

Ukraine Crisis Leaps to Top of British Banks' Anxiety List

By [The Moscow Times](#)

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Fears of a further escalation in tensions between Russia and Ukraine have surged up British financial institutions' list of concerns over the past six months, a Bank of England survey showed on Monday.

Worries about economic downturn and sovereign risk dropped, but concerns about geopolitical risk rose sharply among British banks, building societies, insurers and investment funds. Some 57 percent of firms named it as a big concern, up from just 13 percent in October 2013, making it the second most cited risk.

In Russia, the jitters in London and other financial centers have been reflected in higher borrowing costs — when banks are even willing to lend to Russian firms — which is exacerbating a sharp economic slump.

"Perhaps unsurprisingly given the ongoing tensions in Ukraine, geopolitical risk was

the fastest-growing risk category compared to six months ago," the BoE said. "All responses citing a specific region mention the Russian/Ukrainian conflict."

The BoE conducted its survey of 72 risk managers between April 7 and May 12 — a time when scores of people died in street battles between supporters and opponents of Russia in separatist regions of Ukraine.

Concern about a renewed economic downturn remains the top worry and was named by 61 percent of the risk managers surveyed by the BoE, down from 67 percent in the last survey in October.

But the overall level of concern that a major shock might hit Britain's financial system was its lowest since the survey started in 2008 — possibly reinforcing the BoE's worry that unusually low recent volatility in financial markets may cause complacency.

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