

## 1. THE GEOECONOMIC IMPERATIVE : WHEN GEOPOLITICS MEETS CREDIT RISK

Μέσο: . . . . . TO ΒΗΜΑ ΤΗΣ ΚΥΡΙΑΚΗΣ\_ INTERNATIONAL EDITION

Ημ. Έκδοσης: . . . 17/05/2026 Ημ. Αποδελτίωσης: . . . 17/05/2026

Σελίδα: . . . . . 6

Innews AE - Αποδελτίωση Τύπου - <http://www.innews.gr>



# The Goeconomic Imperative: When Geopolitics Meets Credit Risk

Why is access to credit tightening even as central banks ease monetary policy?  
The answer lies not in balance sheets, but on geopolitical maps

European borders face a paradox that traditional financial analysis cannot solve: Why is access to credit tightening even as central banks ease monetary policy? The answer lies not in balance sheets, but on geopolitical maps.

The European Central Bank's Bank Lending Survey reveals a striking divergence. From 2023 to 2025, euro area banks have progressively tightened credit standards for corporate loans, even during periods of interest rate cuts. Banks increasingly point to factors beyond conventional financial metrics: geopolitical tensions, energy market volatility, supply chain fragility, and regional instability. According to the ECB's recent survey, banks explicitly cite geopolitical developments as a driver of tighter credit standards - meaning geopolitics is now being priced directly into lending decisions.

This represents a fundamental recalibration of creditworthiness assessment, with profound governance implications.

### The regulatory response

European banking regulators have moved decisively to formalize what markets were already pricing in. The ECB's supervisory framework now explicitly requires banks to embed geopolitical risk assessment into capital planning, liquidity management, and risk governance with the same rigor reserved for credit or operational risk.

This means stress testing for scenarios that once seemed remote: sudden trade restrictions, energy supply disruptions, sanctions-induced payment fragmentation, and supply chain corridor closures. Bank boards must demonstrate they understand which geopolitical scenarios could materially impair their capital position.

By  
**Cleopatra  
Kitti**



Banks that have strengthened their geopolitical risk frameworks are seeing reduced supervisory measures, while those treating this as a compliance exercise face intensified scrutiny.

### The corporate governance blind spot

Yet the more significant governance gap may exist outside banking. Corporate boards, particularly at mid-sized enterprises, have largely failed to recognize that their creditworthiness is now evaluated through an entirely different lens.

Consider a well-managed European manufacturer: strong margins, experienced management, solid market position. But 35% of revenues come from politically contested markets, components are sourced through geopolitically sensitive corridors, and energy represents significant volatile cost exposure.

Five years ago, this represented successful diversification. Today, it triggers risk flags across multiple stress scenarios in a bank's internal capital assessment. Financial performance may be excellent, but geopolitical exposure now weighs as heavily in credit decisions as leverage ratios.

### From risk to strategic opportunity

This creates an opportunity for proactive corporate boards.

**First**, map your geopolitical exposure through

your lender's analytical lens: revenue concentrations by political risk profile, supply chain dependencies on sensitive routes, input cost exposures to volatile markets, and customer concentrations facing sanctions risk.

**Second**, engage lenders before refinancing pressures emerge. Board oversight of treasury strategy must include explicit discussion of how your geopolitical footprint is perceived by capital providers.

**Third**, elevate supply chain resilience to board-level oversight. This directly affects your cost of capital and strategic flexibility.

### A governance reset

The direction is clear. Geopolitical risk assessment will soon be as standard in European boardrooms as cyber risk governance is today. The only question is whether boards build this

capability proactively or adopt it under pressure.

The goeconomic shift has restructured credit relationships across Europe. Monetary policy matters less when political risk dominates underwriting. Corporate strategy matters less when geopolitical exposure determines capital access.

Boards that recognize this as a strategic governance opportunity rather than a compliance burden will find themselves materially better positioned for what comes next. The world has changed. The question for every board is whether governance frameworks have evolved dynamically to protect and grow value.

*Cleopatra Kitti is an IN-SEAD-certified independent director specializing in geoeconomics, corporate governance, and sustainable finance and a Senior Policy Advisor,*

**ELIAMEP.**