

## Press Release

### Survey on

**"Impact of the Ukraine crisis on the stability of the financial sector"**

### **German financial industry favours complete removal of all banks from SWIFT - risks of Ukraine war for German banking sector manageable**

FRANKFURT, 12 May 2022

#### **Background:**

Numerous sanctions packages have been adopted since the outbreak of the Ukraine war, including in the financial sector. Financial sanctions imposed have affected access to the SWIFT international payment information system for Russian banks, frozen Russian Central Bank currency reserves, impacted selected individuals and companies, and more. The circumstances give rise to the questions whether the financial sector sanctions taken thus far are sufficient and what effects can be expected on the European banking sector and global financial stability.

#### **Survey results:**

In a survey conducted by Center for Financial Studies (CFS) among financial industry professionals and managers, 62% of respondents consider the sanctions against the Russian financial sector to date to be effective. Nevertheless, almost 60% of respondents are in favour of a complete removal of all Russian banks from SWIFT. Only around 25% of survey participants are against this action. The overwhelming majority evaluate the pressures placed on the German banking sector by the Ukraine crisis as being "not high" and therefore manageable. Only 13.5% of respondents fear a strong impact on German banks. "The German financial sector clearly supports a rigorous decoupling of Russian banks from international financial markets," explains Volker Brühl, managing director of the Center for Financial Studies.

Less obvious, however, is the opinion of the financial industry in relation to the possible impact of the Ukraine crisis on global financial stability. 54% of the survey participants do not believe that the war could endanger global financial stability, 44% do not share this viewpoint. "Up to this point, the upheaval in international financial markets has mainly resulted in increased market volatility. Serious and long-lasting downturns in the key indices have, of yet, failed to materialise," comments Brühl, a professor of finance.

## Press Release

Since the beginning of the war, another issue under discussion is whether, regardless of the Ukraine crisis and the associated economic risks, the ECB should still initiate an interest rate turnaround in light of high inflation rates. The overriding opinion is clear on this issue. The German financial sector calls for the initiation of a timely interest rate turnaround (88% of participants) despite the war. Only 8% of respondents take an alternate view.

"The market expects the European Central Bank to raise interest rates in July. The hints from ECB council members are becoming increasingly clear. It is no longer enough to talk, action must be taken, ECB Director Isabel Schnabel told Handelsblatt in the first week of May, for example. The survey results show that the German financial sector, or 88 percent of those surveyed here, agree with this statement," explains Hubertus Väth, Managing Director of Frankfurt Main Finance.

The Ukraine crisis could also have an impact on the role of the US dollar as a reserve currency (currently approx. 59% of global foreign exchange reserves). Opinion here is divided. 41% of respondents believe the US dollar will become increasingly important as a reserve currency as a result of the war. A further 43% do not expect the Ukraine crisis to have any effect on the importance of the US dollar as a reserve currency.

"The survey results show that respondents continue to have trust in the dollar as a reserve currency. Looking at the past, this is also justified: The dollar has survived any challenges so far," explains Hubertus Väth.

## Press Release

---

The results are based on a quarterly management survey in the German financial sector.

The Center for Financial Studies (CFS) conducts independent and internationally-oriented research in important areas of Financial and Monetary Economics, ranging from Monetary Policy and Financial Stability, Household Finance and Retail Banking to Corporate Finance and Financial Markets. The CFS is also a contributor to policy debates and policy analyses, building upon relevant findings in its research areas. In providing a platform for research and policy advice, the CFS relies on its international network among academics, the financial industry and central banks in Europe and beyond.

**We would like to thank Frankfurt Main Finance e.V. for financially supporting the project.**

**In case of further questions, please contact:**

Professor Dr. Volker Brühl  
069/798 30050  
[volker.bruehl@hof.uni-frankfurt.de](mailto:volker.bruehl@hof.uni-frankfurt.de)