



# Risk Outlook Survey Results

Werner Bijkerk

Head of the Research Department

A stylized world map in shades of blue and white, showing the continents and a grid of latitude and longitude lines. The map is positioned in the lower half of the slide, serving as a background for the text.

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Madrid Spain, 1 July 2014

# Disclaimer

The views and opinions presented in this presentation are of the presenter only and do not necessarily reflect the views and opinions of IOSCO or its individual members.

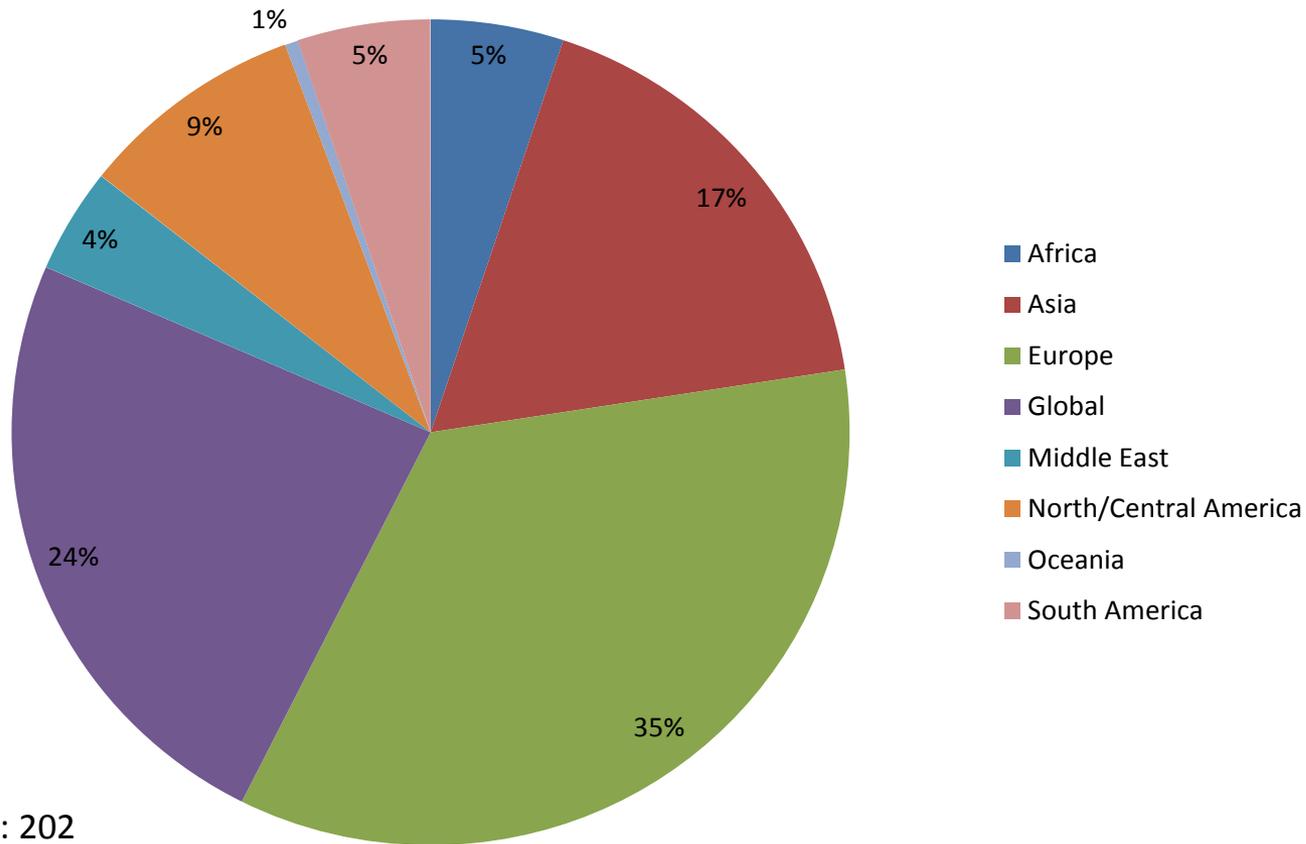
## Survey

1. obtaining a wide range of opinions from around the globe;
2. quantifying the nature and importance of the pre-determined risk topics, according to expert responses;
3. collecting information on their likely impact on the economy;
4. highlighting any significant risks not included in the initial selection of risks to the securities markets which underlined the survey; and
5. providing a time series of how responses have changed given that this is the third iteration of the survey.

## Survey questions

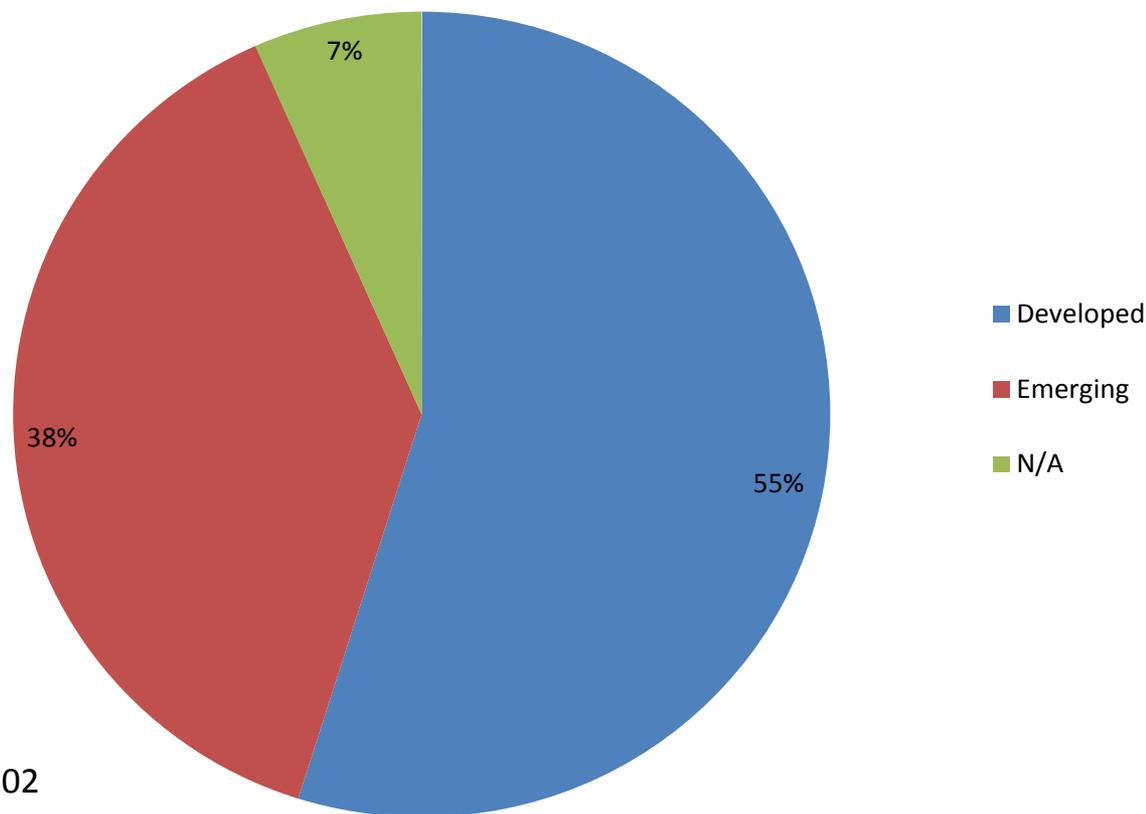
1. “...identify from the list, five areas that you see as most important to explore for your jurisdiction when it comes to maintaining financial stability.”;
2. “...for each area, please specify in a few words the particular activity, behaviour, development or situation that you see as contributing to risk build-up.”;
3. “...specify, for each of these five risks, whether you see them as being transmitted through securities markets, amplified by securities markets or sourced from securities markets themselves.”;
4. “In the event of a significant shock, of the risks you selected, what would most likely have the greatest impact on the real economy?”

# Geographic distribution of survey respondents



Total responses: 202

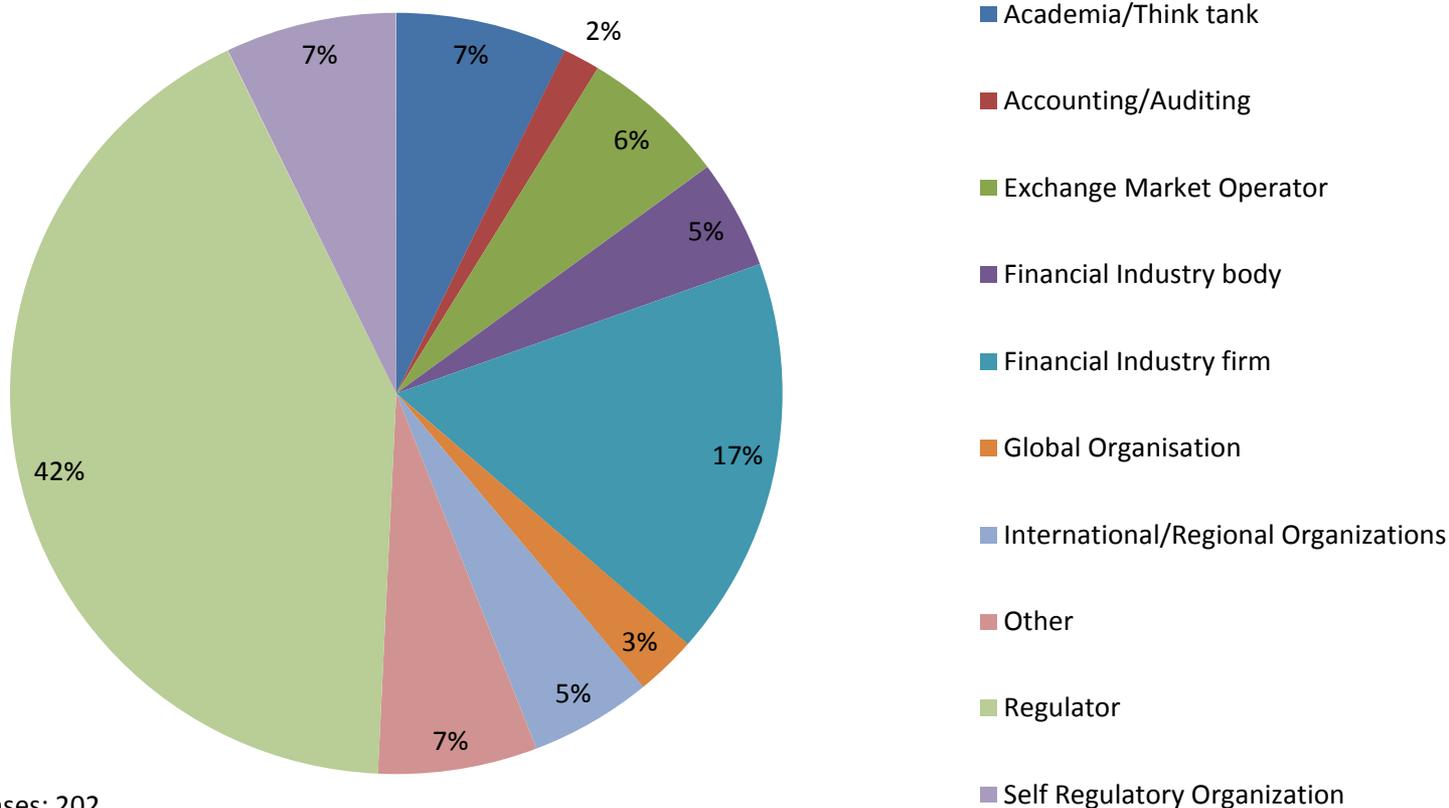
# Distribution of survey respondents by economic classification



Total responses: 202

Source: IOSCO Research Department

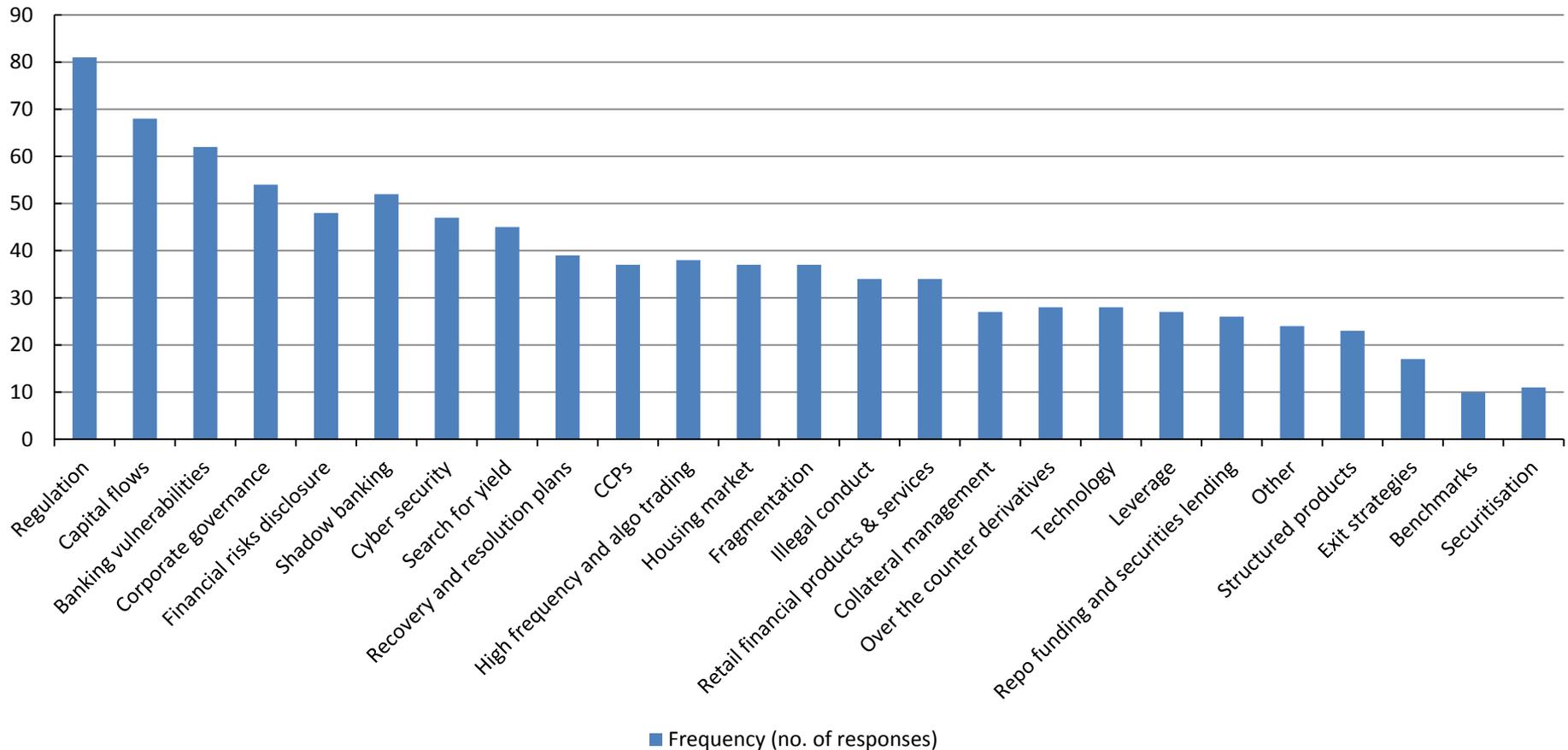
# Distribution of survey respondents by organisational type



Total responses: 202

Source: IOSCO Research Department

# “Raw” frequency of responses

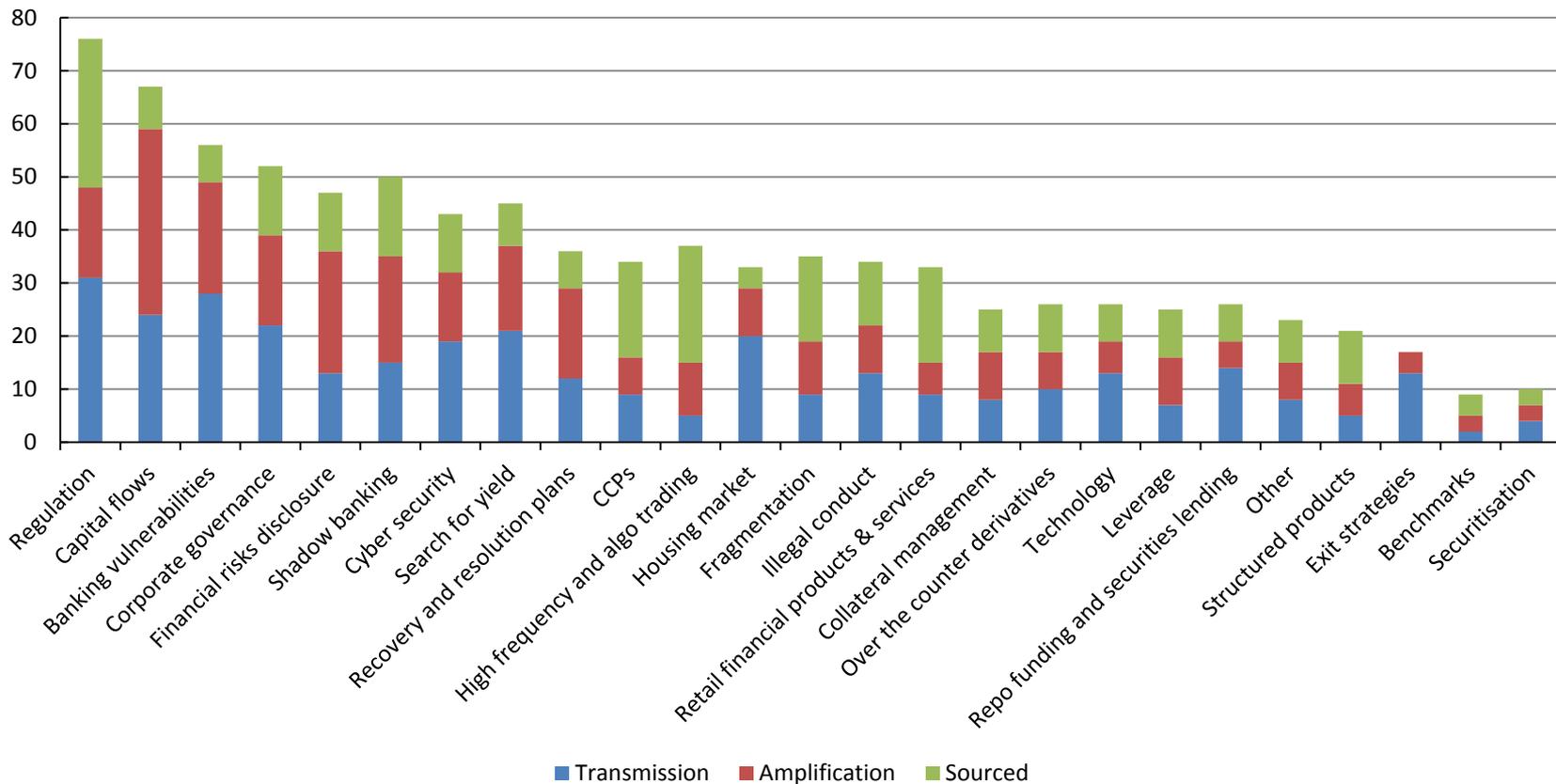


Source: IOSCO Research Department

## Reponses by organisation type

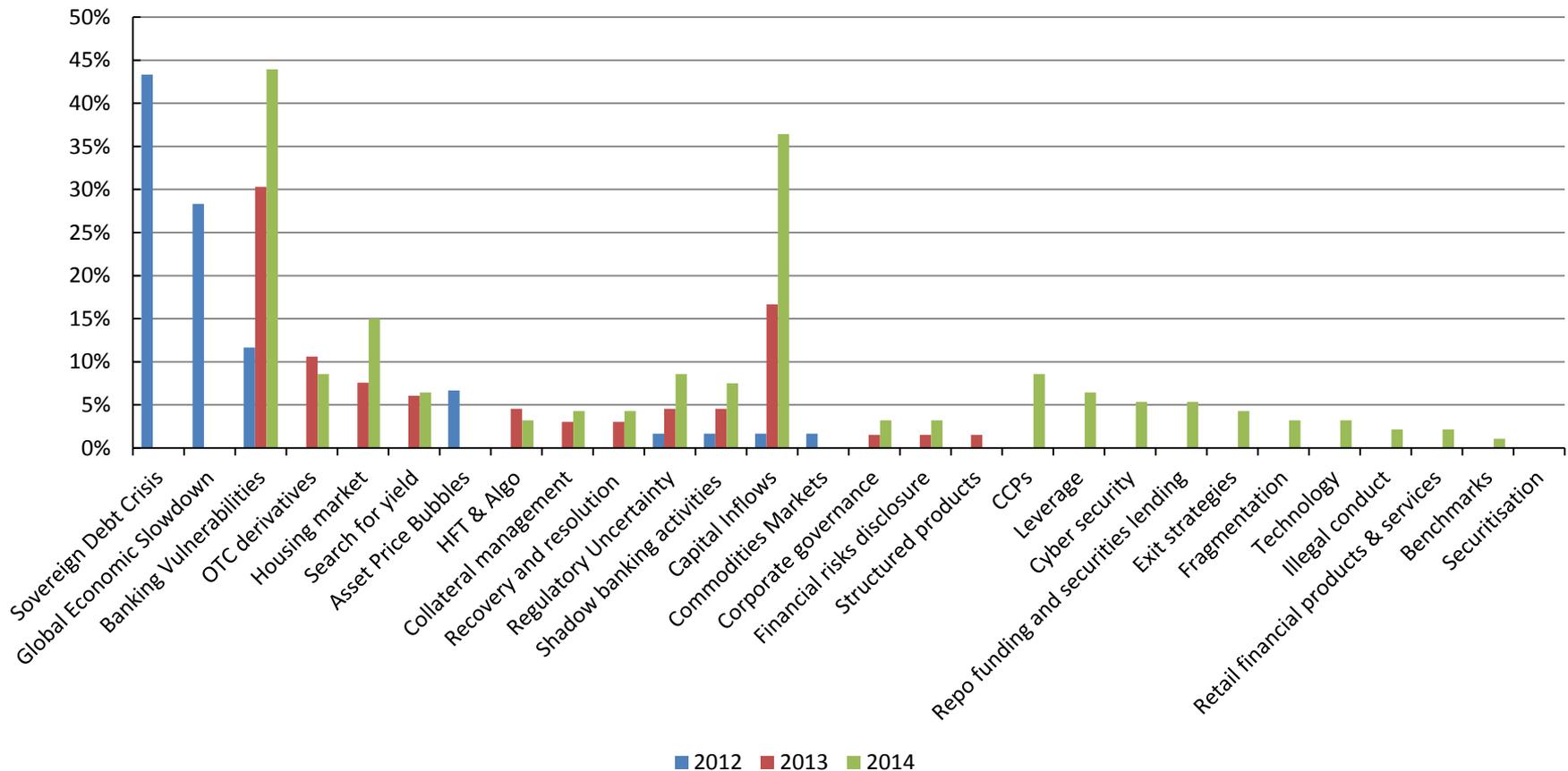
Issues highlighted by Financial market participants	Percentage of responses	Issues highlighted by Regulators	Percentage of responses
Recovery and resolution plans	38%	Financial risks disclosure	60%
Search for yield	36%	Retail financial products	56%
Fragmentation	32%	Illegal conduct	53%
Regulation	30%	Capital flows	50%
CCPs	27%	Benchmarks	50%

# Risks sourced, transmitted or amplified by securities markets



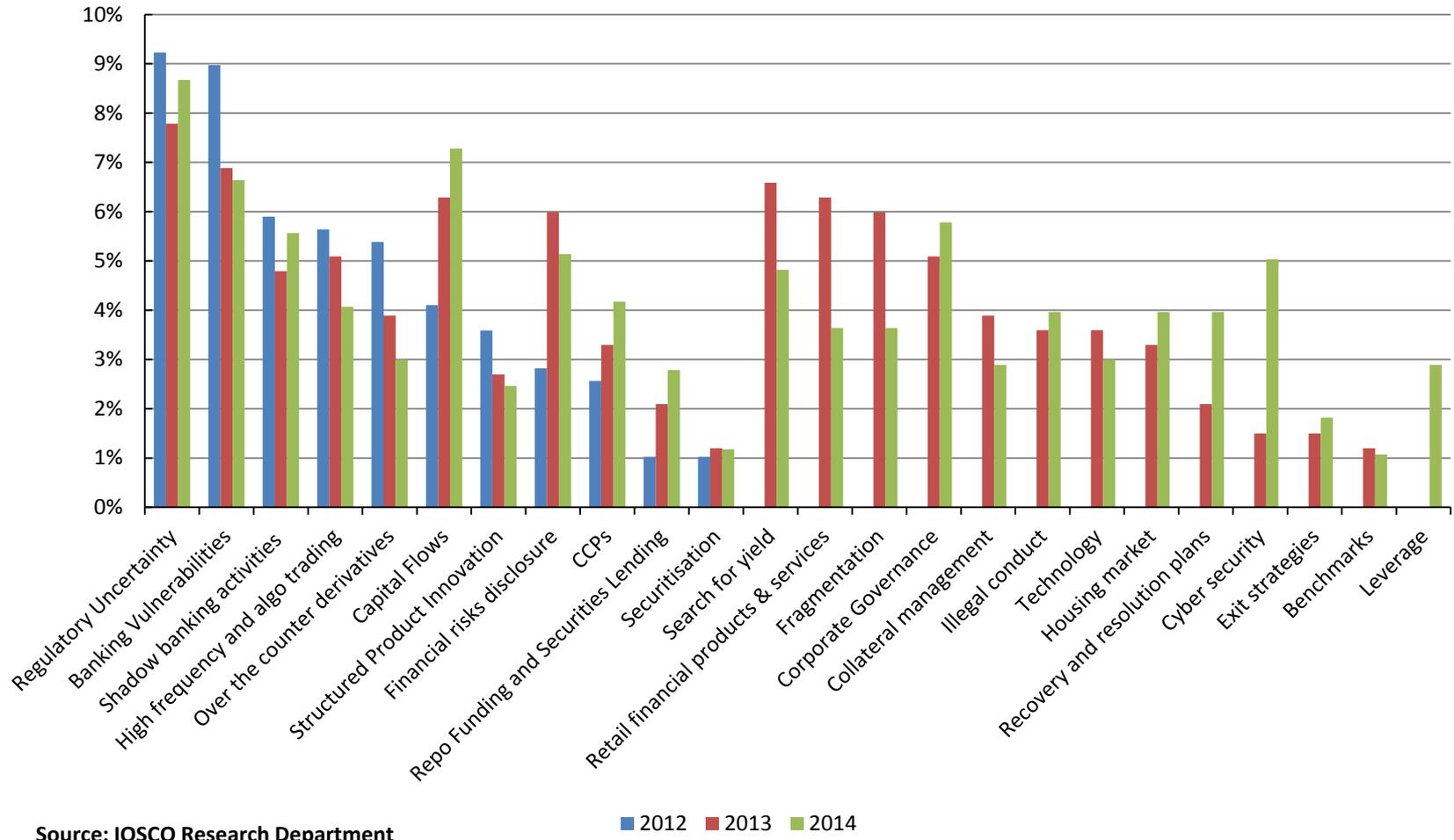
Source: IOSCO Research Department

# Impact on real economy



Source: IOSCO Research Department

# Shift in risks 2012-2013-2014



Source: IOSCO Research Department

# Slide Annex

## Shift in top 5 risks 2012-2013-2014

Combined Risk Areas (2012)	Responses
Regulatory Uncertainty	36
CCP's and OTC markets	31
Shadow banking activities	23
HFT & Algo	22
Information gaps between Markets and Regulators	15

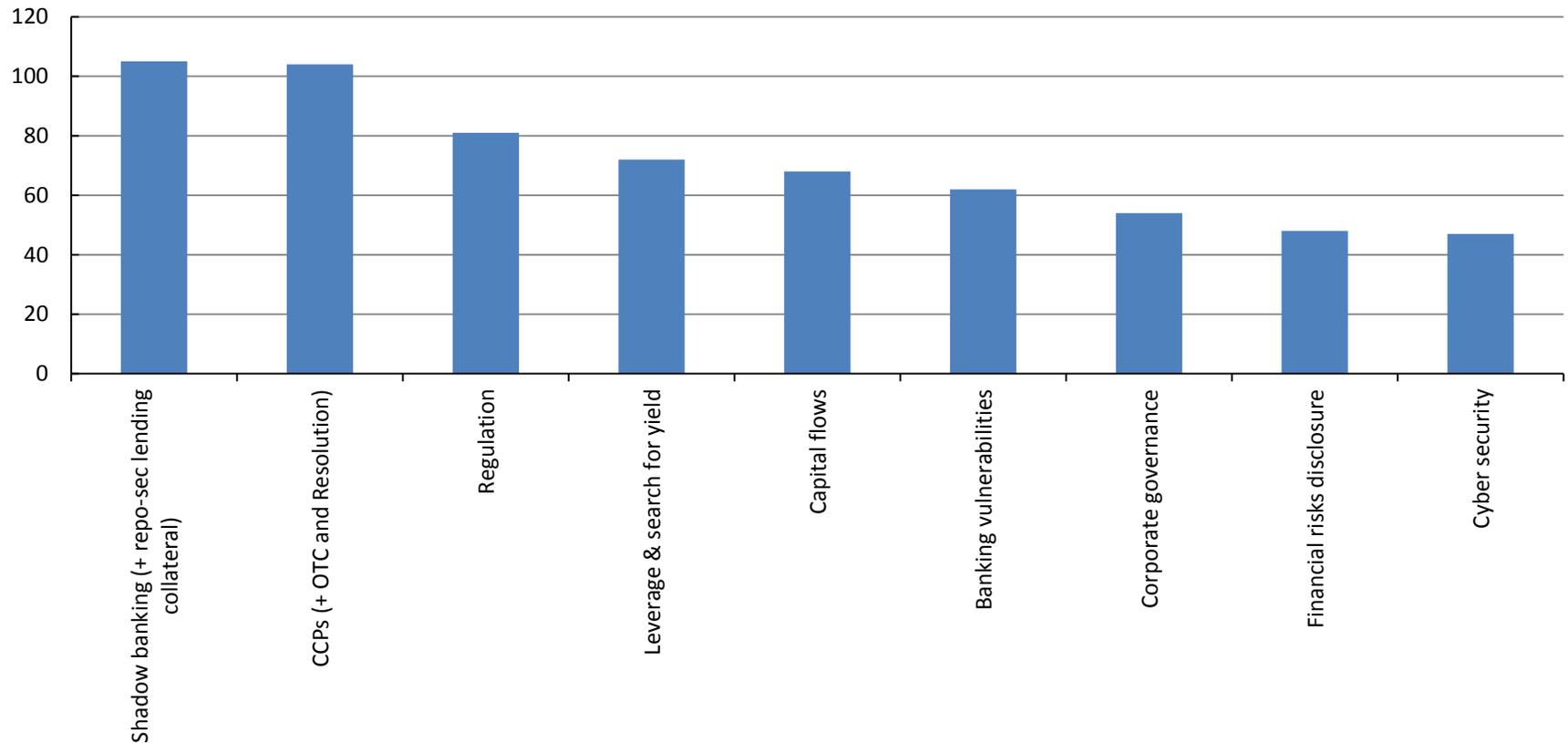
  

Combined Risk Areas (2013)	Responses
Shadow banking (+collateral and repo)	39
CCPs (+OTC reform and Resolution and resolvability)	31
Regulation	26
Search for yield	22
Capital Flows	21

Combined Risk Areas (2014)	Responses
Shadow banking (+ repo-sec lending collateral)	105
CCPs (+ OTC and Resolution)	104
Regulation	81
Capital flows	68
Banking vulnerabilities	62

# Frequency of responses with combined risk categories



Source: IOSCO Research Department

■ Combined frequency of responses

## Risk Outlook 2014-15

### Trends:

1. Slowly getting out of the crisis
2. Tapering – exit (US) versus deepening stimulus (EU, JPN)
3. Securities markets transmit all this and are increasingly used for funding of economy

### Risks identified:

1. Leverage (search for yield)
2. Capital movements emerging markets (search for yield)
3. Derivatives and CCPs
4. Collateral management
5. Governance of financial firms