

SYSTEMIC RISK BAROMETER

RESULTS OVERVIEW – 2016 Q3

DTCC

Securing Today. Shaping Tomorrow.®

KEY FINDINGS

CYBER RISK REMAINS THE TOP RISK OVERALL

- Cyber Risk remained the top overall risk, with 22% citing it as the single biggest risk to the broader economy and 56% of respondents ranking it within their top five risks.

GEOPOLITICAL RISK IS ON THE RISE

- The U.S. Presidential Election Outcome debuted as the second most important risk, cited by 50% of respondents as a top five risk. Geopolitical Risk and Britain Exiting the EU (“Brexit”) were cited by 38% and 33% of respondents as a top five risk, respectively.
- Broader geopolitical risks in aggregate dominated the results and discussion, with multiple selections frequently appearing within respondent submissions.

FEARS OF A GLOBAL ECONOMIC SLOWDOWN HAVE ABATED AMONG RESPONDENTS

- Macroeconomic concerns, including Risk of Economic Slowdowns across Asia, Europe and the United States, declined compared to the Q1 2016 survey results.
- Risk of Economic Slowdowns, across all geographic locations, returned to levels comparable to those recorded twelve months ago.

CENTRAL BANK MONETARY POLICY CONCERNS CONTINUE TO INCREASE

- Central Bank Monetary Policy, including the divergence of policies between the U.S. Federal Reserve Bank and global central banks, as well as unintended consequences of monetary policy, are top of mind concerns for respondents.

REGIONAL DIFFERENCES

- North American respondents are more concerned about Cyber Security, Decreasing Liquidity and a Sudden Dislocation in Financial Markets than respondents elsewhere.
- Inversely, respondents outside of North America are significantly more concerned about the impact of Britain Exiting the EU, as well as Economic Slowdowns in Europe and Asia.

FUNCTIONAL DIFFERENCES

- Risk Managers are more concerned about Interconnectedness Risk, Sudden Dislocation in Financial Markets and Search for Yield than other respondents. Inversely, they are less concerned about Brexit-related risks and the threat of a U.S. Economic Slowdown.

TOP SYSTEMIC RISKS



CYBER RISK

22%

OF RESPONDENTS CITED CYBER RISK AS THE NO.1 RISK



BROAD GEOPOLITICAL RISKS

83%

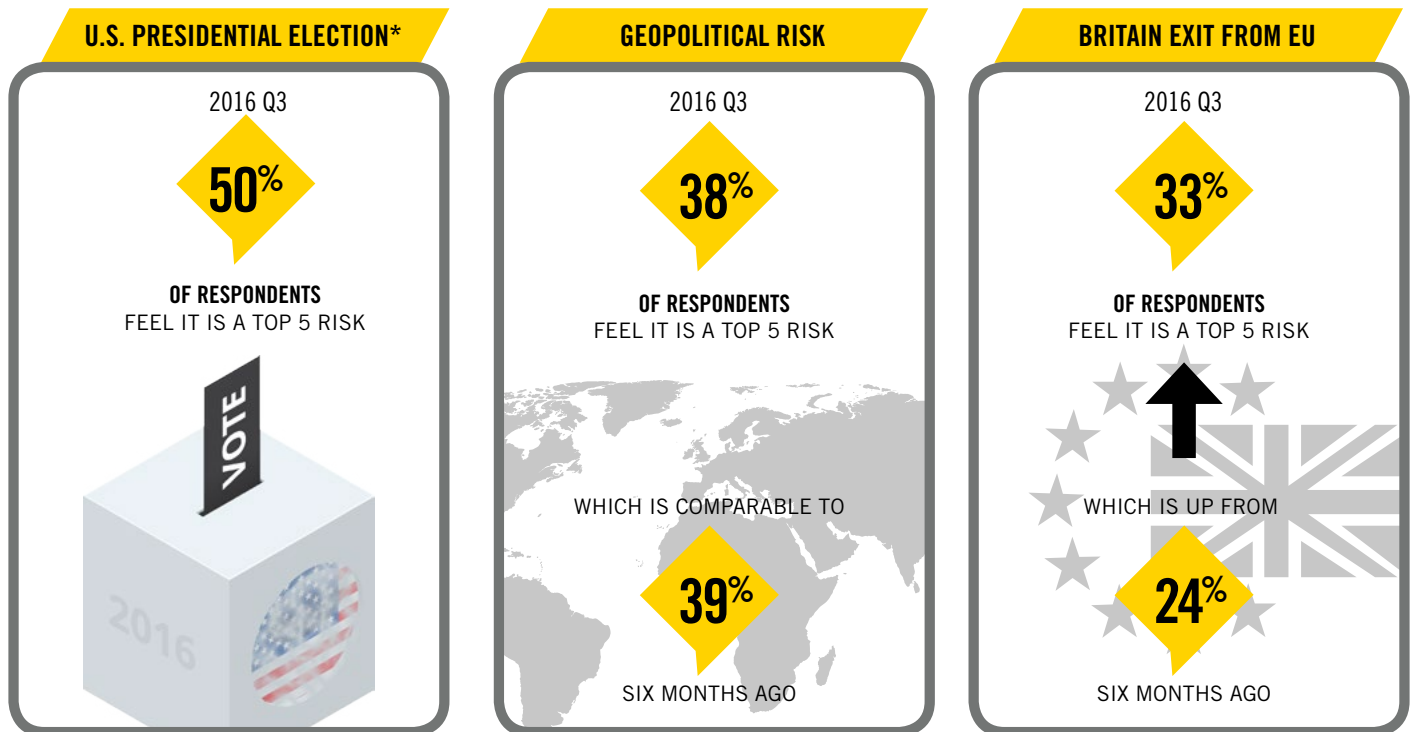
OF RESPONDENTS IDENTIFIED THE U.S. PRESIDENTIAL ELECTION, GEOPOLITICAL RISK, OR BREXIT AS A TOP 5 RISK

SURVEY HIGHLIGHTS CYBER THREATS AND BROADER GEOPOLITICAL RISKS AS TOP CONCERNS

WHAT IS YOUR NO. 1 RISK?

CYBER RISK CONTINUES TO **REMAIN THE NO.1 RISK OVERALL** AMONG SURVEY RESPONDENTS. HOWEVER, THE TOP 5 RISKS HAVE SHIFTED SIGNIFICANTLY TOWARDS BROADER GEOPOLITICAL CONCERNS.

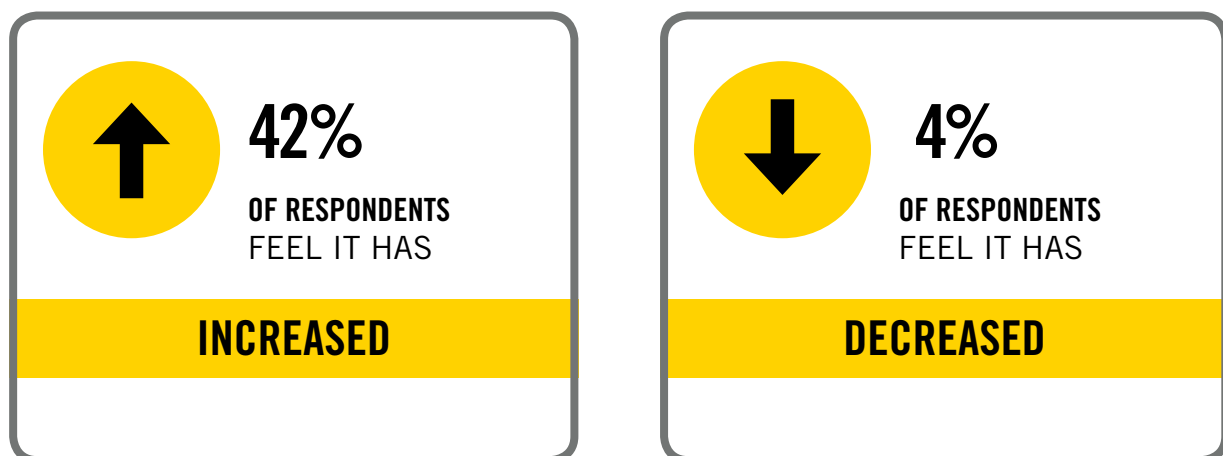
GEOPOLITICAL RISKS



* The U.S. Presidential Election Outcome was added as a new risk to the 2016 Q3 survey.

HOW HAS YOUR RISK OUTLOOK CHANGED?

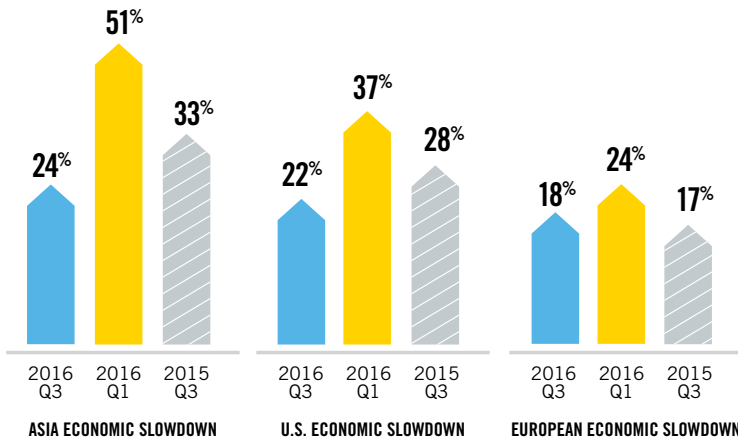
LIKELIHOOD OF A HIGH IMPACT FINANCIAL EVENT OCCURRING OVER THE NEXT 12 MONTHS



CONCERNS ABOUT A GLOBAL ECONOMIC SLOWDOWN ARE DECREASING

CONCERNS ABOUT A **GLOBAL ECONOMIC SLOWDOWN** HAVE DECREASED AMONG RESPONDENTS OVER THE PAST SIX MONTHS

RISK OF AN ECONOMIC SLOWDOWN HAS SHIFTED TO BROADER GEOPOLITICAL CONCERNS

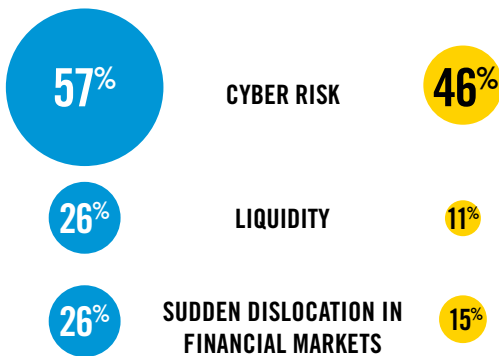


	Q3 2016	Q1 2016
U.S. PRESIDENTIAL ELECTION OUTCOME	50%	-
GEOPOLITICAL RISK	38%	39%
BRITAIN EXIT FROM EU	33%	24%

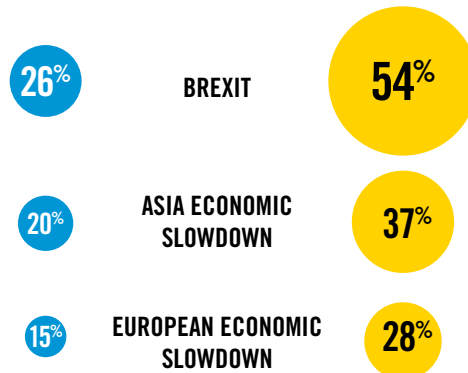
REGIONAL DIFFERENCES

COMPARED TO THE REST OF THE WORLD, NORTH AMERICAN RESPONDENTS ARE:

MORE CONCERNED ABOUT CYBERSECURITY, DECREASING LIQUIDITY, AND SUDDEN DISLOCATION IN FINANCIAL MARKETS



LESS CONCERNED ABOUT THE BREXIT AND ECONOMIC SLOWDOWNS IN ASIA AND EUROPE



● North American Respondents ● Respondents outside of North America

FUNCTIONAL DIFFERENCES

COMPARED TO OTHER RESPONDENTS, **RISK MANAGERS ARE MORE CONCERNED ABOUT** INTERCONNECTEDNESS RISK, SUDDEN MARKET DISLOCATIONS, AND THE SEARCH FOR YIELD – AND **LESS CONCERNED ABOUT** BREXIT-RELATED RISKS AND A U.S. ECONOMIC SLOWDOWN.



TOP 5 RISKS IDENTIFIED

WHEN ASKED TO IDENTIFY THE TOP 5 SYSTEMIC RISKS TO THE BROADER ECONOMY, MOST RESPONDENTS CITED CYBER RISK, U.S. PRESIDENTIAL ELECTION OUTCOME, AND GEOPOLITICAL RISK, IN ADDITION TO A WIDE VARIETY OF MORE SPECIFIC MACRO-ECONOMIC CONCERNS. THE RESULTS BELOW REFLECT CHANGES COMPARED TO 2016 Q1.

RISK TO BROADER ECONOMY

