

FORESIGHT – THE FUTURE OF FINANCE

WP11 Infographics

November 2016

1 / 3 | Future Expansion & Proliferation of Finance

49 experts in finance answered **33 questions** on their opinion about the future (5-10 years) of certain economic issues:



94% of experts think that the 2007-09 financial crisis was due to a combination of **wrong regulation** and **excessive size of the financial system**



100% of experts think that financial institutions exert a **strong influence on regulators**, leading to **rules and norms that consolidate the power of financial sector**



88% of experts think that **non-bank financial system will cause a financial crisis** in the next 5 to 10 years (probability > 50%)



94% of experts think that **strong growth of non-bank financial intermediaries** will remain in the near future (probability > 50%)



93% of experts think that the **European banking union** will promote a **larger concentration of the banking sector**



90% of experts think that central banks in developed economies will explicitly adopt **financial stability as a policy objective**



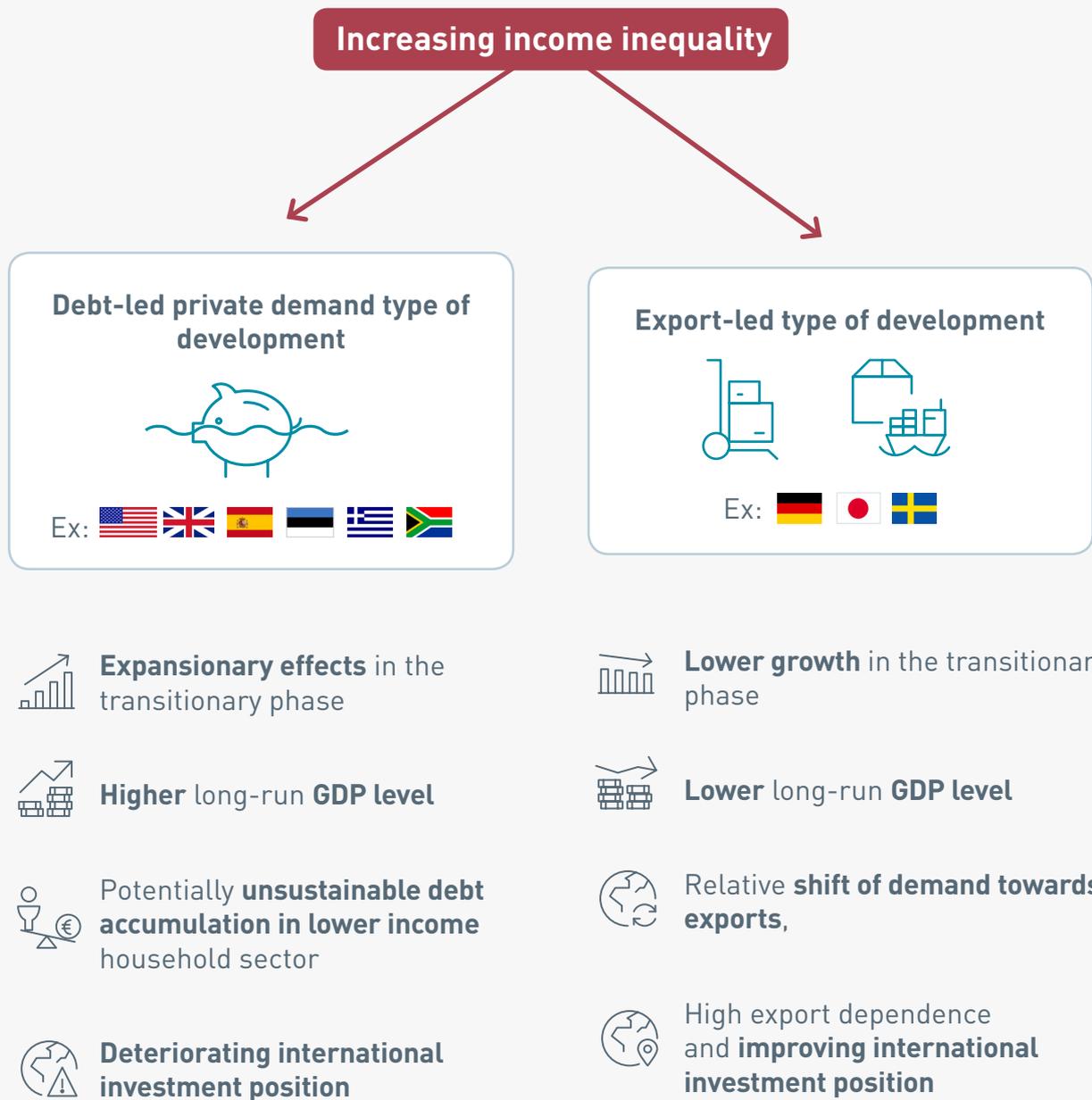
61% of experts think that an **increase in household mortgage lending is a risk** to financial stability

FORESIGHT – THE FUTURE OF FINANCE

WP11 Infographics

November 2016

2 / 3 | Future of Inequality, Debt and Demand Regimes



FORESIGHT – THE FUTURE OF FINANCE

WP11 Infographics

November 2016

3 / 3

The Future of the Euro Area

Scenario 1: High inequality and low financial regulation

A sufficiently high number of countries follow the debt-led private demand type of development:



Growth for a sustained period, also for export-led countries, and **balanced external accounts** of the euro area as a whole, but...



...**Increasing debt imbalances** within countries may lead to **financial instability**...



Imbalances within the euro area will rise again

Scenario 2: High inequality and high financial regulation

More euro area countries (have to) follow the export-led type of development:



Growth in the euro area will be **weak**



Euro area as a whole will turn **export-dependent** and be a **drag on world growth**

Scenario 3: Lower inequality and high financial regulation

More euro area countries (have to) follow the export-led type of development:



Euro area countries will be able to turn **domestic demand-led**



Improved growth in the euro area



Euro area as a whole will become **domestic demand-led**