Assets under management in Dutch investment funds have remained fairly stable in recent years, despite an increase in the number of active institutions. Total assets under management fell slightly in 2025 to EUR 931 billion (Figure 12). The assets in Dutch investment funds originate mainly from pension funds, although their share is declining. This is because pension assets are increasingly being invested under individual mandates rather than through investment funds. At the end of 2025, the total assets of Dutch pension funds amounted to more than EUR 1,900 billion, of which nearly EUR 400 billion is invested in Dutch investment funds.

Figure 12: Assets under management in Dutch alternative investment funds (AIFs).



Source: AIFMD reporting.

In 2025, pension funds invested more in Europe and less in the United States. For instance, they purchased a significant amount of European debt securities, while selling off US debt securities. A large number of shares were also sold, both European and American, in order to rebalance the portfolios.[21] A shift from the United States to other regions can also be seen in the assets held by Dutch alternative investment funds (AIFs), although this is partly due to the fact that less pension capital is being invested through AIFs. Nevertheless, pension funds continue to invest primarily in US equities due to the larger market size in the United States and attractive returns. However, given the geopolitical developments and greater unpredictability in the United States, it may become more attractive to invest more in other regions, including Europe. The desire to channel more investment through European capital markets is also reflected in the European Commission's plans for the Savings and Investment Union (SIU). The aim of this is to mobilise more savings within the EU and channel them into businesses, as well as to strengthen and further integrate European capital markets. A larger European capital market with more investment opportunities would also make it more attractive for pension funds to invest here.

4.2 Liquidity risks

Asset managers may face liquidity risks, for example as a result of high margin calls on derivatives positions or liquidity mismatches in investment funds. Pension fund managers in particular run the risk that significant interest rate movements or currency shocks could lead to substantial margin calls on interest rate and currency derivatives. The AFM and DNB previously concluded that Dutch pension funds are generally able to absorb such margin calls in stress scenarios, but that they are heavily dependent on the smooth functioning of money markets.[22] In addition, investment fund managers may face large-scale

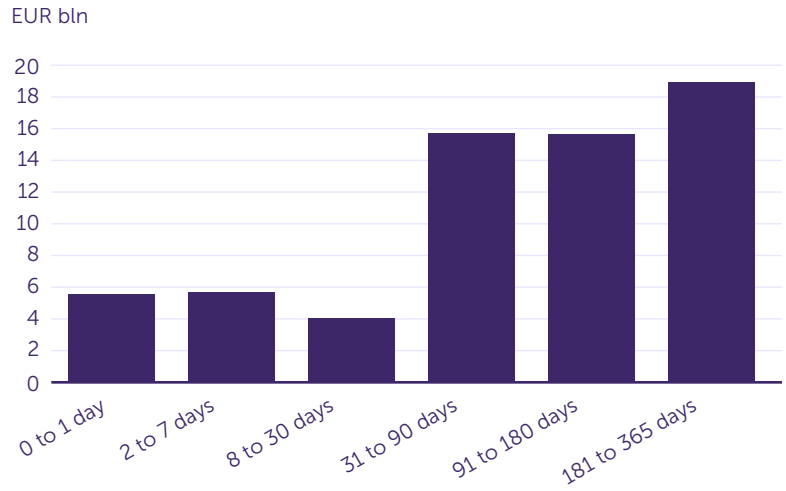
21 DNB (2026), Dutch pension funds invested more in Europe in 2025 and less in the United States.

22 AFM and DNB (2024), Liquidity risks of pension funds' derivatives portfolios under various stress scenarios.

redemption requests from investors. This risk is particularly relevant for funds with a liquidity mismatch, where the extent to which investors can redeem their holdings exceeds the speed at which underlying investments can be liquidated. If, within a certain period, investors are able to withdraw a larger proportion of the assets in a fund than can be liquidated, this may lead to problems whereby investments have to be sold at unfavourable prices or redemption requests have to be suspended. In the Netherlands, the total assets in funds with such a mismatch are relatively limited. The net assets subject to a liquidity mismatch amount to approximately EUR 19 billion in the 181- to 365-day time bucket, which represents less than 3% of total fund assets (Figure 13). This measure primarily focuses on the relationship between the liquidity of investments and the redemption options available to investors and thus provides insight mainly into structural mismatches. This does not alter the fact that liquidity risks can arise even with limited structural mismatches if outflows are concentrated over time.

Market stress can be exacerbated when asset managers are forced to sell assets rapidly to meet margin calls or redemption requests. Forced sales may then take place at unfavourable prices and, in times of heightened uncertainty, contribute to downward price effects and procyclical dynamics in financial markets. When multiple parties need to free up liquidity simultaneously, this can lead to spillover effects and amplified procyclical dynamics. Although we have not seen recent market stress leading to forced sales, it is important to prepare adequately for stress scenarios through robust liquidity risk management, regular stress tests and the availability of appropriate liquidity management tools (LMTs).

Figure 13: Assets in Dutch funds where there is a liquidity mismatch by time bucket.



Source: AIFMD reporting.

With the entry into force of AIFMD II on 16 April, the European framework for liquidity risk management in open-ended investment funds has been further tightened.[23] The regulations aim to prevent liquidity pressures on funds in stress situations from leading to disruptive market dynamics. This concerns not only the availability of LMTs but also an integrated liquidity management framework in which fund design, redemption terms and LMT policy are carefully aligned. A key element of this is the set of redemption conditions, including the redemption frequency and the length of notification and settlement periods. Whereas traditional measures of liquidity mismatch primarily focus on the ratio between the liquidity of investments and redemption opportunities, recent case studies and market developments show that the frequency and distribution of outflows are also of great importance. Recent market developments in property funds show that a low redemption frequency can limit structural liquidity mismatches but at the same time can introduce new vulnerabilities. If the time between redemption moments becomes too long, liquidity demand can become concentrated, increasing the likelihood of sudden and substantial outflows. The existence of notification and/or settlement periods helps to mitigate the risk. This underscores the need for redemption conditions to be balanced against the liquidity of the underlying investments and the way in which LMTs are calibrated.

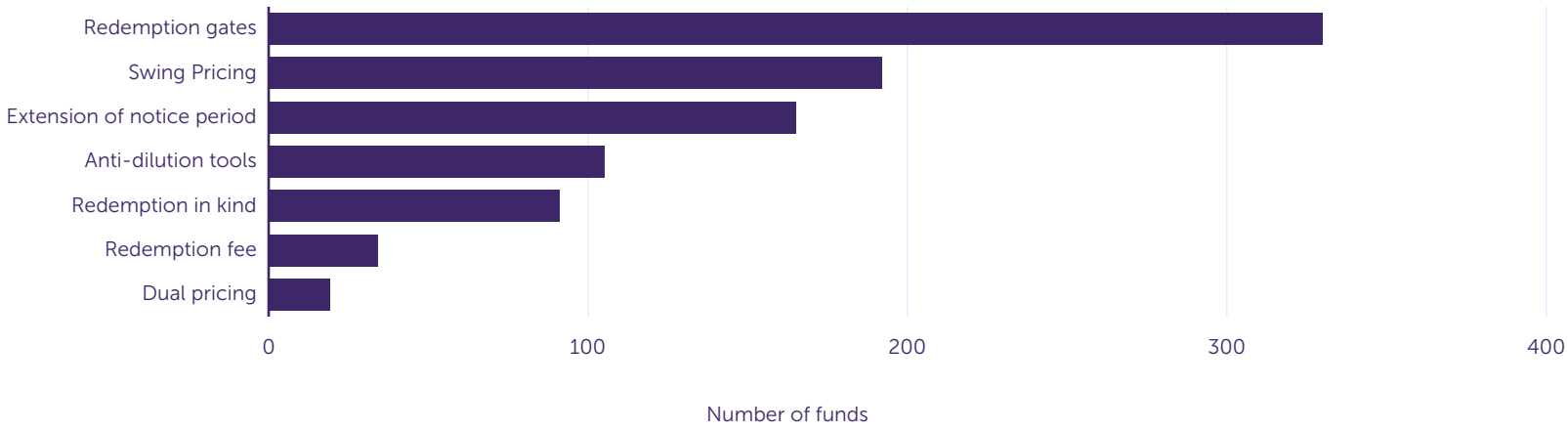
Under AIFMD II, LMTs are explicitly intended for exceptional, non-normal circumstances and not as a tool to accommodate structural liquidity mismatches. Effective liquidity management requires clear governance arrangements, predefined triggers and a proportionate calibration of LMTs, so that they can be deployed in a timely manner when market conditions deteriorate. This is in line with international recommendations, including those of IOSCO, which emphasise that a coherent framework of redemption conditions, stress tests and liquidity instruments is essential for the orderly handling of outflows.[24] The AFM considers it important that managers not only comply with the formal requirements but also assess whether the chosen combination of instruments actually contributes to the stable handling of outflows in stress scenarios. In this regard, the AFM expects managers to conduct regular stress tests and actively use the results to assess the design of their liquidity management, including the selection, calibration and recalibration of LMTs and the consistency with redemption conditions. A balanced and integrated liquidity management framework reduces the risk of procyclical effects, supports the maintenance of investor confidence and contributes to the stability of the financial system.

In connection with the entry into force of AIFMD II on 16 April, open-ended funds have reported to the AFM which liquidity management tools (LMTs) they have selected in order to comply with the requirement to have at least two tools available. These notifications relate to funds that have had to adapt their toolkit to meet the new requirements. In total, the AFM received notifications from 359 funds. The selection of LMTs shows that the ability to limit outflows (gates) is clearly seen by funds as a useful tool, while swing pricing is the preferred method for allocating liquidity costs to investors (Figure 14). The distribution of the number of selected LMTs also shows that a significant proportion of funds select more instruments than the required minimum of two (Figure 15). Furthermore, all funds are automatically entitled to temporarily suspend subscriptions, redemptions and repayments simultaneously, as well as to use side pockets. Regardless of the entry into force of AIFMD II, it is important that managers continue to critically assess the composition and calibration of their toolkit. It is precisely in stress scenarios that it becomes crucial whether the chosen combination of instruments can contribute in a timely and effective manner to the orderly handling of outflows, without causing unnecessary disruption to broader financial markets.

23 AFM (2026), New European rules for liquidity management.

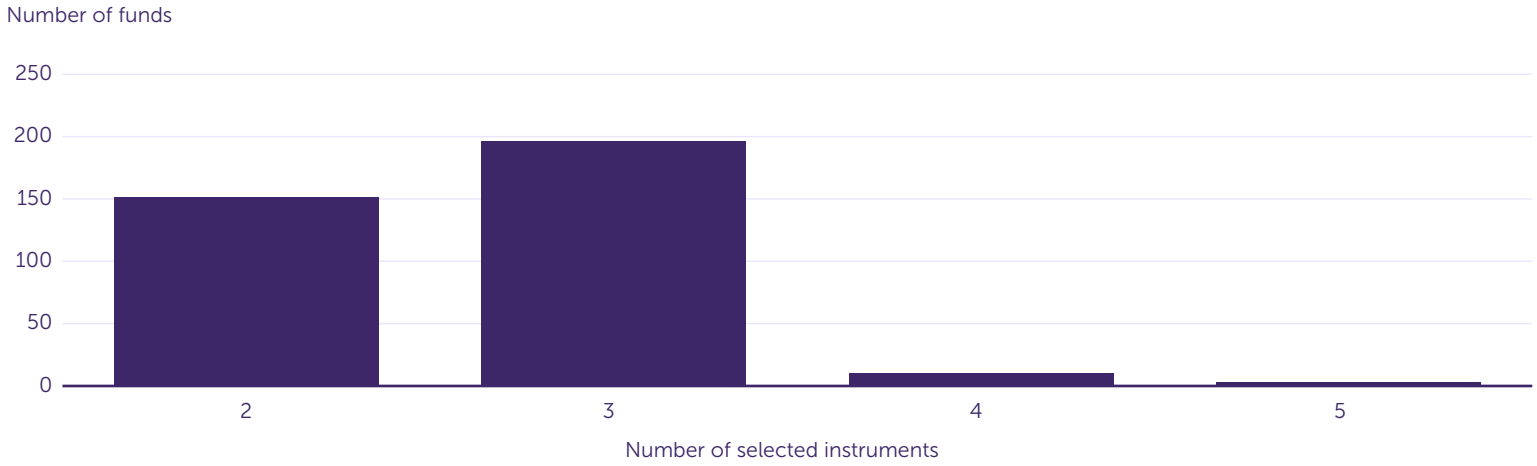
24 See IOSCO (2025), Revised recommendations for liquidity risk management for collective investment schemes en IOSCO (2025), Guidance for open-ended funds for effective implementation of the recommendations for liquidity risk management.

Figure 14: Liquidity management tools selected under AIFMD II.



Source: AFM.

Figure 15: Number of funds by selected number of LMTs.



Source: AFM.

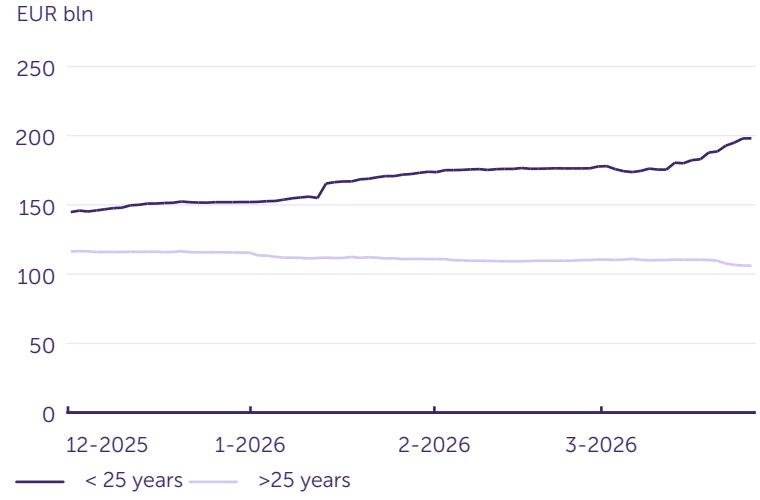
4.3 Pension transition

On 1 January this year, a significant proportion of pension assets were transferred into the new pension system. Prior to this transfer, there were concerns about the market impact the transition might cause, particularly on the interest rate markets. Under the new pension system, pension funds are expected to need to hedge less interest rate risk. This could lead to a large and simultaneous reduction in interest rate hedging by pension funds, resulting in reduced liquidity in the interest rate swap market. Another factor is that, in the run-up to the transition, pension funds often increase their interest rate hedging to protect their funding ratio, which can amplify these effects. In particular, many pension funds will be transferring on 1 January 2026 and 1 January 2027, meaning that simultaneous adjustments may take place at those times. There were also signs that hedge funds were attempting to capitalise on this anticipated movement.

Despite initial concerns, the transfer of part of the pension sector has so far had no major impact on the markets. Since the start of the year, the size of the interest rate swap portfolio of transferred pension funds has not decreased. However, a shift in maturity is evident. The net notional value of very long-term interest rate swaps (maturity >25 years) has gradually decreased, while that of shorter-term interest rate swaps (maturity <25 years) has actually increased (Figure 16). On balance, this reduces the interest rate sensitivity of the swap portfolio. Nor are there any signs that significant interest rate movements have occurred as a result of the transition. As pension funds are primarily reducing their interest rate hedging for long maturities, the expectation is that the yield curve will steepen. So far, this has not been the case. In early 2026, the difference between 20-year and 50-year interest rates actually narrowed, pointing to a flatter curve. Finally, bid-ask spreads do not indicate a deterioration in market liquidity.

The fact that the transition did not lead to market turmoil may be because pension funds were given more time to implement the changes in their portfolios. It is also possible that some pension funds took pre-emptive action prior to the transfer and had already implemented the changes, at least in part. The limited movements in interest rates suggest that the adjustments may already have been priced into the market. On 1 January 2027, there will be another peak, with potentially the same effects on the interest rate swap market. It is expected that a large part of the pension sector will then transfer its assets.

Figure 16: Net notional value of pension funds' interest rate swaps by maturity.



Source: EMIR.

4.4 Digital resilience

Digital processes at asset managers and new technological developments, such as those in the field of AI, can deliver efficiency gains, but they also give rise to operational risks. The increasing use of digital processes is accompanied by potential vulnerabilities to cyber risks and IT incidents. This is exacerbated by the current geopolitical developments, in which cyberattacks and digital disruptions are increasingly being used as strategic tools. This is particularly true when asset managers are becoming increasingly dependent on a limited number of external IT and data service providers, such as cloud providers and specialist technology companies. A disruption at such a third party can therefore affect not only individual institutions but also have simultaneous consequences for multiple asset managers, thereby increasing concentration risk. Robust IT systems are crucial to ensuring service continuity and confidence in the sector. Asset managers must therefore have their operational processes and risk management in order and implement appropriate control measures. With the introduction of the DORA regulations, the requirements regarding digital resilience have been enshrined in law. The AFM's supervision of this sector will focus on compliance with these requirements in the coming years.

The use of AI by asset managers is expected to increase in the coming years. This can bring benefits, such as more efficient processes or better market analysis. At the same time, risks relating to transparency, the explainability of decisions and potential errors or biases in models may increase. The AFM supervises the business operations of asset managers. This includes the use of AI in processes and the associated risk management.

Research by the AFM shows that part of the asset management sector is not yet sufficiently prepared for the growing risks associated with AI.[25] Around half of asset managers use AI applications or plan to do so. Investment in AI is still limited, but the majority of asset managers indicate that they expect to increase it in the coming years. So far, AI has mainly been used for information processing and data analysis. Some parties, such as proprietary traders, are already leading the way in the use of AI and are also applying more complex AI solutions. Increasing use requires sound governance and effective risk management to ensure that AI is used responsibly and that risks remain manageable. However, a quarter of asset managers who state that they use AI have not drawn up a policy to regulate the use of AI by employees. Nor do all parties provide training to staff who use AI. To use AI responsibly, it is important that staff have sufficient knowledge and skills. The expectation of 'AI literacy' is also included in the AI Regulation. Against this background, the AFM will focus in the coming years on the increasing use of AI by asset managers and risk management in this area.

The importance of sound governance and risk management also applies more broadly to the use of models by asset managers. The increasing availability of data and the value of data analysis mean that asset managers are using more and increasingly complex models in various processes, such as portfolio management and risk management. Based on research, the AFM has therefore previously communicated its expectations regarding risk management focused on the use of models. In doing so, we have also shared a number of good practices that can further support asset managers in setting up processes, systems and internal controls for model risk management.

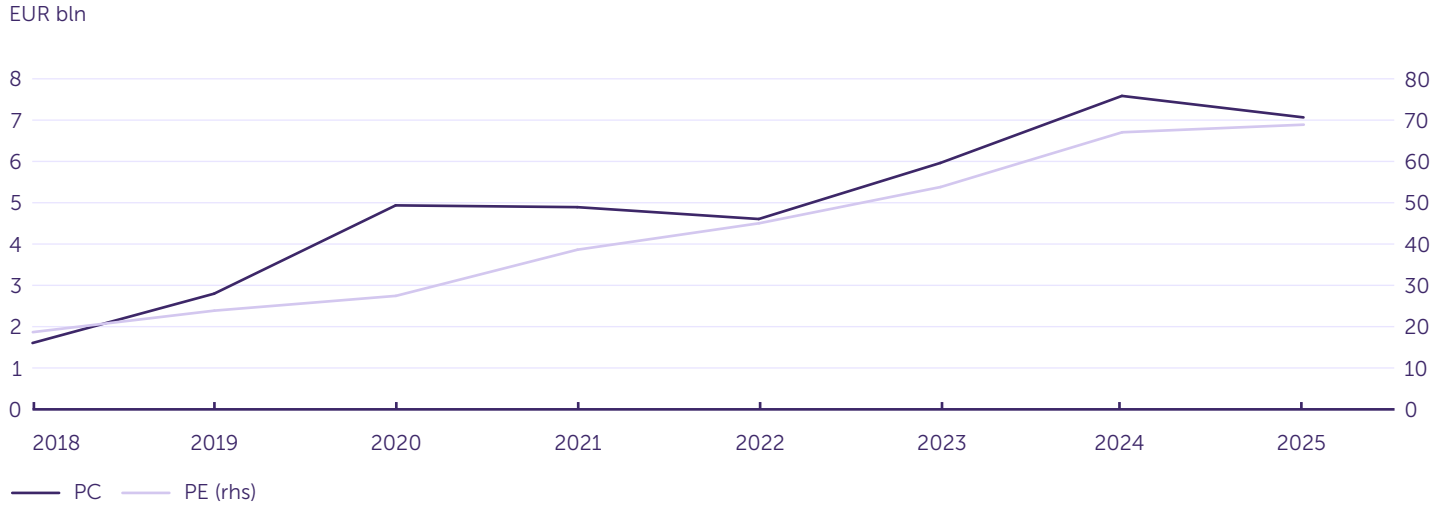
4.5 Private credit

The rapid growth of the private credit market and its relatively limited transparency are attracting increasing attention from regulators. Private credit is provided outside the traditional banking system, often through alternative investment funds, and therefore offers different safeguards than traditional bank credit. This shift in lending contributes to the diversification of funding sources for businesses, but it may also introduce new vulnerabilities. The market is characterised by a high degree of complexity and limited transparency, making risks and interconnections less visible to regulators and investors. This is compounded by the fact that there is no clear definition of exactly what is meant by private credit. In various analyses,

25 AFM (2026), AI use in the Dutch asset management sector.

different forms of credit are sometimes included in private credit and sometimes not, which makes it difficult to compare analyses and assess risk accumulation. In recent years, the assets of both private credit and private equity funds have grown rapidly, although private credit remains a relatively small segment within the fund sector (Figure 17).

Figure 17: Growth of Dutch private credit and private equity funds.



Source: AIFMD reporting.

Private credit investments are characterised by limited tradability and infrequent valuations, with the value of the underlying loans being determined largely on the basis of internal models. As a result, revaluations, particularly during periods of economic downturn or sudden market stress, may be delayed, and insight into the actual risk position may be obscured. This risk is exacerbated by the fact that some funds use leverage, which can amplify losses. At the same time, private credit has become increasingly accessible to retail investors in recent years. Globally, the participation of retail investors has risen from 0% in 2010 to approximately 13% in 2025. It is estimated that approximately EUR 1.3 billion in retail investor capital is invested in Dutch private credit funds.[26] To facilitate this growth, providers are increasingly using open-end fund structures with periodic subscription and redemption options, sometimes combined with suspension or restriction mechanisms. However, the use of such structures with illiquid underlying loans can create tensions, particularly when

26 Analysis based on AIFMD reporting data. Funds in which more than 50% of the investments are held in the loans asset class, as defined in the AIFMD reporting, are classified as private credit funds.

investors' liquidity expectations do not sufficiently align with the limited tradability and valuation uncertainty of private credit. In stressful situations, this can lead to an increase in redemption requests, the suspension of redemptions and unexpected losses, which can undermine investor confidence.

Despite the as yet limited scale of private credit in the Netherlands, this asset class may pose potential risks to financial stability. Due to limited transparency, illiquid underlying assets and the absence of market prices, risks and interconnections with other parts of the financial system are difficult to identify in a timely manner. This applies in particular to the exposure of institutional investors and the indirect links with the banking system, including through credit facilities to private credit funds, investments in securitised products such as CLOs and positions in money markets. In stress situations, declines in the value of private credit portfolios can lead to margin calls, the renegotiation of credit lines and liquidity pressure on investors, which may result in forced sales of other, more liquid assets and thereby contribute to broader financial market stress. These dynamics can be exacerbated by concentration among a limited number of large fund managers and the interlinkages with public credit markets. Recent developments, particularly among US private credit funds, which faced high outflows and had to suspend redemptions, illustrate how confidence effects and liquidity pressures can reinforce one another. Although such tensions have not yet arisen in the Netherlands, these developments underscore the importance of maintaining a focus on the potential amplifying effect of private credit in stress scenarios.

The growth of the private credit market requires ongoing attention from a supervisory perspective. The AFM expects managers to demonstrate a clear understanding of risks relating to illiquidity, valuation and leverage, and that fund structures, redemption conditions and liquidity management tools will be consistently designed with this in mind. Furthermore, since the entry into force of AIFMD II, particular attention must be paid to the stricter requirements for liquidity risk management and to funds that initiate loans, including appropriate governance, risk management and transparency. Given the increasing interconnection with banks and other non-bank institutions, the AFM continues to monitor these developments closely with a view to potential implications for financial stability.

5. Risks for clients of financial institutions

5.1 Financial crime

Digital fraud is rapidly becoming a structural threat to consumers, with recent analysis by the AFM showing that the actual scale and digitalisation of fraudulent practices are considerably greater than official reporting figures suggest.[27] In the Netherlands, the annual loss due to investment fraud is estimated at approximately EUR 750 million, with a significant proportion remaining hidden due to low reporting rates and the cross-border nature of online fraud. The recruitment phase almost always takes place digitally and uses professional-looking platforms, misleading advertisements, social media channels and intensive social engineering techniques. International data show a similar pattern: losses in countries including the United States, the United Kingdom, France, Germany and Italy range from hundreds of millions to billions of euros per year, with clear increases over several years. According to the most recent INTERPOL threat assessment, the global annual cost of financial fraud is now estimated at approximately USD 442 billion, underscoring the global scale and urgency of this problem.[28] The fact that digital fraud is thus becoming an increasingly significant consumer risk is confirmed by the OECD, which reports that in 85% of jurisdictions, financial fraud is now regarded as the most significant risk to consumers, partly due to the rapid rise of AI-driven and hard-to-detect fraud methods.[29]

The continued digitalisation of fraudulent practices is leading to a clear increase in scale and professionalisation, driven by generative AI, cross-border criminal networks and commercial 'crime-as-a-service' models. Modern fraud operations are modular in structure and use streamlined services such as lead lists, fake advertisements, synthetic identities and fully replicated trading platforms, enabling fraudsters to adapt quickly to new digital channels. This development aligns with the observed shift towards automated and AI-driven social engineering techniques, which further lower the threshold for carrying out large-scale digital scams.[30] This pattern is also evident internationally: cyber-enabled fraud has almost tripled worldwide, with a sharp increase in payment- and crypto-related fraud, and is spreading through digital infrastructures that are largely frictionless. This increases not only the speed at which new forms of fraud emerge but also the extent to which fraud manifests itself in a cross-border and coordinated manner.[31]

The consequences of digital fraud are not limited to financial loss; they also lead to behavioural responses that undermine trust in digital financial services. Victims of investment fraud not only suffer substantial losses but also face psychological barriers such as shame, mistrust and a reduced sense of control, causing them to become more reluctant to use digital services. Behavioural observations show that consumers who fall victim to digital fraud substantially reduce their use of online banking, mobile payment apps and other digital channels when losses are not compensated.[32] When such responses occur on a larger scale, this can lead to a structural decline in the use of digital channels and to the de facto marginalisation of specific

27 AFM (2025), From pyramid to iceberg: the hidden scale of investment fraud in the Netherlands.
28 INTERPOL (2026), Global financial fraud threat assessment.
29 OECD (2026), Consumer Finance Risk Monitor 2026.
30 AFM (2025), Trend monitor 2026.
31 IMF (2026), The rise of cyber events and digital fraud in the financial sector.
32 PYMNTS (2025), Financial scams and consumer trust.

consumer groups within the digital financial ecosystem, as trust in digital interactions diminishes and alternatives are more limited.

Furthermore, the growing global proceeds from fraud provide perpetrators with considerable financial clout, enabling criminal groups to use their resources to professionalise their operations and develop new digital attack techniques. Digitalisation and AI-driven scaling up reinforce this effect, as fraudsters can operate globally and with low barriers to entry through malicious platforms, synthetic identities and purchased 'crime-as-a-service' offerings. These dynamics are unfolding against a backdrop of increasing geopolitical unrest, in which state actors – such as North Korea – are increasingly using cyber programmes for financial gain, in addition to espionage and sabotage.[33] This blurs the line between cybercrime and geopolitical cyber threats, further increasing the complexity of the digital threat landscape. The accumulation of fraud proceeds thus strengthens not only criminal structures but also the broader international cyber threat.

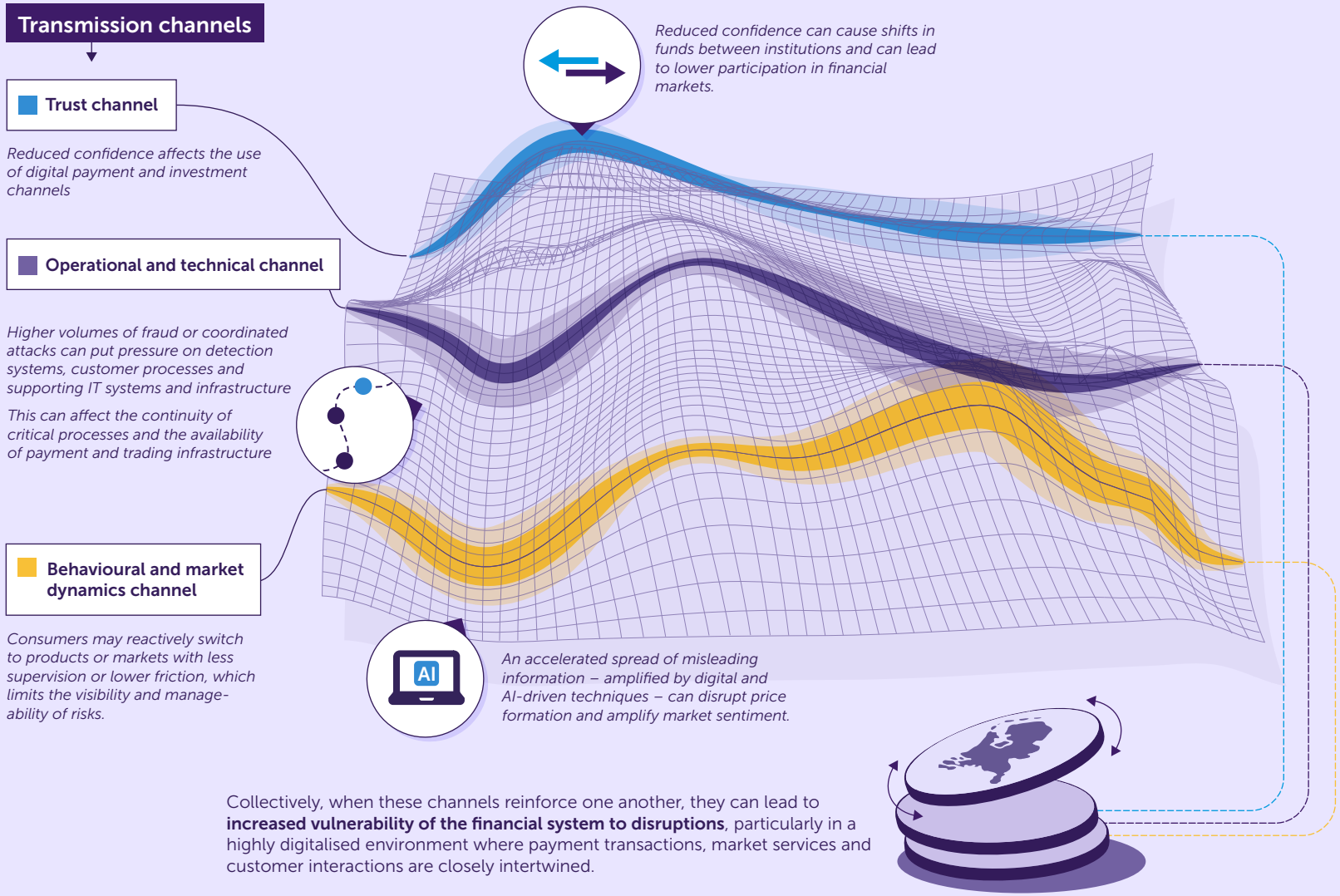
The rise in digital fraud can exacerbate existing vulnerabilities in the financial system through the transmission routes described in Box 1 (see below). Trust dynamics play a central role in this: if consumers lose confidence in digital financial services due to fraud, this can lead to shifts in funds, reduced use of digital payment and banking channels and the termination of financial relationships, with potential consequences for liquidity and the stability of digital services.[34] In addition, digital fraud can put pressure on payment systems, particularly when fraud occurs through rapidly growing digital payment methods or crypto-related channels, where transaction speed and limited friction increase the risk of disruption. Furthermore, reliance on digital infrastructures makes the system more vulnerable to operational disruption: fraud incidents may coincide with cyberattacks or disruptions at external service providers, putting the continuity of critical processes under pressure. Consequently, although not systemic in itself, digital fraud can act as a reinforcing factor that affects both confidence and the operational resilience of the financial system.

Against the backdrop of the growing scale and sophistication of digital fraud and its strong international dimension, it is necessary to further strengthen digital resilience, fraud detection and recovery processes. In this regard, intensifying international cooperation is also essential, as fraudsters use cross-border structures and digital infrastructures that can only be effectively tackled when regulators, platforms and enforcement agencies act in a cross-border and coordinated manner.

33 NCTV (2025), Cybersecuritybeeld Nederland 2025.

34 BIS (2023), Digital fraud and banking: supervisory and financial stability implications.

Box 1: Transmission channels through which digital fraud can amplify risks to financial stability. Digital fraud does not in itself constitute a systemic risk, but it can contribute to broader vulnerabilities within the financial system through various transmission channels. Three channels are central to this:



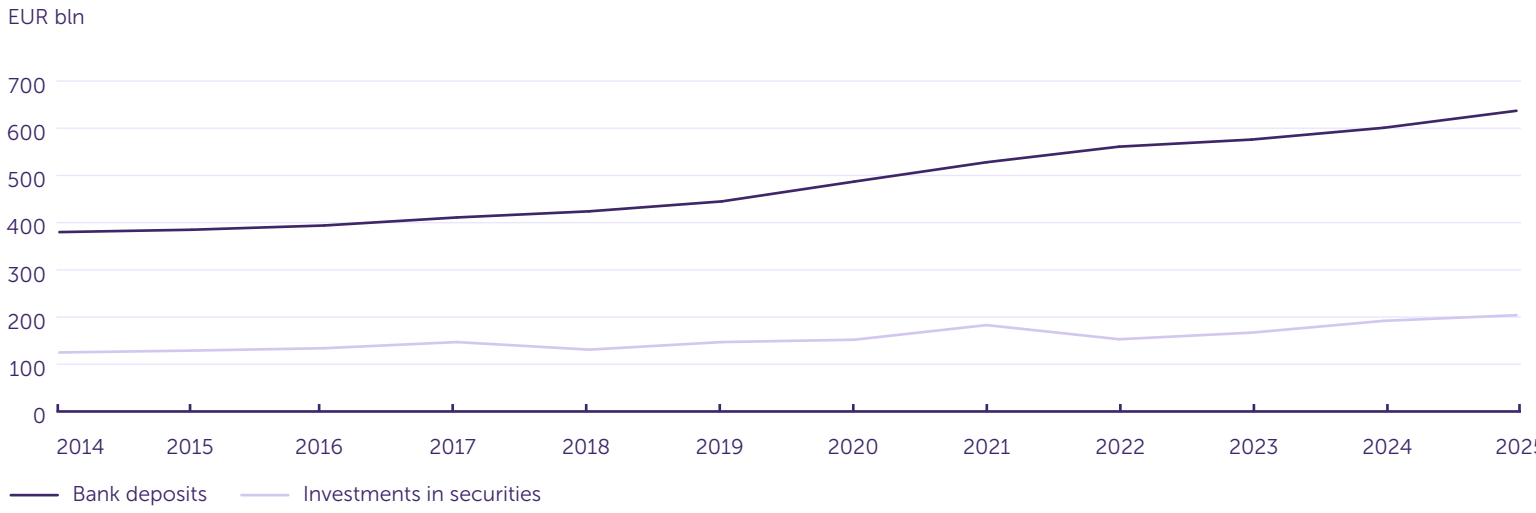
Collectively, when these channels reinforce one another, they can lead to **increased vulnerability of the financial system to disruptions**, particularly in a highly digitalised environment where payment transactions, market services and customer interactions are closely intertwined.

5.2 Retail investment

Capital markets play a key role in providing finance for businesses and governments. Given the current challenges facing Europe, such as the desire to become more independent in the field of defence and the need for the sustainability transition, investment is essential. In the Netherlands, and the eurozone as a whole, the share of market financing relative to bank financing remains relatively limited. This is one of the reasons why the Savings and Investment Union (SIU), an initiative of the European Commission, was established. A key objective of the SIU is to strengthen European capital markets, partly by encouraging households to invest a larger proportion of their savings. On the one hand, this should lead to more capital becoming available for investment in European companies, thereby enhancing Europe's competitiveness and innovative capacity. On the other hand, it should make it easier for households to benefit from the generally higher returns available on capital markets.

Although Dutch households save more than they invest directly, they mainly participate in the capital markets through pension schemes. At the end of 2025, households held a total of EUR 637 billion in bank deposits, compared with EUR 204 billion in direct investments in securities (Figure 18). Many households have the means to invest but do not do so.[35] This is despite the fact that investing savings can yield higher returns in the long term and thus contribute to a better pension. In the United States, households invest a much larger proportion of their assets in securities. On the other hand, the Netherlands has a substantial pension sector. Dutch pension funds hold more than EUR 1,900 billion in assets, almost twice the level of GDP, which is largely invested through capital markets. Indirectly, households invest a significant portion of their wealth through capital markets (see Box 2).

Figure 18: Bank deposits and investments in securities held by Dutch households.



Source: DNB.

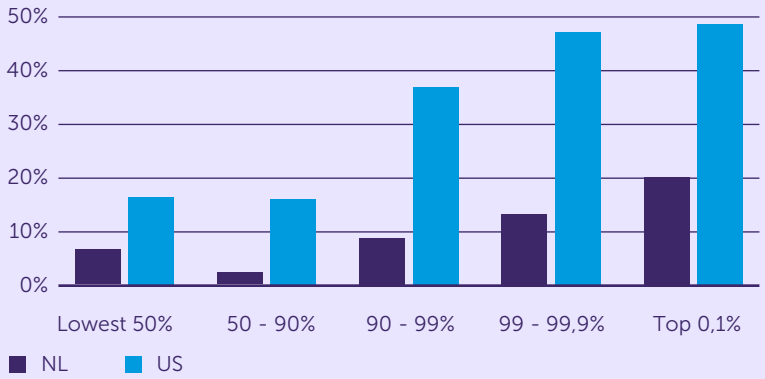
35 AFM (2026), Underutilised assets - a study of non-investors.

Further strengthening of European capital markets enhances the EU's competitiveness, innovation and strategic autonomy. At the same time, well-functioning capital markets offer households the opportunity to build up their wealth and see it grow in line with the economy, typically through higher returns than those offered by long-term savings. As capital markets are highly interconnected internationally, further integration within Europe is important to achieve sufficient scale and to compete effectively with other major markets, such as that of the United States. This requires accessible, transparent and reliable markets, with appropriate products, good information provision and effective investor protection. The objectives of the SIU are aligned with this, by striving for stronger and more integrated European capital markets, making better use of savings for productive investment and increasing household confidence to participate. Further harmonisation of rules and, where appropriate, more centralised supervision can contribute to a level playing field, consistent enforcement and more efficient functioning of European capital markets.

Box 2: Investments by Dutch households compared with those in the United States.

Direct participation in capital markets in the Netherlands lags behind that of US households. Whereas in the Netherlands the majority of wealth is tied up in the family home (around 60%), in the United States households have largely invested their wealth in securities (around 35%). In the Netherlands, only 6.5% of wealth (excluding pensions) is invested in securities. Among wealthier households, the proportion of securities in total wealth is higher. The top 0.1% of households in the Netherlands have invested 20% of their wealth in securities, whereas in the United States this figure is as high as nearly 50%. In the case of households in the 50-90% segment, only 2.1% of wealth is invested in securities, whereas in the United States this figure is approximately 16% (Figure A). Furthermore, the distribution of wealth in the United States is more unequal than in the Netherlands, and the wealthiest households hold a larger share of total wealth. In the United States, therefore, household capital appears to find its way to capital markets more easily, thereby promoting investment.

Figure A: Percentage of wealth held in securities, excluding pension.



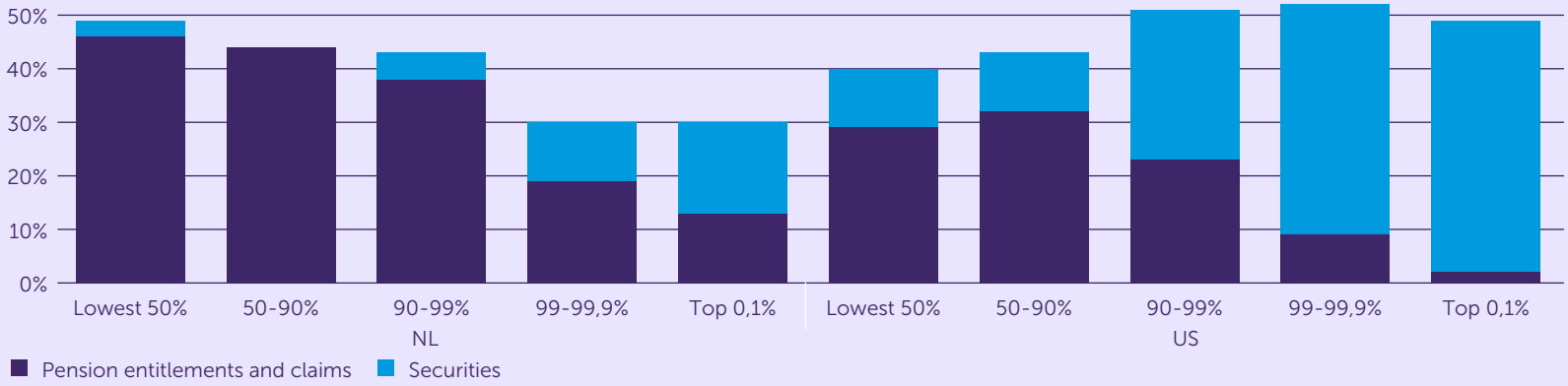
Source: AFM analysis based on CBS, Fed and FRED data.

Dutch households have fewer direct investments than American households, but they do participate indirectly in capital markets through pensions. If we include pensions in the calculation of wealth, the distribution of wealth becomes less skewed. This is because the income of lower-wealth groups often comes more from employment, whereas that of very wealthy households comes more from capital and their own businesses. If households' indirect participation in the capital market through pensions is taken into account, Dutch households come much closer to their American counterparts. In 2024, 35% of Dutch wealth consisted of pension assets.[36] In the United States, pension funds account for approximately 20% of total wealth.[37] In the lower wealth groups, capital market participation is therefore even slightly higher than in the United States (Figure B). Among the very wealthy households, however, the United States continues to lead the way in terms of capital market participation. This is partly due to the fact that the wealthiest households in the United States are, in absolute terms, wealthier than Dutch households and also hold a larger share of total wealth. Whereas the wealthiest Dutch households typically hold their wealth in their own businesses or property, in the United States it is mainly invested in shares.

36 CBS dashboard: 'Vermogen in vogelvlucht'

37 FRED data: B.101.h Balance Sheet of Households.

Figure B: Percentage of wealth in securities, including pension.

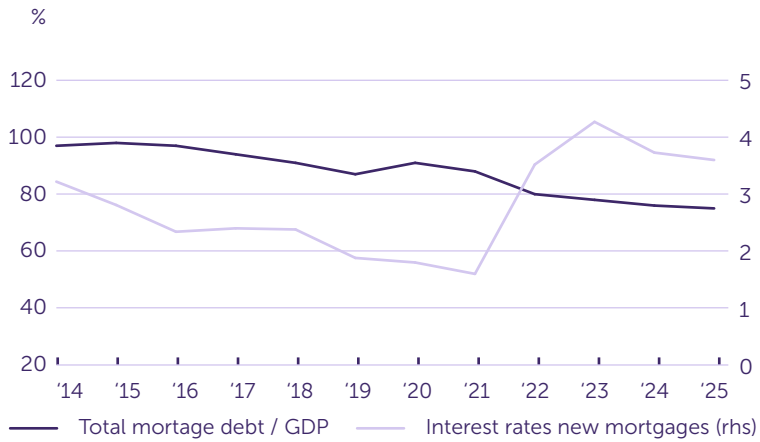


Source: AFM compilation based on CBS, Fed and FRED data.

5.3 Housing market

Stability risks arising from high mortgage debt have decreased in recent years. Where debt levels are very high, households and lenders are vulnerable to an interest rate or income shock, or to a fall in house prices. Households may then be unable to meet their mortgage payments and lenders suffer losses on their loan portfolios. Indirectly, this can restrict household consumption or bank lending, thereby also affecting economic growth. Total Dutch mortgage debt is relatively high by international standards, although it is falling as a percentage of GDP (Figure 19). This improves the sustainability of the debt.

Figure 19: Mortgage debt of Dutch households and interest rates on new mortgages.



Source: DNB.

Prudent lending standards are important for mitigating risks for households and lenders. In March, the AFM and DNB published their first annual report on stability risks in the housing market in relation to lending standards.[38] This concerns the loan-to-value (LTV) and loan-to-income (LTI) ratios. The monitor shows that stability risks have decreased since the introduction of the lending standards. For example, the average LTV ratio has fallen to just over 50%, compared with more than 80% in 2013. However, the LTV is rising slightly again among first-time buyers, where more than half of households take out a loan with an LTV of over 90%. More borrowing capacity is also being utilised on the basis of income. Furthermore, the monitor shows that, based on other risk characteristics, stability risks are limited in the short term. As at the end of 2025, interest rates were due to be reviewed in the coming year for only 4.5% of outstanding loans. Since many households fix their interest rates for longer periods, this percentage is relatively low. As interest rates have risen sharply since 2022, most households facing a review of their interest rates are expected to face an increase. Furthermore, the share of interest-only loans in the mortgage portfolio has fallen in recent years to just under 40%. Moreover, these loans generally have a relatively low LTV.

It is not advisable to relax lending standards, as this increases the risks for households and lenders. It also contributes to rising house prices. These have already risen sharply in recent years due to the tight housing market, although the rate of increase has recently levelled off. Tightening standards is also not advisable at present, as it would particularly worsen the position of first-time buyers. Tighter lending standards could, in the long term, contribute to financial stability, provided they are introduced gradually.

Finally, the financial risks posed to households by foundation problems are considerable.[39] Research by the AFM shows that 120,000 households are facing foundation problems. The associated repair costs are estimated at EUR 11 billion. A large proportion of this falls on households that cannot afford to pay for it from their own resources. Furthermore, for 25,000 households, it is not financially

38 AFM & DNB (2026), Monitor leennormen en financiële stabiliteit.

39 AFM (2026), Foundation repair financeable for homeowners.

viable to finance the repairs with a loan, meaning that there may be no financing available for EUR 3 billion worth of repair costs. Due to the scale of the repair costs and the large number of households affected, there is an increased risk of residual debt among households, pressure on property values and a deterioration in the collateral of mortgage portfolios. Collective action is therefore necessary. In this regard, the provision of information to homeowners and house buyers plays an important role. For instance, since April, foundations have been included in property valuations, although this only takes place after a purchase agreement has been signed. This can affect the amount households can borrow for a home, so it is important that they are aware of this before purchasing property.