# Flash Economics

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# Is there a risk of a financial crisis?

We see four potential risk triggers for a financial crisis, which, similar to the past, could originate in the United States.

A financial crisis could be triggered:

- Due to the deregulation of banks in the United States (lower capital and leverage ratios for banks, less stringent stress tests);
- By the development of stablecoin markets, which raises the risk of a bank run, which could be triggered by the loss of value of a stablecoin relative to the dollar;
- By the very high valuations of US technology companies, with the stock market valuing these companies without questioning their long-term profitability or their massive investment needs;
- By the development of private financing, with borrowers on average more indebted, a frequent lack of valuation, and the risk of illiquidity.

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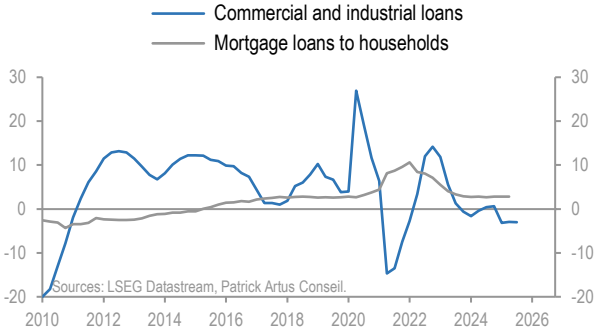
## First risk trigger for a financial crisis: deregulation of banks in the United States

Since Donald Trump came to power, the administration and banking regulators at the Federal Reserve have indicated:

- That they would not implement the **capital rules** (known as 'Basel III Endgame') that would have required a 20% increase in banks' regulatory capital, and that they wanted to stabilise the level of this capital;
- They wanted to reduce the additional capital that the **largest banks** (G-SIBs, Global Systematically Important Banks) must hold;
- They intended to reduce the **leverage ratio** (Supplementary Leverage Ratio ,SLR) from 5% to a range between 3.4% and 4.3%; this leverage ratio is the ratio of Tier 1 capital to the bank's risk-unweighted assets;
- They wanted to simplify bank **stress tests**.

The movement to regulate banks that began after the 2008–2009 financial crisis has therefore come to an end. The aim of deregulating banks is to enable a **recovery in bank lending** in the United States (**Chart 1**).

**Chart 1**
**United States : Commercial and industrial loans, mortgage loans to households (Y/Y as %)**




## Second risk trigger for a financial crisis: the development of the stablecoin market

The **stablecoin market** reached $312 billion in October 2025 (99% of stablecoins are denominated in dollars), and its size could grow to $1.9 trillion by 2030, according to Citi estimates. Stablecoins are financial assets traded on the blockchain with a guaranteed dollar value. The advantage of stablecoins is **the speed and low cost of transactions**. The risk is the possibility of **massive sell-offs** and **panic selling** triggered by a small loss in value against the dollar (this has already happened). The outstanding amount of stable coins issued is guaranteed by the issuer holding 1 dollar of high-quality assets (mainly Treasury Bills) for every 1 dollar of stable coin issued.

The risk of crisis will be increased if stablecoin issuers do not have access to refinancing from the Federal Reserve. The GENIUS Act allows non-banks to issue stablecoins and prohibits them from being remunerated, which creates a weakness in this mechanism.

## Third risk trigger for a financial crisis: very high valuation of the technology sector in the United States

**The valuations of US technology companies are very high**, both for listed companies (the Nasdaq has risen 92% in five years, **Chart 2**, and its P/E ratio is 37) and for unlisted companies (OpenAI has a valuation of $500 billion).

Chart 2
United States: Nasdaq stock market index
(01.01.2010 = 100)




Investors are very confident about the profit prospects of technology companies, **but they underestimate two difficulties**.:

- **We do not know how the market for artificial intelligence model providers is organised**. If it is an oligopolistic market, these providers will be highly profitable, but if it is a competitive market, profitability will be lower, with the surpluses associated with the use of AI benefitting AI users.
- **It is unclear whether the massive investments that will be required can be recouped**. Take OpenAI, for example: its revenue in 2025 will be around $10 billion, while its losses for the first three quarters of the year reached $14 billion. However, OpenAI has announced $1.4 trillion in investments (in data centres and the acquisition of semiconductors) over the next nine years. This massive investment requires very high profits, however OpenAI does not expect to turn a profit until 2030.

## Fourth risk trigger for a financial crisis: the very rapid growth of private financing

**Outstanding private financing** (private equity, infrastructure debt, private corporate loans) will reach $3 trillion in 2025. Over the past 10 years in the United States, private credit has grown by 14.5% per year, industrial and commercial loans to businesses by 3% per year, and total loans (bank and private) to businesses by 5.5% per year.

**The risk is that private credit involves**:

- **Companies that are more indebted than those financed by bank credit** (the leverage ratio is 4.6 for bank credit and 5.7 for private credit, according to calculations by JP Morgan Credit Research)
- **Companies that are less profitable than those financed by bank credit** (the EBITDA/interest payments ratio is 3.9 for companies financed by bank credit and 2.1 for those financed by private credit, again according to JP Morgan Credit Research).

**We can therefore see that private credit funds are more fragile than banks**, due to the greater fragility of borrowers.

## Summary: do not ignore the risk of financial crisis

A financial crisis originating in the United States could be triggered by:

- the deregulation of banks;
- the development of the stablecoin market;
- the excessive valuation of technology companies;
- the development of private financing.

A financial crisis would lead to a fall in equity valuations (**Chart 3**) and a significant widening of credit spreads (**Chart 4**).

Chart 3
P/E ratio

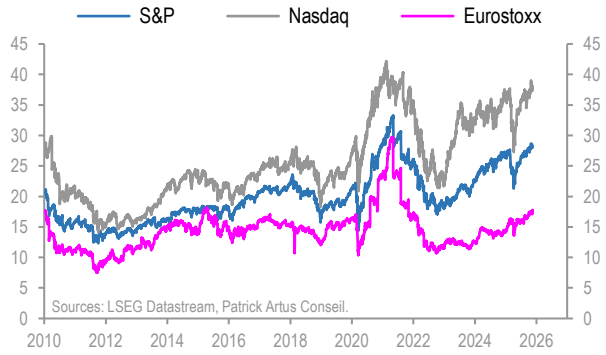



Chart 4
United States : High yield spreads (in percentage points)



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