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Post-Crisis Financial Security Architecture in the Face of the 2023 Crisis Episode

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Abstract

The aim of this article is to analyse the 2023 crisis episode - the failures of regional US banks - from the perspective of the effectiveness of the post-crisis financial safety architecture developed in the aftermath of the 2008 global financial crisis. Drawing on a review of the literature and regulatory documents, the article reconstructs the sequence of events, identifies their causes, and confronts them with the paradigms underlying modern banking supervision. The analysis shows that the banks involved in the crisis episode met their capital requirements and, in many cases, their liquidity requirements as well. The source of the problems lay in qualitative factors: poor risk management, unsustainable business models, and inadequate supervision. The episode also revealed a new mechanics of banking crises - social media and digital banking compressed the timeline of deposit runs from days to hours, fundamentally altering the dynamics of tail risk events. The article's main conclusion is that the existing regulatory framework, built on the paradigm of normally distributed phenomena and quantitative risk measures, is ill-suited to this new reality. Distribution tails are fatter, and future crises may be more violent and harder to contain than previously assumed. The 2023 episode, though limited in scale, should be treated as a warning signal for the financial safety system as a whole.

Keywords: banking crisis, systemic risk, prudential regulation, Basel III, tail risk, deposit run, digital banking, Silicon Valley Bank

JEL Classification: G01, G21, G28, C52

1 Introduction

The 2023 crisis episode, although limited in scale, continues to attract the attention of regulators. In May 2026, the General Manager of the Bank for International Settlements (BIS) devoted a separate speech to it, formulating a conclusion that might sound surprising: the bank failures occurred despite the banks having met capital and liquidity requirements. The source of the problems lay in qualitative factors — weak management, insufficient risk culture, unsustainable business models.

The aim of this paper is to analyze the 2023 crisis episode from the perspective of the effectiveness of the post-crisis financial security architecture developed after the 2008 global crisis. The paper discusses the regulatory context, the course of events, their main causes, and the consequences for the paradigms underlying the contemporary security system. Particular attention is devoted to the new dynamics of deposit outflows, resulting from the spread of social media and digital banking — a phenomenon that may permanently change the mechanics of future banking crises. In the language of statistics and risk models, technological changes will cause so-called tail risks to be higher than previously assumed. The tails of distributions will be fatter, and crises more sudden and even more unpredictable.

2 Shaping the Post-Crisis Financial Security Architecture

The 2008 crisis revealed a number of significant weaknesses in the financial security architecture constructed in 2004, known as Basel II (BIS, BCBS 2004). Beyond the significant flaws in risk models, the problem of systemic risk — until then marginalized — was finally recognized at the regulatory, institutionalized level. Previously, a belief in the self-regulating capacity of financial markets, based on the efficient markets theory, had been widespread. In accordance with this idea, the stability of the system as a whole was inferred from aggregated information about the good condition of individual market participants. It was precisely this assumption that was undermined by the 2008 crisis. Systemic risk exists, and it can affect all market participants. What is needed, therefore, in addition to the previously formulated microprudential policy (at the level of a single institution), is a macroprudential perspective, encompassing the entire system in its scope.

In this spirit, the supervisor formulated a new, post-crisis regulatory package, "Basel III Endgame" (BIS, BCBS 2017), with a recommended implementation deadline of 2022-2027. The new regulatory framework significantly reformed the methods of calculating banking risks using internal models (primarily credit, market, and operational risks), and thus also the amounts of capital buffers. The statistical operational risk measurement method AMA was withdrawn and replaced with the Standardized Measurement Approach (SMA), and the concept for market risk was also thoroughly reconstructed — the new Fundamental Review of the Trading Book (FRTB) method. With respect to credit risk, the adjustments did not affect the fundamental principles of risk model construction. The Internal Ratings-Based Approach (IRB) method,

based on the Merton-Vasicek structural model, was retained in use. This method, however, was reinforced with appropriate buffers, the most significant of which is the Output Floor (set at 72.5% of the value of capital determined by the standardized method), protecting against excessive reduction of capital obtained through the model. With regard to Credit Valuation Adjustment (CVA Risk), the requirements were also raised.

In the European jurisdiction, the "Basel III Endgame" proposal was ultimately implemented in the form of the CRR III regulations (BIS, BCBS 2024). The regulation has been in force since January 1, 2025, and the scope of the implemented provisions is close to the recommendations published in "Basel III Endgame."

The implementation process is proceeding with much greater difficulty in the American legal space. "Basel III Endgame" encountered significant political resistance. In July 2023, three institutions — the Federal Reserve System (FED), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) — jointly published a proposal (the so-called Notice of Proposed Rulemaking, NPR) (Fed/OCC/FDIC, 2023) for the implementation of Basel III into American law. As a result of such proposed legal solutions, a significant increase in capital requirements for the largest banks was expected (an increase of approximately 19%). This met with enormous opposition from the sector, unprecedented in its scale. In response to this, in March 2026, American regulators announced an amendment to the original NPR proposal (2023), in which key security parameters were weakened. This time, the proposal was developed in three documents: (Fed/OCC/FDIC, 2026a), (Fed/OCC/FDIC, 2026b), (FRB, 2026). The question of the scope and deadline for the implementation of the Basel III regulations in the USA is therefore still in the process of negotiation.[1]

Along a separate track, in the American legal space, also as a post-crisis response, regulations governing the scope and manner of banks' operations were introduced. The framework law, the Dodd-Frank Act (Dodd-Frank, 2010), enacted in 2010, introduced solutions such as: (i) stress tests (CCAR/DFAST); (ii) the Volcker Rule, limiting the speculative activity of banks; (iii) TLAC (Total Loss-Absorbing Capacity), i.e., capital that will absorb losses at a moment of crisis; as well as (iv) the resolution mechanism, i.e., plans for the controlled failure of banks in moments of crisis. The Dodd-Frank Act also introduced liquidity requirements formulated in Basel III: the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). In its most rigorous variant (Enhanced Prudential Standards, EPS), the act covered banks with assets exceeding USD 50 billion. In May 2018, the provisions of the Dodd-Frank Act were liberalized through the new Economic Growth, Regulatory Relief and Consumer Protection Act (EGRRCPA, 2018). The most important change was the raising of the subject-matter threshold. From then on, entities with assets above USD 250 billion were subject to the EPS prudential standards. Separately, in 2019 the FED carried out its own reform, implemented through executive regulations known as the "Tailoring Rules" ((Fed/OCC/FDIC, 2019a), (FRB, 2019b)). After this reform, the prudential standard to which a bank was to be subject depended on its belonging to one of four categories: (i) G-SIB banks (the 8 largest banks); (ii) banks with assets >USD 700 billion or >USD 75 billion in non-banking activity; (iii) assets >USD 250 billion or >USD 75 billion in foreign exposures; (iv) assets in the range

[1] In other jurisdictions (United Kingdom, Switzerland, Japan, Australia, etc.), implementation is proceeding in accordance with the legislative pathways in force there.

of USD 100-250 billion. Naturally, the scope of prudential regulations decreased with the size of the bank. The last group was thus subject to significantly reduced requirements.

3 Financial Crises After 2008

Reinhart and Rogoff (2009) analyze global crises over a long time axis, going back eight centuries. Besides the interesting concept of the recurrence of crisis mechanisms and narratives (the "This Time Is Different" syndrome), their work offers a useful categorization of financial crises. They divide crises into those that fulfill a quantitative definition of a crisis, triggered by crossing crisis thresholds for variables such as inflation, currency crashes, and depreciations; and those that are caused by the occurrence of some event. In this second category, the authors include banking crises, external debt crises, and domestic debt crises. The authors admit, however, that the process of identifying crises is problematic. It is difficult to unambiguously determine the threshold that triggers the definition of a crisis. It is equally difficult to determine the precise start and end date of such an event. This means that the labeling of crisis phenomena is most often subjective and narrative in character.

After 2008, during the development and gradual implementation of post-crisis regulations, we dealt with several events that can be labeled as crisis episodes. Acharya et al. (2024) analyze financial crises over the last century, between 1907-2023. Despite objective difficulties, the authors made an attempt to quantitatively capture the problem of identifying and describing a crisis event. They use the following measures: credit spread; the return and maximum drawdown of the stock market index, as well as the return and maximum drawdown of the financial index. The credit spread, a measure introduced by Gilchrist and Zakrajšek (2012), is the difference between the interest rate on corporate bonds and government bonds of the same maturity. The credit spread thus measures how large a risk premium — perceived by investors at a given moment — they demand. It is therefore a fairly precise thermometer of fear in financial markets. The authors use the other two measures to show the scale of the crisis, by comparing the condition of the financial sector with the general condition of the economy, represented by the stock market index. Table 1 juxtaposes the 2008 financial crisis with two episodes that occurred after that global event: the Covid-19 Pandemic, and the 2023 Banking Stress.[2]

The first conclusion that comes to mind is the global scale of the first two episodes listed in the table, as well as the scope of the 2023 banking stress, which was limited only to the financial markets. In the last case, in contrast to the first two, we see that the global economy did not feel these turbulences. Their occurrence was limited to the banking sector, that is, to the place where they arose. The strength of this last crisis is also limited, as shown by all the coefficients analyzed here.

[2] The authors' work also lists three other crisis episodes that occurred after the 2008 global crisis: the European Sovereign Debt Crisis (2011), the Oil Shock (2014-2016), and the War in Ukraine/energy crisis (2022). The table, however, is limited to listing those most relevant in the context of the subject of this paper.

Table 1: The 2008 Global Financial Crisis and Selected Crisis Episodes After 2008

Crisis Episode	Crisis Start	Crisis End	Credit Spread (%)	Stock Index Return (%)	Stock Index Max Drawdown (%)	Financial Index Return (%)	Financial Index Max Drawdown (%)
Global Financial Crisis	2007.05	2008.11	6.4	-41.4	-42.2	-52.1	-52.1
Covid-19 Pandemic	2019.12	2020.03	2.4	-20.0	-20.0	-18.5	-18.5
2023 Banking Stress	2023.01	2023.05	0.1	2.53	0	-2.96	-5.97

Source: *own elaboration based on Acharya et al. (2024)*

4 The 2023 Crisis Episode

In the first two quarters of 2023, two separately classified crisis events took place. The first of these was the problems of Credit Suisse, which ultimately led to the controlled takeover of the bank by UBS. This case is analyzed primarily from the perspective of the effectiveness of the regulations implemented after the 2008 crisis in the area of restructuring methods and orderly liquidation (the resolution mechanism) at a moment of crisis, for a financial institution of significant systemic importance. The Credit Suisse case, although interesting and deserving of a more in-depth description, will not be the subject of this paper. In this study, I will focus on the second crisis episode of 2023: the crisis of regional bank failures in the United States. These events, despite the small scope of their occurrence, seem to give a better picture of today's integrated crisis mechanisms.

Silicon Valley Bank (SVB), headquartered in Santa Clara, California, specialized in providing private and commercial banking services for the venture capital industry. At the end of 2022, it had total assets of approximately USD 209 billion, which, after the raising of the regulatory subject-matter thresholds in 2018 (above USD 250 billion), did not qualify the bank for the category of institutions subject to Enhanced Prudential Standards (EPS). During the period of strong growth, in the years of the technology boom (2020-2021), there was an enormous inflow of deposits into the bank, which it placed in long-term treasury bonds. The significant increase in interest rates that took place in 2022, however, caused a decline in the yield of these securities relative to newly issued instruments on the market, which forced a reduction in the value of the bonds held by SVB. Initially, however, the loss in asset value was not disclosed by the bank. Meanwhile, liquidity problems arose, and in order to raise cash, the bank had to sell the bonds, and the loss, previously invisible to the market, became real. On March 8, 2023, SVB sent two communications to the market: the sale of bonds at a loss of USD 1.8 billion, and simultaneously information about the issuance of new shares in order to

raise capital. Both indicated the bank's financial problems. The bank's depositors were primarily technology companies and VC funds — entities that understand market signals perfectly well. By the end of the day on March 9, almost 30% (USD 40 billion) of deposits had been withdrawn, and another USD 100 billion was expected to be withdrawn the following day. On March 10, the California Department of Financial Protection and Innovation (CADFPI) closed SVB and appointed the FDIC as receiver of the bankruptcy estate. The first steps of the bank's restructuring process were initiated, but the pace of the deposit outflow made it impossible to find potential buyers for the institution before its failure.[3]

The further course of events was a classic contagion problem, following the loss of confidence in the banking sector. Over the weekend of March 11-12, depositors began massively withdrawing funds held in accounts at another bank: Signature Bank (total assets of USD 110 billion). On Sunday, March 12, regulators, alarmed by the turn of events, preventively closed the bank. At the same time, a decision was made, with respect to both banks, to adopt a systemic risk determination (pursuant to the Federal Deposit Insurance Act). The adoption of such a determination for these events enabled the FDIC to extend deposit insurance protection for deposits held at both banks and to establish two bridge banks, which could be used to facilitate the orderly liquidation of both institutions. The FDIC subsequently carried out a sales process for both banks, divesting practically all deposits and selected loan portfolios of Signature Bank within a week, and all deposits and loans of SVB within two weeks. In both cases, the institutions could now fail: shareholders lost their investments, unsecured creditors bore losses, and the boards and senior management of both banks were removed. Ultimately, as stated in the supervisory document referring to the events of 2023 (FSB, 2023), all losses resulting from both failures were covered by the banking sector. This means that the costs of the crisis were not transferred to taxpayers (there was no need to apply bail-outs[4]), and thus did not spill over beyond the area where the crisis was triggered.

At the moment of SVB's failure, contagion effects began to spread to other American regional banks, including First Republic Bank — a bank headquartered in San Francisco, with a balance sheet total of approximately USD 230 billion, focused on banking services for wealthy individual clients. Ultimately, on May 1, 2023, First Republic Bank was closed. In the case of this bank, no decision was made to designate this event as systemic risk. On the same day, however, an agreement was signed for the acquisition of the bank by JPMorgan Chase (JPMC), under which JPMC took over all deposits and practically all assets of First Republic Bank for USD 10.6 billion. Almost immediately, First Republic Bank's operations were resumed as JPMC branches. All depositors of First Republic Bank became depositors of JPMC.

[3] SVB's problems in the USA also led to a loss of confidence in its UK subsidiary — Silicon Valley Bank UK (SVB UK) — which was consequently subjected to restructuring by the Bank of England (BoE). Ultimately, as early as March 13, the bank was bought out by HSBC for GBP 1.

[4] State intervention consisting of rescuing an endangered entity (a bank, an enterprise) using public funds.

Table 2: Course of the 2023 Crisis Episode

Event Date	Event Description
March 8, 2023	Announcement by Silicon Valley Bank of the sale of bonds at a loss and the issuance of shares.
March 10, 2023	Silicon Valley Bank was closed.
March 12, 2023	Signature Bank was closed.
May 1, 2023	First Republic Bank was acquired by JPMorgan Chase Bank.
July 28, 2023	Heartland Tri-State Bank was closed.
November 3, 2023	Citizens Bank in Sac City (Iowa) failed.

Source: *own elaboration based on Acharya et al. (2024)*

5 Causes of the 2023 Crisis and Post-Crisis Conclusions

The Financial Stability Board, in its report on the 2023 crisis (FSB, 2023), identified the main causes of these events in unrealized losses resulting from concentrated bond exposures and in the mismatch of liquidity and maturities during a period of significant monetary policy tightening. This, in turn, combined with a high share of concentrated uninsured deposits and the influence of social media, led to a bank run.

The Fed, in its report (Barr, 2023) concerning Silicon Valley Bank, stated that SVB failed due to a textbook case of poor management by the bank. According to the authors of the report, the bank's management did not manage basic interest rate risk and liquidity risk. SVB was a firm highly vulnerable to threats, with widespread management weaknesses, a highly concentrated business model, and dependence on uninsured deposits. The supervisors, according to the authors, did not fully appreciate the scale of the vulnerability as SVB grew, which was probably due to the weakening of supervisory standards (the EGRRCPA act, 2018), including, above all, the raising of the subject-matter threshold for financial institutions (SVB, Signature Bank, and First Republic Bank had assets below USD 250 billion, and were therefore not covered by the highest prudential standard). Once the supervisors had already identified the weaknesses, they nevertheless did not take sufficient steps aimed at remedying the bank's situation.

At the end of May of this year, the General Manager of the BIS published a speech (Hernández de Cos, 2026), in which the regulator's latest reflections concerning the 2023 crisis episode were formulated. These events, according to the author, constitute critical lessons for the entire supervisory process. Bank failures, as well as other events close to failure, occurred

despite the banks meeting capital requirements, as well as, in some cases, liquidity requirements. The main causes of the crisis were thus qualitative in nature, among which one can include weak management of the financial institution, insufficient risk management, and unsustainable business models. The blame for this state of affairs, as the General Manager of the BIS writes, lies with supervision itself, which was unable to identify such qualitative gaps. The response to this should therefore be the development of appropriate qualitative supervisory tools, of a prospective nature, which could strengthen the resilience of the system. The letter ends with the conclusion that there is a need for early supervisory action, which could prevent the escalation of minor weaknesses into systemic failures. Delaying action, meanwhile, shifts the risk elsewhere and leads to more destabilizing interventions, which burden public finances and ultimately threaten the stability of the entire system.

6 Liquidity Problems and the New Dynamics of Deposit Outflow

After the (EGRRCPA, 2018) act, liberalizing prudential regulations, came into force, many medium-sized, regional banks were exempted from implementing the highest standards of risk management. This applied in particular to liquidity requirements.[5] SVB, Signature Bank, and First Republic Bank, entities with assets below USD 250 billion, were exempted from maintaining the LCR[6] and NSFR[7] liquidity standards. The LCR requires maintaining a buffer of liquid assets to cover a 30-day deposit outflow in a test scenario. Had SVB been subject to the full version of such a requirement, it would have had to maintain a much higher liquidity buffer than it actually held. Instead, the bank's assets consisted primarily of illiquid long-term bonds, which could not provide protection in such a stress situation. The NSFR, meanwhile, requires stable funding for long-term assets. SVB, however, was funding long-term bonds with short-term corporate deposits — thus doing exactly what the NSFR was meant to prevent. Perhaps it is precisely these lowered prudential standards that lie at the root of the problems of American regional banks at the threshold of 2023. It is worth recalling, however, that the General Manager of the BIS, in his speech (Hernández de Cos, 2026), noted that the events of 2023 took place despite the fulfillment of capital requirements, as well as, quite often, liquidity requirements.

Attention is drawn here to yet another reason, pointed to by all the reports mentioned above. FSB (2023), in its document, writes that by the end of the day on March 9, more than USD 40 billion in deposits had left the bank, and another USD 100 billion was expected to be withdrawn the following morning. It further explains that this deposit outflow was driven by social media and a concentrated network of venture capital investors and technology firms, who withdrew their deposits in a coordinated manner with unprecedented speed. The dynamics

[5] Equally significant may have been the exemption of banks belonging to this asset-value category from the requirement to conduct regular stress tests.
[6] Liquidity Coverage Ratio.
[7] Net Stable Funding Ratio.

of deposit outflows are, according to the authors of the report, the main observation and challenge emerging from this crisis episode. The prevalence of social media and mobile banking may mean that bank runs, once they occur, proceed more quickly. Although the underlying problems of the banks themselves may vary (e.g., poor management practices, asset quality, etc.), once a bank run gains momentum, stopping the outflow of funds becomes extremely difficult.

In the Fed report (Barr, 2023), which analyzes the case of SVB, particular attention is drawn to the influence of social media on the dynamics of the deposit panic. Social media posts urged depositors to withdraw funds from the bank, and many uninsured depositors did so simultaneously. The concentration of these large deposits among technology firms and individuals, meanwhile, may have contributed to the synchronized character of the deposit outflow.

A separate problem, pointed to in the reports, is the trap of technological development in the banking sector. The ease of using digital banking applications, available around the clock, enabled depositors to withdraw funds even on weekends. It was thus possible to make withdrawals on an enormous scale within just a few hours. Additionally, as is usual in such cases, a contagion effect occurred, which caused the panic to spread to other entities, not necessarily in a state of poor financial condition.

All of these factors thus influenced the scale of the events at the beginning of 2023. Occurring in an aggregated and mutually reinforcing manner, they constituted a wave, difficult to stop, striking at the liquidity security of banks.

7 The 2023 Crisis Episode and the Paradigms of the Financial Security System

Bearing in mind the assurances of the General Manager of the BIS regarding the adequate level of capital and the fairly good liquidity situation of the banks that experienced turbulence in 2023, it should be recalled that a bank failure occurs at the moment when it is unable to settle its obligations on time, whether due to insolvency or due to a loss of liquidity. Moments of stress, such as that of 2023, are moments of testing for the levels of safeguards in both of these aspects. Adequate prudential processes, as well as the bank's risk models (or the simplified alternative to risk models: standardized risk measurement methods), with their ability to determine the scale of extreme events and to set an appropriate level of buffer to safeguard against this scale of events, are responsible for preparing a bank for precisely such a moment of stress. The failure of three regional banks and the troubles of several others in 2023 demonstrated that the safeguarding methods proved ineffective, or at least insufficient.

A unique element of the 2023 episode was a new, previously unobserved, dynamic of events. Deposit outflows materialized on an enormous scale within the space of just a few hours. Two days were enough for the entire cascading process of failure to take place for two banks. Such rare, large-scale events, carrying the threat of a bank's default or even that of the entire system, are referred to as tail risk. This concept is the central point of the entire structure of financial security, which the regulator painstakingly builds in an iterative process. The 2008 crisis revealed certain fundamental problems relating precisely to rare, systemic risks. At that time,

beyond the whole spectrum of problems and qualitative risks that triggered and drove that crisis, imperfections in the security framework were also identified, the sources of which were located in the risk models themselves and in the way they related to tail risk. The main culprit turned out then to be the problem of tail correlation, which, in the common opinion of experts, was significantly underestimated. However, the normal distribution — a centrally placed concept in the IRB method (credit risk) commonly used in the sector — and the way in which this distribution related to extreme events, was not questioned. The newest, post-crisis regulations, CRR III (BIS, BCBS 2024), likewise do not change this paradigm. Regulators, and the sector following them, are still moving within the same conceptual scheme, merely reinforcing it through the system of safety buffers proposed within CRR III.

On the surface, the events of 2023 seem to have no connection to the paradigm of normality of phenomena, fundamentally embedded in the regulatory security scheme. The failures of regional banks in the USA had their sources in liquidity problems; in these cases, credit, market, or operational risks did not materialize. The lesson that emerges from the 2023 crisis episode, however, has a different character. These events demonstrated two things: (i) they confirmed what Mandelbrot (1963) had known since 1963 — that events have a two-phase dynamic, and in the phase in which the crisis takes place, nothing that happens is normal (in the statistical sense)[8]; (ii) the mechanics of events in the area of tail risk are different from those known until now — in crisis situations everything happens faster, and so a crisis will reach a large scale more quickly, which may also ultimately increase that scale further (fat tails become fatter). The 2023 crisis episode should therefore serve as a clear warning light for entrenched paradigms. They did not work in 2008, and they will work even less in the third decade of the 21st century, where the mechanisms of collective panic have new tools for lightning-fast expansion: social media, electronic transfers, and the availability of banking services on a 24/7 basis. So far, we have been able to observe this on a small, regional scale. There is, however, nothing to prevent this mechanism from recurring on a much larger scale, one that would threaten the entire system.

Meanwhile, this is not the end of the problems. Rapidly developing language models and the lightning-fast spread of their applicability bring new challenges. Daníelsson et al. (2022) write that artificial intelligence is rapidly changing the way the entire financial system operates, having enormous destabilizing potential and creating new varieties of tail risk, as well as amplifying those already in existence. In the article Daníelsson and Uthemann (2025), the authors predict that the use of artificial intelligence will indeed stabilize the market during periods of calm, but will at the same time increase tail risks. Future crises will thus become rarer, but faster and more violent.

8 Summary

The 2023 crisis episode was an event limited in its scale — it affected a few American regional banks and did not spill over into the real economy. However, it is precisely this small scope of

[8] This is the founding publication for the concept of fat tails in finance. Mandelbrot empirically demonstrated that the distribution of cotton price changes has significantly fatter tails than suggested by the normal distribution.

events that may be misleading. The conclusions that emerge from the crisis are, in fact, systemic in significance.

First, the post-crisis financial security architecture, painstakingly built since 2008, proved insufficient — and not because the banks violated capital or liquidity requirements. Qualitative factors failed: risk management, organizational culture, supervision. This means that the gap in the security system is of a nature that no quantitative indicator is able to capture.

Second, the 2023 episode revealed a new mechanics of banking crises. Social media and digital banking shortened the time it takes for a deposit panic to materialize from days to hours. This is a qualitative change in the dynamics of extreme events — tail risk is no longer the same risk that has been modeled up to now. The tails of distributions are fatter, and the time window for supervisory response is dramatically narrower.

Third, existing regulations do not yet respond to the challenge of changes in the dynamics of tail events. The paradigm of normality of phenomena, built into methods such as IRB, as well as the system of buffers adopted in CRR III, were constructed with a different, slower mechanics of crises in mind. Supervisory reports, published after the 2023 episode, indicate the regulators' awareness of the new mechanisms behind the spread of crisis panic. What is lacking, however, is an institutional response.

The operationalization of qualitative supervision appears to be a direction for further research — the development of prospective tools that would make it possible to identify institutional weaknesses before they turn into a systemic crisis. A separate, urgent research question remains the impact of artificial intelligence on the dynamics of future crises — tools that, on the one hand, stabilize markets during calm periods, but, on the other, may sharply amplify crises once they occur. Tail risks may therefore turn out to be even higher and more difficult to quantify.

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