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Bank of England links AI safety to financial stability: what treasurers should check

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In a speech published on 8 October 2026, Bank of England Governor Andrew Bailey said AI safety and financial stability are becoming increasingly connected. The Bank's Financial Policy Committee puts global AI-related debt issuance at about USD 450 billion by early September.

Global reference

- Country: United Kingdom, with global market relevance
- Authority: Bank of England; Financial Policy Committee (FPC)
- Topic: AI-related debt, valuations and operational risk
- Key dates: Speech published 8 October 2026; FPC record published 30 September 2026 (meeting of 25 September); next FPC meeting 19 November 2026

What the Governor said

- The rapid expansion of financing connected with AI has created new exposures.
- Incidents involving frontier AI have underlined operational, cyber and financial risks.
- If expectations for AI earnings or adoption were sharply revised, the effects could spread across equity, credit and sovereign debt markets.
- AI safety and financial stability are "becoming increasingly connected".
- AI and robotics can raise efficiency and prosperity. Safely deployed, AI is a growth opportunity.

The numbers from the FPC

- Global AI-related debt issuance: about USD 450 billion by early September 2026, more than double the total for 2025 (Morgan Stanley estimate quoted by the FPC).
- AI-related capital expenditure financed by debt: about USD 4.1 trillion between 2026 and 2030 (JP Morgan analysts' estimate quoted by the FPC).
- AI hyperscalers accounted for 47% of sterling corporate bond issuance so far this year.
- Equity valuations for AI companies fell sharply in July. The FPC judges that a sharper correction remains possible.
- The FPC recorded no AI-specific policy action. It stressed that firms should keep preparing for, and reducing, cyber and operational risks from frontier AI.

Why it matters for finance teams

- Investments: bond funds and credit portfolios may hold more AI-related debt than you expect.

- Funding: a repricing of AI assets could raise credit spreads and borrowing costs well beyond the technology sector.
- Operations: relying on a small number of AI vendors is an operational resilience issue, not only an IT issue.

What to do now

- Ask fund managers for the exposure to AI-related issuers in your bond and credit funds.
- Add an AI repricing scenario to liquidity and covenant stress tests.
- List the critical processes that depend on an AI vendor, and agree a fallback for each.
- Review patching and cyber controls with IT. The FPC notes that AI is speeding up the discovery of software weaknesses.

Our take

AI has become a balance sheet topic. The same technology that finance teams are adopting is now a large share of new corporate debt. Treasurers do not need a view on AI valuations, but they do need to know their exposure.

Sources

- Bank of England: Financial resilience in an age of repeated shocks, speech by Andrew Bailey (8 October 2026)
- Bank of England: Record of the Financial Policy Committee meeting on 25 September 2026

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