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ECB warns that AI valuations and opaque AI financing weigh on financial stability: what treasurers and CFOs should check

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On 18 November 2026 the European Central Bank (ECB) published its Financial Stability Review, headlined "Risks from AI valuations, fiscal imbalances and geoeconomic tensions weigh on financial stability outlook". The ECB says current valuations depend on very ambitious earnings expectations for AI-related firms. It says AI financing is opaque, with circular financing making real demand hard to gauge.

Global reference

- Region: Euro area (European Union)
- Publisher: European Central Bank
- Report: Financial Stability Review, November 2026
- Key date: 18 November 2026
- Status: Central bank assessment. No new rules

What the ECB found

- "Current valuations depend on very ambitious earnings expectations for AI-related firms."
- AI financing is opaque due to interlinked ownership and mutual purchasing and finance commitments.
- AI-linked equity issuance is on track to surpass the dotcom peak as a share of United States GDP.
- United States big tech capital spending is projected to total USD 5.5 trillion by 2030.
- Banks could face spillovers "via strong links with non-banks".

Operational risk

- "Improved model capabilities have increased cyber risks and operational vulnerabilities more generally."
- The ECB points to "heavy reliance on a small cluster of third-party providers".
- This matches the United Kingdom regulators' focus this week on AI and cyber risk.

What to do now

- Ask fund managers and pension trustees for your exposure to AI-related issuers, in equity and credit.
- Add an AI repricing scenario to treasury stress tests, including counterparties that depend on AI revenue.
- List the finance processes that rely on one AI provider, and record a fallback for each.
- Check covenant headroom if your business sells into the AI supply chain.

Our take

The ECB joins the IMF and the Bank of England in warning about AI valuations, but adds a sharper point: circular financing makes real demand hard to see. Finance teams do not need a market view. They need to know their exposure, both financial and operational.

Sources

- ECB: Financial Stability Review, November 2026 (18 November 2026)
- ECB press release: Risks from AI valuations, fiscal imbalances and geoeconomic tensions weigh on financial stability outlook (18 November 2026)

Important. This summary is for general information and is not investment, treasury or financial advice. It is based on public European Central Bank publications and may be incomplete or out of date. The official publications prevail; check the official source before acting.

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