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Systemic Risk Council

CFA Institute Systemic Risk Council Ranks Geopolitical Shocks and AI Cyberattacks Among Top Threats to Financial Stability

New assessment identifies 13 systemic risks, highlighting growing vulnerabilities from artificial intelligence, sovereign debt, and weakening financial safeguards

4 November 2026, New York City, United States-- Geopolitical shocks, AI-driven cyberattacks, opaque data-center financings, and sudden extreme climate events pose the greatest immediate threats to global financial stability, according to a new assessment released today by the CFA Institute Systemic Risk Council.

The report, “Ranking Systemic Risks and Vulnerabilities,” ranks 13 major threats according to their immediacy, potential speed of contagion, and possible irreversible consequences. The four highest-ranked risks have the potential to disrupt critical infrastructure or freeze international capital markets within hours.

Artificial intelligence features prominently in the assessment, presenting risks that extend well beyond cybersecurity. The Systemic Risk Council identifies distinct AI-related vulnerabilities, including: cyberattacks against financial infrastructure; investment concentration and market bubbles; misinformation; and disruption to labor markets.

"The next financial crisis may not begin in a bank,” said Simon Johnson, Co-Chair of the Systemic Risk Council, 2024 Nobel laureate in Economics, and former IMF Chief Economist. “It could begin with a cyberattack on payment systems, a geopolitical confrontation, or the sudden collapse of a crowded investment thesis. These threats become much harder to contain when financial safeguards are weakened and exposures are difficult to see. We need to think not only about where the next shock might originate, but how quickly it could spread through the financial system."

Erkki Liikanen, SRC Co-Chair and Chairman of the IFRS Foundation Board of Trustees, said: “In a world marked by geopolitical disorder, unconventional political cycles, technological disruptors, and omnipresent news alerts, the greatest threats to global stability often emerge from places where few notice until it is too late. Systemic risks are not isolated events affecting a single company, country, or market. They are cascading vulnerabilities that can spread across financial systems and entire societies with greater speed than before.”

Beyond the immediate threats, the Systemic Risk Council identifies several vulnerabilities that could undermine financial stability over the medium term. These include:

- Weakening financial safeguards: Reduced capital protections at systemically important banks, combined with growing leverage and limited transparency among nonbank financial institutions, could leave the financial system more exposed to market shocks.

- Sovereign debt and fiscal pressures: High structural deficits, rising borrowing costs, and potential policy mistakes could undermine investor confidence and disrupt government bond markets.

- Crypto-assets: Increasing links between crypto-assets, stablecoins, and traditional financial institutions create new channels through which market disruptions could spread.

The report also examines longer-term threats, including AI-related labor displacement, gradual climate change, and pandemics, which could have profound consequences for economic and societal stability.

The Systemic Risk Council emphasizes that the rankings represent a qualitative assessment of systemic vulnerabilities, not a forecast of when or whether particular events will occur. By identifying where risks are building and how they could interact, the report aims to help regulators, policymakers, and financial market participants better prioritize preparedness.

The assessment draws on research from the International Monetary Fund, Financial Stability Board, Bank for International Settlements, World Economic Forum, and other international institutions, together with discussions among Systemic Risk Council members.

The full report, “Ranking Systemic Risks and Vulnerabilities,” is available here.

About the CFA Institute Systemic Risk Council

The CFA Institute Systemic Risk Council is a private sector, nonpartisan body of former government officials and financial and legal experts committed to addressing regulatory and structural issues related to global systemic risk, with a particular focus on the United States and Europe. It was formed to provide a strong, independent voice for reforms necessary to protect the public from financial instability. Its goal is to help ensure a financial system in which we can all have confidence.

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