

# Systemic Risk Survey

May 2025



The systemic risk survey of May 2025<sup>1</sup> showed that the respondents maintained their positive assessments of the financial sector's current condition and resilience. The financial institutions described the state of play in the sector as the best since 2021. Although the financial sector's overall risk is still high, it has been gradually moderating since the full-scale invasion, the respondents said. Meanwhile, the financial institutions' risk appetite increased for the third consecutive survey. In the next six months, three-quarters of the financial institution's executives expect no changes in where the financial system stands. Over the past six months, the share of those expecting the situation to get worse has almost halved. According to the respondents, the war with Russia remains the source of the highest risk. The risk of fraud and cyber attacks ranked second among the biggest threats, up four positions in half a year. For the third straight time, the risk of human capital quality made it to the top five of the financial sector's risks. The risk of current and expected inflation increased the most and is among the top ten, the financiers said.

In May, almost half the executives of Ukraine's largest banks and NBFIs assessed the sector's current state as good or very good. The balance of responses<sup>2</sup> shifted 5 pp higher, to 26%. The only other time the respondents' assessments of the sector's performance were slightly better, was in November 2021, months ahead of the full-scale war (28%).

Most respondents reported no change in the financial sector's performance over the last six months. The standing of the corporate sector improved, another one-third of the respondents said. Three-quarters of the respondents do not expect the sector's performance to change in the next six months either. And the share of those anticipating the financial sector's condition to deteriorate almost halved to 15% in May 2025 from 27% in November 2024.

Just under half of financial institutions' top managers assessed the overall level of risk in the sector as medium. Almost 40% of the respondents still considered this level of risk as high. Meantime, the percentage of those who characterized the level of risk as low increased, while the share of the most pessimistic assessments shrank. As a result, the overall risk in the financial sector was ranked by the financial institutions as moderately high with marginal improvement from the previous survey.

Since November 2022, most respondents have assessed the financial sector's resilience to high-impact adverse events as medium or high. The current survey revealed a slightly bigger

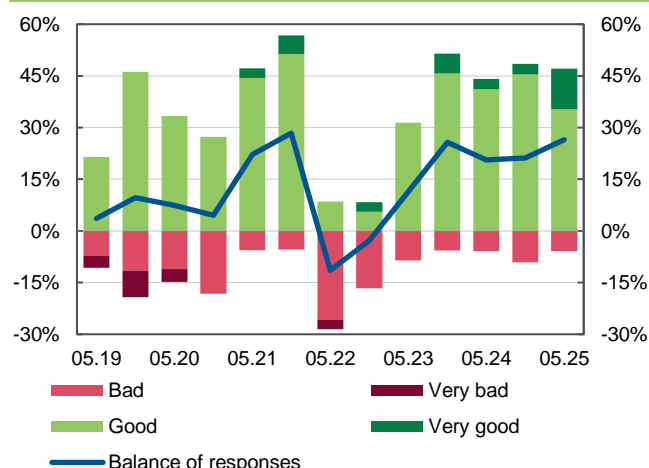
share of those who considered the financial sector's resilience to high-impact adverse events to be low. This share was 15% in May, up from 3% in November 2024.

The war with Russia continues to be the main source of systemic risks in the financial sector. The risk of fraud and cyber warfare came out significantly higher (+4 positions) than in November 2024, ranking second among the biggest risks. For three surveys running, risks associated with human capital quality landed among the financial sector's top five risk sources (-1 position from November 2024). The most significant risks also included those associated with law enforcement and the judiciary (-2 positions) and foreign capital inflow developments (+3 positions). Risks related to general corruption, legislation quality, and the political and social situation in Ukraine played less of a role, the respondents said. Risks of current and expected inflation rose high enough to be some of the top ten risk sources, according to the financial institutions. In terms of significance, risks related to competition, exchange rate developments, and state economic policy fell to the bottom of the list, the respondents assessed.

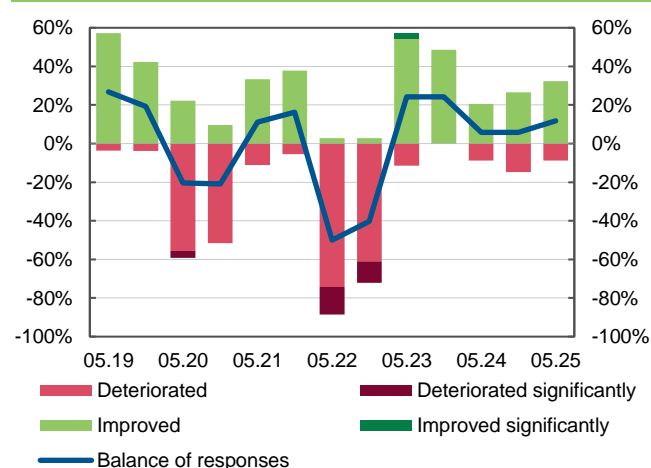
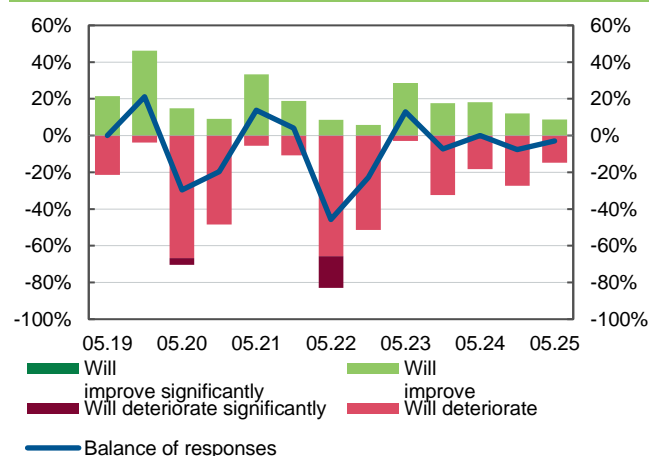
The risk appetite of the financial institutions edged higher for the third consecutive survey. This is according to a quarter of those polled. Two-thirds of the respondents said their risk appetite held steady. Only 9% of the respondents reported a decrease in risk appetite.

<sup>1</sup> For information about the survey, see page 5.

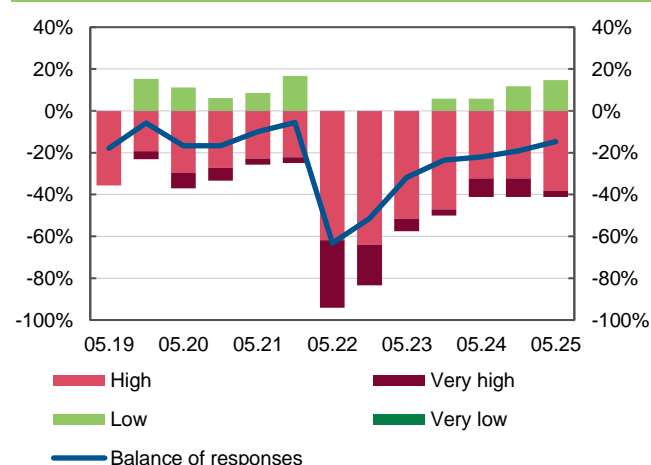
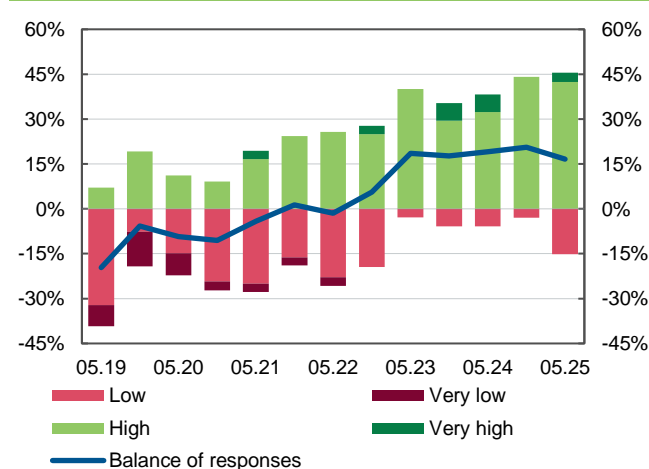
<sup>2</sup> Hereinafter, the balances of responses are aggregate indicators calculated as the sum of the quantities of each response to a question. The quantities are assigned weights ranging from -1 to +1. Specifically, +1 stands for "significantly improved," +0.5 for "improved," 0 for "unchanged," -0.5 for "deteriorated," and -1 for "significantly deteriorated." A balance of responses can take on values in the range of  $\pm 100\%$ . A positive balance of responses means that, overall, respondents believe that the indicator has improved or the risk has eased.

**Figure 1. How respondents assess the current state of the Ukrainian financial sector**

The sum of responses may differ from 100% due to response options "has not changed" or "moderate". These responses were not reflected on graphs as they do not affect the balance of responses.

**Figure 2. How respondents think the state of the Ukrainian financial sector has changed over the last six months****Figure 3. How respondents expect the state of the Ukrainian financial sector to change over the next six months**

The sum of responses may differ from 100% due to response options "has not changed" or "moderate". These responses were not reflected on graphs as they do not affect the balance of responses.

**Figure 4. Perceptions of the total risk level in the Ukrainian financial sector****Figure 5. Perceptions of the resilience of the Ukrainian financial sector to high-impact adverse events**

The sum of responses may differ from 100% due to response options "has not changed" or "moderate". These responses were not reflected on graphs as they do not affect the balance of responses.

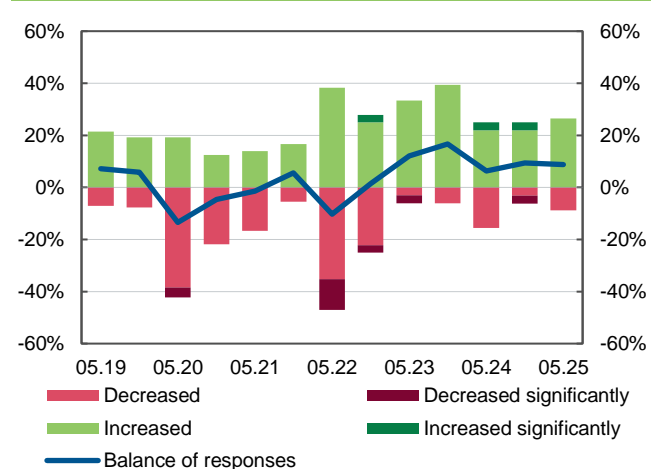
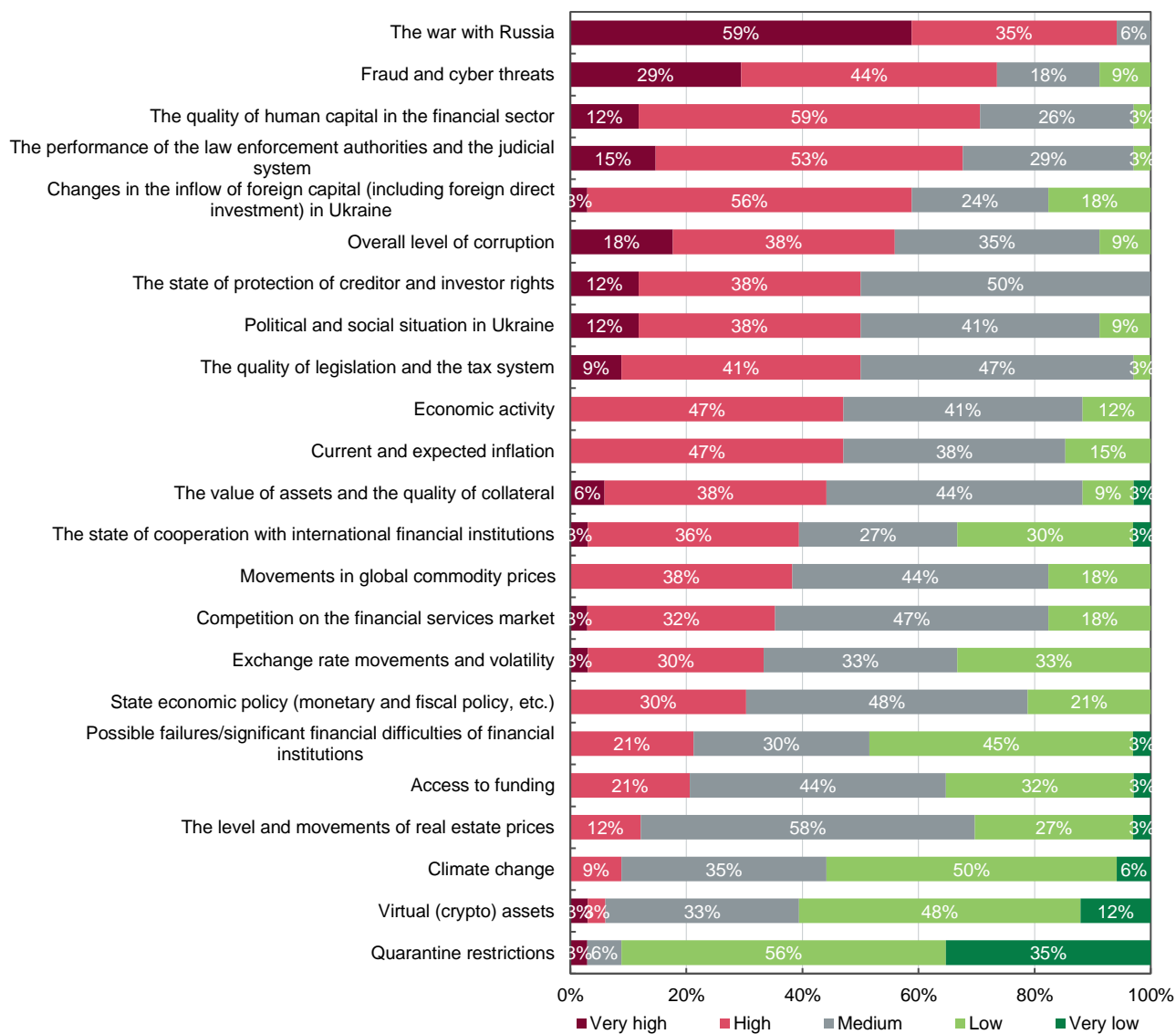
**Figure 6. How respondents' risk appetite has changed over the last six months**

Figure 7. The risk level in the financial sector, as determined by specific factors, May 2025\*



\* The order in which the factors appears in this figure has been determined on the basis of "very high" and "high" responses.

Table. Ranks of risk factors (determined on the basis of "very high" and "high" responses)

Risk factors	Rank, 05.25	Rank, 11.24	Difference, +/-
The war with Russia	1	1	0
Fraud and cyber threats	2	6	4
The quality of human capital in the financial sector	3	4	1
The performance of the law enforcement authorities and the judicial system	4	2	-2
Changes in the inflow of foreign capital (including foreign direct investment) in Ukraine	5	8	3
Overall level of corruption	6	3	-3
The state of protection of creditor and investor rights	7	8	1
Political and social situation in Ukraine	8	6	-2
The quality of legislation and the tax system	9	5	-4
Economic activity	10	10	0
Current and expected inflation	10	18	8
The value of assets and the quality of collateral	12	15	3
The state of cooperation with international financial institutions	13	13	0
Movements in global commodity prices	14	15	1
Competition on the financial services market	15	12	-3
Exchange rate movements and volatility	16	14	-2
State economic policy (monetary and fiscal policy, etc.)	17	11	-6
Possible failures/significant financial difficulties of financial institutions	18	17	-1
Access to funding	19	20	1
The level and movements of real estate prices	20	20	0
Climate change	21	19	-2
Virtual (crypto) assets	22	22	0
Quarantine restrictions	23	23	0

## Annex. Survey findings

Balance of responses	2019		2020		2021		2022		2023		2024		2025
	05'	11'	05'	11'	05'	11'	05'	11'	05'	11'	05'	11'	05'
1. What is your perception of state of the Ukrainian financial sector today?	4%	10%	7%	5%	22%	28%	-11%	-3%	11%	26%	21%	21%	26%
2. How do you think the state of the Ukrainian financial sector has changed over the last six months?	27%	19%	-20%	-21%	11%	16%	-50%	-40%	24%	24%	6%	6%	12%
3. How do you think the state of the financial sector will change over the next six months?	0%	21%	-30%	-20%	14%	4%	-46%	-23%	13%	-7%	0%	-8%	-3%
4. What is your perception of the total risk level in the financial sector?	-18%	-6%	-17%	-17%	-10%	-6%	-63%	-51%	-32%	-24%	-22%	-19%	-15%
5. What is your assessment of the financial sector's resilience to high-impact negative events?	-20%	-6%	-9%	-11%	-4%	1%	-1%	6%	19%	18%	19%	21%	17%
6. What are your perceptions of the financial sector's risks stemming from the following factors													
6.1. Political and social situation in Ukraine	-57%	-29%	-35%	-44%	-21%	-24%	-30%	-6%	-11%	-29%	-25%	-29%	-26%
6.2. The war with Russia	-18%	-12%	0%	-8%	-24%	-31%	-93%	-89%	-77%	-81%	-85%	-79%	-76%
Corruption, and the performance of the law enforcement authorities and the judicial system (discontinued)	-57%	-58%	-57%	-65%	-51%	-46%	-19%	-35%	-49%	-41%	x	x	x
6.3. Overall level of corruption	x	x	x	x	x	x	x	x	x	x	-32%	-44%	-32%
6.4. The performance of the law enforcement authorities and the judicial system	x	x	x	x	x	x	x	x	x	x	-41%	-46%	-40%
6.5. The quality of legislation and the tax system	-14%	-23%	-15%	-17%	-21%	-9%	-11%	-6%	-14%	-25%	-18%	-37%	-28%
6.6. The state of protection of creditor and investor rights	-36%	-31%	-22%	-26%	-25%	-32%	-21%	-14%	-21%	-10%	-31%	-26%	-31%
6.7. Economic activity	7%	4%	-30%	-12%	-7%	8%	-31%	-38%	-24%	-19%	-21%	-16%	-18%
6.8. Current and expected inflation	16%	31%	17%	17%	-3%	-15%	-56%	-49%	-11%	7%	12%	-3%	-16%
6.9. State economic policy (monetary and fiscal policy, etc.)	0%	2%	-6%	-5%	3%	8%	-10%	-14%	-14%	-9%	0%	-8%	-5%
6.10. Exchange rate movements and volatility	-9%	6%	-6%	-2%	4%	6%	-51%	-41%	-12%	3%	-8%	-5%	-2%
6.11. Changes in the inflow of foreign capital (including foreign direct investment) in Ukraine	-10%	2%	-19%	-12%	-13%	5%	-37%	-22%	-21%	-27%	-45%	-24%	-22%
6.12. Movements in global commodity prices	-24%	-13%	-30%	-6%	-6%	-24%	-43%	-19%	-17%	-3%	-5%	-1%	-10%
6.13. The state of cooperation with international financial institutions	-54%	-21%	-22%	-41%	-29%	-5%	7%	-16%	-6%	-9%	2%	0%	-3%
6.14. Possible failures/significant financial difficulties of financial institutions	18%	20%	13%	8%	6%	14%	-41%	-30%	1%	14%	15%	15%	15%
6.15. Competition on the financial services market	5%	-4%	2%	-3%	3%	-5%	6%	10%	0%	-3%	-7%	-7%	-10%
6.16. Access to funding	-18%	10%	6%	21%	19%	14%	-7%	-3%	-3%	10%	2%	5%	9%
6.17. The quality of human capital in the financial sector	-13%	-2%	-4%	9%	-1%	-10%	2%	1%	-7%	-19%	-38%	-41%	-40%
6.18. The value of assets and the quality of collateral	-7%	-12%	-9%	-9%	0%	0%	-47%	-36%	-34%	-16%	-16%	-1%	-18%
6.19. The level and movements of real estate prices	18%	15%	4%	12%	8%	6%	-17%	-13%	-6%	13%	5%	11%	11%
6.20. Fraud and cyber threats	-25%	-35%	-33%	-27%	-31%	-35%	-51%	-40%	-41%	-34%	-47%	-34%	-47%
6.21. Climate change	x	x	x	x	x	13%	26%	26%	29%	24%	36%	30%	26%
6.22. Quarantine restrictions	x	x	x	x	x	-15%	40%	39%	60%	48%	61%	59%	60%
6.23. Virtual assets	x	x	x	x	x	x	x	x	x	x	26%	32%	32%
7. How has the risk appetite of your institution changed over the last six months?	7%	6%	-13%	-5%	-1%	6%	-10%	1%	12%	17%	6%	9%	9%

## Survey Information

**The National Bank of Ukraine highly appreciates participation of financial institutions in the survey under the martial law.**

In May 2018, the National Bank of Ukraine introduced a survey of the financial sector's systemic risks. This survey of financial sector risks is completed twice a year by executives from the largest banks and nonbank financial institutions of Ukraine. Central banks use such surveys to monitor how market participants perceive such risks, so as to be able to respond in good time.

This report shows how top managers of financial institutions assessed the state of the financial sector over the past six months, and what they expect for the following six months. The survey was conducted from 6 through 21 May 2025. Executives from 22 banks, ten insurance companies, and two investment firms took part in this survey. Summary results were calculated by giving equal weight to each survey response, regardless of the size of the bank/company, or its market share.

The results presented are based on the respondents' opinions and do not necessarily reflect the views of the National Bank of Ukraine.

The next Survey will be published in November 2025.