

# Financial Stability Report

Spring 2026

DeNederlandscheBank

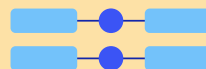
EUROSYSTEM

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# Summary

**The risks for financial stability in the Netherlands remain elevated amid persistent geopolitical and economic turbulence.** For several years now, new shocks have been following one another in rapid succession, with global uncertainty reaching a new peak due to the conflict in the Middle East. Accordingly, geopolitical tensions and geo-economic fragmentation remain the key risk factors for financial stability. The ongoing tensions in the Middle East are increasing the likelihood of economic setbacks, particularly through disruptions to supply and production chains and higher energy prices, and their knock-on effects on inflation and growth. Furthermore, the basis for international cooperation and policy coordination has narrowed, which could further amplify the impact of shocks on financial stability.

**Geopolitical tensions and rapid technological developments testify to the growing importance of digital resilience for the financial sector.** Geopolitical tensions increase the likelihood of cyber and hybrid incidents that could cause disruptions to the critical infrastructure behind the financial system. Furthermore, cyber threats can emerge instantly thanks to powerful generative AI models, thereby narrowing the time window available to remedy digital vulnerabilities. This raises the bar for financial institutions to address vulnerabilities swiftly, recover in a timely manner and implement effective fallback options. The profitability of many financial institutions provides leeway for sorely needed investment in cyber resilience. Furthermore, the importance of a European approach is evident, both in the development of AI technology and in strengthening international information exchange on the opportunities and risks posed by these new generative AI models.

**In addition, financial resilience remains as important as ever, especially in view of the greater likelihood of sharp corrections and higher interest rates in the financial markets.** For example, oil and gas prices have roughly doubled since the beginning of March, which has prompted higher inflation expectations and has driven government bond yields higher. This makes highly indebted countries particularly vulnerable. It is notable that the stock markets have largely recouped the losses they incurred following the outbreak of the conflict in the Middle East. However, the recovery is linked to the expectation that the conflict will soon come to an end and that the economic damage caused by higher energy prices will be contained.

**Global uncertainty is also having an impact on private credit markets, which underscores the importance of having a clear understanding of the interconnections with the financial sector.** Private credit refers to business loans provided by institutions other than banks. As the market for private credit grows, reliance on bank financing lessens. At the same time, concerns about these loans have been growing recently. The credit quality of private credit loans is typically unclear, as are interconnections within the private credit ecosystem. This is why DNB issued a targeted data request among the largest Dutch pension funds and insurers. Initial results show that the total private credit exposures of the largest insurers increased to over €16 billion in 2025, or some 8% of assets under management. In addition, European banks provide loans to private credit funds to a limited extent. From the perspective of financial stability, it is therefore important to preserve the economic benefits of private credit, while at the same time mitigating risks through greater transparency and adequate risk management. International coordination in the areas of data collection, risk monitoring and supervision is equally important.

**The uncertain conditions underscore the importance of robust capital and liquidity buffers for the financial sector.** A stress test relating to the conflict in the Middle East shows that Dutch banks are able to absorb future losses in the event of a prolonged disruption to energy markets thanks to their solid capital buffers. Should the conflict in the Middle East drag on, the risks will increase, including in the form of mounting credit losses. Dutch insurance firms and pension funds are likewise in a strong position. In addition, the pension transition has proceeded smoothly so far, although the transfer of substantial assets requires ongoing monitoring of potential movements in the interest rate markets resulting from the unwinding of interest rate swap positions.

**Maintaining the resilience of the Dutch economy and the financial sector is a key policy priority.** In terms of government action, high levels of uncertainty call for sustainable public finances, ensuring that fiscal space can continue to act as a buffer against economic shocks. It is paramount that banks hold sufficient available capital so that they can draw on their buffers should risks materialise. Furthermore, enhanced European cooperation is warranted to bolster resilience and competitiveness. This can be achieved by deepening and strengthening the single market and capital markets, among other things. Lastly, financial institutions would be well advised to prepare effectively for shocks by conducting scenario analyses and stress tests, and by firmly embedding geopolitical risks in their strategic and operational risk management.

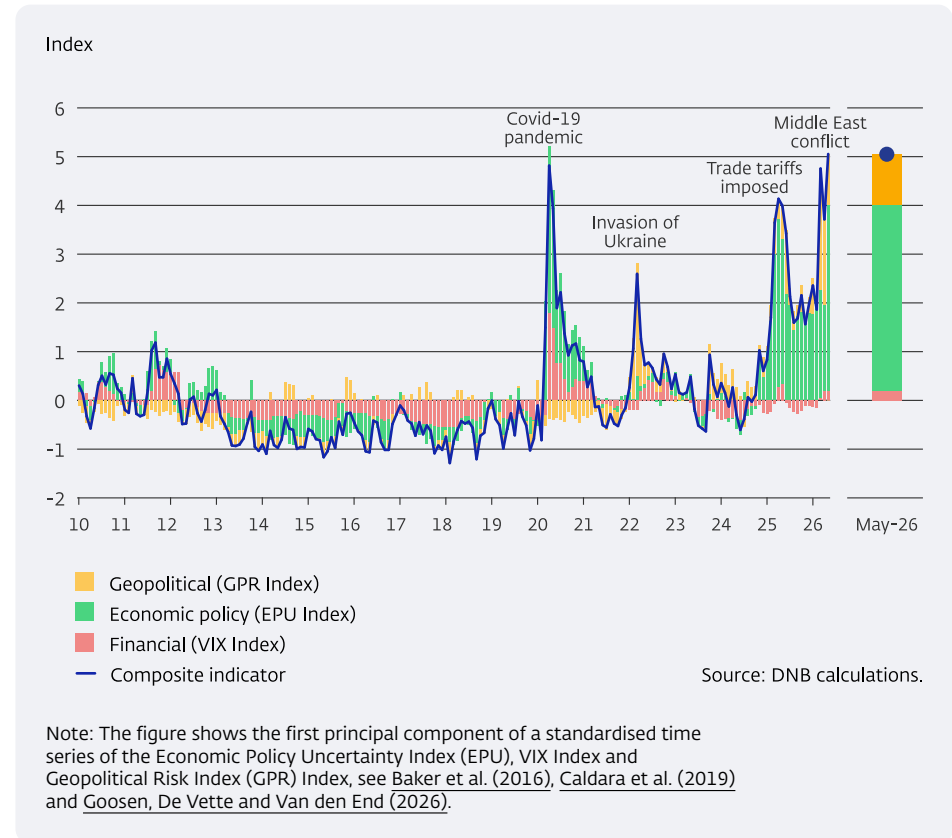
**This FSR also looks ahead, focusing on the rapidly growing markets for stablecoins.** Stablecoins are crypto-assets designed to maintain a stable value relative to a conventional currency, such as the dollar or the euro. Their market size has doubled over the past two years to around \$300 billion. Although financial institutions' direct exposure is currently limited, the interconnectedness of stablecoins with the financial system is increasing as the market continues to grow. In times of stress, this could lead to more pronounced price movements, particularly in US government bond markets, and to shifts in bank deposits. Regulatory differences between jurisdictions further increase the risk of regulatory arbitrage and cross-border spillover effects, which underlines the importance of consistent international standards.

# 1 Risk outline

**The risks for financial stability in the Netherlands remain high amid persistent uncertainty.** We are still under ‘code amber’. For example, the conflict in the Middle East has pushed global uncertainty to a new high (see Figure 1). Accordingly, geopolitical tensions and geo-economic fragmentation remain the key risk factors for financial stability, as summarised in the risk table on page 6. Geopolitical tensions can exacerbate existing risks through various channels, including cyber and operational threats, financial market volatility and the sustainability of government debt. The urgency surrounding cyber risks has recently become more acute as a result of the emergence of more advanced generative AI models such as Anthropic’s Mythos.








**The consequences of the conflict in the Middle East create downside risks to the Dutch economy.** The supply of oil and gas through the Strait of Hormuz has virtually ground to a halt. Under normal conditions, around a quarter of global oil production passes through this strait (IEA, 2026). In addition, some of the energy infrastructure in the Middle East has suffered damage. This means it will take longer for supplies from the region to be fully restored once the conflict has been resolved. Although the Dutch economy’s reliance on fossil fuels has decreased in recent years, the Netherlands remains dependent on imported energy – around 80% of the Netherlands’ energy requirement comes from abroad (CBS, 2025). The ultimate impact on the economy depends on the duration and intensity of the conflict. In a previous study, DNB has shown that economic growth is around one percentage point lower in a stress scenario in which oil prices rise further to \$145 per barrel. At the same time, inflation rises sharply (DNB 2026). DNB will publish its updated projections in mid-June.

**Figure 1 Global uncertainty reaches record high**



**The main risks are examined in more detail in this chapter,** covering digital resilience, financial markets, debt sustainability and financial institutions. The chapter ends with our policy messages.

# Risk table illustrating financial stability in the Netherlands

Key risk	Status	Example risk channel
Geopolitical tensions & Geo-economic fragmentation		Supply disruptions in the energy market drive up inflation and dampen growth
Cyber threats & operational disruptions		AI-driven cyber attacks cause disruption in payment systems
Price correction on financial markets		Sudden falls in share prices due to concentration of risks
Sustainability of government debts		Financial squeeze caused by additional expenditure and rising interest rates
Credit losses		Mounting losses on private credit exposures
Climate and nature-related		Extensive damage caused by extreme weather events
Refinancing and interest rates		Financing problems at firms due to abrupt interest rate hike
Price correction in the housing market		Higher interest rates put downward pressure on real estate prices

This risk table illustrates the principal risks to financial stability in the Netherlands in the short to medium term. The colour of the circles reflects whether, compared with its long-term average, a risk is: moderately elevated or in line with its long-term trend (grey), elevated (yellow) or highly elevated (red). The right-hand column lists examples of channels through which the risks could affect financial stability.

## Geopolitics and AI-driven cyber risks are putting digital resilience under pressure

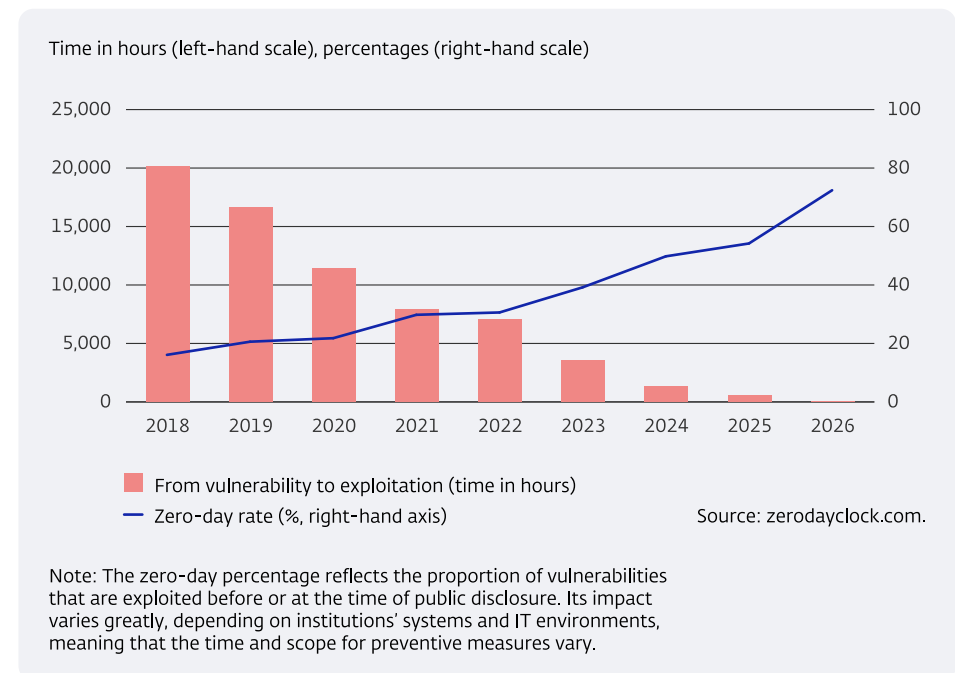
**Geopolitical conflicts are increasingly giving rise to hybrid and cyber threats that can have a direct impact on the financial sector.** The Dutch financial sector is heavily reliant on external and foreign IT service providers for its core processes. As a result, cyber attacks on third parties abroad that are linked to geopolitical conflicts can also affect the Netherlands (DNB, 2025). The cyber attack on the Israeli service provider Verifone in March 2026 – which serves several Dutch payment institutions – is a case in point. Although the attack did not affect Dutch institutions, the nature of the incident highlights the fact that foreign conflicts in the digital sphere are relevant to the Dutch financial sector.

**Furthermore, the cyber threat landscape is undergoing a paradigm shift, partly due to the rapid developments in AI.** The time between the discovery of a software vulnerability and its exploitation is getting shorter and shorter. Whereas, until a few years ago, this process took months or weeks, it can now be completed within hours or even minutes (see Figure 2). While such AI use cases can help developers improve resilience, malicious actors can also use them to identify and exploit vulnerabilities quickly and on a massive scale. It appears that new generative AI models are not only capable of identifying digital vulnerabilities in IT systems independently, but also of generating potential attack techniques faster and in a more automated manner. Given these rapid developments, it remains unclear what impact such AI models will have on the nature, scale and complexity of cyber attacks. Close and continuous monitoring is therefore of the essence.

**Against this backdrop, it is crucial that financial institutions continue to prioritise their digital resilience.** The emergence of more advanced generative AI models raises the bar for financial institutions to ensure they have sufficient capacity and the right resources to quickly remedy vulnerabilities, recover in a timely manner and apply fallback options effectively. This forms part of the broader framework for digital operational

resilience as set out in the Digital Operational Resilience Act (DORA). The current profitability of many financial institutions provides leeway for investment in cyber resilience. Furthermore, the heavy reliance on non-European providers of generative AI applications highlights the need for greater digital autonomy at European level. Earlier this year, in collaboration with the Dutch Authority for the Financial Markets (AFM), DNB published specific recommendations to this end, including the development of fully-fledged European alternatives (DNB, 2026). Furthermore, effective resilience in relation to generative AI models requires a coordinated European approach, including the use of AI-driven defensive applications and intensified international information exchange.

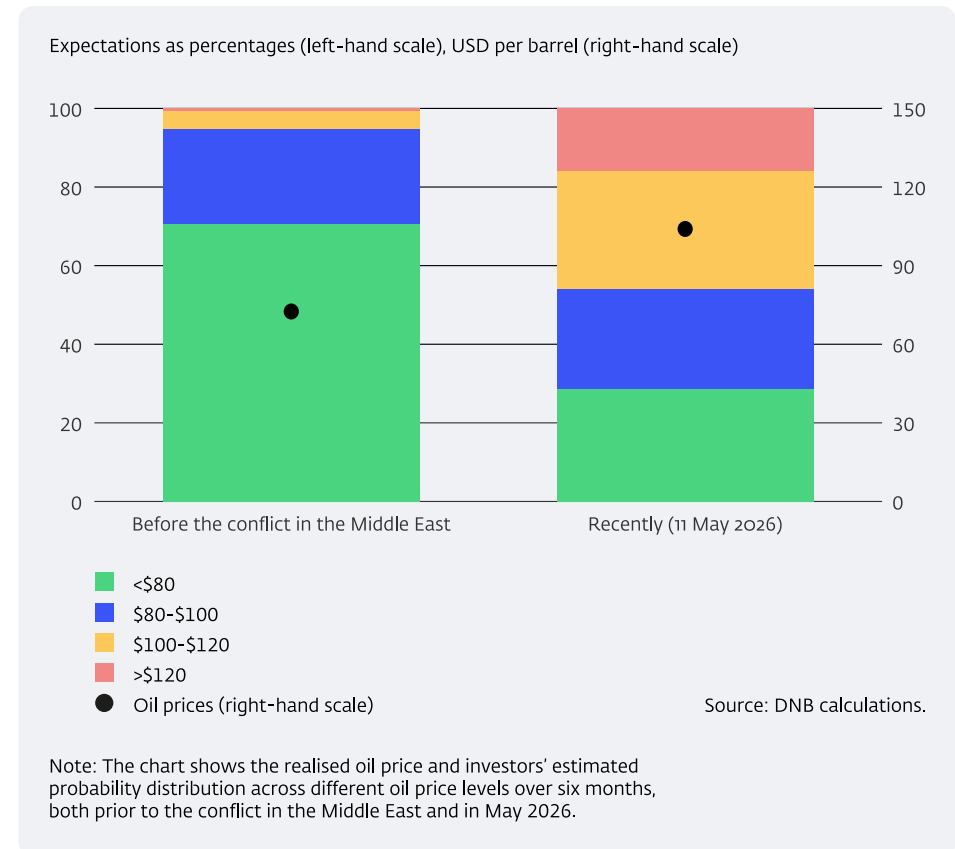
**Figure 2 Cyber security vulnerabilities are exploited ever more rapidly**



## Geopolitical turbulence is disrupting global energy markets and feeding into inflation expectations

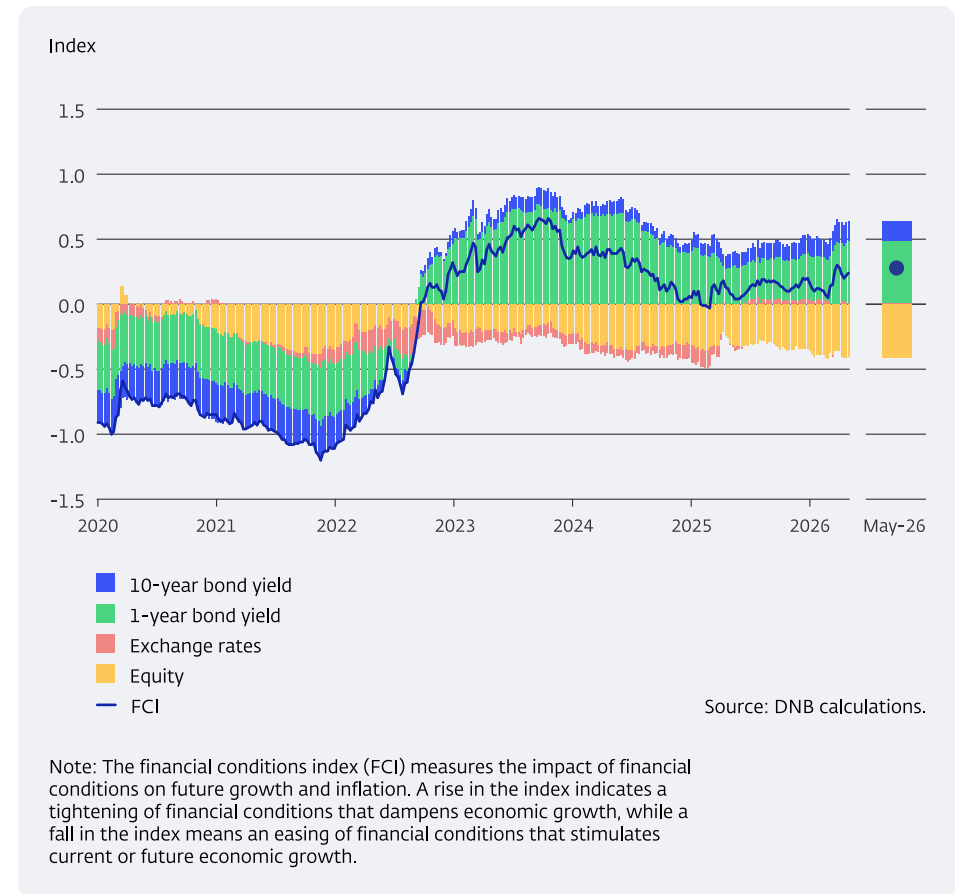
**Oil and gas prices have gone up on the back of the conflict in the Middle East.** Since the outbreak of the conflict, the price of Brent crude oil, Europe’s key benchmark, has risen by around 45% to just over \$100 a barrel. Furthermore, investors believe that the risk of further price rises remains a real possibility despite the ceasefire and the negotiations between the United States and Iran (see Figure 3). The price of gas in Europe has also risen (+50%), although the current price level of €46 per MWh is still well below the peak reached following Russia’s invasion of Ukraine (€339 per MWh). The sharp price movements increase the likelihood of higher margin calls and liquidity needs among oil and gas market players (ECB, 2022), although they have so far proved well able to meet their margin calls. Nevertheless, the European gas market remains vulnerable due to relatively low stock levels and its reliance on imports.

**Figure 3 The likelihood of higher oil prices over the next six months has increased significantly since the conflict began**



**Higher energy prices are boosting short-term inflation expectations, which is having an impact on interest rates.** Inflation swaps, for example, suggest that inflation in the euro area is expected to rise from 2.6% in March to around 3.6% by early 2027. However, inflation expectations fall back steeply beyond 2027, meaning they remain anchored around the ECB’s 2% inflation target in the medium term. This suggests that investors expect energy prices to return to normal relatively quickly. Higher inflation expectations and the strain that the conflict in the Middle East is placing on public finances have sent sovereign bond yields higher. For example, since the outbreak of the conflict at the end of February, the yield on two-year sovereign bonds in the euro area has risen by an average of around 70 basis points, while the average ten-year yield has increased by around 45 basis points. The extent to which yields have risen varies from country to country. For example, the spread on French ten-year bonds relative to Germany has risen by around 20 basis points. For the Netherlands, it has gone up by just a few basis points. Due to the recent interest rate hikes, financial conditions are currently tighter than average (see Figure 4). This is also evident from lending practices, as banks have tightened their lending standards (ECB, 2026).

**Figure 4 Financial conditions have tightened, partly due to higher interest rates**



## Higher interest rates are accompanied by structural vulnerabilities in bond markets

**Various factors are exacerbating uncertainties over the financing conditions for governments.** For example, many governments are issuing more short-term debt. While this reduces interest expenses in the short term, it increases the need for refinancing and, consequently, sensitivity to changes in sentiment on bond markets. Although risk premiums have risen only slightly since the start of the conflict, countries with high levels of indebtedness remain particularly vulnerable in this regard. The interest and repayment burden for both Italy and France next year will amount to almost 20% of GDP, compared with less than 7% for the Netherlands. In addition, shifting investor bases could affect financing terms. Sovereign bonds are increasingly held and traded by non-bank financial institutions, such as hedge funds. These institutions generally have a shorter investment horizon and make greater use of leverage, which can amplify interest rate movements (DNB, 2025; BIS, 2025). At the same time, there is uncertainty in Europe regarding institutional investors' demand for long-term government debt, such as that held by Dutch pension funds in the context of the pension transition. However, no major shifts in these funds' investment policies have been observed to date (see '[Box 1: Pension transition is impacting swap markets, but gradual adjustment is ensuring orderly market movements](#)').

**Attacks on democratic and independent institutions also pose a risk to bond markets.** For example, declining confidence in the independence of central banks can boost inflation expectations and volatility in bond markets. So far, the impact on the US dollar or US Treasuries has been limited. The dollar's dominant role in international payments and the depth of US capital markets underpin global demand for dollars. However, in 2025, Dutch pension funds started investing more in European sovereign bonds at the expense of Treasuries (DNB, 2026).

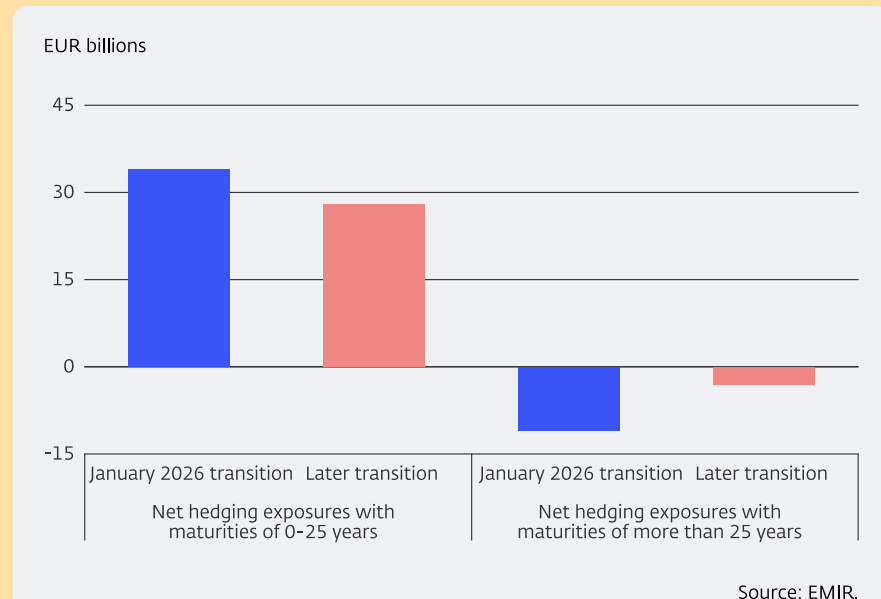


### Box 1 Pension transition is impacting swap markets, but gradual adjustment is ensuring orderly market movements

The pension transition in the Netherlands prompts pension funds to change their investment policies, including the extent to which they hedge against interest rate risk. With the pension transition now in full swing, around one-third of total pension assets (approximately €550 billion) has been transferred since 1 January 2026. A further €900 billion are expected to follow in January 2027. Pension funds will be able to allocate interest rate hedging more specifically to age cohorts under the new system. The transition will thus result in lower interest rate hedging with shorter maturities for most pension funds (DNB, 2025). As Dutch pension funds are relatively major players in European interest rate markets, a rapid reduction in interest rate hedging could push up long-term interest rates. To illustrate this point, at year-end 2025, Dutch pension funds held approximately €88 billion in interest rate swaps with maturities longer than 25 years, which equates to around 25% of the European market volume.

**Pension funds that transitioned to the new system at the start of this year have gradually adjusted their interest rate hedging, thereby avoiding any major market fluctuations.** There have been no significant movements in the interest rate swap markets since the transition date of 1 January. This suggests that the sell-off in interest rate swaps has been smaller and more gradual than market participants had previously anticipated. For example, several funds had already adjusted their interest rate hedging before January, while others have smoothed out their adjustments evenly this year. As a result, sales of long-term interest rate swaps have remained relatively limited, at just over €10 billion (see Figure 5). This is in line with the statutory provision allowing the investment policy to be adjusted over a period of twelve months following the transition. Incidentally, transitioning pension funds purchased a relatively large number of short-term interest rate swaps during this period. One possible explanation is that they were seeking greater interest rate protection specifically for older age groups.

**Figure 5 On balance, transitioned pension funds have purchased short-term interest rate swaps**



Notes: The figure shows the notional value (in EUR billions) of net purchases or sales of interest rate swaps with maturities of less than 25 years and of more than 25 years by pension funds that transitioned on 1 January and by pension funds due to make the transition at a later date. Movements are shown between early October 2025 and late February 2026.

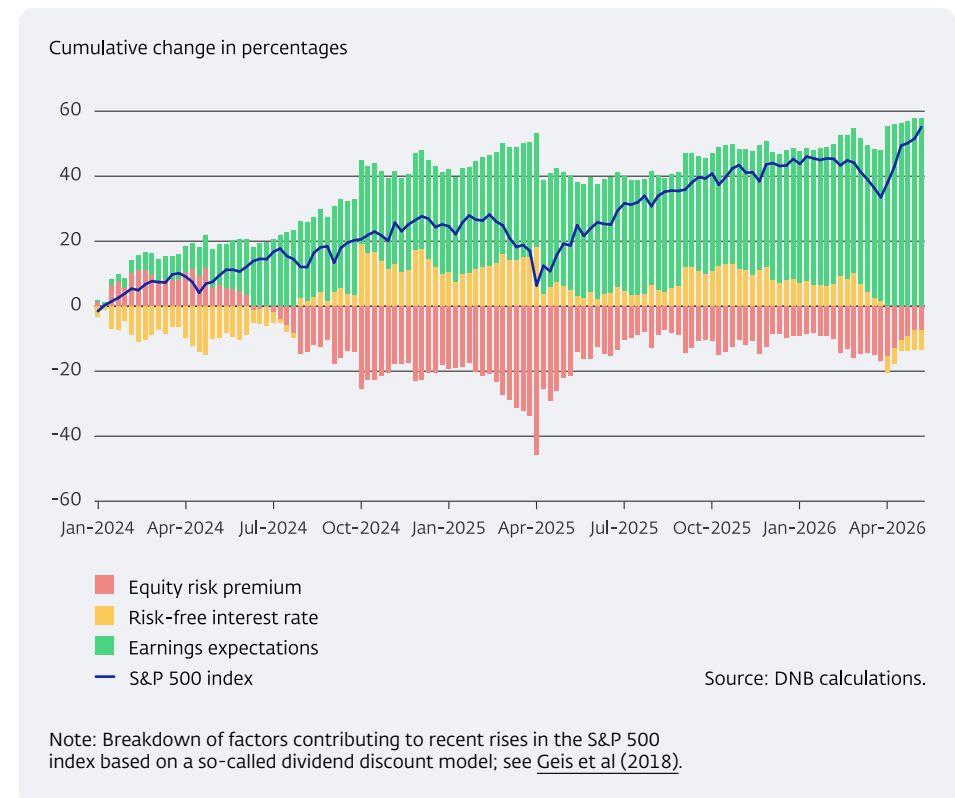
**It is expected that around two-thirds of total pension assets will be transferred to the new system in January 2027, requiring ongoing monitoring of interest rate markets.** Next year, there will be less scope for transferring interest rate swaps to other Dutch pension funds. The remaining funds will then have switched to the new system, which means that demand for interest rate hedging will be lower. How the transition proceeds will also be subject to market conditions. Although the orderly transition in early 2026 offers some reassurance, the sheer scale of the upcoming transition phase calls for close monitoring of market reactions.

## Despite higher interest rates, share valuations are holding up as investors continue to anticipate strong – AI-driven – earnings growth

**Despite the ongoing conflict in the Middle East, the reaction on the stock markets has so far been subdued, and investors continue to expect earnings growth to remain strong.** European and US stock markets have largely recouped the losses of around 8-10% they incurred following the outbreak of the conflict in the Middle East, with the US S&P 500 index currently at a record high. In contrast to the heightened uncertainty in bond markets, measures of uncertainty for the US equity market, such as the VIX, have returned to their long-term average, at around 18 points. The stock market rebound was prompted by the ceasefire in the Middle East, with investors expecting the conflict to come to an end soon and the economic damage caused by higher energy prices to be contained. Current market valuations suggest that investors are once again anticipating strong earnings growth – particularly from technology firms that are investing heavily in AI – while the required risk premium remains low (see Figure 6). For the time being, therefore, investors appear to be largely unconcerned about the impact of substantial AI investments on the profitability of technology firms (ESB, 2026).

**At the same time, the growing use of AI throughout the economy is causing ever-widening disparities between sectors.** The high valuations of major US technology companies stand in contrast to growing concerns about the impact of AI on other sectors, including specific software firms, which have seen their share prices fall by around 10% since the start of 2026. This may also have implications for other markets, including private credit (see Chapter 2). It is also worth noting that the expected variation in performance between individual businesses, particularly in the United States, is currently well above average, pointing to increased uncertainty and greater discrepancies in risk and return.

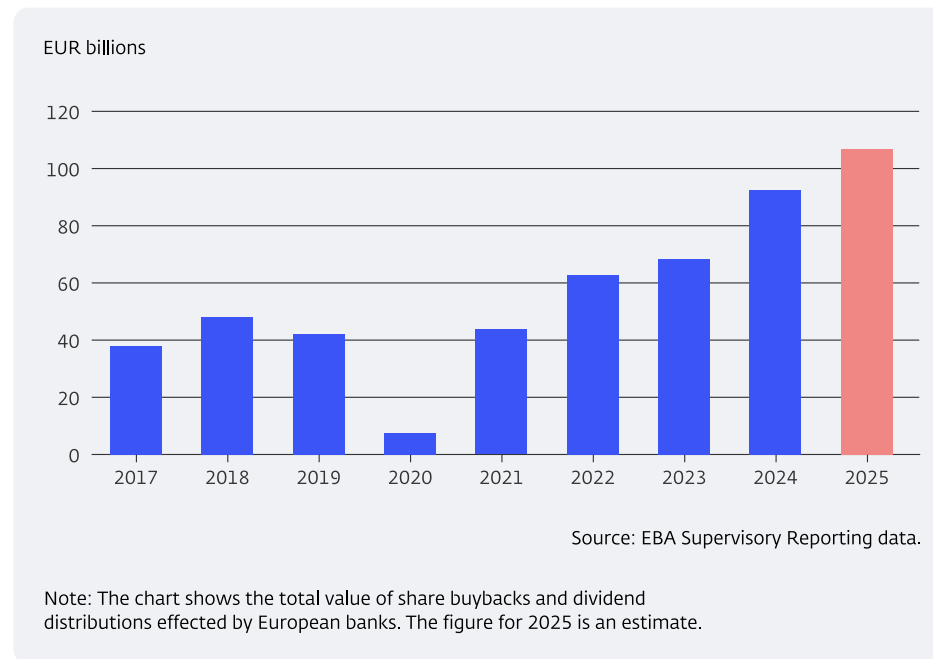
**Figure 6 Expectations of continued strong earnings growth underpin US equity valuations**



## The conflict in the Middle East is a test of the financial sector's resilience

**Dutch banks are in a strong position and have solid capital and liquidity buffers.** Following initial share price losses at the outbreak of the conflict in the Middle East, bank shares have largely recovered. The price-to-book ratios of Dutch and European listed banks have returned to more than 1 again (STOXX Banks around 1.3; ING around 1.5; ABN AMRO around 1.0). This marks a clear shift from the past decade and reflects investors' confidence in the long-term profitability of European banks. Against this backdrop, banks have been paying out more to shareholders in recent years, both through higher dividend payments and share buy-backs. For example, the annual payout to shareholders by European banks amounts to approximately €100 billion (see Figure 7). At the same time, the capital position of Dutch banks remains solid, with an average Common Equity Tier 1 (CET1) ratio of almost 17.8%. Banks also have strong liquidity positions with an average liquidity coverage ratio (LCR) of 158% at year-end 2025.<sup>1</sup> Moreover, despite ongoing economic uncertainty, credit losses remain low. The non-performing loan ratio fell further in the fourth quarter of 2025 to a historic low of 1.4%. A similar picture emerges from the development of Dutch mortgage loan portfolios (see 'Box 2 Systemic risks in the Dutch housing market have gradually declined').

**Figure 7 European banks are paying out more to shareholders**



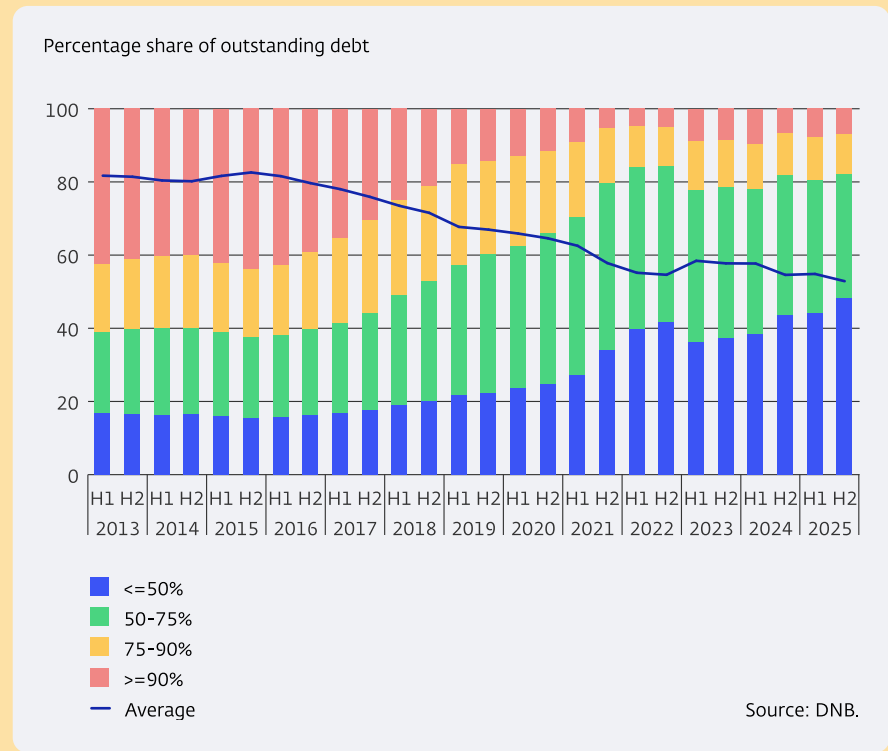
<sup>1</sup> The liquidity coverage ratio (LCR) is a measure of banks' liquidity position. It reflects the adequacy of their high-quality liquid assets to cover net cash outflows during a 30-day stress period.

### Box 2 Systemic risks in the Dutch housing market have gradually declined

**The systemic risks in the Dutch housing market have diminished in recent years.** The average loan-to-value (LTV) ratio for banks' total mortgage portfolios has fallen further, and the average loan-to-income (LTI) ratio is also lower than in previous years (see Figure 8). On average, this has improved the resilience of existing mortgage holders to potential shocks. This has also reduced the risk that a fall in house prices will have severe adverse economic consequences and cause significant losses for banks. The proportion of interest-only mortgage loans in banks' mortgage portfolios has also fallen in recent years, and the remaining loans generally have a relatively low LTV (DNB, 2026). That said, almost 45% of Dutch mortgage debt is still interest-only, making it relatively vulnerable to refinancing risks in the event of interest rate shocks or falling house prices. From a microprudential perspective, it is therefore important that individual institutions manage the additional risks associated with these loans effectively (DNB, 2026).

**At the same time, vulnerabilities have actually increased among new mortgage holders.** The average rise in house prices over the past 10 years has outpaced the growth in borrowing capacity, putting pressure on housing affordability in the Netherlands (CPB, 2026). New mortgage holders – particularly first-time buyers – are increasingly finding themselves forced to borrow up to their maximum borrowing limit (DNB, 2026). For example, more than 60% of first-time buyers take out a loan with an LTV ratio above 90%, which makes them vulnerable to setbacks, such as a fall in house prices.

**Figure 8 The average LTV ratio of banks' mortgage portfolios has fallen further**



**Against the backdrop of reduced systemic risks associated with the housing market, DNB has recently decided not to extend the minimum floor for the risk weighting of Dutch mortgage loans held by banks (DNB, 2026).** At present, DNB expects banks to remain sufficiently resilient even without this measure should the current systemic risks in the housing market materialise. However, the discontinuation of this measure highlights the importance of maintaining the current countercyclical capital buffer (2%) in order to safeguard the resilience of Dutch banks against systemic risks.

Nevertheless, the conflict in the Middle East amplifies the downside risks for the financial sector, although a stress test shows that Dutch banks are able to absorb their losses should the conflict escalate. DNB has conducted a stress test to assess the impact of a sustained disruption of energy markets on the capital positions of major Dutch banks. In the stress scenario, the conflict in the Middle East causes persistent tensions in energy markets, resulting in higher inflation and lower economic growth. Based on a severe economic scenario, the stress scenario is consistent with analyses previously published by DNB (DNB, 2026). It assumes that energy supply will remain constrained in the long term, resulting in persistently high oil and gas prices, comparable to the 'higher for longer' scenario of the Netherlands Bureau for Economic Policy Analysis (CPB, 2026). In this stress scenario, the price of oil averages \$144 in 2026, while inflation rises to 5.8%, remaining high after 2026. As a result, the economy contracts and unemployment rises (see Table 1). It also assumes that other raw materials, semi-finished products and food will become significantly more expensive. The increased uncertainty drives up risk premiums and causes turmoil in the financial markets.

**Table 1 Macroeconomic figures in the stress scenario for Dutch banks**

	2026	2027	2028
GDP (% growth)	-0,3	-1,0	-0,2
Inflation (%)	5.8	4.9	3.2
Unemployment rate (%)	4.4	6.0	7.7
Oil prices (US dollars)	144	129	119

Note: The table shows a number of key economic indicators for the assumed hypothetical stress scenario. The stress scenario does not include any new growth projections, but takes DNB's autumn 2025 projections as its starting point.

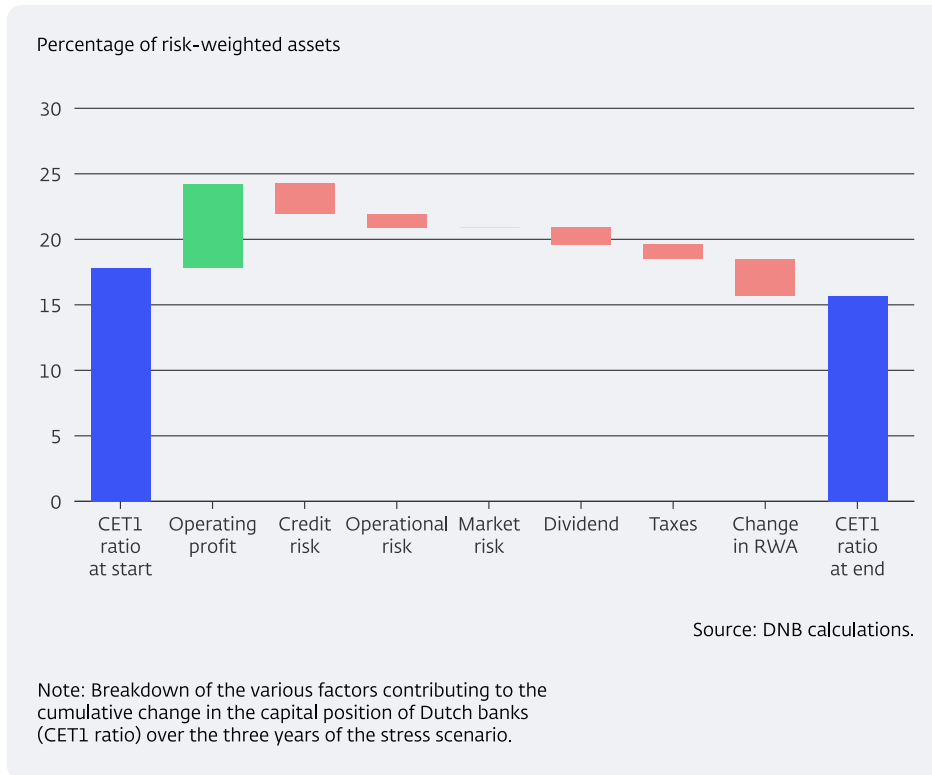
**In the stress scenario, Dutch banks face lower revenues, higher credit losses and an increase in risk-weighted assets (see Figure 9).**

Low-income households are hit hard, as energy costs account for a relatively large proportion of their expenditure. The quality of corporate loans also deteriorates, particularly in energy-intensive sectors, where higher energy prices and lower economic activity increase the risk of default. Credit risk increases as banks have relatively large exposures to capital and energy-intensive sectors such as manufacturing and transportation. As it turns out, however, bank revenues – such as interest income, fees and commission income – remain largely sufficient to absorb the higher losses, even under the stress scenario. As a result, at the end of the stress scenario, the average Common Equity Tier 1 (CET1) ratio for the major Dutch banks is approximately 2 percentage points lower than at the start, but at 15.7% it remains above the average regulatory requirements. The solid position of the Dutch banking sector, which enables it to absorb macroeconomic and geopolitical shocks, confirms the importance of adequate buffers.

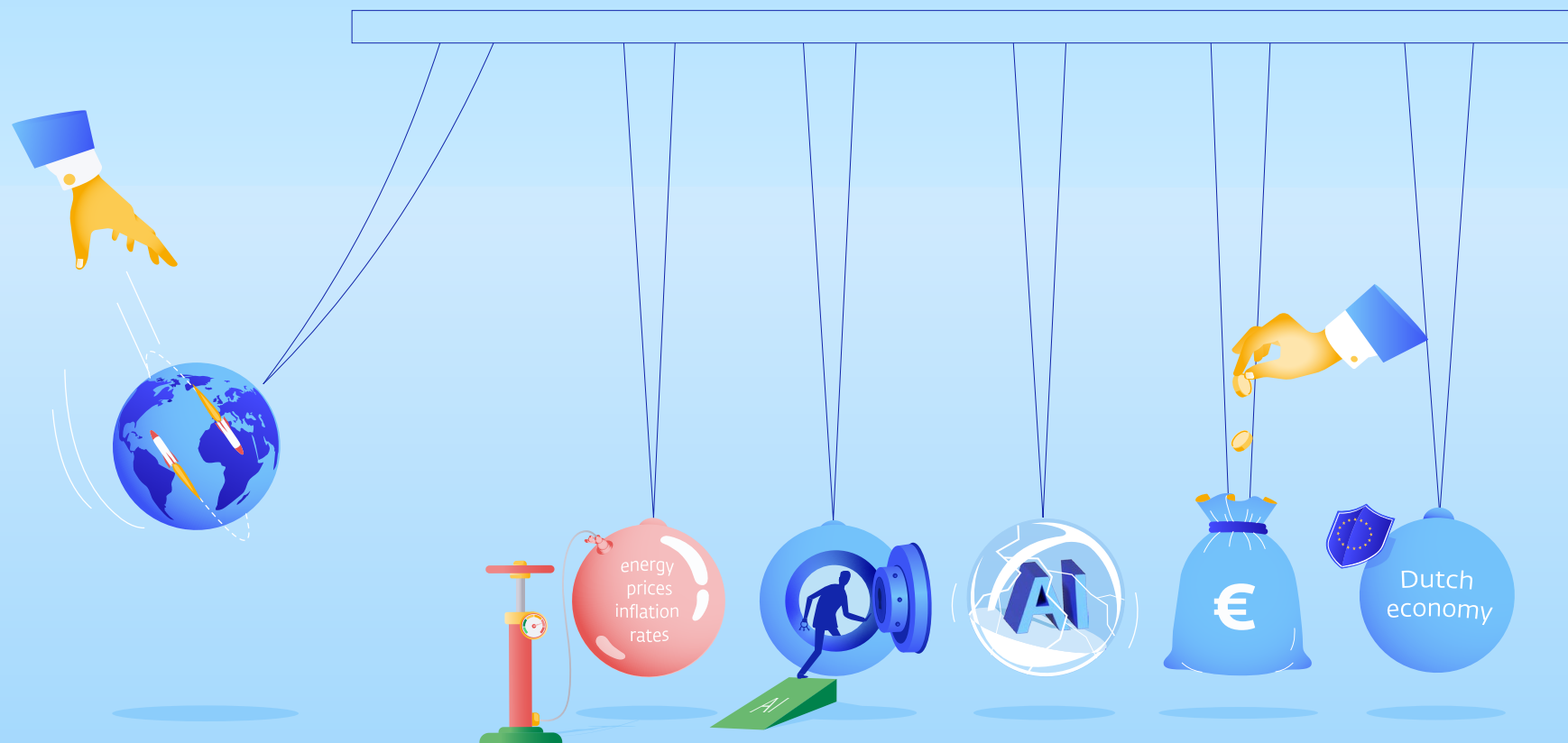
**Dutch insurance firms and pension funds are likewise in a strong position.**

The average Solvency II ratio of Dutch non-life insurers rose slightly to 176% at the end of 2025 compared with a year earlier. For life insurers, too, the Solvency II ratio rose by 22 percentage points to 209%, partly due to the positive impact of higher long-term interest rates. Despite a decline in the first quarter of 2026 due to losses on the stock markets, the funding ratio of Dutch pension funds is still 125%, which is higher than it was a year earlier. Looking ahead, pension funds that have not yet completed their transition to the new system remain vulnerable to a scenario involving a sudden fall in long-term interest rates, which could put pressure on their solvency. To date, 32 pension funds have transitioned to the new pension system, representing approximately one-third of the Dutch pension sector's invested assets (see 'Box 1: Pension transition is impacting swap markets, but gradual adjustment is ensuring orderly market movements').

**Figure 9 Banks' solvency position falls by around 2 percentage points in the event of a prolonged disruption to energy markets**



# The risks for financial stability in the Netherlands remain elevated amid persistent geopolitical tensions and economic uncertainty



## 1 Geopolitical tensions

Geopolitical tensions are causing considerable uncertainty and pose the greatest risk to stability.

## 2 Greater risk of economic setbacks

High interest rates and inflation pose a risk to the economy.

## 3 Digital threats

Thanks to generative AI models, cyber attacks are becoming increasingly rapid and sophisticated.

## 4 High valuations

Financial markets are vulnerable to sudden corrections, particularly if AI fails to deliver as expected.

## 5 Buffers for credit losses

As the conflict in the Middle East continues, credit losses could increase. But buffers can absorb shocks.

## 6 Lack of cooperation

Inadequate coordination of crisis measures could exacerbate the impact of geopolitical shocks on financial stability.

## Policy recommendations: The resilience of the Dutch economy and the financial sector should be a key policy priority

**Geopolitical tensions underscore the need for a resilient Dutch (and European) economy, including sound public finances.** Although businesses and households have reduced their dependence on fossil energy, further reduction remains important to bolster the economy's resilience ([Statistics Netherlands, 2026](#)). At the same time, challenges relating to defence, housing and nitrogen pollution, among other things, are putting additional pressure on public spending. Accordingly, the current budgetary leeway below the 3% threshold does not represent a discretionary spending margin, but a sorely needed buffer against future shocks. In other words, funding for energy support measures will have to be found elsewhere in the budget. This calls for temporary and targeted support for vulnerable households and businesses that are particularly at risk. It is important that price signals remain as intact as possible in order to maintain incentives for saving energy ([OECD, 2026](#)). The Dutch government's proposals are in line with this approach, whereas neighbouring countries tend to opt for generic and costly measures, such as cutting excise duties.

**Economic resilience also requires intensified European cooperation. In a world of growing economic uncertainty and fragmentation, the European single market acts as a buffer against external shocks and as a driver of growth.** However, its potential is still underused. Barriers between Member States are holding back economic growth in Europe and hindering innovation. In addition, European capital markets should be deepened further, fragmented as they are due to differences in legislation, regulation and national supervision ([Financial Stability Report, Autumn 2025](#)). The European Commission's recent proposals are a step in the right direction in this context ([EC, 2025](#)).

**In addition, a robust and resilient financial system remains essential to absorb shocks and finance the economy.** Reforms introduced after the financial crisis have significantly bolstered the resilience of banks ([DNB, 2025](#)). At the same time, the framework is not yet complete. DNB is therefore

calling for policy measures that strengthen the single market for banks, such as the further completion of the banking union, which enables cross-border banks to allocate capital and liquidity more efficiently within their groups. In addition, barriers relating to national deposit guarantee schemes can be lowered in the context of cross-border acquisitions, while the ultimate goal of establishing a European deposit guarantee fund should remain in place. However, in the absence of a fiscal union, this requires additional measures to limit the risks associated with banks' exposures to governments.

**Furthermore, the macroprudential framework can be simplified, provided that the banking sector's resilience remains intact.** DNB sees scope for simplifying the macroprudential framework, including by merging buffers and further harmonising calculation methods within the EU. Key underlying principles are adherence to international standards, safeguarding financial stability, and striving for further European harmonisation and consistency ([DNB, 2026](#)). At the same time, pressure for deregulation is mounting, and with it the risk that financial resilience will be compromised. It is, however, paramount that banks hold sufficient available capital so that they can draw on their buffers should risks materialise. For non-bank institutions, too, strengthening macroprudential and supervisory frameworks is essential for maintaining a proper balance between the opportunities and risks of non-bank financing. This requires the timely and consistent implementation of internationally agreed reforms, enhanced management of leverage and the closing of data gaps ([ECB, 2026](#)).

**Lastly, the uncertain environment calls for financial institutions to be well prepared, including through scenario analyses and stress tests.** In the current uncertain conditions, institutions must firmly embed geopolitical risks – and cyber risks in particular – within their strategic and operational risk management frameworks. Obviously, this also applies to DNB as the central bank and national supervisory authority. Over the past year, DNB has implemented an internal geopolitical resilience programme, which has identified potential vulnerabilities based on a range of scenarios that could affect the economy, the financial system and DNB as an organisation ([DNB, 2026](#)).

## 2 Private credit on the rise: an alternative source of finance, but opacity complicates risk assessment

**Private credit markets have grown significantly worldwide in recent years.** Private credit refers to corporate loans that are not traded on a stock exchange and are provided by institutions other than banks. The global private credit market currently amounts to approximately \$2.3 trillion in managed assets (Fitch, 2025), although estimates vary (see [‘Box 3 What is private credit and how is the market structured?’](#)). The majority of private credit activity takes place in the United States, although rapid growth is also evident in Europe (BIS, 2025). In the United States, it has now reached a scale comparable to the market for leveraged loans and high-yield bonds, making it a key financing market for unlisted firms (Fed, 2024). In addition, private credit is playing an increasingly significant role in the financing of capital-intensive investment in digital infrastructure, including data centres and other facilities required for the deployment of AI (BIS, 2026).

**Private credit markets play a beneficial role in financing the real economy.** Private credit is a relatively high-risk form of financing, for example due to the use of high-risk collateral or more flexible contractual terms. It therefore represents an alternative – and sometimes the only –

source of financing for firms. This applies in particular to medium-sized businesses and those with limited creditworthiness. The rise of non-bank lenders thus increases diversity in credit markets and reduces reliance on bank financing, which can support economic growth (DNB, 2025). In addition, private credit can be attractive to investors, such as insurers and pension funds, due to its relatively higher returns, relatively stable cash flows and the diversification it offers within investment portfolios.

**At the same time, the rapid growth and closed nature of these markets are causing concern among policymakers and investors.** There is relatively little insight into the loans granted by private credit funds and the extent to which financial institutions are exposed to these funds. Against this backdrop, private credit has garnered increased attention in recent months, particularly as outflows from private credit funds have gone up, especially among retail investors in the United States. These outflows are linked, among other things, to concerns about deteriorating credit quality. In this chapter, we analyse the underlying vulnerabilities in private credit markets and their potential interconnections with the Dutch financial system.

### Box 3 What is private credit and how is the market structured?

**Private credit markets are diverse in nature, with significant differences between the United States and Europe.** In the US, private credit funds account for the lion’s share of corporate lending. In Europe, a wider range of instruments is used, including direct loans from institutional investors and special purpose vehicles (SPVs).<sup>2</sup> In the United States, so-called business development companies (BDCs) account for a significant proportion of private credit funds. These BDCs invest primarily in loans granted to small and medium-sized enterprises, and may also be listed on the stock exchange.

**Private credit also comprises various forms of financing, with risk profiles that vary considerably.** Direct lending accounts for approximately 60% and is therefore the largest segment (PitchBook, 2025). This form of financing typically involves senior loans with relatively stable cash flows and collateral. As a result, the risk to the lender is relatively limited. In addition, there are also higher-risk forms of lending, such as venture lending and opportunistic lending, whereby loans are granted to firms with a high risk profile, innovative business models or acute problems.

**In addition to the risk profile, private credit also varies in terms of liquidity.** Institutional investors such as pension funds and insurers invest primarily in so-called closed-end private credit funds. These funds are less liquid, partly due to restrictions on selling positions during their term (see Table 2). For institutional investors, this generally fits in well with their longer investment horizon. Semi-liquid or open-ended funds, on the other hand, do offer periodic redemption options, although these are usually capped at 5% of a fund’s value. Fund managers can also temporarily suspend redemptions. Lastly, listed private credit funds offer a higher degree of liquidity as they can be traded on a daily basis.

**Table 2 Private credit funds differ in terms of liquidity, investor types and regional characteristics**

Type of fund	Liquidity	Investors	Regions
<b>Closed-end funds (drawdown funds)</b>	Illiquid; no redemption options	Institutional investors, high-net-worth individuals	United States and Europe (the majority of assets under management)
<b>Semi-liquid / open-ended funds</b>	Periodic redemptions subject to caps	Retail investors	United States and EU (limited but growing; mainly ELTIFs*)
<b>Listed funds / BDCs</b>	Tradable shares; market liquidity	Retail and institutional investors	Mainly United States

\* European Long-term Investment Funds

<sup>2</sup> SPVs are separate legal entities that private credit funds can set up to manage a specific loan portfolio.

## Private credit under the microscope

**The recent turmoil in private credit markets is linked to underlying macroprudential vulnerabilities.** Concerns centre on the credit quality of private credit loans, the increasing concentration of exposures, the liquidity risks associated with private credit funds, and the interconnectedness between private credit and other financial institutions.

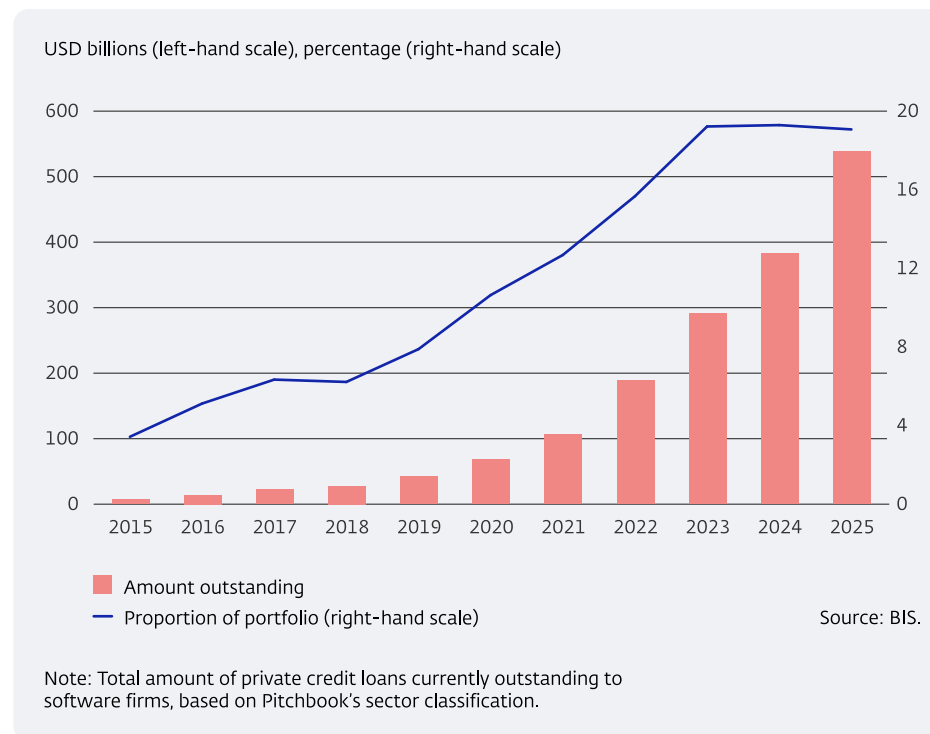
### In recent months, investors have become more critical of the credit quality and lending standards applied in the private credit sector.

The rapid growth of private credit markets has been accompanied by a sharp rise in lending to businesses. This has led to growing concerns among investors about the lending standards applied and the underlying credit quality, partly in the wake of the bankruptcies of First Brands and Tricolor in September 2025. Default rates on private credit loans remain generally low, but these figures do not always give a complete picture. Active use of debt restructuring – for example, through payment-in-kind arrangements – can artificially keep default rates low, making it more challenging to accurately assess underlying credit risks.<sup>3</sup> Broader measures of default that do take such restructurings into account show a deterioration in credit quality (FSB, 2026). Credit quality concerns are exacerbated by higher leverage, lower-quality collateral and variable interest rates. Also, private credit markets have not yet experienced a serious economic downturn. Furthermore, the use of private credit ratings known as ‘private letters’ raises concerns about inflated credit ratings (IMF, 2025).

**In addition, private credit has significant exposure to the software sector, where concerns about profitability are growing.** The proportion of software-as-a-service firms, which provide the use of software online, has risen significantly in private credit portfolios in recent years. Currently, around 20% of private credit loans have been granted to software firms (see Figure 10). Investors are also concerned that new AI applications will

put pressure on existing software models, thereby jeopardising the profitability of software firms and other businesses in their loan portfolios that are sensitive to new AI use cases. Combined with the typically limited collateral in such capital-light sectors, this increases the risk of correlated credit losses (IMF, 2024).

**Figure 10 Software firms account for a significant proportion of private credit portfolios**



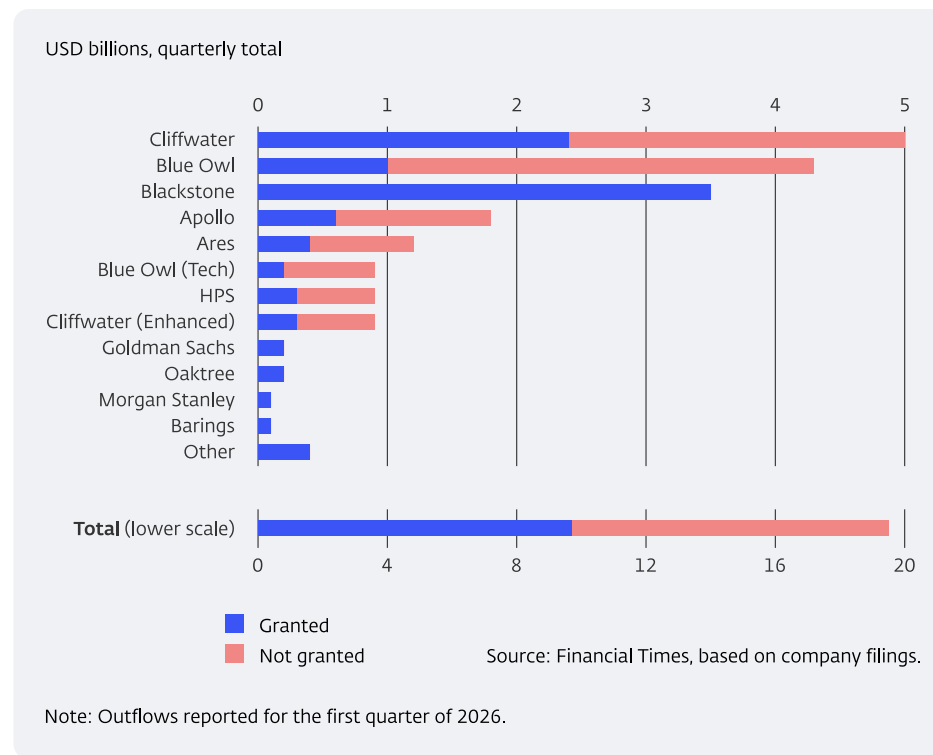
<sup>3</sup> Under ‘amend-and-extend’ strategies, lending conditions are amended and a loan’s term extended. Payment-in-kind arrangements adds accrued interest to the loan’s principal balance.

**Retail investors in particular are faced with the limited liquidity inherent in private credit markets.** In the case of semi-liquid funds, liquidity-restricting measures are a necessity due to the illiquid nature of underlying loans (see Table 2). At the same time, retail investors are not always fully aware of these terms and conditions, which could spark market turmoil. A recent example of this is the significant number of redemption requests made, particularly by retail investors, to US private credit funds. These are estimated to total \$20 billion in the first quarter of 2026 (see Figure 11). As a result, many funds are finding themselves forced to limit outflows, and around half of these redemption requests were not granted. The current scale of the redemption requests does not pose any systemic risks. However, further escalation could trigger a self-reinforcing dynamic if forced sales of loans by private credit funds were to put further pressure on valuations and thereby spur new outflows (FSB, 2026). Incidentally, neither Dutch financial institutions nor households have any material exposure to these specific funds in the United States.

**Finally, there is limited insight into the various interconnections between private credit and banks.** Banks can play a role in the private credit ecosystem in a number of ways, including by making credit lines available such as capital call financing and NAV loans.<sup>4</sup> This type of bank financing allows private credit funds to make use of leverage, although this is generally limited in Europe. Interconnections may also exist indirectly, for example through bank loans extended to firms that are simultaneously financed by private credit providers (FSB, 2026). Through these channels, stress in the private credit sector can spill over into the banking system, and vice versa (IMF, 2024). For example, large-scale losses within private credit funds could cause banks to incur credit losses. Furthermore, the sudden and large-scale use of credit lines by private credit funds could put pressure on banks' liquidity positions. Conversely, measures taken by banks can also have an impact on private credit funds. Recently, there have been reports that US banks are revaluing the collateral held by private credit funds,

which could exacerbate stress in private credit markets. At the same time, these bank loan facilities typically impose conservative conditions on the collateral, reducing the risk of default. However, the lack of harmonised and granular data is obstructing a clear understanding of these interconnections between banks and the private credit sector.

**Figure 11 Several prominent US private credit funds received a significant number of redemption requests in the first quarter of 2026**



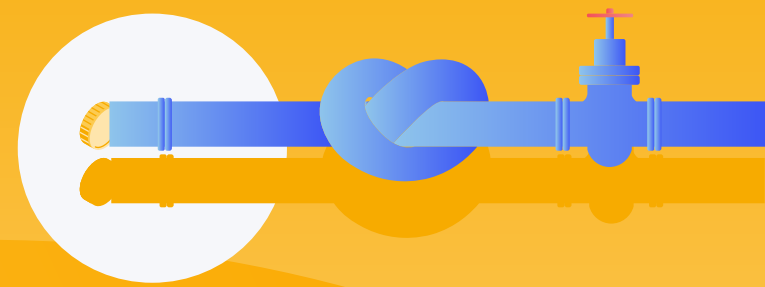
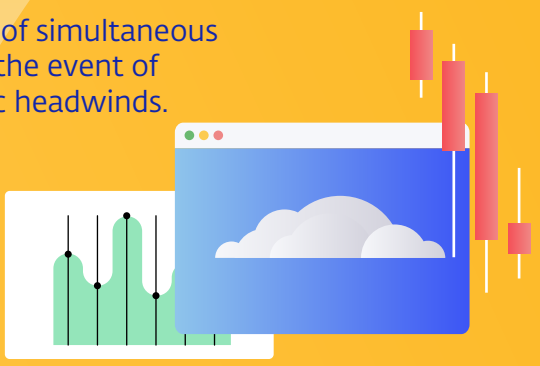
<sup>4</sup> In the event capital call financing funds borrow money from banks on a temporary basis while awaiting capital contributions from investors. Net asset value (NAV) loans are secured by the value of the fund's loan portfolio.

# Private credit helps businesses obtain loans but also has its vulnerabilities

**1** Concerns about credit quality  
Rapid growth is raising doubts about the quality of the loans granted.



**2** One in five loans is to software firms  
High risk of simultaneous losses in the event of economic headwinds.



**3** Liquidity risks  
Retail investors want to get out, but some of their money is tied up.

**4** Interconnectedness with banking sector  
Turmoil in private credit market could also affect banks through loans.

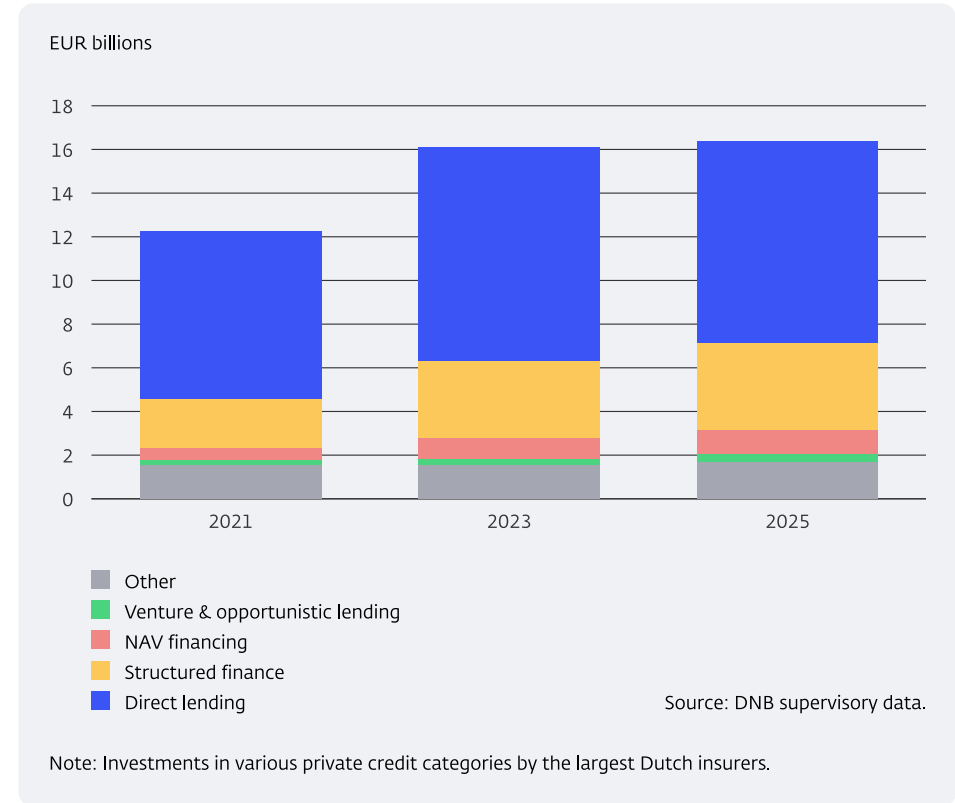


## In the Netherlands, pension funds and insurers are the principal investors in private credit, while banks play a limited role

**Dutch financial institutions, such as pension funds and insurers, are also increasingly active as investors in private credit.** These investments are geographically diversified across loans to Dutch, European and US firms. In addition, pension funds and insurers make use of a variety of structures, including direct loans on their own balance sheets and investments in private credit funds. To gain a clearer picture of the scale and risks associated with private credit investments, DNB issued a targeted data request among a selection of Dutch pension funds and insurers earlier this year. Insurer data have now been received, while the request for data from pension funds is still pending.

**Dutch insurers have started investing more in private credit, mainly through direct lending and structured finance.** The recent survey shows that the total private credit exposure of the largest insurers rose from around €12 billion in 2021 to over €16 billion in 2025 (see Figure 12). This is equivalent to around 8% of their assets under management. However, there are significant differences between insurers. The majority of these investments relate to direct lending. In addition, Dutch insurers invest around €4 billion in structured finance, including collateralised loan obligations (CLOs). In contrast, Dutch insurers invest very little in venture and opportunistic lending, which are regarded as riskier forms of private credit.

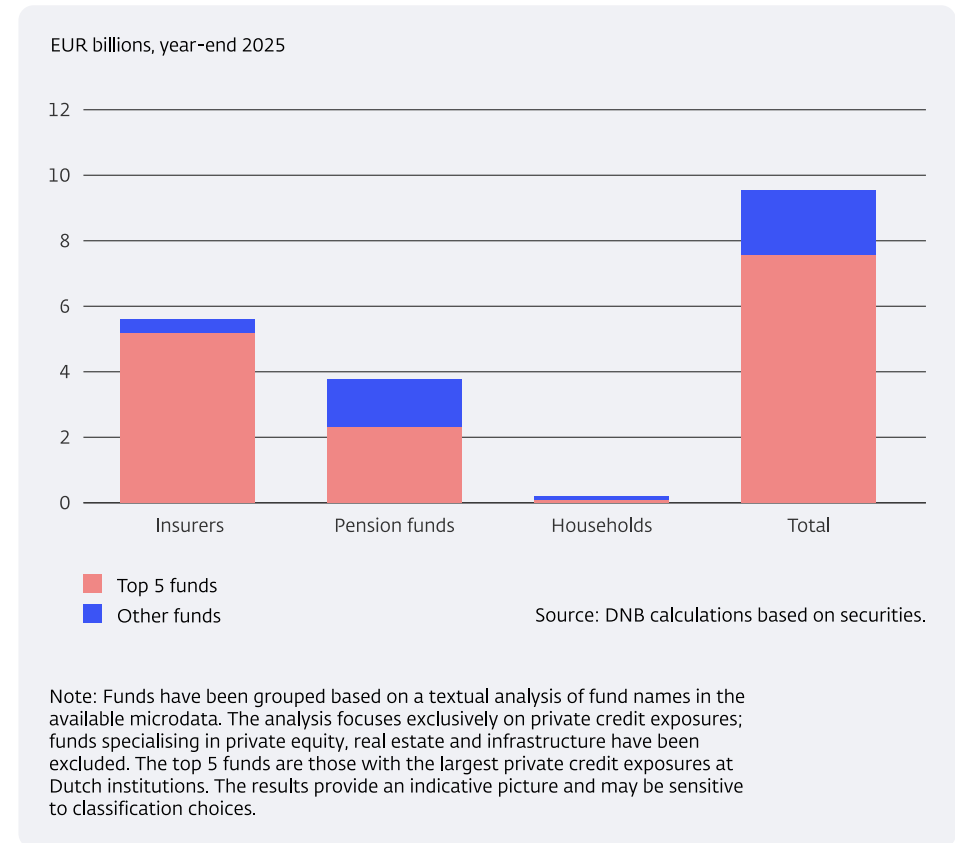
**Figure 12 Dutch insurers have increased their investment in private credit in recent years, particularly through direct lending and structured finance**



**Some of the private credit investments made by pension funds and insurers are channelled through private credit funds.** Investments in private credit funds by pension funds and insurers total approximately €10 billion (see Figure 13). For smaller financial institutions in particular, such funds offer a relatively straightforward way to build up positions in private credit. Larger insurers and pension funds tend to make greater use of mandates that allow for a higher degree of customisation. Incidentally, investments are usually made in ‘closed-end’ funds, which virtually eliminates the risk of liquidity mismatches arising from redemption requests. In addition, Figure 13 shows that there is a concentration among a limited number of asset managers. Five asset managers account for around 80% of total investments in private credit funds. Finally, households also invest in private credit funds, but these exposures are small in the Netherlands, partly due to the collective pension system.

**In addition, European banks provide loans to private credit funds, although their scale appears to be relatively limited.** European banks generally appear to be less heavily involved in the private credit segment than major US banks, although some European banks do have significant exposures (ECB, 2024). This mainly concerns financing at fund level. To a limited extent, European banks also provide subscription lines – a type of short-term financing for investment funds in which committed capital from investors is used as collateral. However, actual exposures may be underestimated, as banks also provide credit to firms that are partly financed by private credit funds. In addition, the interconnections between banks and private credit funds are increasing through the use of synthetic risk transfers (SRTs) (see ‘[Box 4: Growing interconnectedness between banks and private credit through SRTs](#)’).

**Figure 13 Dutch insurers and pension funds make part of their private credit investments through private credit funds, largely concentrated in the five biggest funds**



#### Box 4 Growing interconnectedness between banks and private credit through SRTs

**Synthetic risk transfers (SRTs) are securitisation transactions through which banks transfer part of the credit risk associated with their loan portfolio to investors.** Unlike in traditional securitisations, the loans remain on the bank's balance sheet, while the credit risk is transferred to investors through guarantees or similar arrangements. Banks often use SRTs for relief of capital requirements by reducing their risk-weighted assets, which is permitted under certain conditions.

**In recent years, European banks have been making increasing use of SRTs.** The estimated size of the European SRT market has doubled since 2022 to €390 billion. It is estimated that Dutch banks have issued around €22 billion worth of SRTs, which equates to approximately 6% of the European SRT market. Banks invest a significant proportion of their SRTs in private credit funds, followed by other investment funds, insurers and pension funds ([EBA, 2025](#)).

**The growing involvement of private credit in SRTs reinforces the interconnectedness of banks and non-banks.** Credit risks formally transferred from banks to private credit funds using SRTs could indirectly return to banks if the latter also provide financing to these funds. In such cases, 'circles of risk' could emerge ([BIS, 2026](#)), potentially leading to indirect credit exposures that are more difficult to identify and that could trigger unexpected losses in times of stress.



## Key considerations for effective management of vulnerabilities in private credit

**While private credit can support economic growth, it also gives rise to new vulnerabilities in terms of financial stability.** Private credit increases diversity in credit markets by offering alternative financing, thereby reducing reliance on bank financing. At the same time, this type of lending is associated with specific vulnerabilities, such as higher credit risks and greater complexity. This makes it challenging to monitor and assess risks (FSB, 2025). From the perspective of financial stability, it is therefore important to preserve the economic benefits of private credit by managing the associated risks through greater transparency and adequate risk management.

**From a macroprudential perspective, the limited visibility of interconnections within the private credit ecosystem poses a significant challenge.** Against this background, DNB issued a targeted data request among the largest Dutch pension funds and insurers regarding their private asset exposures, including private credit. The initial findings from this survey are discussed in this chapter, and the full results will be available later this year. These results help to provide a clearer picture of potential vulnerabilities. In addition, as part of its role within the Single Supervisory Mechanism (SSM), DNB contributes to the monitoring of banks' exposures to private credit.

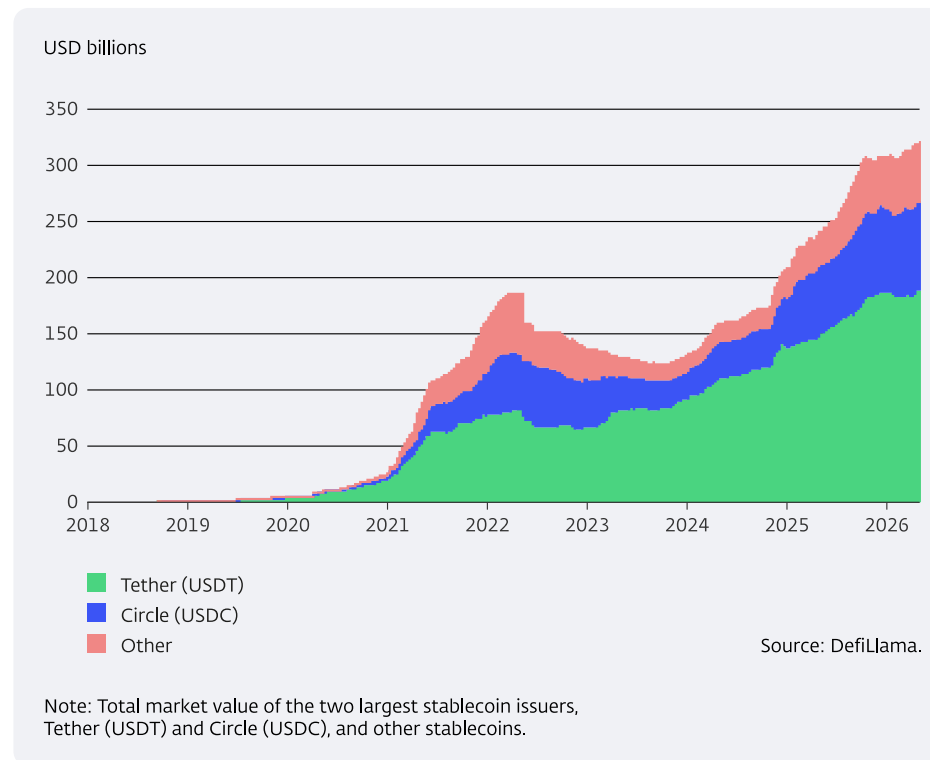
**Given the highly cross-border nature of private credit markets and their continued growth, international coordination and the availability of more data are essential.** DNB therefore contributes to the work of international bodies engaged, among other things, in exchanging information and developing harmonised definitions and monitoring indicators (FSB, 2026). Going forward, additional ad hoc surveys or enhancements of standard submissions in the area of private credit may prove necessary. Data availability is essential for improved monitoring of exposures and interconnections and, where relevant, for scenario analyses and stress tests.

**Lastly, it is vital that financial institutions ensure that their risk management matches the characteristics of private credit investments.** Private credit investments are generally characterised by greater opacity, complexity and heterogeneity. Limited transparency in valuations and credit quality, for example, requires sufficient in-house expertise to critically assess credit risks and contractual features, as well as robust and independent valuation methods (DNB, 2023). It is also important for financial institutions to verify whether their total exposure to private credit matches their risk profile. That said, private credit investments cannot be considered a single, monolithic asset class, given their differences in seniority, maturity, liquidity and transparency. It is therefore important that these characteristics are explicitly taken into account in investment decisions, valuations and stress tests. Particular attention must be paid to similar exposures, as private credit portfolios are often heavily concentrated in specific sectors.

### 3 What does the rise of stablecoins mean for financial stability?

**The stablecoin market shows rapid growth, particularly in the United States.** Stablecoins are crypto-assets designed to maintain a stable value relative to a conventional currency, such as the euro or US dollar. Issuers of these cryptocurrencies hold traditional assets, such as short-term government bonds and bank deposits, to safeguard this peg. In recent years, the stablecoin market has grown rapidly to a global market value of around \$300 billion (see Figure 14). Virtually all stablecoins are denominated in US dollars (99% of the outstanding amount) and the market is highly concentrated. The two largest issuers – Tether and Circle – account for more than 80% of the market. Furthermore, the US government is promoting further growth in the market for dollar-pegged stablecoins, with estimates of its future size ranging from approximately \$500 billion to \$3.7 trillion (IMF, 2025). The stablecoin market is also beginning to develop in Europe, partly thanks to the introduction of the Markets in Crypto-Assets Regulation (MiCAR) regulatory framework, which has been in force since June 2024 (ECB, 2026). For example, the French bank Société Générale – through a subsidiary – has now issued a stablecoin in euro and dollars, while a consortium of European banks – which includes the three major Dutch banks – is working on the launch of a joint euro-denominated stablecoin. Nevertheless, the market capitalisation of stablecoins denominated in euro remains very modest.

**Figure 14 The stablecoin market has grown rapidly, but has so far remained concentrated among two major US issuers**

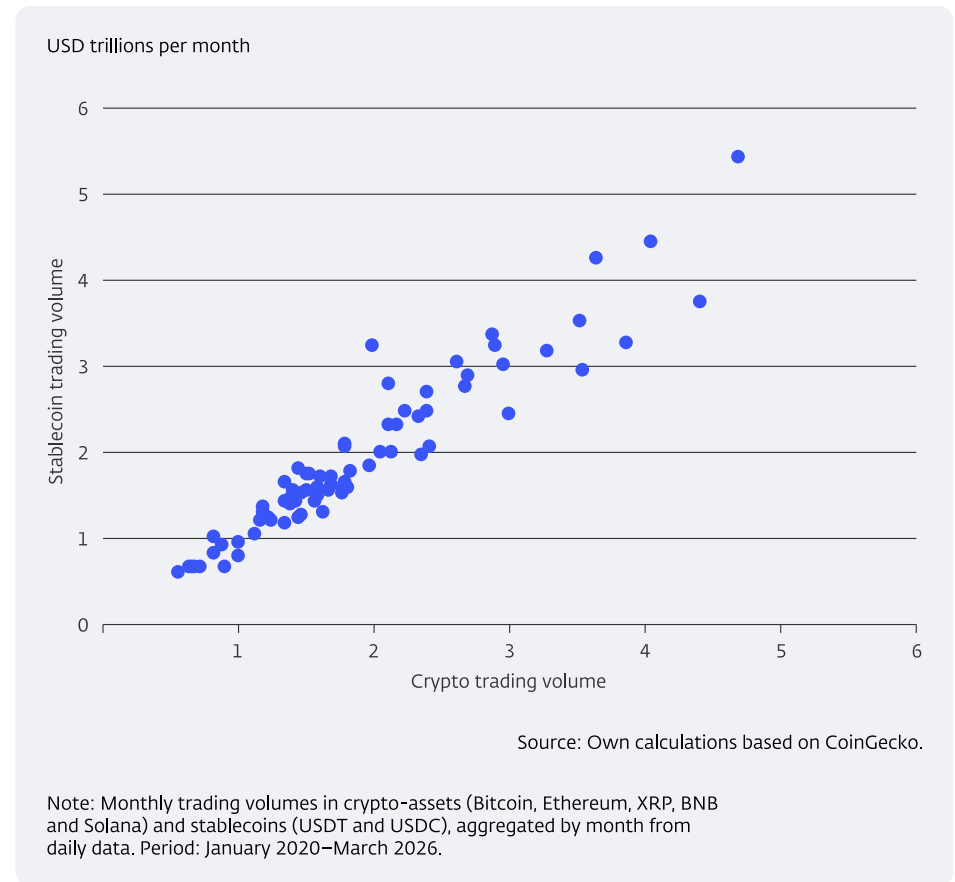


**This chapter examines how the rise of stablecoins affects financial stability.** To this end, we analyse various channels through which stablecoins – particularly in scenarios of continued growth – could have an impact on financial stability. The chapter ends with policy considerations.

### Stablecoins are currently used to a limited extent, but have the potential for wider adoption

**Despite their rapid growth, the use cases of stablecoins have so far been limited.** Although the stablecoin market has grown significantly in recent years, stablecoins account for only 13% of the total crypto-asset market. Furthermore, due to their relatively stable value, stablecoins are primarily used as a means of settlement and exchange for trading in unbacked crypto-assets. For example, traders use stablecoins to quickly transfer funds between different trading platforms. This means demand for stablecoins may increase as trading in crypto-assets continues to grow. This relationship is illustrated by the strong correlation between monthly trading volumes of unbacked crypto-assets and stablecoins (see Figure 15). Traders also use stablecoins to speculate via crypto-assets. In emerging and developing countries that have relatively unstable currencies, stablecoins are also used for other purposes. For example, they are used as a store of value when consumers and businesses have more confidence in dollar-pegged stablecoins than in the local currency (IMF, 2025). Against this backdrop, stablecoins are also being used increasingly in cross-border payments, such as remittances (IMF, 2026).

**Figure 15 Trading volumes in stablecoins move in tandem with those of unbacked crypto-assets**



**The growth potential of stablecoins depends on the extent to which new use cases are adopted.** Cross-border payments are still relatively slow and expensive in many countries despite recent improvements, such as the interlinking of instant payment systems. In this context, stablecoins could play a role in speeding up cross-border payments and making them cheaper (ECB, 2026). Additional competition from stablecoins may spur incumbent market players to further improve their services (DNB, 2026). Another potential new use case is linked to the rise of tokenisation, in which financial assets are digitally represented on a shared digital infrastructure (DLT). This makes it possible to process transactions in real time and in a more automated manner. To settle these transactions, digital money is required that can be used on the same infrastructure. According to some market players, stablecoins could fulfil this role, either fully or in part. Finally, the rise of digital platforms and apps, such as e-commerce platforms, could boost the use of stablecoins, particularly if major technology firms integrate stablecoins into their business models going forward and make them accessible to a wide audience. Thanks to their economies of scale, network effects and the use of transaction data, such parties can quickly establish a dominant position in the payments sector.

**Wider adoption of stablecoins could affect the functioning of the global payments system.** For example, continued growth of stablecoins could contribute to the fragmentation of the payments system if stablecoins are issued on different DLT infrastructures (BIS, 2026). There is also a risk that dependence on a limited number of service providers, many of whom are based abroad, may increase. The Eurosystem's recent Comprehensive Payment Strategy and DNB's Payments Strategy set out concrete steps to mitigate these potential risks (DNB, 2026; ECB, 2026). Through the Pontes and Appia projects, the Eurosystem is investigating how DLT-based transactions can be settled in central bank money.

**Despite their growth potential, a massive breakthrough for stablecoins as a means of payment or a store of value in the euro area seems less likely at present.** Large-scale adoption is less likely for a number of reasons. European payment systems are highly efficient, which means that payments within the euro area are relatively quick and cheap (ECB, 2025). It is also questionable whether stablecoins will actually prove to be cheaper for cross-border payments. For example, processing transactions on DLT infrastructures incurs costs, and centralised service providers such as wallet providers and crypto trading platforms are required. These service providers charge fees for access, services and regulatory compliance. Furthermore, financial inclusion is high in Europe, as consumers and businesses have access to a range of financial products that generate returns, such as bank deposits and money market funds. However, this does not alter the fact that further global adoption could have consequences for the European and Dutch financial systems.

## The opportunities and risks associated with stablecoins call for a robust regulatory framework that takes due account of international harmonisation

**In order to promote the safe and transparent use of stablecoins, a robust regulatory framework has been developed in Europe in recent years.** Issuing stablecoins entails financial risks, particularly when issuers do not hold sufficient liquid reserves to guarantee the peg to a conventional currency. That is why MiCAR imposes strict requirements on the quality, composition and management of reserves. For example, stablecoin issuers are required to hold a significant portion of their reserves in the form of deposits with European banks. In Europe, the European Banking Authority (EBA) also supervises the largest stablecoin issuers, while DNB is responsible for supervising Dutch issuers that remain below a certain volume (EBA, 2023). MiCAR thus covers a large proportion of the risks at institutional level and contributes to a safer and more transparent crypto ecosystem within the European Union.

**Nevertheless, there are regulatory discrepancies between jurisdictions, which increases the risk of arbitrage and cross-border spillover effects.** For example, reserve requirements differ, as does the extent to which stablecoin models can be established (see ['Box 5: Despite efforts, significant international differences in the regulation of stablecoins remain'](#)). This increases the risk of supervisory arbitrage. After all, issuers of stablecoins have an incentive to issue them under the jurisdiction of countries with a relatively favourable supervisory regime, while the risks – due to the cross-border nature of these transactions – are international in scope. 'Multi-issuance structures', for example, enable a US issuer to issue stablecoins through an EU-based subsidiary that are technically interchangeable with stablecoins issued outside the EU. In times of stress, this increases the risk of a run on the European subsidiary (ECB, 2025) if stablecoin holders outside Europe submit massive redemption requests to the European subsidiary free of charge (Financial Stability Report, Autumn 2025). The likelihood of such spillover effects will increase particularly if the global stablecoin market continues to grow.

**Box 5 Despite efforts, significant international differences in the regulation of stablecoins remain**

**MiCAR has been in force in the European Union since 30 June 2024.**

Under these regulations, stablecoin issuers are required to hold at least 30% of their reserves in the form of deposits with European banks. For stablecoins classified as significant, this percentage is 60%.<sup>5</sup> The remaining reserves must be invested in other highly liquid financial instruments, such as short-term government bonds. In addition, MiCAR prohibits the charging of fees for exchanging stablecoins for underlying currencies.

**In the United States, the GENIUS Act was passed in July 2025.**

As under MiCAR, stablecoins must be fully backed by liquid assets, although the GENIUS Act is less specific about the composition of these reserves (see Table 3). This allows for relatively large allocations to short-term US government bonds, and reserves may also be held in money market funds. In addition, issuers in the US are permitted to charge fees for exchanging stablecoins for underlying currencies.

**In the United Kingdom a regulatory framework for crypto-assets is currently being developed which will also cover stablecoins.**

It appears that the UK is opting for measures that differ in some respects from those of the United States and the EU, while aiming to achieve the same policy objectives. A distinction is thus made between systemically important and non-systemically important stablecoins. Issuers of systemically important stablecoins will be subject to stricter supervision by the Bank of England, will be required to impose limits

on customers' stablecoin holdings, and will be obliged to hold a portion of their reserves as a central bank deposit. The Bank of England is also considering providing access to central bank liquidity for these stablecoins in times of stress.

**Table 3 Regulatory frameworks for stablecoins vary across jurisdictions**

	<b>MiCAR (EU)</b>	<b>GENIUS Act (VS)</b>	<b>Proposed legislation (UK)</b>
<b>Types of reserves</b>	Highly liquid assets, at least 30% of which must be bank deposits (60% for significant stablecoins)	A broader range of liquid assets has been approved by the regulator; there are no minimum thresholds	Central bank deposits for systemically important stablecoins and short-term government bonds
<b>Charging fees for exchanging tokens for the underlying reserve</b>	Not permitted	Permitted	Permitted, but strictly limited
<b>Holding limits for users</b>	None	None	Only for systemically important stablecoins
<b>Access to central bank liquidity facilities</b>	None, if the issuer is a non-bank entity; banks are subject to the existing regime	tbd	Possible for issuers of non-bank systemically important stablecoins

<sup>5</sup> Stablecoins are classified as significant on the basis of various criteria, such as their volume, number of users and interconnectedness with the financial system.

## Wider adoption of stablecoins increases their impact on the financial system

**Due to their limited volume, stablecoins are not currently systemically important, although their interconnection with the traditional financial system will increase as their markets continue to grow.**

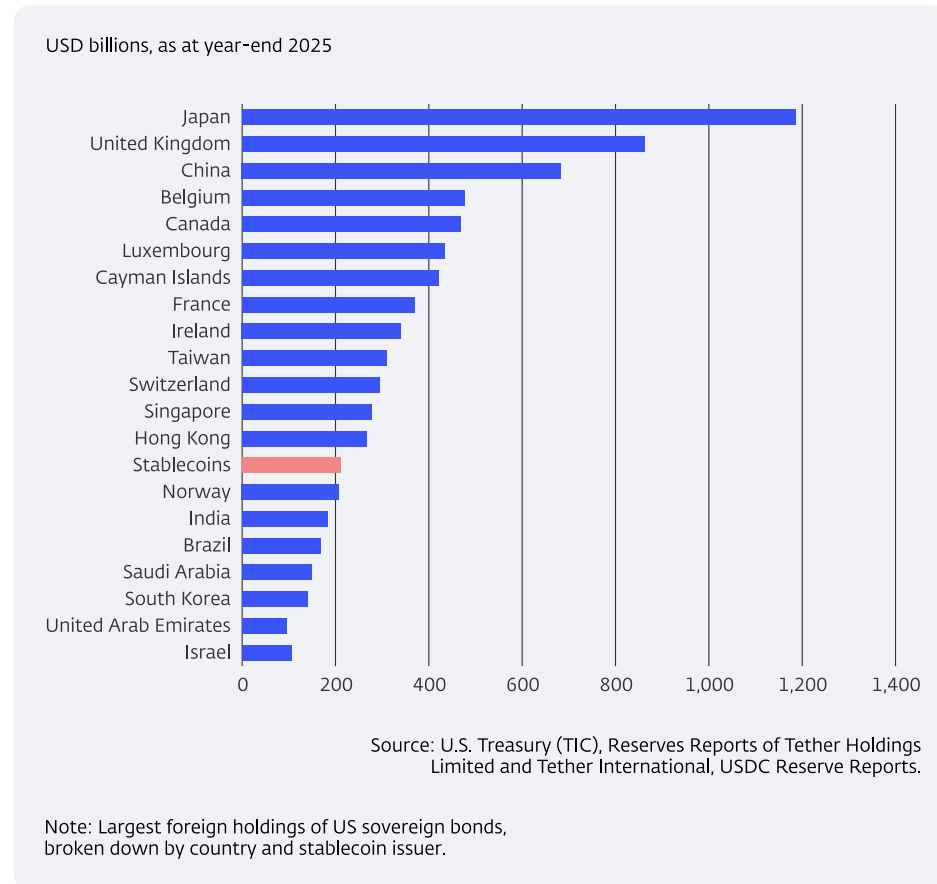
European households' and financial institutions' direct exposure to stablecoins is currently low ([ECB, 2025](#)), meaning that the direct risks to financial stability remain limited for the time being. At the same time, financial institutions – through their links with the financial system – may also be indirectly affected by stress in the stablecoin market. This was evident, for example, in March 2023, when the dollar-pegged stablecoin USDC temporarily lost its peg to the dollar after part of its reserves held at Silicon Valley Bank were not immediately available ([Fed, 2025](#)). As the stablecoin market continues to grow, exposures and interconnections with the traditional financial system will increase ([FSB, 2025](#)). Broadly speaking, stablecoins can affect the financial system through two different channels: financial markets and bank finance. Both channels are explained below.

**Stablecoins can become systemically important when they contribute to financial market corrections during times of stress.** If a large number of investors seek to redeem their stablecoins at the same time, this could trigger forced sales of the reserves held by stablecoin issuers. This can occur, for example, when confidence in a major stablecoin issuer falls sharply, or when unbacked crypto-assets fall sharply in value and investors flee the crypto market en masse ([Fed, 2024](#)). As many reserves are held in the form of financial assets, forced sales of these reserves can amplify

movements in financial markets. At present, the reserves of dollar-pegged stablecoin issuers consist mainly of US government bonds known as Treasuries worth more than \$200 billion. This represents approximately 0.8% of the total Treasury market, equivalent to the volume held by countries such as Norway or India (see Figure 16). Researchers at the BIS have calculated that an outflow of \$3.5 billion in stablecoin investments could lead to an increase in short-term Treasury yields of 6 to 8 basis points ([BIS, 2025](#)). This is not yet a cause for concern, but as the stablecoin market continues to grow, such shocks could have an increasingly significant impact on Treasuries.

**Through this channel, the growth in dollar-pegged stablecoins could also become relevant for Dutch financial institutions, as they hold positions in US government bonds.** Preliminary analyses of the potential risks to financial institutions in such a scenario suggest that the vulnerabilities appear to be limited so far (see '[Box 6: Major Dutch banks are resilient to volatility in Treasury markets caused by massive stablecoin redemptions](#)'). In the same way, euro-pegged stablecoins could come to play a greater role in European sovereign bond markets in the future. However, this will only be the case following substantial growth, as the market size of euro-pegged stablecoins is currently very modest and their reserves are hardly invested in European debt securities. Furthermore, the potential risks in Europe are expected to be comparatively lower, as stablecoin issuers in Europe are permitted to hold a smaller proportion of their reserves in sovereign bonds (due to the minimum requirement regarding bank deposits in European regulations; see also [ECB, 2026](#)).

**Figure 16 Stablecoin issuers are major holders of US Treasuries**



**In addition, the systemic importance of stablecoins could increase if the European market grows significantly and starts impacting the funding structure of banks.** Issuers of euro-pegged stablecoins are required to hold a substantial portion of their reserves in the form of bank deposits, which may boost corporate deposits on banks' balance sheets (see Table 3). Similar to selling pressure on sovereign bonds, this means that stablecoin issuers can draw on their bank reserves in times of stress, which can put pressure on banks' liquidity positions and entail potential liquidity risks (ECB, 2025). If stablecoins were to be widely adopted in the euro area, they could potentially be exchanged for savings held with banks. When households reduce their deposits, an important and generally stable source of funding for banks diminishes, at a time when business deposits increase on banks' balance sheets.

## Box 6 Major Dutch banks are resilient to volatility in Treasury markets caused by massive stablecoin redemptions

**Treasuries play an important role in the liquidity management and dollar funding of Dutch banks.** They hold these bonds, amongst other things, as part of their high-quality liquid assets (HQLA), the buffer they can draw upon in the event of an acute liquidity need. Major Dutch banks hold approximately \$20 billion in Treasuries, accounting for around 8% of their total HQLA position. Featuring an average maturity of 5.3 years, these are mainly longer-term bonds.

**Further growth in the dollar-pegged stablecoin market could contribute to significant volatility in Treasury markets in times of stress.** Going forward, Dutch banks' dollar-denominated liquidity buffer could be affected in two ways in the event of major shocks to Treasury markets. If there is a sharp fall in the value of Treasuries, the HQLA position decreases, meaning that these assets yield less in the event of a forced sale. Furthermore, banks are able to raise lower dollar amounts through repo transactions, as Treasuries serve as collateral for such transactions but are subject to higher haircuts. In addition, value corrections of Treasuries also affect pension funds and insurers as their balance sheet positions decline, and indirectly because banks are able to lend lower dollar amounts to hedge currency risks on US investments ([Financial Stability Report, Autumn 2025](#)).

**However, stress in Treasury markets does not automatically trigger liquidity issues for Dutch banks.** In a stylised stress scenario, we assume that Treasuries in the HQLA portfolios of major Dutch banks suddenly fall in value by 5% as a result of forced sales by stablecoin issuers.<sup>6</sup> Even if the stablecoin market were to grow towards \$2 trillion by 2028, this is a severe scenario.<sup>7</sup> In such a scenario, Dutch banks could raise around \$1 billion less by selling Treasuries or in the US repo market. This does not necessarily cause liquidity stress, as banks have a remaining dollar-denominated liquidity buffer of around \$19 billion. The risk of liquidity problems only increases when such movements coincide with a sudden surge in demand for dollars from other institutions. At the same time, Treasuries play a central role in the global financial system, meaning that disruptions can have wider repercussions through indirect channels and ripple effects than this simple scenario suggests.

<sup>6</sup> This shock reflects both falling prices of short-term US sovereign bonds and a deterioration in liquidity and funding conditions, for example due to rising repo haircuts.

<sup>7</sup> In April 2025, the US Department of the Treasury estimated that the stablecoin market could reach a market size of \$2 trillion by 2028 (IMF, 2025).

## Policy recommendations: The rapid growth of stablecoin markets calls for continuous monitoring, robust supervision and cross-border coordination

**The continued growth of stablecoin markets calls for a coordinated policy approach across a number of areas.** This involves improving monitoring and data collection, further developing and harmonising regulatory and supervisory frameworks, and strengthening financial institutions' risk management.

**In order to assess the risks associated with stablecoins in a timely and consistent manner, effective monitoring, data collection and international cooperation are essential.** Our understanding of the use of stablecoins by Dutch households and businesses is currently limited, partly because many transactions take place outside the regulated financial system. This makes it difficult to obtain a complete picture and may cause underestimation of cross-border risks. It is therefore important that jurisdictions – in line with FSB recommendations – improve their data capacity and infrastructure and that information exchange between jurisdictions is strengthened ([FSB, 2025](#)). In this context, DNB is working on further mapping data on crypto-asset holdings through macro economic statistical reports, including within the framework of the G20.

**In addition, further strengthening of regulatory frameworks is crucial to mitigating the risks associated with stablecoins.** The 2027 review of MiCAR provides an important opportunity in the EU to address existing shortcomings. Given the international nature of stablecoins, DNB considers it important that cross-border use remains possible, while ensuring adequate consumer protection and the management of financial stability risks. Unambiguous European agreements on multi-issuance can limit the risks and legal uncertainty. Further coordination and centralisation of the supervision of market infrastructures is also desirable. Against this background, DNB welcomes the European Commission's proposal to centralise supervision of crypto trading platforms with ESMA ([EC, 2025](#)). Finally, it is important that microprudential risks for banks are adequately addressed in legislation and regulations. DNB therefore attaches importance to the global implementation of the Basel Committee on Banking Supervision's capital standard for crypto-assets and, in the meantime, application of the transitional regime under CRR3/CRD6 in the EU ([DNB, 2024](#)).

**Lastly, the importance of adequate risk management by banks is increasing due to the rapid growth of stablecoin markets.** As the dollar-pegged stablecoin market continues to grow, massive redemptions of stablecoins could amplify movements in the Treasury market. It is important that banks explicitly incorporate such liquidity risks into their own risk management frameworks, in line with the CRD6 regulations. This can be achieved, for example, by incorporating stablecoin-related shocks into internal stress tests and by recalibrating limits for counterparties that have substantial stablecoin exposures.

**Principal authors:** Annick van Ool and Nander de Vette

**Data support:** Jack Bekooij

### **Co-authors for the specific chapters**

#### *Risk outline*

Lennert Branderhorst, Francesco Caloia, Daniel Dimitrov, Robert van Geffen, Kasper Goosen, Birger IJsenbrand, Teun Landheer, Dorien de Leeuw, Niek de Meijer, Floortje Merten, Remco van der Molen, Anna Thoolen, Robert Vermeulen, Max Wetzler and Lu Zhang.

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Mathijs olde Scheper, Razvan Vlahu and Lu Zhang

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PO Box 98, 1000 AB Amsterdam

The Netherlands

+31 (0) 20 524 91 11

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