

## Box 1: SBP Systemic Risk Survey-1<sup>st</sup> Wave (January, 2018)

SBP, in pursuance of its Vision 2020, is committed to strengthen the financial stability regime in the country. This entails timely identification of existing and potential risks and vulnerabilities that may disrupt the smooth functioning of the financial system. Systemic Risk Survey (SRS) is a useful tool, used by central banks around the world, which helps in assessing and quantifying the risk perceptions of various market stakeholders.

In this regard, SBP has launched a biannual SRS to capture the risk perceptions of market participants and gauge their confidence in the stability of the financial system. The first wave of the SRS was conducted in January 2018. The respondents of the survey included risk management executives, financial journalists, academia and other experts.<sup>4</sup>

The survey intends to measure the present and future (over the next six months) risk perceptions of the respondents related to five broad categories including global, macroeconomic, financial markets, institutional and general risks. The overall response rate to the survey stands at 47 percent<sup>5</sup>.

### Summary Results<sup>6</sup>

1. At aggregate level, macroeconomic vulnerabilities are identified as the greatest risks to the financial stability at present; whereas financial market risks are perceived to be critical for the next six months (**Figure 1A & 1B**).<sup>7</sup>

2. Among all the risks, the highest cited, at present, are deteriorating balance of payments position, volatility in exchange rate, and widening fiscal deficit. For the next six months, respondents believe that political uncertainty, deterioration of balance of payments and uncertainty over exchange rate could potentially undermine financial stability (**Figure 2**).

3. The likelihood of occurrence of a high-risk event in the financial system of Pakistan over the short term is relatively higher than the medium term.

4. A higher proportion of respondents show confidence in the ability of regulators to ensure financial stability (**Figure 3**).

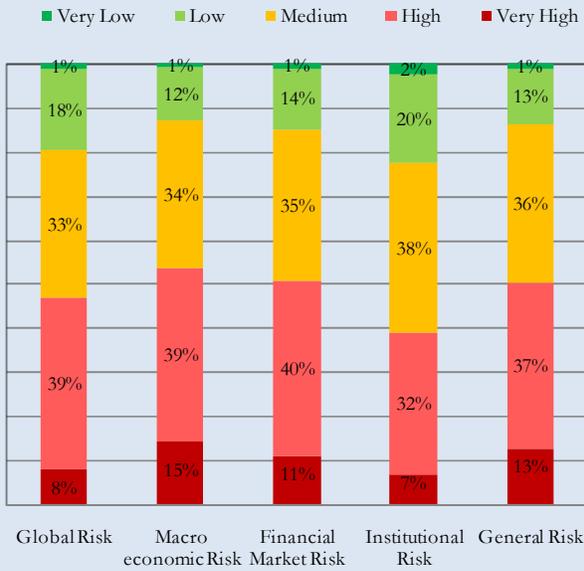
<sup>4</sup> The respondents included executives from commercial banks, insurance companies, exchange companies, MFBs, DFIs, financial journalists, members of academia and SECP officials.

<sup>5</sup> Out of 200 respondents of the first wave of the survey, 93 responded.

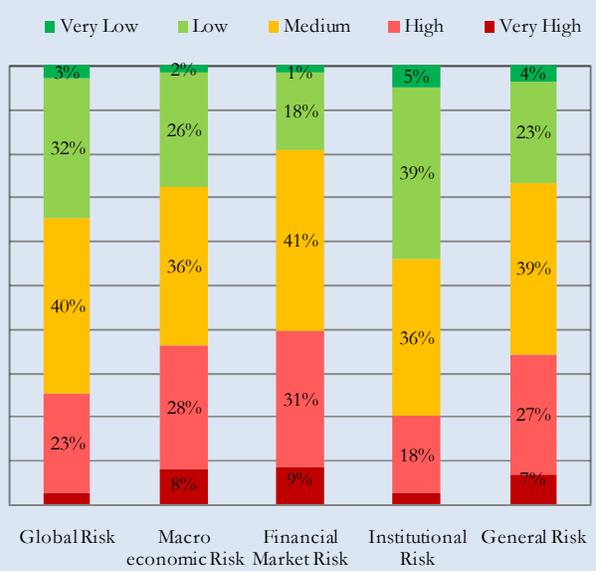
<sup>6</sup> The results presented here are based on responses received and do not necessarily reflect SBP's views on risks to the financial system.

<sup>7</sup> High risk is identified by aggregating the percentage of respondents choosing Very High or High as response to a particular risk category or type in the survey questionnaire.

**Figure 1A**  
Perception on Sources of Systemic Risk - Present  
(Percent)

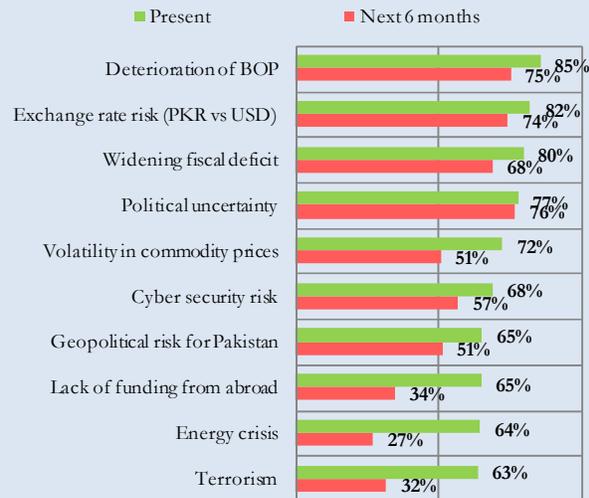


**Figure 1B**  
Perception on Sources of Systemic Risk-Next 6 months  
(Percent)



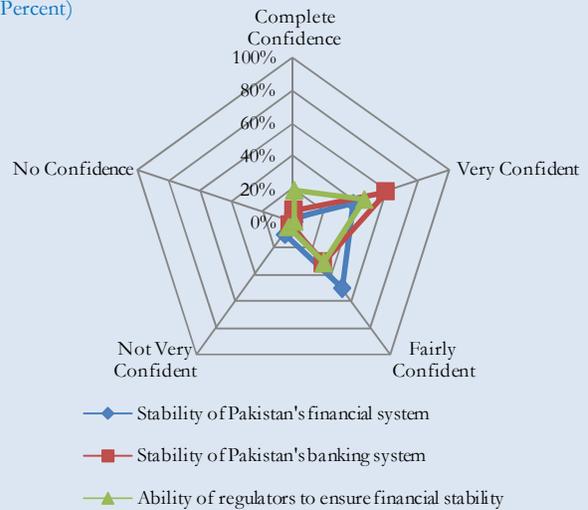
**Figure 2**  
Top 10 Risks Identified

Percent of Respondents Rating Very High & High  
(Percent)



**Figure 3**  
High level of confidence exhibited by survey results

Level of confidence on the stability of financial system  
(Percent)



Source: SBP Systemic Risk Survey-1st Wave (January, 2018)