



BANCA D'ITALIA
EUROSISTEMA

Systemic risk in an era of radical change

Keynote Speech by Sergio Nicoletti Altimari,
Deputy Governor of Banca d'Italia*

Roma Tre – UNIDROIT Centre for Transnational Commercial Law
and International Arbitration, Second Annual Conference

Rome, 13 November 2025

It is a pleasure to open the second Annual Conference organised by the Roma Tre – UNIDROIT Centre. The theme of this year's conference, *"The Governance of Risk in a Risk Society"*, could not be more timely.

We are living through a period of profound transformation. Geopolitical tensions, trade disputes and rapid technological and financial innovation are reshaping the global landscape. In this context, the governance of risk is not merely a technical or regulatory challenge. It is a foundational issue that must be addressed to secure the sustainable progress of our societies.

For central banks, the governance of risk is paramount. It underpins our monetary policy and financial stability mandates, the prudential frameworks, and the oversight of payment systems. It lies at the heart of our discussions at European and international level, and of our dialogue with market participants, academics and legal experts – such as those gathered here today.

The integrated perspective on which this conference is based – drawing on private, public and international law – reflects the complexity of governing risk today. Such a broad approach is essential because risk is systemic, interconnected and global.

A weakening multilateralism

In the past decades, global integration reached exceptional levels. Trade liberalisation, financial openness and stronger multilateral institutions fostered cooperation and growth. Despite clear limits and flaws in the process of globalization – which contributed to today's frictions – the belief that economic openness could underpin peace and prosperity was widespread. Economies and financial systems became increasingly interconnected.

* I wish to thank Luca Moller and Stefano Montemaggi for their precious contribution to these notes.

This environment has changed markedly with the steady rise in geopolitical tensions. The architecture of multilateralism – based on institutional dialogue and shared rules – is now challenged by strategic rivalry and the resurgence of protectionism.

International trade, once a key engine of integration, is increasingly viewed through the lenses of national security and geopolitical alignment. Economic interdependence, previously seen as a source of mutual benefit, is often perceived as a vulnerability. Fragmentation of the international landscape, however measured, is on the rise¹.

From the perspective of today's conference, the weakening of multilateral institutions and regulatory cooperation is especially concerning. Decision making has become more difficult and contentious in key international fora and, as a consequence, a coordinated response to global challenges is becoming very arduous, if not impossible.

This reconfiguration has far-reaching implications in a world still characterised by deep interconnections: through global value chains, cross-border financial positions and technological dependencies, economies remain highly integrated. In some fields, actually, economic linkages are even increasing; for example, the digital economy is enabling international trade in activities once confined within national borders.

Emerging vulnerabilities in the financial system

The change in the global landscape is clearly visible in the financial sector.

After the Global Financial Crisis of 2008-09, there was a broad international consensus on the need to strengthen the prudential framework for the banking system, the epicentre of the turmoil. It was recognised that effective policy action required intense regulatory and supervisory coordination and a stronger role for multilateral bodies. The creation of the Financial Stability Board by the G20 and the Basel III reforms – adopted to a large extent by all major jurisdictions – are emblematic examples of this collective effort.

In Europe, the reshaping of the supervisory and crisis management framework, with the European System of Financial Supervision, the Single Supervisory Mechanism and the Single Resolution Mechanism, has significantly advanced integration and reinforced oversight.

These reforms have largely delivered on their promise: the banking sector is now more resilient, with higher capital and liquidity buffers, and has withstood major shocks – from the pandemic to the energy crisis and the swift tightening of monetary policy.

Yet new and significant risks have emerged.

¹ See, for example, J. Fernández-Villaverde, T. Mineyama and D Song (2024), '*Are we fragmented yet? Measuring geopolitical fragmentation and its causal effects*', NBER Working paper, no. 32638.

First, non-bank financial institutions now play a more central role in credit intermediation, asset management and core markets. This broad and diverse sector – from insurers to hedge funds – accounts for nearly half of global financial assets. Many of these entities perform bank-like functions under lighter regulation and supervisory scrutiny and may operate with high leverage and liquidity mismatches. Growing links between banks and non-banks mean that some of the risks addressed by the post-crisis reforms can re-enter the system “through the back door”, heightening the potential for contagion and systemic stress².

Second, in some jurisdictions there is a renewed push for deregulation, in the name of efficiency or competitiveness. Simplifying overly complex rules is justified, and regulation must avoid hindering innovation. However, unilateral and uncoordinated measures across jurisdictions risk eroding essential safeguards, widening international asymmetries and encouraging regulatory arbitrage.

Third, technological change is transforming finance³. The rapid advance of artificial intelligence and digital infrastructures is reshaping business models and market structures. These innovations bring major opportunities, but they also raise new regulatory and supervisory challenges. Digitalisation has systemic implications, affecting operational resilience, cyber security, data governance and consumer protection⁴. In a world where digital services and data flow easily across borders, fragmented regulatory responses risk undermining both stability and trust.

The fast growth of crypto-assets illustrate these tensions⁵. If developed outside sound regulatory frameworks, such instruments may pose risks to financial stability and undermine market integrity. The recent surge of stablecoins presents a different set of issues – extending to risks for monetary sovereignty – that also require proper regulation⁶.

Uncoordinated regulatory responses

Authorities have not remained passive and important steps have been taken to adapt regulation to evolving risks.

The European Union’s Digital Finance Strategy is a prominent example, which has already yielded important legislation.

The Digital Operational Resilience Act (DORA) establishes harmonised requirements for ICT risk management across the financial sector. The AI Act introduces a risk-based framework for artificial intelligence systems, including their deployment in financial

² Basel Committee on Banking Supervision, Banks’ interconnections with non-bank financial intermediaries, July 2025.

³ Financial Stability Board, The Financial Stability Implications of Artificial Intelligence, November 2024.

⁴ Basel Committee on Banking Supervision, Digitalisation of finance, May 2024.

⁵ European Systemic Risk Board, Crypto-assets and decentralised finance, October 2025.

⁶ F. Panetta, The Governor’s concluding remarks for 2024, May 2025.

services. The Markets in Crypto-Assets Regulation (MiCAR) sets up a comprehensive regime for crypto-assets – including stablecoins – and for related service providers, with a view to safeguarding market integrity and consumer protection.

Similar initiatives in these fields are being undertaken in other jurisdictions, but, unlike past occasions, they are neither jointly designed nor coordinated. For instance, there are significant differences in the regulatory approach for stablecoins between MiCAR and the Genius Act recently adopted in the US; other jurisdictions are moving in still different directions⁷.

In a highly interconnected world, this lack of alignment is clearly suboptimal and may generate serious problems down the road.

Europe is deeply integrated into global production and financial networks and is particularly exposed to geopolitical shifts and regulatory fragmentation. It needs to make all efforts to uphold international cooperation, defend openness and legal certainty, and work to preserve a rule-based global order even in a more fragmented landscape.

The importance of a “transnational” private and corporate law

While at this juncture the relevance of projects aimed at harmonising the law – both public and private – seems waning, the law remains the cornerstone of risk governance; it ensures market integrity and protects the interests of investors, firms and consumers.

The idea that informal practices and norms resulting from international trade and business could replace formal rulemaking would be, in this regard, illusory. The harmonizing power of the *lex mercatoria* cannot substitute the international institutions tasked with enhancing and aligning the regulatory frameworks.

That said, bottom-up soft harmonization – through shared contractual practices, model clauses, and corporate governance standards – can play a valuable complementary role. It can enhance the effectiveness of regulation, reduce asymmetries, and facilitate cross-border transactions.

In the EU, in particular, the need to strengthen legal coherence goes well beyond prudential regulation. The lack of a harmonized legal substratum in many areas of private law across Member States – especially in corporate law but also in contract and tort law – creates complexity and hinders the development of a truly integrated financial sector and financial market, preventing the full realization of the benefits associated with a broad and deep internal market. There is clearly ample room for enhanced legislative action, but the complementary role of soft harmonization could be extremely valuable in the European context.

⁷ C. Scotti, *Stablecoins in the Payments Ecosystem: Reflections on Responsible Innovation*, September 2025.

Strengthening the soft instruments that are intended to promote a “transnational” private and commercial law is therefore a matter of strategic interest. It can support market efficiency and reinforce the broader architecture of financial stability.

From this perspective, the contribution of think tanks like the Roma Tre – UNIDROIT Centre is particularly relevant. Promoting convergence, mutual understanding, and the development of shared standards is an essential ingredient of a resilient and efficient financial system.

* * *

Today’s problems must be confronted not with resignation, but with resolve. Let us continue to work together to ensure that risk remains governable, even in a world that is increasingly difficult to predict.

Let me thank all participants to this event for their contributions and the organizers for having set up this very interesting conference. I wish you all a productive and stimulating discussion.

