

# System-wide stress test (SWST) pilot exercise

## Interim report

**For the first time, the Banque de France, the Autorité de contrôle prudentiel et de résolution (ACPR) and the Autorité des marchés financiers (AMF) are jointly conducting an exploratory system-wide stress test. It aims to understand how banks, insurers and asset management companies interact in the event of severe market stress and to identify transmission channels and second-round effects that sector-based stress tests fail to capture. This interim report sets out the background, objectives, design, governance and methodology. This exploratory exercise is not intended to justify supervisory actions or the publication of individual results.**

Since the strengthening of the post-2008 prudential frameworks, the regulation and supervision of the banking, insurance and asset management sectors have strengthened considerably, improving the solvency, liquidity and resilience of financial institutions - resilience regularly confirmed by sector-based stress tests. However, two developments call for a more integrated approach to financial stability supervision. On the one hand, the growth of global non-bank financial intermediation (NBFI) has complicated interconnections and increased interdependencies between players. This dynamic is not observed in France, where the domestic NBFI has accounted for a stable share of around 30% of the financial sector over the past twenty-five years. On the other hand, several recent episodes of stress have highlighted the potentially destabilising nature of a systemic liquidity stress, which sometimes needs to be understood for its own sake and not as the only symptom of a solvency difficulty: the dash for cash of March 2020, at the start of the Covid-19 pandemic; the Archegos losses in March 2021; the energy market tensions in late 2021 and 2022, following Russia's invasion of Ukraine; the UK sovereign bond ("gilts") crisis of September 2022.

The microprudential robustness and resilience of each sector does not guarantee the stability of the system as a whole: individually sound institutions can collectively generate or amplify destabilising dynamics that traditional sector-centric stress tests cannot detect or identify. That is why the Financial Stability Board recommends developing financial system-wide exercises. The Bank of England conducted a pioneering System-Wide Exploratory Scenario (SWES) exercise in 2023-24, from which the French authorities drew methodological lessons.

The ACPR, the AMF and the Banque de France are convinced of the benefits of this approach and have joined forces to conduct this joint exercise, which is designed to provide mutual learning for both authorities and participants. It brings together 25 voluntary institutions - five banking groups (including all global systemically important banks established in France), nine insurance groups, ten asset management companies and one clearing house - to ensure broad and representative coverage of the sectors concerned. The exercise is exploratory and has no individual oversight implications; the information submitted is treated confidentially and only the aggregate results and lessons learned will be published.

This interim report presents the context and objectives of the exercise, its approach, framework and governance, as well as its methodology - scenario, sectoral breakdown, data collection framework and consistency control framework. At this stage, it does not propose supervisory or prudential actions to be implemented. First-round submissions are being consolidated and analysed as of that date; a second round, scheduled to start in June 2026, will introduce adjusted constraints reflecting the observed aggregate selling pressure and market depth, to test the convergence of the system. A final

summary report is expected by the end of 2026. Beyond France, this exercise is part of the international and European macroprudential agenda on NBFIs - work by the FSB, the G7 report on the stress test covering the entire financial system and Eurosystem reflections - where this type of exercise is now recognised as a promising tool for analysing contagion dynamics and interconnectedness vulnerabilities.