Monetary Authority of Singapore

Macroprudential Surveillance Department, Economic Policy Group

FINANCIAL STABILITY REVIEW

September 2026

The Financial Stability Review presents the Monetary Authority of Singapore's assessment of the resilience of Singapore's financial system, against global risks and domestic vulnerabilities

GLOBAL MACROFINANCIAL ENVIRONMENT

Global financial stability risks have risen amid expected tightening of financial conditions

Fiscal pressures and AI financing are expanding debt supply, raising yields and debt servicing costs

Rising valuations and growing leverage amplify the risk of AI earnings shortfalls and market correction

Geopolitical tensions and recurring supply disruptions have renewed inflationary pressures

FINANCIAL RESILIENCE IN SINGAPORE

The corporate, household and financial sectors have the financial strength to withstand adverse shocks but must remain vigilant given the uncertain macroeconomic environment

Corporates

Firms well-placed to withstand potential shocks

- Corporate credit quality has remained firm amid lower borrowing costs and stable earnings, while debt maturity profiles were healthy.
- Stress tests show that most corporates are resilient to interest rate hikes and revenue shocks from a sharp pullback in AI-related investment amid energy supply shocks.
- Firms should manage debt obligations prudently and maintain adequate liquidity buffers against potential shocks.

Households

Households remain financially resilient

- Households' debt servicing capacity has improved amid the low and stable interest rates, while financial assets growth outpaced liabilities.
- Stress tests affirm that a large majority of borrowers have sufficient buffers to withstand income and employment shocks.
- Households should continue to manage their finances prudently and maintain sufficient buffers against potential stress.

Financial System

Key financial institutions (FIs) are equipped to weather downside shocks

- Banks have strong capital and liquidity positions alongside healthy provisioning buffers, while insurers remain well-capitalised.
- Stress tests confirm that banks and insurers have sufficient capital buffers, and investment funds have adequate liquid assets to withstand macrofinancial shocks.
- FIs are expected to maintain prudent and sound risk management practices amid macroeconomic uncertainties.

Read it online at: go.gov.sg/mas-fsr