

# Global Financial Stability Report 2025: Risks, Debt & Outlook

---

So how is the global financial system doing? It's a barometer of how strong or weak the world's financial system is. It also lays out the biggest risks that could assail global markets. The biannual International Monetary Fund Global Financial Stability Report alerts countries to where threats might emerge and how they can respond to them. It also measures how wars, inflation, debt and falling growth have been affecting the world's economy. It's about a rising global debt, wobbly financial markets and a significant amount of global economic risk in 2025. Also, it raises an alarm bell for a global liquidity crisis and a bad global macro economy.

## IMF Global Financial Stability Report

Good paper: IMF Global [Financial Stability Report](#) Training data ends with information prior to October of 2023. This report checks the global financial system and says what might be at risk. It allows governments, banks and individuals to know where the threat is. The 2025 report sounds the alarm about the rising risks to financial stability around the world. It offers details on hazardous debts, surging inflation, interest rates and vulnerable financial institutions.

## IMF Global Financial Stability Report (GFSR)

This report was produced by the International Monetary Fund (IMF) for its work of policing the global financial system. This is the [International Monetary Fund](#) (IMF) version of financial surveillance. And it keeps countries alert for financial shocks. It shows where the weak links are and where the fortitude is. The report provides early warnings that allow countries to react swiftly. It simply tells India and others when to turn the wrench more loosely or tightly.”

The 2025 report is kind of a big deal: It deals, among other things, with:

- What's happening in the global financial systems
- Risks to financial stability
- Problems in banks and markets
- Bottom line: macroeconomic issues like debt and inflation
- Overseas inflation and asset prices and capital flows

And although many countries are now growing, risks remain elevated, this year's report said. The interest rates were increased by the central banks. That has made borrowing harder. That caused a lot of pain to a lot of small banks and companies.

The IMF also cautioned that banks and investors must stay vigilant. Most [companies](#) have significantly more debt now. That they might not pay back if growth slows. This is how you have a worldwide liquidity crisis.

This report needs to be taken into account in full caution by India. Hence, how the foreign markets impact Indian markets. If US interest rates rise, money flows out of India. That makes the rupee fall. This acts as a mechanism for the Reserve Bank of India to regulate the inflation rate and money supply.

Also, lastly, the IMF Global Financial Stability Report is not just a piece of paper. It is a warning system. It is a kind of medical check-up of the world's money machine. It is used by banks and governments to protect themselves.

How Global Economic Risks Weigh on the Financial Stability Outlook?

Even with those guardrails, the 2025 Global Financial Stability Report highlights material risks to the global economy. And this is a world with a lot of problems. If not remedied, these risks can be quite troublesome. But these threats can threaten each and every country including India.

### Ways Global Economic Shocks Haunt 2025

The biggest risks this year are from inflation, or from high debt, weak [banks](#), wars and climate disasters. Those and other factors are making it harder for countries to grow. The report says most nations are still dealing with COVID-19 recovery. But new problems keep coming.

Inflation and interest rates remain the primary risk. In much of the world, prices skyrocketed. So interest rates went up from central banks. That made loans expensive. People and businesses reduced their spending. This hurt growth and profits.

War and geopolitics also affect the [international financial](#) landscape. Nor will Ukraine's war — and a cold war between China and the United States — make it easier to do trade. Many countries stopped trading freely. That led to shipping delays in the supply chain." This made raw materials expensive and hard to come by.

Climate change and other disasters also pose threats to financial stability. Floods, and heatwaves and droughts, destroy crops and homes. Countries must step up investments in recovery. And so some insurance companies pay out more than they take in. That adds to the pressure on banks.

### What These Risks Mean for Financial Stability?

Each one of the above exacerbates those financial stability risks. More borrowers delinquent on loans — that would damage banks. [Stock markets](#) become shaky. People sell shares quickly. Most safer havens (e.g. golden, US bonds), Investors (all colors), Investors (domestics, foreigners) leap.

India needs to watch these risks carefully. A little shake in one country can vibrate through several others. And when banks there collapse, people here also lose money in mutual funds. That's how a problem in one country is a problem everywhere.

Regulators should keep stringent rules for banks, the IMF says It recommends central banks prepare for such emergencies. Claim damages can be limited if they spring into action immediately. But if they wait too long, the crisis spreads rapidly.

It goes so far as to warn about the economic vulnerability index. This is an index of a country's weakness. Countries with high debt, bad governance or low reserves will score high on this index. Countries of that sort can get into crisis pretty quickly.

Simply put, life is way more dangerous now. Inflation, or war, or weather disasters, can break even strong finance systems. Which is one reason why the Global Financial Stability Report is so prescriptive. That keeps both countries strong and avoids hurting each other.

This section of the Global Financial Stability Report offers a detailed evaluation of developments in global debt and [financial markets](#). The report also finds that world debt is now higher than it was at the peaks before the pandemic. This is not good news.

### Major Bank Collapse

In 2025, the world had roughly \$315 trillion in debt. That is more than three times the GDP of the planet. Both rich and poor countries are deeply in debt. Covid-19 led more governments to go deeper into debt to help people. But now, they must repay.

The report also found that a lot of companies went into too much debt. Now they are low on funds and are having difficulty repaying loans as the interest rates are high. Many companies may default if the economy slows, IMF warns That could hurt banks and jobs.

That puts developing countries like India in a bind. They've got to grow like crazy, but they've also got to rein in debt." India's debt is under control." But if the rupee falters or exports cool, that debt can become a burden.

Here is an example table in the report:

Country Group	Debt-to-GDP Ratio	Main Risk
Advanced Economies	112%	Slow growth, ageing
Emerging Markets	68%	Currency risk, high rates
Low-Income Nations	49%	External debt, climate

#### Financial Market Trends in 2025

The report also keeps up with financial market trends. Wait, it's telling that stock markets are booming. But this is risky. A lot of prices go up without strong business at a company. This may lead to bubbles. When such a bubble pops, millions can pay the price.

- Global [macroeconomic](#) conditions have also been reported weak, the report notes. After all, numerous countries still endure high inflation and jobless growth. Markets can swing wildly in those circumstances. As a result, even ordinary people struggle to invest safely.
- Hence similar problems are faced by Indian market. America raises interest, foreign investors pull their money. This is one of the reasons the Sensex and Nifty have fallen. The rupee also gets weak. Saudis have put in five minutes on mutual Olympic dollars and their shares.
- The I.M.F. urges countries to remain on guard about markets, and not let them exceed their value. It also calls for regulators to rein in risky loans and control shadow banks. They are unsystematic lenders that bail out without rules.
- The message of the 2025 report is unambiguous. It says the world must reduce debt and monitor markets closely. If we do not act now, the next crisis comes sooner, and is worse.

#### Relevance to ACCA Syllabus

Global organisations' health are pivotal to the countries they operate in, and to their accounting sectors – [ACCA](#) (Association of Chartered Certified Accountants) for eg utilise the Global Financial Stability Report to carve a path for students through international markets/systemic risks to financial reporting/decisions. The [ACCA syllabus](#) covers IFRS that may be different depending on economies across the world and their climate. This is useful in informing the areas of exam such as Strategic Business Reporting (SBR) and Financial Management (FM), and also provides insight into financial systems.

#### Global Financial Stability Report ACCA Questions

Q1- Country specific components of International financial reporting & analysis of economic risk area of ACCA syllabuss.

- A) Strategic Business Reporting (SBR)
- B) Advanced Auditor (IA)
- C) Performance Management (PM)

D) Audit and Assurance (AA)

Ans: A) Strategic Business Reporting (SBR)

Q2: What does the Global Financial Stability Report mainly cover?

- A) All over the world, employers were looking for this trend
- B) Climate finance, and sustainability
- C) Assessment of threats to the world financial system
- D) Case law of multinational organizations

Ans: C) Assessment of threats to the world financial system

Q3: Which bill moving through Congress could have significant implications for the regulation of financial institutions?

- A) IFRS 7
- B) IFRS 13
- C) IFRS 16
- D) IFRS 5

Ans: A) IFRS 7

Q4: What is a notable area of risk in times of global financial uncertainty is the Global Financial Stability Report's mantra?

- A) Tax compliance risks
- B) Operational inefficiencies
- C) A liquidity and credit risk of the markets
- D) Problems related to employee retention

Ans: C) A liquidity and credit risk of the markets

Q5: Which one of the following is an example of macro prudential policy tool?

- A) Interest rate subsidy
- B) Loan-to-value ratio limit
- C) Payroll tax deduction
- D) Income tax exemption

Ans: B) LTV ratio cap

Relevance to US CMA Syllabus

To be eligible for the [CMA](#) US exam, you must complete a preparatory course on financial planning, performance and control. The Global Financial Stability Report highlights systemic financial vulnerabilities, financial market and liquidity developments for CMA students. This enables decision making, risk assessment and financial strategies which is in line with Part 2 of the CMA syllabus: Strategic Financial Management.

Global Financial Stability Report CMA Questions

Q1: Which section of the CMA exam applies to the Global Financial Stability Report?

- A) Financial Reporting
- B) Performance Management
- C) Strategic Financial Management
- D) Internal Auditing

Ans: C) Strategic Financial Management

Q2: What major risk do you routinely highlight in the Global Financial Stability Report?

- A) Local tax policy
- B) Exchange rate manipulation
- C) Systemic financial risks
- D) Small businesses experiencing cost overruns

Ans: (C) Systemic financial risks

Q3: What concept helps a CMA to assess market reaction to global financial distress?

- A) Capital budgeting
- B) Scenario analysis
- C) Lean manufacturing
- D) Overhead absorption

Ans: B) Scenario analysis

Q4: What risk, according to reports on financial stability, applies to both investors and to firms?

- A) Reputation risk
- B) Interest rate volatility
- C) Supply chain disruption
- D) Labor turnover

Ans: B) Risk of rate of interest

Q5: One duty of finance manager during world financial crisis?

- A) Reduce fixed assets
- B) Never loan any from outside
- C) Reassess capital structure and liquidity position
- D) Increase inventory

Ans: C) Reviewing capital structure & liquidity position

Relevance to US CPA Syllabus

In the United States, the [CPA](#) curriculum has three parts: auditing, financial reporting, and regulation. The Global Financial Stability Report also helps to advance work trends macroeconomic vulnerabilities, regulatory challenges, and financial institution reporting. Again, CPA candidates Global Financial

Stability Report — Provides analytical groundwork for work on macroeconomic vulnerabilities, regulatory challenges, and financial institution reporting. CPA candidates use this again in Financial Accounting and Reporting (FAR) and Business Environment and Concepts (BEC) in assessing risk in the context of periodic reporting and audit work.

#### Global Financial Stability Report CPA Questions

A1: The CPA Exam Part 2 includes content that relates to the testing of the CPA Exam on global economic impacts on capital market region reporting.

- A) REG
- B) BEC
- C) AUD
- D) ETH

Ans: B) BEC

Q2: What is a financial stability concern of these as listed in the report?

- A) REDUCING PUBLIC SECTOR JOBS
- B) Real estate price bubbles
- Three) New sales commission policy
- D) Rules for the retailing industry

Ans: B) Price bubbles in real estate

Q3: If global risk goes up, what should a CPA consider at the time of the evaluation?

- A) Profit-sharing schemes
- B) Stakeholder dividends
- C) Risk disclosures on financial statements
- D) Direct labor hours

Ans: C) Financial statement risk disclosure

Q4: What is the most market-sensitive element of your financial reporting?

- A) Depreciation schedules
- B) Net book value
- C) Fair value measurements
- D) Accrued wages

Ans: (C) Fair value measurements

Q5: Which institution publishes the Global Financial Stability Report?

- A) SEC
- B) FASB

C) IMF

D) IRS

Ans: C) IMF

Relevance to CFA Syllabus

Economics and financial analysis are taught alongside portfolio management as a part of the CFA curriculum. [CFA](#) curriculum covering global markets, financial risk, asset valuation, and investment strategy aligns with the Global Financial Stability Report. This helps CFA students to evaluate macroeconomic conditions impacting tenability options and fiscal stability on a global scale.

Global Financial Stability Report CFA Questions

Q1: Which CFA exam topic is the Global Financial Stability Report most directly informing?

A) Derivatives

B) Economics

C) Ethics

D) Quantitative Methods

Ans: B) Economics

Q2: What do financial stability risks mean to portfolio managers?

A) Increase profit margin

B) greater need for diversification

C) Expectations on risk-adjusted return

D) Increase employee benefits

Ans: C) Impact risk-adjusted return expectations

Q3: What kind of risk does the Global Financial Stability Report largely indicate?

A) Operational risk

B) Compliance risk

C) Systemic risk

D) Legal risk

Ans: C) Systemic risk

Q4: The end of liquidity in the market which causes a panic is often referred to as what?

A) Monetary easing

B) Credit crunch

C) Tax arbitrage

D) Dividend reinvestment

Ans: B) Credit crunch

Q5: What indicator could show concerns discussed in Global Financial Stability Report?

A) Consumer Price Index (CPI)

B) Balance of payments

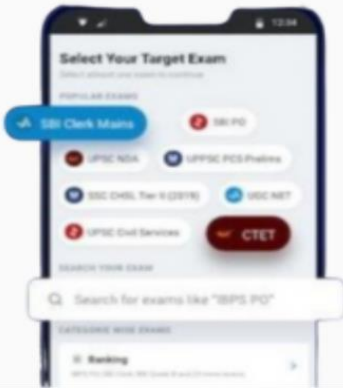
C) Volatility index (VIX)

D) Job satisfaction rates

Ans: C) Volatility index (VIX)







## Join The Plutus Education ACCA Newsletter

Boost your Exam Preparation

[Join Now](#)

[Download Broucher](#)

