

Mugur Isrescu: Navigating financial stability in an era of technological disruption and geopolitical tensions

Opening speech by Mr Mugur Isrescu, Governor of the National Bank of Romania, at the 16th edition of the Seminar on Financial Stability Issues "Navigating financial stability in an era of technological disruption and geopolitical tensions", organised by the National Bank of Romania and the International Monetary Fund, Sinaia, 2 October 2025.

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Dear Mr. Clicq,
Dear Mr. Kang,
Distinguished audience,

Welcome to the sixteenth edition of the Seminar on Financial Stability Issues, jointly organized by the National Bank of Romania and the International Monetary Fund. In the heart of Sinaia, where history and nature remind us of continuity and balance, we come together at a moment when the financial world is confronted with unprecedented challenges. This year's edition, entitled *"Navigating Financial Stability in an Era of Technological Disruption and Geopolitical Tensions"*, provides a timely opportunity to reflect on the evolving relationship between innovation and uncertainty.

Throughout Romania's modern history, we have often been pioneers in areas that would later prove defining for decades to come. Two telling examples are the aviation and oil industries. Romania was among Europe's first oil exporters, with shipments dating back to the mid-19th century developing significant engineering expertise in extraction and refining, that shaped the industry for decades. Fast forward to the present, and in the context of financial stability challenges, Romania has once again demonstrated a forward-thinking policy stance, being among the first European countries to introduce borrower-based macroprudential measures as early as 2003.

Technological advances and shifting geopolitical dynamics are reshaping the financial landscape in profound ways, demanding resilience, foresight, and coordinated efforts from policymakers, academics, and practitioners alike. The economic and geopolitical headwinds remain strong and Europe's independence will depend on its ability to compete in today's turbulent times.

Just one year ago we reflected on the risks and challenges confronting financial stability in an increasingly uncertain environment, ranging from the interplay between artificial intelligence and financial stability to vulnerabilities in the real-estate sector. Over the past year, this message has grown stronger, as advances in AI have moved rapidly from promise to practice, increasingly shaping market dynamics and testing the very foundations of financial stability. As President Christine Lagarde emphasized, two weeks ago, at the 10th ECB Annual Research Conference, technology is reshaping banks' business models, creating new opportunities and amplifying both the speed and the scale at which risks may materialize.

The Seminar on Financial Stability Issues consistently seeks to put forward thought-provoking topics, and I trust that this year's edition will be no exception. Over the next two days, the discussions will address issues related to financial stability risks, the effectiveness of macroprudential policy, the implications of artificial intelligence and the digital economy, as well as geopolitical risks and financial fragmentation. These topics remain at the forefront of policy debates, making it both timely and necessary to reflect upon in greater depth throughout the seminar.

The first panel of the seminar will concentrate on the prospects for financial markets, financial stability and systemic risks, setting the stage for the discussions that will follow. Building on this broad perspective, the second panel will turn to the effectiveness of macroprudential policy, examining how existing frameworks are functioning and how they may need to adapt to emerging challenges. The focus will then shift from policy to technology, with the third panel addressing AI, the digital economy, and financial stability-related risks, highlighting both opportunities and vulnerabilities. The seminar will conclude with a fourth panel that broadens the scope to geopolitical risks and financial fragmentation, reflecting on their implications for global financial stability.

I am confident the discussions will be captivating, just by looking at the diversity of panellists: central bankers, representatives of the International Monetary Fund, the European Commission, the Bank for International Settlements, the European Systemic Risk Board, but also the Organisation for Economic Co-operation and Development.

Ladies and gentlemen,

As we move forward, it becomes increasingly obvious that the challenges to financial stability are not only growing in complexity, but are also deeply interconnected. Over the past few months, trade tensions and growing policy uncertainty have left a visible mark on the financial system. Sudden shifts in trade relations, the use of tariffs or sanctions and unpredictable policy moves have fuelled volatility and challenged investor confidence. In such an environment, safeguarding financial stability becomes not only a technical task, but also a matter of resilience in the face of uncertainty. As highlighted in the latest Global Financial Stability Report of the International Monetary Fund, risks to financial stability have risen markedly, reflecting the impact of tighter global financial conditions, as well as heightened trade and geopolitical unpredictability.

In addition to the trade tensions, another challenge that the European Union is currently facing is a slowdown in economic growth, while being called to step up its commitments to defence spending. This dual challenge places additional strain on public finances, as governments must balance the need for fiscal discipline with the imperative of ensuring security and stability. The resulting pressures test not only national budgets, but also the cohesion of the European project and its capacity to respond collectively to an increasingly uncertain world.

Allow me to take this opportunity to extend our sincere gratitude to our partners from the International Monetary Fund for their valuable cooperation in organizing the *Seminar on Financial Stability Issues*. This event has a long-standing tradition. Over the years, our collaboration with the IMF has played a decisive role in ensuring both the relevance and the quality of these discussions, and we deeply value this partnership.

I would invite all the participants to use this occasion to exchange knowledge, engage in debate, and, above all, reinforce their spirit of collaboration to build a financial system that is not only stable and resilient, but also well-prepared to meet the challenges of tomorrow.

Thank you!