

**Box 1: SBP's Systemic Risk Survey – 15<sup>th</sup> Wave (January 2025)**

SBP conducted the 15<sup>th</sup> wave of its biannual Systemic Risk Survey (SRS) in January 2025. The survey aims to capture the perceptions of market participants about various risks to the financial system of Pakistan and their confidence in the stability of financial system. The survey is designed to gauge the present and near term (over the next six months) perceptions of the respondents across five broad risk categories, including, global, macroeconomic, financial markets, institutional, and general.

The respondents of the current iteration of the SRS covered a wide spectrum of participants, including senior executives of financial institutions, financial journalist, and others. A total of 119 respondents took part in the current wave as compared to 135 in July 2024 wave, with a response rate of 54 percent.

**Summary of Results:**

1. The respondents, on aggregate, perceive risks emanating from “General”, “Macroeconomic”, and “Global” categories to be the major risks to the financial system (**Figure A**). Perception regarding “General Risk” was driven by “Geopolitical Risk for Pakistan” and “Terrorism”. Over the period of next six months, risk perceptions are lower across all five broad categories of risks. (**Figure B**).
2. In terms of key risks at present, top five risks (in descending order) are those coming from “Cyber Security”, “Political Uncertainty”, “Geopolitical Risk for Pakistan”, “Widening Fiscal Deficit” and “Deterioration in Household Income”. Over the next six months, risk perceptions regarding these categories are expected to subside in general (**Figure C**).
3. Regarding the stability of the financial system of Pakistan, the respondents seem to repose a fair amount of confidence in the system. Conversely, the majority of the respondents exhibited strong confidence on the stability of the banking system and also showed their confidence on the ability of regulators to ensure the stability of the financial system (**Figure D**).
4. A comparison of last three waves (13<sup>th</sup>, 14<sup>th</sup>, and 15<sup>th</sup> wave) indicates that the risk perception has improved across the majority of the risk categories. A significant improvement in risk perception was seen in “Interest Rate”, “Energy Crisis”, and “Deterioration of BoP” (**Figure E**).

Financial Stability Review 2024

Perception on sources of Systemic Risk - Present

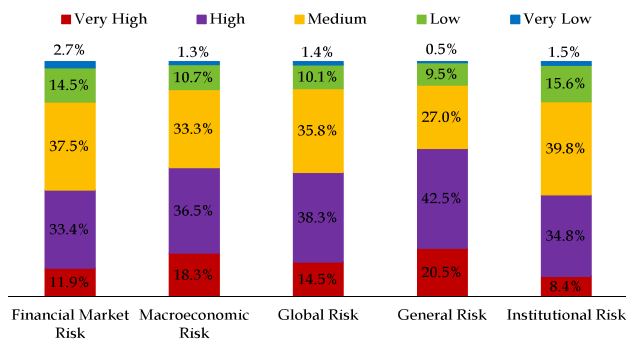


Figure A

Perception on sources of Systemic Risk - next 6 months

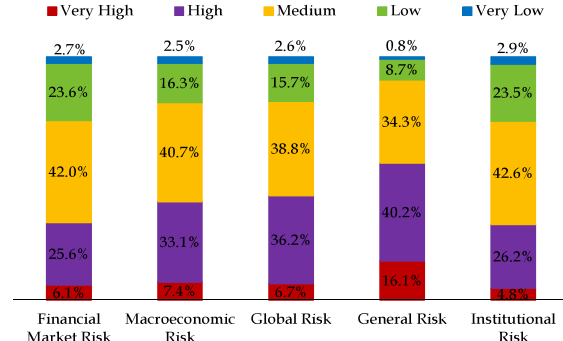


Figure B

Top 10 Risks Identified

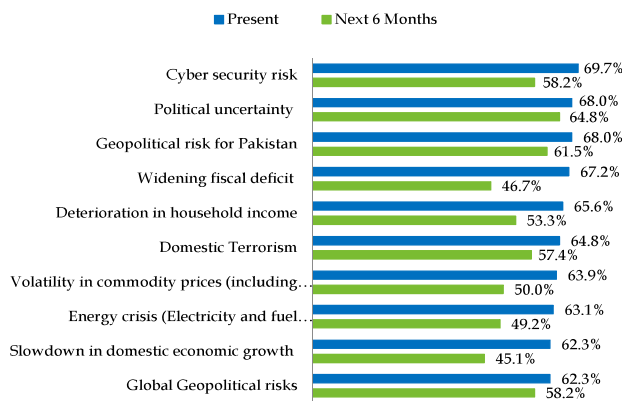


Figure C

Confidence in Financial Stability

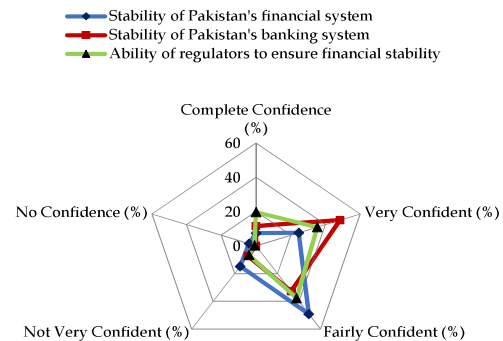


Figure D

Comparison of SBP's Systemic Risk Survey (SRS) Results (13th, 14th and 15th wave)

		Wave					Wave		
		13th (Jan-24)	14th (Jul-24)	15th (Jan-25)			13th (Jan-24)	14th (Jul-24)	15th (Jan-25)
		Percent (Average)					Percent (Average)		
Global	Slowdown in global growth	2.46	2.48	2.49	Institutional	Regulatory	2.63	2.63	2.73
	Sovereign default	2.78	2.82	2.95		Legal	2.88	2.85	2.86
	Lack of funding from abroad	1.97	2.06	2.20		Asset quality deterioration	2.20	2.39	2.52
	Volatility in commodity prices	1.89	2.02	2.19		Shortfall in capital requirement	2.45	2.46	2.66
	Slowdown in domestic growth	2.00	2.01	2.22		Access to funding (deposit mobilization & borrowings)	2.64	2.68	2.78
Macroeconomic	Increase in domestic inflation	1.82	2.04	2.34	Excessive private sector credit	2.78	2.81	2.86	
	Widening fiscal deficit	1.82	1.99	2.15	Concentration risk in PSC	2.74	2.78	2.73	
	Deterioration of BoP	1.89	1.98	2.30	Concentration risk in mutual fund	3.07	3.06	2.90	
	Sovereign rating downgrade	2.26	2.32	2.61	Operational risk	2.70	2.63	2.64	
	Slowdown in corporate sector growth	2.27	2.30	2.38	Cyber security risk	2.21	2.27	2.12	
	Slowdown in infrastructure development	2.52	2.46	2.68	Disruption in financial market	2.72	2.68	2.76	
	Deterioration in household savings	1.82	1.93	2.18	Terrorism	2.34	2.29	2.28	
Financial Market	Volatility in real estate prices	2.80	2.71	2.89	Geopolitical risks for Pakistan	2.08	2.21	2.21	
	Energy crisis	1.89	1.87	2.28	Natural disasters/ Increasing threat of climate change	2.18	2.11	2.39	
	Political uncertainty	1.84	1.98	2.07	Social unrest	2.24	2.21	2.40	
	Foreign exchange rate	1.74	2.00	2.25					
	Equity price	2.61	2.63	2.82					
	Interest rate	2.13	2.32	2.75					
	Liquidity	2.34	2.47	2.68					

Figure E

