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Redefining resilience in reserve management

How global public investors are navigating uncertain times

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OMFIF's flagship Global Public Investor series explores the investment strategies of central bank reserve managers, public pension funds and sovereign funds across the world. Over the past year, 160 global public investors with over $24tn in total assets have engaged with our market-leading reports and events in this series.

Our flagship GPI report outlines the latest investment strategies and intentions of reserve managers, based on surveys of over 70 central banks globally.

This year, OMFIF's analysis goes further than ever before via a working group for a deep dive on diversification. The goal is to understand whether central banks are moving their portfolios away from government bonds and the dollar, and if they have the right tools to do so.

Participants of the working group joined in-depth discussions with 10 central banks of varying sizes and regions.

Interested in becoming part of OMFIF's Global Public Investor Working Group next year? Go to omfif.org/gpiwg for more details.

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OMFIF

Official Monetary and Financial Institutions Forum
6-9 Snow Hill, London, EC1A 2AY
T: +44 (0)20 700 27898

enquiries@omfif.org

omfif.org

ABOUT OMFIF

With a presence in London, Washington and New York, OMFIF is an independent forum for central banking, economic policy and public investment – a neutral platform for best practice in worldwide public-private sector exchanges.

AUTHOR

Yara Aziz, Senior Economist, OMFIF

With support from:

Conor Perry, Economist, OMFIF

OMFIF PROJECT TEAM

Sarah Moloney, Editorial Director

Simon Hadley, Director of Production and Development Planning

Janan Jama, Content Editor

Ophelia Mather, Marketing Coordinator

Ben Rands, Managing Director of Operations and Marketing

Avnish Patel, Senior Programmes Manager

WORKING GROUP ACKNOWLEDGEMENTS

BNY

Terri Labrecque, Global Head of Field Marketing

Kate Mitchell, Head of EMEA Field Marketing and Strategic Programs

BRIDGEWATER ASSOCIATES

Will Carlough, Director, Head of Asia and Middle East Business Development

Nicholas Thong, Institutional Business Development

CAPITAL GROUP

Martin Hofman, Managing Director, Institutional Marketing, Europe and Middle East

Cecilia Chung, Marketing Director

OMFIF

David Marsh, Chairman

John Nugée, Senior Adviser, OMFIF

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Banco de España

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Deutsche Bundesbank

Bank of Korea

Narodowy Bank Polski

By John Nugée, Senior Adviser to OMFIF and former Chief Manager of Reserves Management, Bank of England

Stability above all else

Central banks are navigating a newly volatile world. For now, the dollar remains dominant, but new factors are at play.

SINCE its foundation, OMFIF has worked closely with central banks. We have studied their actions, learned about their thinking and sought to help both them and ourselves understand the world they operate in. We have found the experience deeply rewarding; we hope central banks have too.

The changes in geopolitics and the global economy in recent years have been considerable, and the pace of change has if anything increased with the new administration in Washington. Old certainties are being queried and old alliances tested. Central banking is not immune from the effects of such change; indeed, geopolitics has become an integral part of the world of central banks. And nowhere is this truer than in foreign exchange and reserve management, the fulcrum through which central banks meet the global market.

OMFIF created a working group to conduct interviews and discussions with leading central bank reserve managers to see how they are reacting to our newly uncertain world. In partnership with BNY, Bridgewater Associates and Capital Group, the working group interrogated these institutions' concerns and priorities in the search for resilience against global shocks. This report summarises our findings.

Perhaps the strongest message to emerge from the report is the degree to which changing geopolitics is reshaping reserve management. Central banks now embed geopolitical risk and multipolar assumptions structurally into their allocation frameworks. Trust in the US – once absolute and assumed – is a key concern. The dollar remains pre-eminent, yet its dominance is no longer unquestioned and diversification, though discreet and gradual, has become a quiet, persistent theme.

However, history reminds us that change in reserve hierarchies is evolutionary, not revolutionary. The shift from sterling to the dollar took 30 years; any move to a multipolar system may take as long. For the moment, therefore, the dollar endures as the world's reserve currency and no central bank we talked to has abandoned it. It retains what no alternative yet matches: unrivalled liquidity, deep markets and institutional trust built over decades. Meanwhile, all alternatives remain flawed. The euro is constrained by political fragmentation and the absence of a fiscal union, the renminbi by convertibility and governance limits.

Central banks act accordingly, adjusting portfolios with care to reflect realism rather than ideology. The hierarchy persists not by sentiment but by the scale of markets and the depth of trust that underpin them. Diversification proceeds in small steps, not giant strides. Gold has regained strategic lustre, valued not for yield, but for its neutrality and freedom from political control.

If geopolitics defines the 'why' of reserves, prudence still governs the 'how'. Central banks hold fast to the old hierarchy: safety first, liquidity second, return third. Even in a higher-yielding world, resilience counts for more than performance. Experiments in diversification remain bounded, and the emphasis on liquidity – the lesson of 2020's market strains – still means US Treasuries above all else.

'Central banks hold fast to the old hierarchy: safety first, liquidity second, return third. Even in a higher-yielding world, resilience counts for more than performance.'

Digital assets are watched but not embraced: tokenisation is viewed with interest and cryptocurrencies with caution. Environmental, social and governance considerations are being integrated into portfolios but cautiously and unevenly. And artificial intelligence is entering the reserve manager's toolkit, but only as an assistant, never as a master – valued for efficiency, constrained by governance.

Across all this, one constant endures: the central banker's instinct for stability. In a world where politics and finance are inseparable, where technology promises both opportunity and risk, reserve management remains what it has always been – an exercise in quiet preparation for crises not yet seen, and in the enduring hope that foresight may yet be enough.

We are indebted to the central banks that gave their time and expertise to speak with us for this project. We hope that this report provides crucial insight into the challenges and opportunities facing these institutions, and that central banks can learn from each other as they navigate a more volatile world.

Redefining resilience in reserve management

Central banks are adjusting to a world where geopolitics, liquidity and technology now shape every decision.

CENTRAL banks entered this decade thinking the hardest shocks were behind them. Instead, they now operate in a world where geopolitical strain, inflation volatility and rapid technological change have turned reserve management into a test of institutional resilience.

OMFIF's Global Public Investor Working Group brought together 10 central banks from Europe, Africa, Asia and Latin America. The conversations with each institution reveal a system that is shifting yet still anchored in the familiar priorities of safety and liquidity. These conclusions are supported by data from OMFIF's Global Public Investor 2025 survey.

Geopolitics is affecting currency choices, safety is being redefined and technology is reshaping process, not purpose. The working group discussions show central banks adapting in uneven but pragmatic ways as they rebuild confidence and capacity for a more unstable world. Some of the key findings include:

Diversification is a quiet response to geopolitical risk

The dollar remains the anchor of global reserves yet trust in the US policy environment has weakened. While several of the institutions we spoke with hold between 70% and 80% of their reserves in dollars, nearly 60% of respondents to the GPI survey plan to diversify in the next one to two years.

A European reserve manager captured the mood by saying the world is shifting towards a multipolar system, although no alternative currency is ready to take on the dollar's role. Diversification is slow, deliberate and limited by the simple fact that nothing matches the liquidity of US Treasuries.

Gold rises as political insurance

Gold's resurgence is the most striking portfolio shift. Some European institutions already hold more than 20% in gold due to historical accumulation, while an emerging market central bank is buying domestically mined gold with a target of 10% to 15% allocation.

The rise is driven by politics more than price. As one reserve manager put it, holding gold signals independence. Even those hesitant to add more admit that selling now carries reputational cost.

Liquidity keeps the dollar anchored

Despite political strain, central banks agree there is no substitute for the liquidity of the US Treasury market. The GPI 2025 found that 92% of survey respondents still see it as sufficiently liquid. The liquidity strains of 2020 have shaped how central banks think about risk today. Many institutions now judge liquidity not by regulatory labels but by what can be sold quickly during stress. This is pushing portfolios towards high-grade, short-term sovereign bonds and away from credit risk or longer maturities.

AI adoption remains limited and uneven

The working group found that most central banks are only just beginning to use artificial intelligence, mainly for simple tasks like summarising data or scanning markets. Notably, the institutions that have explored furthest are also the most cautious about the risks involved. Cybersecurity risk dominates every discussion, but a policy-maker said they cannot lag in this space forever. The fear is not replacement of staff but the risk that AI-driven behaviour could accelerate future crises.

Resilience is the new performance benchmark

Every central bank returned to the same question: what does resilience look like in practice? The answer varied. Some are refining existing frameworks while others are building capacity from the ground up. All agreed that safety and liquidity still sit at the core. Technology must support judgement, not override it. Co-operation, whether through regional networks or practical technical exchanges, will matter more as risks become more complex.

Key quotes

'We are moving from a bipolar to a multipolar reserve system, but the euro is not ready yet to lead.'

'There's no European Treasury market. We have European bonds, but not a real fiscal union. Until that changes, reserve managers will keep treating the euro as secondary.'

'Holding gold signals independence.'

'It's safety, liquidity, return – and then ESG.'

'AI helps us see more, but decisions must remain with people.'

'We lag, but we cannot lag forever. We have to cope and we have to face all those challenges in order to preserve our international reserves.'

Key numbers

58%
of central banks plan to diversify away from the dollar in the next one to two years

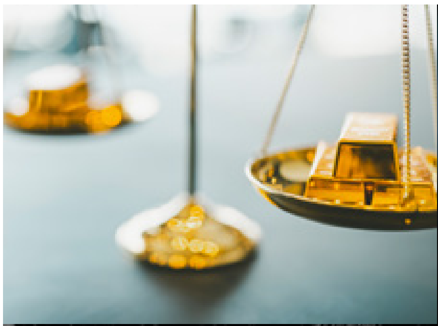
53%
plan to build reserves further

92%
see sufficient liquidity in the US Treasury market

61%
say AI is not yet supporting operations

77%
do not plan to increase exchange-traded fund holdings

93%
do not invest in digital assets



Key findings:

- Geopolitics has become a permanent factor in reserve management. Central banks now treat political risk as structural, embedding scenario planning and multipolar assumptions into their allocation frameworks.
- The dollar remains dominant in global reserves, but its role is being increasingly questioned. Most institutions still rely on US assets for liquidity yet growing concern over fiscal and political risk is driving gradual diversification away from the currency.
- Gold has re-emerged as the asset of strategic independence. Central banks are expanding or defending gold holdings as both a hedge against volatility and a signal of autonomy.

How geopolitics shapes currency choices

While the dollar will remain dominant for the foreseeable future, reserve managers are increasingly factoring in geopolitical and trade tensions to their investment strategies.

IN the early 20th century, sterling anchored the global monetary system. London's networks, colonial trade and the gold standard kept reserves concentrated in the pound with gold as the ultimate backstop. The first world war, the interwar slump and competitive devaluations chipped away at that order and by the 1940s a new order of dollar primacy was emerging.

The post-1945 system tied currencies to the dollar and the dollar to gold. Deep US markets, an unmatched supply of safe assets and America's role as lender of last resort made US Treasuries the default reserve choice. When convertibility to gold ended in 1971, the dollar's role survived because market depth and network effects mattered more than a legal peg.

From the 1980s through the 2000s, diversification meant nuance rather than rupture. Japan's rise did not translate into a yen-centric reserve system. The launch of the euro in 1999 briefly lifted hopes for a bipolar world. Some central banks raised euro shares, then cut them back after the 2012 sovereign debt crisis revealed the limits of Europe's monetary architecture and

Central banks expect the dollar to stay above 50% of global reserves over the next decade.

reinforced the problems associated with the absence of a single safe asset.

The 2008 financial crisis reinforced safe-haven behaviour. Swap lines, quantitative easing and the sheer scale of the Treasury market pulled reserves towards the dollar when stress hit. Emerging markets continued to build buffers, mostly in liquid government securities, with gold kept as insurance.

China's opening brought a new candidate. The renminbi entered the special drawing rights basket in 2016 and a handful of central banks added modest allocations. Convertibility, legal certainty and market access kept adoption measured. For many, renminbi exposure remained small and tactical, useful for signalling relationships but not for day-to-day liquidity.

In the late 2010s, geopolitics returned to the centre. Sanctions episodes, the freezing of Russian reserves and widening trade tensions turned reserve concentration risk into a policy priority. Central banks revisited custody choices, added more gold and considered diversifying into less traditional reserve currencies. Yet the hierarchy held and the dollar's market depth kept it in first place.

The last five years added a macro twist. Higher inflation, tighter policy rates and larger fiscal deficits in advanced economies sharpened questions about long-term safety in the wake of Covid-19. However, these developments have yet to produce a wholesale rebalancing. Diversification today is incremental. It shows up in marginal shifts to the euro where instruments fit needs, in small renminbi holdings where infrastructure allows and in a renewed willingness to hold gold as a political and financial hedge.

The pattern has been consistent as reserve choices follow credibility, liquidity and the ability to transact at scale. Geopolitics can speed or slow that process. While it occasionally forces sudden adjustments, it rarely overturns it. If a more multipolar reserve order emerges, it is likely to come the same way previous shifts did: slowly, through market depth, institutional trust and usable safe assets, not through declarations.

From stability to uncertainty

Most reserve managers the working group spoke with agreed that geopolitics has moved to the forefront when it comes to factors affecting their decision-making. A European central banker said it is becoming 'something more structural' and part of a transition 'to a multipolar world'. Since the 2008 financial crisis, central banks have shifted their focus from inflation management to geopolitical considerations, a change that also comes through in our Global Public Investor 2025 survey.

Many noted that political fragmentation, shifting trade patterns and sanctions risk now matter as much as inflation forecasts or duration targets. Several said they are operating in a new, geopolitically driven environment. Reflecting on turbulent trade policy coming mostly from the US, a reserve manager from Europe described the relationship between the US and European Union as a 'friendship that has been damaged'. Another central banker from an emerging market said of President Donald Trump: 'he clearly has provoked some damage in the trust between partners with the US'. A common question across advanced and emerging markets is whether this trust can be rebuilt.

Despite these tensions, the global reserve structure has proven remarkably resilient. The GPI 2025 report shows that central banks expect the dollar to stay above 50% of global reserves over the next decade. Reserve managers cannot walk away from the dollar, though they cannot ignore rising political and fiscal risk either. The response is incremental diversification into other currencies. The euro holds a distant second place with 20% of global reserves and the renminbi's rise remains gradual at just 3%. One central banker observed: 'I don't think there will be any other very strong alternative in a very short period of time', adding that a decline in dollar dominance would be gradual.

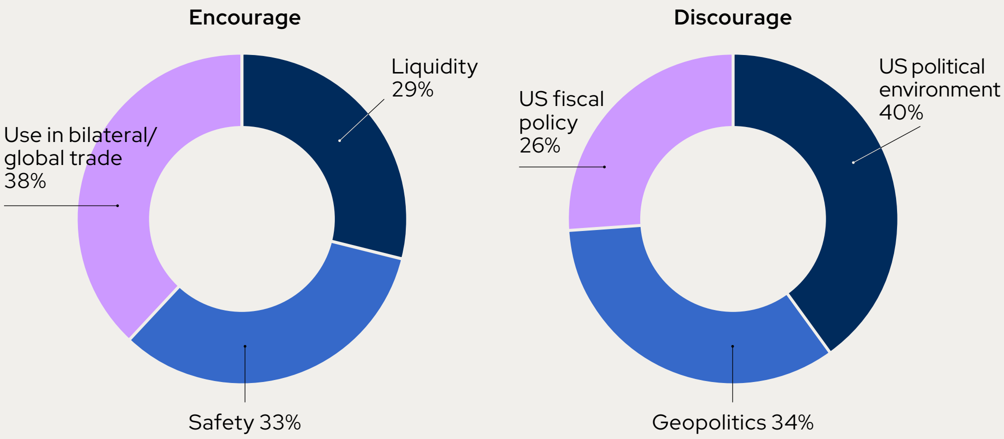
This caution is also present in responses to the GPI 2025 survey. Over 80% of central banks still invest in the dollar for safety and liquidity. At the same time 58% plan to diversify in the next one to two years and more than half intend to build reserves to bolster resilience, with gold demand rising as a hedge.

The dollar endures, with caveats

None of the 10 central banks we spoke with has made a large shift away from the dollar. Most still treat it as the working currency of reserves due to its liquidity, market depth

1.1 Reasons for and against the dollar

Which of the following factors encourage or discourage you from investing in the dollar?
Share of respondents, %



Source: OMFIF Global Public Investor 2025 survey
Note: Charts show only the top three factors selected by respondents.

58%

of surveyed reserve managers plan to diversify away from the dollar in the next one to two years.

and benchmark alignment (Figure 1.1). A Latin American reserve manager said it holds more than 70% of its reserves in dollars, mostly Treasuries, while another central bank reported that, excluding gold, about 80% of its portfolio is in dollars. One institution that holds a relatively high share in dollars said any adjustment will depend on how market conditions and sentiment towards the dollar evolve.

At the same time, a quiet rebalancing is taking place. One central bank from an emerging market has reduced its dollar shares to between 40% and 60%. This reflects both valuation effects and deliberate diversification. A central bank from Europe noted that holding around 45% of reserves in dollars 'isn't excessive', adding that diversification has served them well and helps protect against US political volatility.

The US' fiscal outlook was raised repeatedly as a concern. If confidence in Treasuries or the Federal Reserve's independence were to weaken, some said they would consider reallocating modestly to other sovereign issuers. But all stressed that there is still no real alternative. A policy-maker said any dollar reduction would most likely be paired with a smaller euro share given the similar risk profile.

Europe's dilemma

European participants were divided on whether the euro can expand its global role. One policy-maker said, 'We are moving from a bipolar to a multipolar reserve system, but the euro isn't ready yet to lead.' Others agreed that progress on a banking union, a common safe asset and the digital euro are essential before any meaningful change occurs.

The euro's share in some reserves has fallen sharply since the early 2000s. A central bank that once held 40% in euros now holds just 3%. Fragmented markets, a limited supply of high-quality assets and fiscal uncertainty in key member states have all constrained appetite. A European participant captured the frustration: 'There's no European Treasury market. We have European bonds, but not a real fiscal union. Until that changes, reserve managers will keep treating the euro as secondary.'

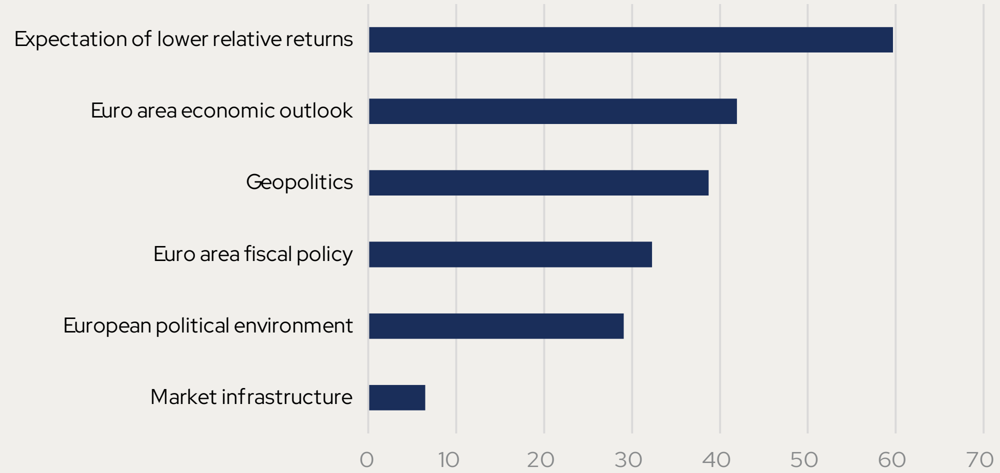
The GPI 2025 survey reinforces that view. Central banks cited lower relative returns, fiscal uncertainty and political fragmentation as the main factors discouraging greater euro exposure (Figure 1.2). Still, the group agreed that geopolitical realities may accelerate European integration over time. As one participant noted, Europe often acts decisively 'only when under pressure'. That pressure is mounting.

The renminbi and the limits of multipolarity

Despite wide discussion of de-dollarisation,

1.2 Central banks remain cautious on the euro

Which of the following factors discourages you from investing in the euro? Share of respondents, %



Source: OMFIF GPI 2025 survey

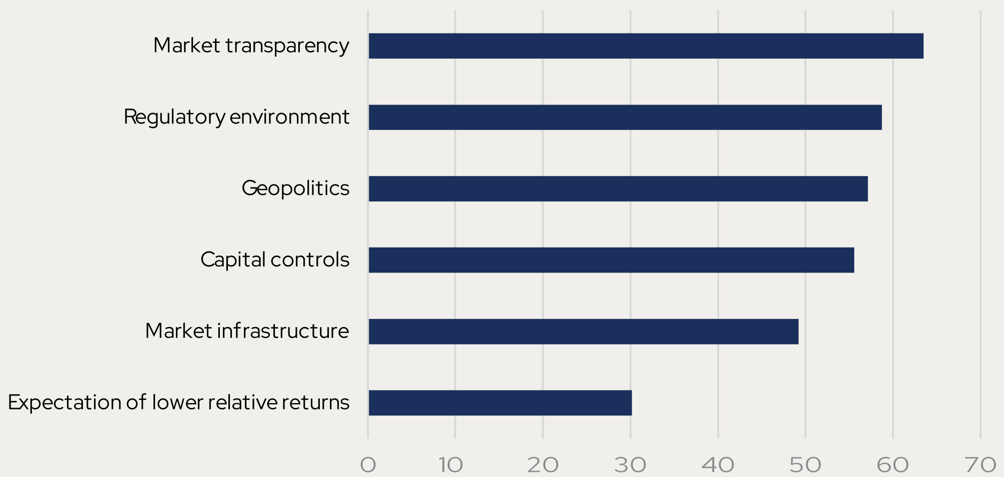
the renminbi remains a marginal reserve asset. Most participants acknowledged China's growing importance in trade and global finance but cited convertibility, liquidity and transparency as structural limitations to its growth.

One central bank described how it entered the Chinese market relatively early, but further expansion has been approached cautiously given current yield levels and market conditions. The allocation will continue to be reviewed over time as the investment environment develops. The GPI 2025 survey echoed these views. Central banks cited market transparency, regulatory environment and geopolitical risk as the main deterrents to holding more renminbi assets (Figure 1.3).

Some central banks maintain small renminbi allocations, typically below

1.3 Transparency and regulatory concerns weigh on renminbi appeal

Which of the following factors discourages you from investing in the renminbi? Share of respondents, %



Source: OMFIF GPI 2025 survey

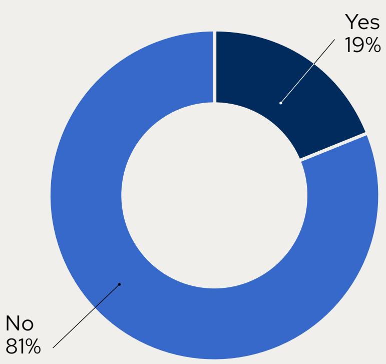
Reserve managers reported that allocation decisions are driven principally by geopolitical considerations, with financial returns playing a supporting rather than determining role.

5%, mainly for diversification or symbolic engagement. Swap lines with the People's Bank of China were mentioned as useful contingency tools but not as drivers of active investment.

When asked whether the Brics bloc (led by Brazil, Russia, India, China and South Africa) could provide an alternative reserve currency, the majority of respondents to the GPI 2025 survey said no, viewing it as more a political aspiration than a practical initiative (Figure 1.4). One participant shared doubts that it would materialise in the near future. Instead, some reserve managers saw the gradual internationalisation of the renminbi as the more realistic path to a multipolar system, albeit over decades rather than years.

1.4. Little confidence in a Brics reserve currency

Do you think the Brics will form an alternative reserve currency?
Share of respondents, %



Source: OMFIF GPI 2025 survey

Gold's political return

If one asset has redefined itself in the new geopolitical landscape, it's gold. Nearly every central bank mentioned it as a core or rising component of reserves. For some, gold serves as a financial hedge against market shocks. For others, it's an insurance policy against political ones. Gold is rare among near-cash equivalents in not being a liability of any entity. This is a valuable characteristic in a destabilising geopolitical environment.

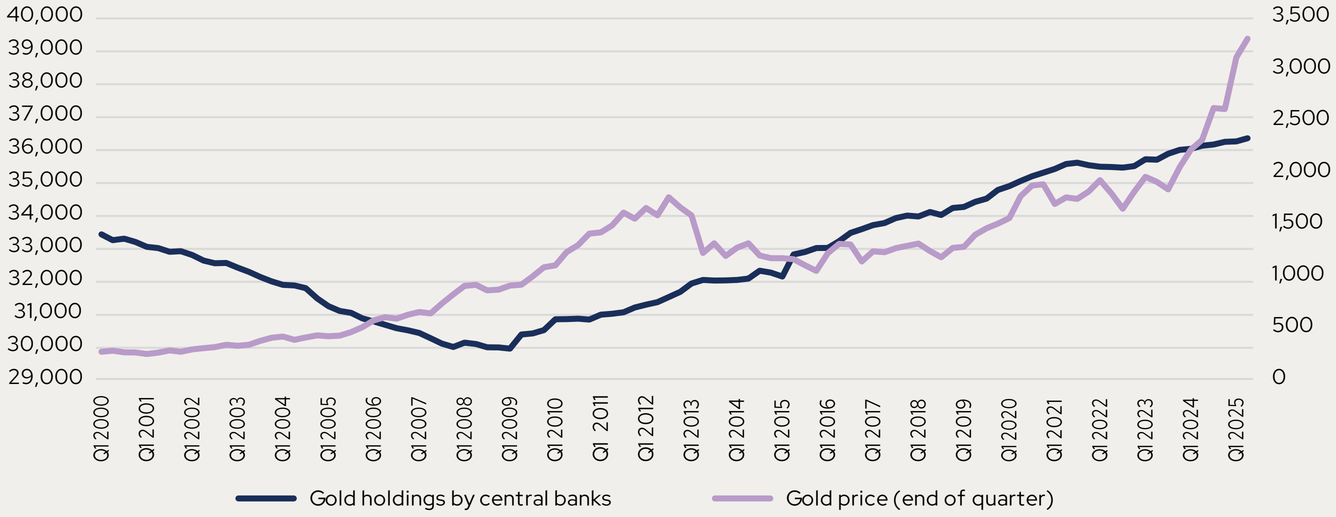
An emerging market banker described gold as 'a safe-haven asset' that provides reassurance when trust in global systems is questioned. A European counterpart called it 'a two-decision asset' – one requiring discipline on both entry and exit – but admitted that the reputational cost of selling, even at all-time high prices, now outweighs the financial logic. These views reveal a fundamental shift: gold's appeal is primarily political, not financial.

However, price is not irrelevant. The dramatic rise in the value of gold since 2019 has made the asset more attractive at the margin. For reserve managers, price appreciation reduces the opportunity cost

'We are moving from a bipolar to a multipolar reserve system, but the euro isn't ready yet to lead.'
A central bank from Europe

1.5. Central bank holdings both cause and consequence of rising gold prices

Public investor holdings at the gold price, 2000-25, gold holdings, tonnes (LHS), $ per troy ounce (RHS)



Source: World Gold Council, LSEG, OMFIF analysis

of foregone coupon income. Yet, across the working group discussions, reserve managers reported that allocation decisions are driven principally by geopolitical considerations, with financial returns playing a supporting rather than determining role.

In practice, gold allocations vary widely. Some European central banks already hold above 20% of reserves in gold, largely due to historical accumulation. Price appreciation has mechanically increased the share of gold in portfolios, even before accounting for new purchases. Emerging market reserve managers are building positions more gradually. A central bank in the global South reported a purchasing programme of domestically mined gold with a target of 10% to 15% allocation.

Central bank accumulation has become both cause and consequence of rising gold prices. As central banks purchase gold, they contribute to upward price pressure (Figure 1.5). As prices rise, the opportunity cost of holding gold falls. Yet the defining characteristic of this demand is its price insensitivity. Market timing is secondary to strategic independence. As one reserve manager put it: 'Holding gold signals independence'.

A new reserve order in slow motion

The overall picture that emerges from the working group conversations is one of gradual adaptation, not rupture. Geopolitics has forced central banks to think differently about risk, but it hasn't yet rewritten the global hierarchy of money.

The dollar's primacy endures, though it is no longer taken for granted. The euro aspires to more influence but remains constrained by its incomplete architecture. Gold is back as a form of strategic reassurance. The renminbi has potential but lacks the trust to rival the incumbents. For now, central banks are learning to manage reserves in a world where political and financial risk are inseparable.

A central bank in the global South reported a purchasing programme of domestically mined gold with a target of 10% to 15% allocation.

Pictured below: miner inside the access tunnel of an underground gold and copper mine. Region del Maule, Chile.

Key findings:

- Safety and liquidity remain paramount. Despite higher yields, central banks continue to prioritise capital preservation and market access over chasing returns.
- Experimentation with non-traditional assets is limited and deliberate. Interest in equities, exchange-traded funds and environmental, social and governance-linked assets is growing, but allocations are small and controlled.
- Reserve managers are staying away from digital assets for now. Central banks are monitoring developments in cryptoassets and digital currencies but see governance, volatility and reputational risk as barriers to adoption.

Safety comes first

A changing global environment is forcing central banks to rethink how they define 'safety' in reserve management.

CENTRAL banks still live by a simple hierarchy: safety first, liquidity second, returns third. The order hasn't changed, but the world around it has. The low-yield era that followed the 2008 financial crisis has ended. Geopolitics, inflation volatility and a faster tightening cycle have forced reserve managers to rethink how they define 'safe' and what they can realistically earn on investments while minimising political and credit risk.

Across the working group conversations, one message stood out. While returns have always been third to liquidity and safety, they are becoming even less of a priority to reserve managers. In an era of high return on safe fixed income, reserve managers now have fewer incentives to reach for yield (Figure 2.1).

A new balance

Reserve managers are now calibrating portfolios for a world that feels less predictable but more transparent. Policy shocks are sharper, sanctions risk is higher and liquidity can disappear quickly. It was noted throughout the discussions that safety and liquidity remain the first lines of defence – returns may fluctuate, but they are no longer the driver.

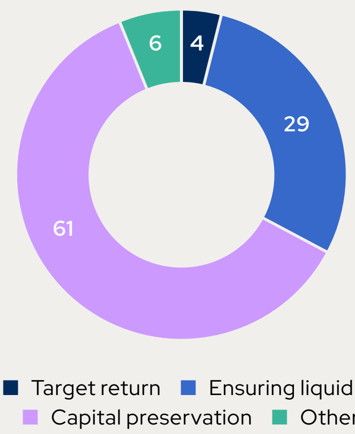
Most participants said their strategic allocation frameworks remain

While returns have always been third to liquidity and safety, they are becoming even less of a priority to reserve managers.

broadly unchanged, though they have fine-tuned duration, currency mix and credit quality to adapt to higher yields. A few noted that the rate environment has made it easier to meet return targets without stepping down the credit curve. One policy-maker noted that safe assets now offer reasonable returns, providing relief after a decade of low-yield conditions.

2.1. Returns are not a priority

What is your most important investment objective? Share of respondents, %



Source: OMFIF GPI 2025 survey
Note: 'Other' includes reference portfolio, safety of the investments, International Monetary Fund programmes and buffers.

Others admitted that volatility has made them more conservative. Many of the policy-makers that spoke with the working group agreed that the goal now is not just to earn more, but to position for resilience when the next shock hits. Most institutions said they have kept their portfolios conservative, focusing on highly rated sovereign bonds and short maturities. Only a few have increased their exposure to corporate credit.

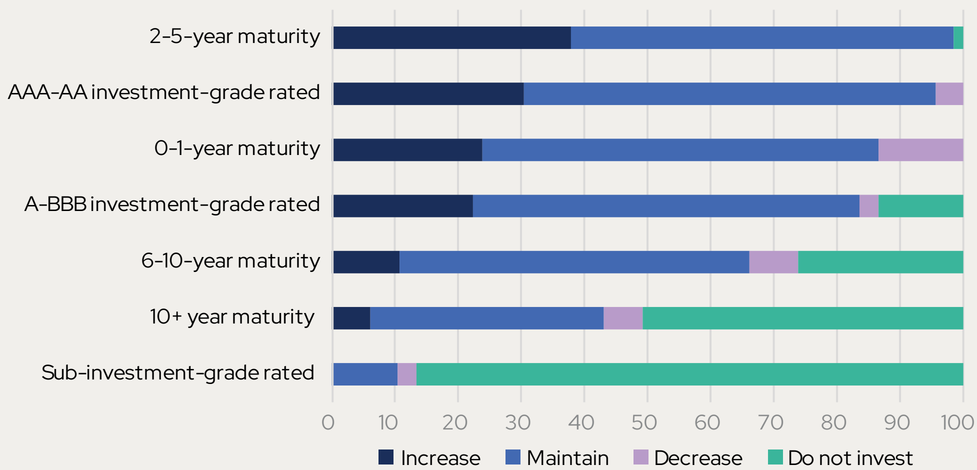
Findings from the Global Public Investor 2025 survey reinforce this caution. Most central banks plan to maintain or slightly increase allocations to short-term and high-grade sovereign debt, while appetite for lower-rated or long-duration assets remains limited (Figure 2.2).

The experience of 2020 still looms large. The sudden dash-for-cash at the height of the Covid-19 pandemic and the market strains that followed reshaped how central banks think about liquidity buffers. Several participants described a renewed focus on assets that can be sold quickly, with low discounts and in stressed conditions, rather than assets that merely meet the regulatory definition of high-quality liquid assets in their jurisdictions. The 2020 seizure in funding markets demonstrated that not all HQLA assets are equal.

Although bid-ask spreads on US Treasuries widened significantly during the dash-for-cash, signalling pressure on

2.2. Central banks maintain conservative bond allocations

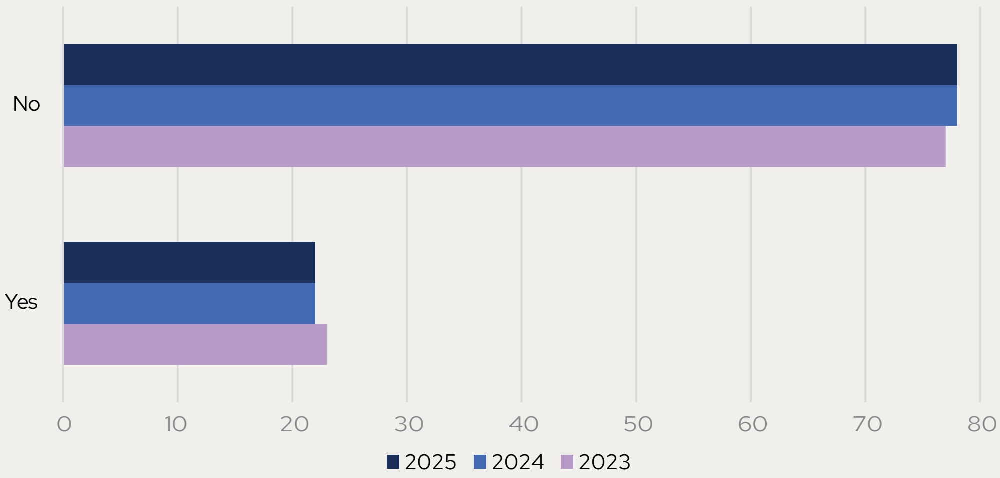
Over the next 12-24 months do you expect to increase, decrease or maintain your allocation to government bonds/bills in these categories?



Source: OMFIF GPI 2025 survey

2.3. Central banks not planning to increase ETF allocations

Do you plan to increase the share of your portfolio held in ETFs in the next 12-24 months? Share of respondents, %



Source: OMFIF GPI 2023-25 survey

92%

of survey respondents said they still see sufficient liquidity in the US Treasury market, even after recent periods of volatility.

market liquidity, the strain was limited by the depth of the market. While 10-year US Treasuries saw their bid-ask spreads approximately double from their post-2008 financial crisis level, 10-year French government bonds increased threefold, while Colombian government bonds saw a tenfold increase. HQLA does not always mean easily marketable. As liquidity is moving increasingly in focus for central bankers, many see no alternative to US Treasuries.

This sentiment was reflected in the GPI survey: 92% of respondents said they still see sufficient liquidity in the US Treasury market, even after recent periods of volatility. Some believe that liquidity remains the main reason the dollar dominates reserve holdings – depth dominates politics.

Managing for return

The rise in yields has boosted returns but not risk appetite. Most central banks reported incremental adjustments rather than major shifts – small-duration extensions or limited allocations to corporate bonds.

A few are experimenting at the margin with equities and exchange-traded funds. One policy-maker explained that ETFs offer 'an affordable and convenient way to transform credit risk into more digestible market risk', adding that they also use them to gain diversified exposure without building complex internal systems.

This caution was reflected in the GPI survey. When asked whether they plan to increase ETF holdings over the next 12–24 months, 78% of respondents said no – a pattern that has remained consistent for three years and highlights reserve managers' cautious approach to diversification (Figure 2.3).

Others are constrained by domestic factors. One policy-maker from the global South said their institution has long argued for limited equity exposure through ETFs or index futures as a diversification tool, but national law prohibits direct capital investments.

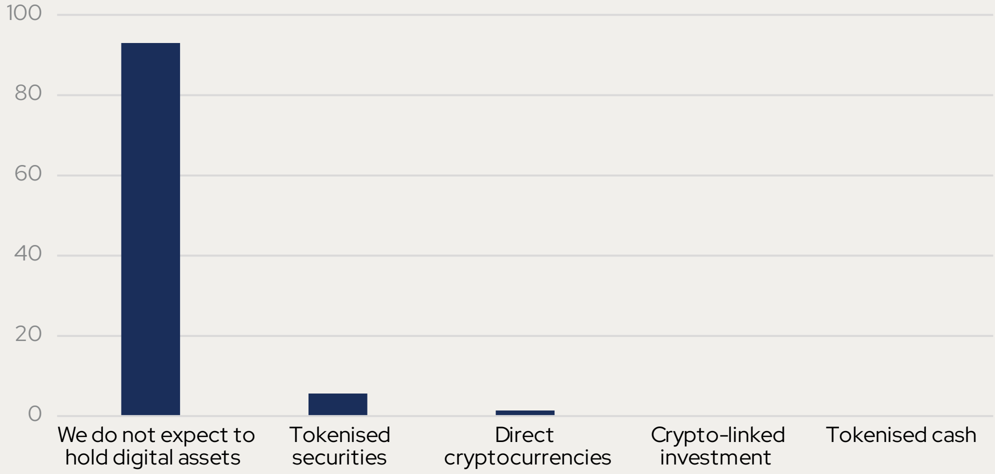
No enthusiasm for digital assets

Several participants said they are tracking developments in digital currencies and tokenised securities, but none holds them as reserves. This aligns with the GPI 2025 survey, where 93% of respondents said they do not invest in digital assets. For the 7% of respondents open to future experimentation, tokenised securities – such as blockchain-based bonds – were seen as the most realistic entry point. However, direct exposure to cryptocurrencies and stablecoins remains off the table for now (Figure 2.4).

Some policy-makers were openly sceptical of digital assets. One described

2.4. Very few plan to hold digital assets

Which digital assets, if any, are you most likely to hold? Share of respondents, %



Source: OMFIF GPI 2025 survey

bitcoin as 'the new digital gold', acknowledging its appeal as an asset unattached to politics or geography. Another policy-maker warned that engaging with cryptoassets could expose central banks to reputational and political risk, saying such markets remain associated with illicit activity and could threaten institutional independence.

The consensus was clear: digital assets may become part of the broader financial ecosystem, but they are not yet part of the reserve manager's toolkit.

Pragmatic progress on ESG

Views on environmental, social and governance investing were more divided. Some policy-makers see ESG as a fourth pillar of reserve management – important, but secondary to safety, liquidity and return. However, others are more sceptical.

A European policy-maker said they are 'not convinced by ESG', pointing to inconsistent standards and shifting global attitudes. They observed 'the world has changed its approach to ESG, and so must we'. During one of the working group discussions, a former central banker remarked that 'tackling climate change is not part of a central bank's core remit and the best contribution a central bank can make is to maintain monetary and financial stability, not climate stability'.

Others noted that ESG assets are no

Respondents are almost evenly split on integrating ESG into their portfolios, with 54% saying yes and 46% saying no.

safer, sometimes less liquid and often provide lower returns than other assets – meaning they do not enhance the three key objectives of reserve management. Some emerging-market policy-makers were even more constrained. One said their legal framework leaves little scope for ESG (allowing only sovereign investments) or other non-financial criteria, and pointed out that broader diversification beyond the traditional asset class will require legal changes.

Nonetheless, a few see gradual progress. One policy-maker, whose institution treats ESG as 'safety, liquidity, return – and then ESG', said that the market is still limited, and it remains difficult to find securities that align with investment guidelines for duration and spread. However, another participant cautioned that climate change itself could generate future welfare tensions, hinting that the macro consequences will eventually circle back to monetary policy.

The GPI 2025 survey shows participants were almost evenly split on integrating ESG into their portfolios, with 54% saying yes and 46% saying no. Breaking the results down on a regional basis, European institutions are furthest ahead with 81% of respondents integrating ESG, while those in Africa and Latin America tend to prioritise liquidity and operate under tighter mandate constraints (Figure 2.5). Central banks in Asia Pacific and the Middle East are more evenly divided on the issue, with respondents from the latter being split 50-50. This year, no respondents from North America said they integrated ESG into their portfolios in a reflection of a changing policy environment in the US.

Overall, the discussions suggested that, while ESG awareness is growing, its integration into reserves is pragmatic, not ideological.

Assessing reserve adequacy

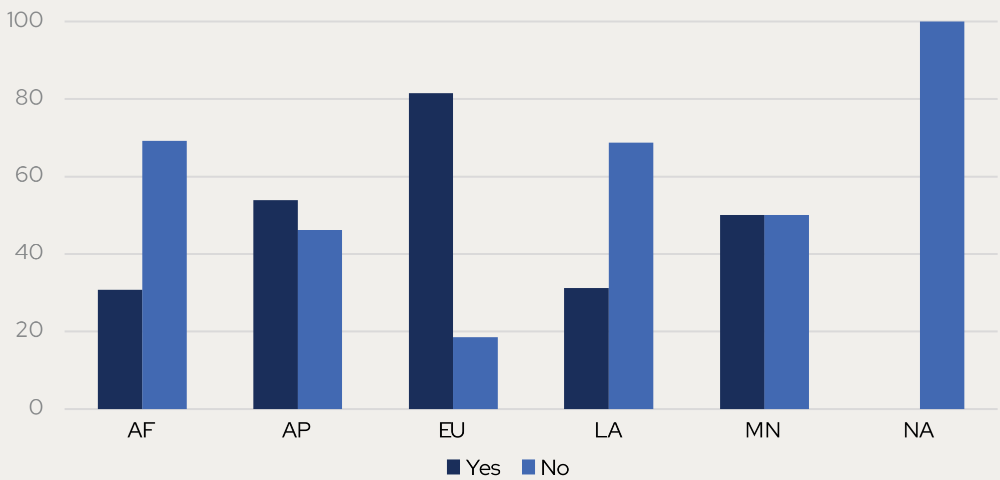
Policy-makers said their focus is not on meeting a fixed adequacy ratio but on maintaining flexibility and credibility under stress. Most said that their institutions rely on scenario analysis rather than a single benchmark. One central bank described this as 'a living test' that evolves with global conditions.

Many described reserve accumulations as a continuing priority, shaped by lessons

One central bank's approach to ESG is: 'Safety, liquidity, return – and then ESG.'

2.5. Europe leads on ESG integration

Do you integrate ESG into your portfolio? Share of respondents, %



Source: OMFIF GPI 2025 survey

from 2008 and 2020. The GPI 2025 survey shows over half of central banks plan to build reserves further, mainly to absorb volatility and preserve policy flexibility (Figure 2.6). Many also highlighted diversification and ESG integration as areas they expect to develop over the next two years. The mix suggests that, while safety and liquidity remain the core priorities, the tools and frameworks around them are changing.

With respect to the question of reserve adequacy, central banks agreed that 'enough' means being able to act decisively when markets freeze, even at the cost of carrying a buffer that looks excessive in normal times.

Regional approaches and co-operation

The balance between safety, liquidity and returns looks different across regions, reflecting distinct histories, mandates and market structures. European central banks generally have the scope to fine-tune diversification – adjusting duration, exploring ESG instruments or limited ETF exposure – within well-defined limits. Asian policy-makers tend to combine prudence with experimentation, building technological capacity and using regional swap lines to strengthen liquidity support.

African institutions emphasised the fundamentals – safety, liquidity and adequacy – noting that smaller reserve pools and thinner markets leave less room for diversification. They stressed the need for technical assistance and knowledge-sharing. Latin American policy-makers echoed that point, citing legal and operational constraints that make portfolio expansion difficult.

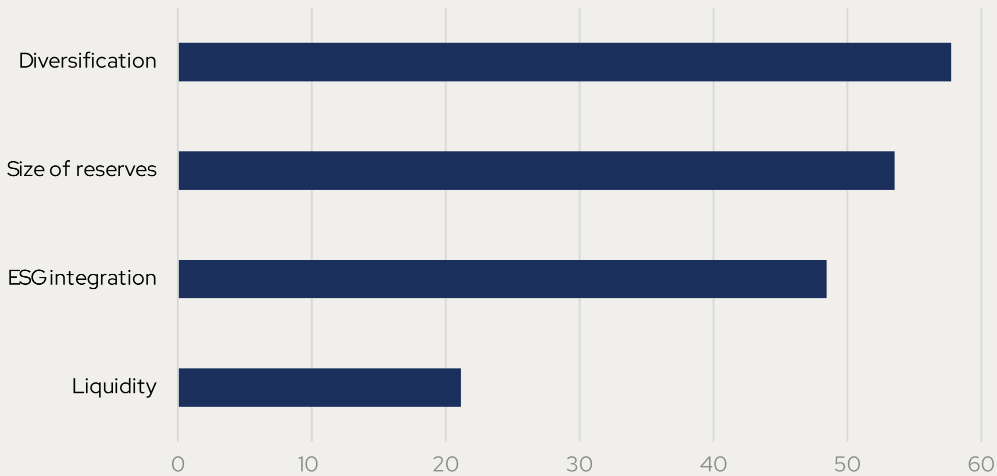
Several central banks discussed forms of regional co-operation and reserve pooling as potential complements to national reserves. Some pointed to existing frameworks in Asia and Africa that provide quick access to liquidity in times of stress. Others said governance complexity and political coordination limit their practical use.

The shared view was pragmatic: co-operation can enhance confidence, but every central bank must ultimately rely on its own reserves when markets turn volatile. Even amid geopolitical risk and new asset classes, safety and liquidity remain their dominant priorities.

Co-operation can enhance confidence, but every central bank must ultimately rely on its own reserves when markets turn volatile.

2.6. Strengthening diversification and building reserves

Do you aim to amend the following in your reserve management plans over the next 12-24 months?



Source: OMFIF GPI 2025 survey

BRIDGEWATER

Unstable equilibriums

Cyclical equilibriums and market calm are threatened by disruptive modern mercantilism, write Bob Prince, Greg Jensen and Karen Karniol-Tambour, co-chief investment officers at Bridgewater Associates.

'Investing in this environment calls for diversification to protect against the many extreme unknowns and agility to be ready to adapt as the unknowns become known.'

THERE is a deep tension in markets as cyclical conditions, which have converged towards reasonable equilibriums, continue to confront big, interrelated paradigm shifts in geopolitics, the macroeconomy and technology. The transition from co-operative global trade towards more competitive trade protectionism – which we call 'modern mercantilism' – and the artificial intelligence revolution is entrenched and accelerating. For now, it has left cyclical equilibriums intact, which has been good for assets, and markets continue to extrapolate the same, particularly in the US.

In our view, this apparent market stability obscures a heightened potential for extreme outcomes. The escalation in US-China trade hostilities, the collapse of the Liberal Democratic Party-Komeito coalition in Japan, France's fiscal crisis and changes in government, and a US government shutdown are simply the latest reflections of this underlying fragility. Mercantilism is begetting more mercantilism every day, its impacts are beginning to flow through to cash flows and conditions and fiscal responses are contributing to a pull for capital outside the US and a surge in duration supply that markets must absorb.

The AI revolution has entered the resource-grab phase, with breakneck capital expenditure growth that is great for profits today but raises long-term concerns about whether these investments will produce the cash flows needed to meet high expectations. And the strong market returns this year reflect, in part, a 'money illusion', as the value of fiat money relative to other storeholds of wealth like gold has declined faster than assets have risen relative to fiat money.

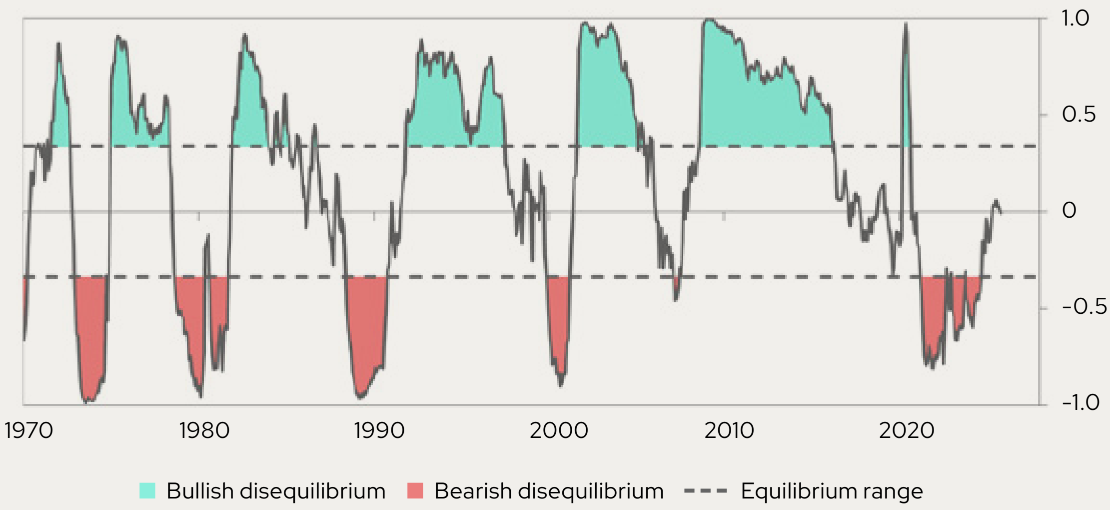
There are many ways these forces could break. The interaction of simultaneous, interrelated paradigm shifts leaves us with an environment prone to non-linear outcomes, where conditions should not be forecast far into the future. Investing in this environment calls for diversification to protect against the many extreme unknowns and agility to be ready to adapt as the unknowns become known. Fortunately, across countries, assets and currencies, diversification is not only prudent but tactically attractive as well.

Near-term equilibrium has obscured complexity

Despite a chaotically and rapidly evolving background, cyclical equilibriums in markets and economies have largely remained in place (Figure 1). Growth has held up well in the US

1. Equilibrium despite uncertain background

Global equilibrium index



Source: Bridgewater Associates
Note: Data through Q3 2025. Equilibrium Index is based on Bridgewater analysis and represents an aggregation of the underlying pressures faced by an economy. See p.31.

– AI-driven investment and support from the wealth effect and discounted easing have cushioned drags from trade uncertainty – and has accelerated in other major economies (for example, Europe and the UK).

At the same time, strong productivity growth and the deflationary impulse of tariffs outside the US have allowed for the continued moderation of inflation in most developed economies. That said, it's important to realise that even in normal times cyclical equilibriums often don't last long before something disturbs them.

The money illusion is at work

Balanced conditions typically produce roughly average excess returns of assets relative to local cash. In fact, asset returns this year have been favourable relative to local cash – i.e. relative to fiat money. Viewed from this perspective, US markets are up substantially this year – stocks look roughly in line with most developed-world peers and bonds are the top performer (Figure 2).

But returns in local currency mask an already unfolding consequence of mercantilism, which is that the value of money itself has declined as trust has declined. This has particularly been the case for the dollar as its stability has been brought into question, capital inflows have slowed and investors have taken some initial steps to hedge exposures. When viewed in global currency terms, US stocks are actually the worst-performing of the major equity markets – a big shift from the prevailing outcomes of the past decade and a half (Figure 3).

More broadly, the perceived confidence in fiat money has clearly fallen this year in relation to gold, which is the only asset or currency that is not someone else's liability (Figure 4). The reasons for this shift are confirmed by our examination of the flows. While fiat asset returns suggest that the stream of future cash flows has become more attractive, gold returns suggest that the true storehold value of those cash flows has fallen.

Asset returns measured in gold have been deeply negative, reflecting a cost in terms of efficiency and trust from the global and chaotic shift towards modern mercantilism. That's the money illusion – nominal returns still appear good relative to money, but this reflects money devaluing relative to real storeholds of wealth. While gold is the most extreme reflection of this, you see the same effects in varying degrees with respect to other storeholds of wealth.

This is an environment where much can change quickly. The opportunities we see today are of less value than the process and ethos that underlies them – which is to approach these markets with diversification, agility and a healthy sense of paranoia.

Please review the 'Important disclosures and other information' located on p.31.

2. US markets are up substantially
Local currency terms, %

	Stocks	Bonds
US	15.3	7
China	35	0.7
Canada	22.1	3.5
Australia	11.3	4.1
UK	17.9	1.5
Japan	16.6	-2.6
Europe	16.7	-0.1

Source: Bridgewater Associates
Note: Data through Q3 2025. Past performance is not indicative of future results. See p.31.

3. US stocks worst-performing in major equity markets
Global FX terms, %

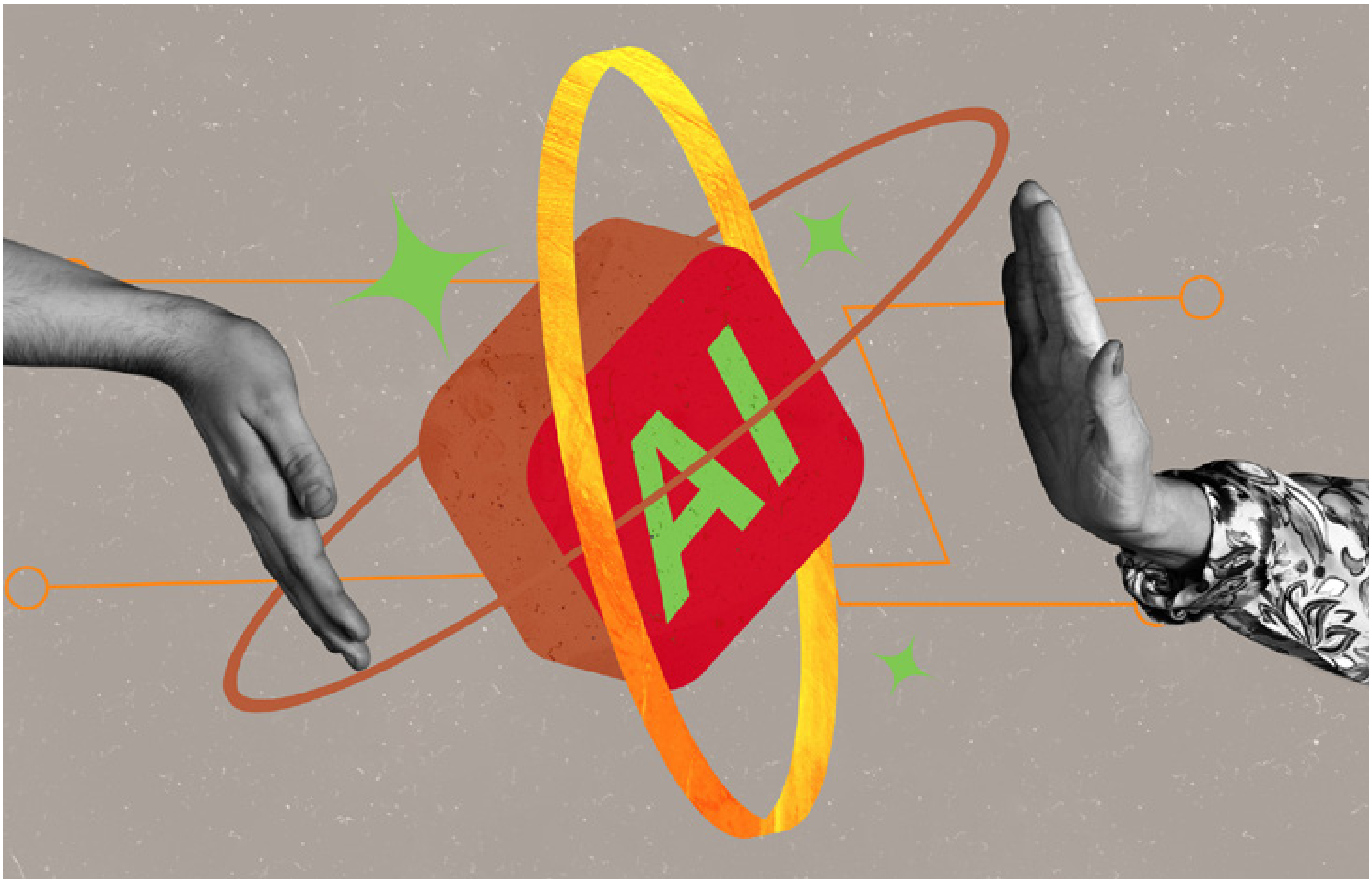
	Stocks	Bonds	FX vs Global FX
UK	21.7	4.7	3.1
China	31.1	-2.1	-2.8
Australia	13.9	6.6	2.5
Europe	25.2	7	6.9
Canada	19.6	1.4	-2.1
US	10.3	2.5	-4.4
Japan	15.7	-3.6	-0.6

Source: Bridgewater Associates
Note: Data through Q3 2025. Past performance is not indicative of future results. See p.31.

4. Confidence in fiat money has fallen in relation to gold
Gold terms, %

	Stocks	Bonds	FX in gold terms
UK	-14.3	-26.7	-27.8
China	-7.4	-31.6	-32.1
Australia	-20	-25.2	-28.1
Europe	-11.5	-24.9	-24.7
Canada	-15.8	-29	-31.7
US	-22.9	-28.3	-33.1
Japan	-18.5	-32.6	-30.7

Source: Bridgewater Associates
Note: Data through Q3 2025. Past performance is not indicative of future results. See p.31.



Key findings:

- Central banks are using artificial intelligence to analyse data, summarise information and streamline workflows, while keeping core decision-making under human control.
- Some central banks are developing in-house systems to minimise risk and maximise control while others rely on external tools, prioritising competence building and cost efficiency. The extent of adoption varies widely.
- The central banks that have gone furthest in adopting AI are also the most concerned about the risks associated with its use.

Balancing opportunity with prudence

Artificial intelligence is providing unbounded opportunities for efficiency within central banks. But there are also major risks involved, and reserve managers are cautious.

TECHNOLOGY has moved to the centre of conversations about reserve management. For decades, central banks compared notes on liquidity, asset mix and diversification. Now the question is not about assets or alliances – it's about technology.

Artificial intelligence has entered that discussion as both an opportunity and a risk. For central bankers, AI promises to be a scalable, labour-saving input, improving efficiency without replacing human oversight. Early applications focus on automating routine market analysis and monitoring tasks, such as processing data, identifying anomalies and summarising reports.

Attitudes towards the technology, as well as levels of adoption, vary widely. Some institutions are building dedicated AI teams, while others are still determining how the technology fits within their operations. Interestingly, the most advanced institutions in this regard are the most alert to its dangers. Their experience is informative: the deeper the expertise of the

The deeper the expertise of the central bank in AI, the more conscious they become of both its promise and threat.

central bank in AI, the more conscious they become of both its promise and threat.

AI is beginning to take hold

Most central banks that use AI report it being introduced cautiously and for specific, low-risk purposes. From the working group discussions, as well as the Global Public Investor 2025 survey, it's clear that most central banks are at the early stages of AI adoption. Over half of survey respondents said it is not yet supporting their operations (Figure 3.1). The working group conversations echoed this, with most early applications centred on routine analytical tasks rather than risk management or portfolio construction.

Every central bank agreed that skills are the real constraint. Technology budgets matter less than institutional capability. Some central banks are investing in digital literacy and staff training, while others are asking for structured workshops, courses led by the Bank for International Settlements and peer-to-peer exchanges. One policy-maker said their institution is 'starting small, using what is already on our platforms and learning by doing'. Others mentioned nascent plans for regional co-operation to share expertise and avoid duplication.

The working group discussions reflected gradually shifting attitudes. Institutions at the early stages of adoption are noticing its potential. Although central banks face no external pressure to maximise efficiency, which one reserve manager noted as a hindrance to faster adoption, institutions are interested in its labour-saving capacities. A policy-maker from Europe described AI as a way to relieve operational bottlenecks and reduce the labour intensity of reserve management.

Among central banks at more advanced stages of adoption, a shared principle has emerged: human oversight is non-negotiable. As one policy-maker put it, AI 'helps us see more, but decisions must remain with people'. Although current applications are limited, AI is slowly permeating the systems of central banks. As adoption spreads, central banks diverge sharply in how they structure and govern it.

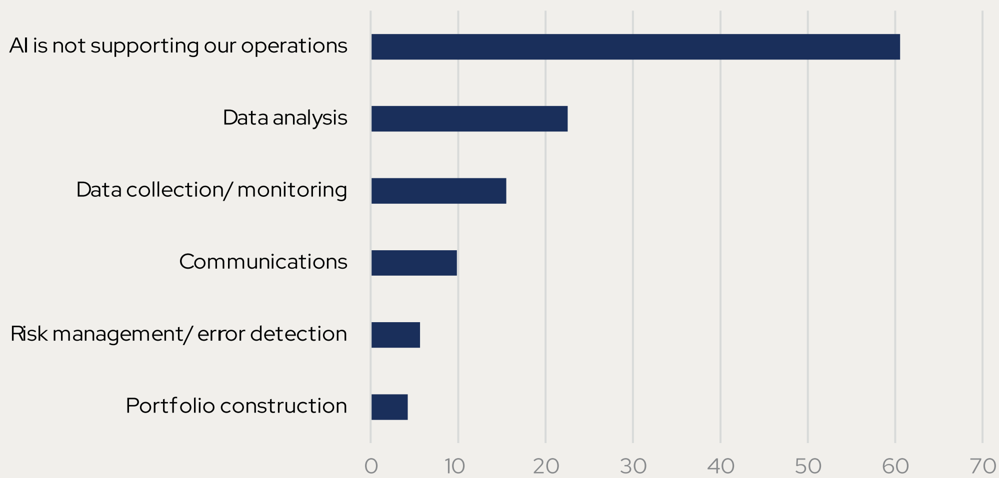
Adoption of AI is uneven

A key element of the debate centres on whether to build or buy. Central banks need to balance control against efficiency. The earliest adopters are employing in-house expertise.

One policy-maker from an emerging market reported their institution has created an independent AI team to develop internal systems. This choice is motivated by preferences for internal control over external dependency, even at the cost of some efficiency. This central bank reported the most advanced use of AI among those the working group spoke with, applying it to research and allocation decisions. A European

3.1. Adoption is limited

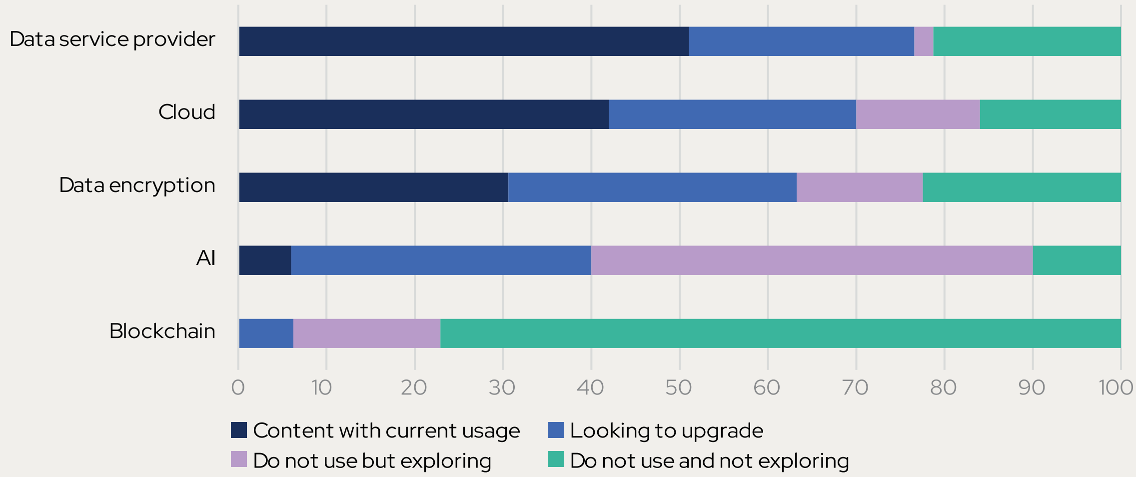
How is artificial intelligence supporting your operations? Share of respondents, %



Source: OMFIF GPI 2025 survey

3.2. Central banks prioritising digital capacity

Are you looking to introduce or expand your use of the following digital technologies?
Share of respondents, %



Source: OMFIF GPI 2025 survey

institution with comparable expertise is pursuing similar pilots of AI in reserve management.

Institutions at intermediate stages of adoption tend to rely on external tools. Such tools are cost effective, but come with data security, confidentiality and operational risks. Some of these institutions discussed using machine-learning techniques to filter through large market datasets, identifying patterns in bond-market movements or liquidity conditions that might otherwise be missed. Others are experimenting with AI applications in environmental, social and governance data screening, automated reporting and code-based development.

Some institutions, however, are approaching the issue from a different starting point. Many acknowledge that they are lagging and need practical, hands-on support. One policy-maker said their organisation requires 'more training, foundational courses and even helplines' to gain confidence in using AI. For now, they rely on simple applications such as automated reporting and built-in tools on trading platforms. Many of those with low levels of implementation expressed a desire to expand digital capacity and build the infrastructure upon which future AI adoption depends (Figure 3.2).

Some institutions face cost and governance barriers. A policy-maker from the global South described internal hesitation around new technologies, pointing to budget limitations in internal development and conservative boards constraining recourse to external tools. Another from the region captured the dilemma directly: 'We lag, but we can't lag forever. We have to cope and we have to face all those challenges in order to preserve our international reserves.' They noted that readiness often depends on how open board members are to technology. Operational systems should be more advanced, they said. But upgrades remain expensive and returns uncertain.

For many, AI is both a necessity and a challenge – a tool they must learn to use safely, without jeopardising security or diverting scarce resources. The uneven pace of AI adoption reflects structural asymmetries in resources, governance and technical capacity. Institutions building in-house systems are shaping the frontier of experimentation, trading speed for autonomy and security. Others, constrained by cost and infrastructure limitations, rely on external tools that offer efficiency at the expense of control.

Technology and risk

Despite optimism on the promise of AI, several participants expressed concerns about risks associated with its adoption. Their concerns fall into three areas: model reliability, cybersecurity and market stability.

Most institutions restrict AI experimentation to secure enterprise environments. Public AI tools are rarely allowed for reserve-related work. Working models are validated like credit and market risk tools – requiring documented governance, periodic review and clear lines of accountability. Reserve managers are cautious of 'black-box tools' relying on processes that they can neither explain nor defend.

AI in central banking faces a severe version of the 'edge-case' problem; it performs reliably for high-frequency problems in data-rich environments, but falters on problems associated with low-frequency, high-impact events. Such events dominate the

'We lag, but we can't lag forever. We have to cope and we have to face all those challenges in order to preserve our international reserves.'

A policy-maker from Latin America

macroprudential supervisory responsibilities of central bankers. However, at this stage, AI hallucinations present implementation risks even in the most data-rich problem sets. Given the centrality of model reliability to central banks' functions, robust controls remain essential.

While reliability was the principal model risk, cybersecurity emerged as the dominant concern among central banks. A policy-maker from Europe warned that, in today's environment, a cyber breach carries not only operational but also political risk. For reserve managers, whose credibility rests on prudence and control, even a limited breach could trigger severe reputational consequences. In an era of expanding threats to central bank independence, perceptions of prudence are more important than ever, and the risk of increased cybersecurity vulnerability continues to constrain adoption.

AI's widening of the cyberattack surface is motivating institutions to build and host systems internally, ensuring the maintenance of control over sensitive data. Yet even internal systems are not devoid of risk. An emerging threat is the presence of malware embedded within large public datasets used to train AI models. Central banks experimenting with AI as a coding aid are at the forefront of such risk. Secure enterprise development platforms are a helpful mitigant, but human oversight emerged from the working group discussions as the key ingredient safeguarding the interests of reserve managers.

While cybersecurity concerns were most prevalent among the central banks, market stability risks were the most severe concern raised. An institution pioneering central banking applications of AI also had the most misgivings about its impacts on their macroprudential mandate. This bank articulated the view that, as agentic AI disseminates among market actors and takes over everyday trading, the volume and speed of market flow will increase. Under ordinary market conditions, this may reduce volatility. However, this policy-maker expressed concern that in times of stress AI could lead to 'herd behaviour', amplifying liquidity squeezes and increasing the difficulty of market-stabilising central bank intervention.

In a market populated by AI agents trained on similar datasets and optimised under similar objectives, herd behaviour is likely. When the data imply that shocks are minimal, optimal strategies will involve trading against the market – AI agents converging on this equilibrium may dampen the impact of short-term market fluctuations.

However, when the data signal a crisis, models designed to maximise returns subject to solvency constraints will prioritise their institution's survival. Systems racing to exit positions would cause a rapid collapse in liquidity. Crises that in previous times played out over days may in the future unfold in minutes. Such a scenario is precisely what concerns the central bankers at the forefront of AI adoption. The very efficiency that makes AI so valuable may also increase both the speed and severity of AI-driven market shocks.

Promise and risk are shaping how central banks approach AI. The efficiencies it offers in routine analysis are weighed against reliability challenges and pervasive cybersecurity risks. Pioneering institutions are laying the groundwork for others, developing internal frameworks and governance models that will make later adoption safer. The 'wait-and-see' approach taken by many may prove prudent, allowing lessons from early adopters to inform global standards.

Outside the halls of central banks, broader market adoption of AI may give rise to new forms of financial stability risk. Some central bankers are reaching this conclusion before others. Ultimately, reserve managers will be forced to adapt to a world where AI, and its risks, are an integral feature of their work.

The new frontier of prudence

The next phase of this transition will focus on integration rather than experimentation. As use cases multiply and systems improve, the range of applications of AI within central banks will grow. Although few central banks currently deploy AI systems in risk management and asset allocation choices, the behaviour of the most advanced central banks suggests this will change. The current focus on human oversight of all AI work, while commendable, may become difficult to maintain.

Implementation strategies are likely to emerge along institutional lines. Larger central banks will continue to build internal systems and teams. Smaller ones are likely to continue to rely on external platforms, partnerships and multilateral support. While the existing gaps in adoption are likely to shrink, divergence in institutional capacity will continue to shape how AI is used in central banking.

As institutions expand their expertise, their awareness of the risks will grow. The current focus on reliability and cybersecurity risks is likely to give way to a focus on the broader financial stability implications of AI. Human oversight and prudence in deployment can effectively mitigate much of the operational and model risk, but managing impacts on the macroeconomy will require more complex solutions. Traditional tools of crisis response, such as discretionary liquidity facilities, may prove too slow in an AI-driven crisis and policy-makers will need to plan for a future shaped by the technology.

At this stage in AI integration in central banking, both the potential efficiency gains and the risks appear unbounded. As adoption spreads, operational risk within institutions and systemic risks across markets will increasingly overlap. The prudence of reserve managers, once defined by their focus on liquidity, asset mix and diversification, must begin extending to the domain of technological governance.

The next phase of AI

As central banks explore use cases for artificial intelligence in their operations, BNY discusses how the bank approached its own adoption of the technology.

'Having the right governance frameworks not only helps deploy AI in a responsible, risk-managed way; it is essential for building scalable solutions.'

ARTIFICIAL intelligence has the potential to transform productivity and growth. To really achieve this potential, however, companies need broad, deep and scaled adoption.

At BNY, we are encouraged by what we have already seen AI do. We are systematically investing in upskilling our employees and deploying AI throughout the company, all with strong governance in mind. Today, nearly all of our employees are trained to use our enterprise AI platform, Eliza, with the majority of our AI builders now coming from outside of our engineering teams.

Companies looking to harness AI have a wide range of technology options to consider – from off-the-shelf tools to custom-built platforms. While many start with enterprise integrations that embed AI into daily workflows for tasks like summarising emails and meetings, others are carefully selecting vendor solutions for specific and siloed functionalities. Our AI strategy is straightforward: AI for everyone, everywhere and everything.

We decided to build AI as a platform within our company – named Eliza after the wife of BNY founder Alexander Hamilton – that leverages best-in-class models and vendor tools from a variety of leading providers. A menu of models is provided to our employees to power different solutions.

Democratising AI

Technology alone does not drive transformation – people do. So, while the investments we've made have focused on creating the technology foundation to go faster, adoption and success will also be dependent on culture.

Today, people from every discipline can use AI and that prompts us to redefine what 'AI expert' means. We still need data scientists and engineers to create models and build AI systems, but a fast-growing community is becoming expert at using it within their own lines of work. At BNY, we give our employees a variety of ways to upskill themselves: leader-led, peer-to-peer, team-based and self-directed learning.

BNY has announced an initiative with Carnegie Mellon University to support world-class research and development in AI, known as the BNY AI Lab. The BNY AI Lab brings students, faculty and staff from across the university together with BNY experts to advance state-of-the-art AI applications and systems and prepare the next generation of leaders. Central banks may consider establishing similar innovation hubs or labs to foster collaboration with academia and the private sector, accelerating the development of AI solutions tailored to public-sector needs.

Building AI muscle

When BNY began its AI journey, we first focused on raising awareness and familiarity. We promoted Eliza and its capabilities: we hosted internal events, demonstrations and teach-ins geared towards helping our people understand what AI is, how we built Eliza and how they could use it.

We also developed training and self-directed learning opportunities to build awareness. Colleagues brought each other along for the journey, based on the idea that sharing experiences is integral to adoption. For this reason, we set up peer-learning circles and social networking. Our leaders championed AI efforts and cascaded its importance to their teams through initiatives such as leadership briefings, AI-focused town halls and internal thought-leadership content. Seeing our leadership team talk openly about AI in the media also drove our employees' curiosity in our Eliza platform.

We then gave our employees a variety of fun and collaborative opportunities to work with each other to explore how AI could add value to their specific roles or teams. AI hackathons and bootcamps are happening across the company. Eliza adoption is up 175% this year, with 99% of employees fully trained and onboarded onto the platform – up from just over a third in January.

'Technology alone does not drive transformation – people do. So, while the investments we've made have focused on creating the technology foundation to go faster, adoption and success will also be dependent on culture.'

For central banks, knowledge-sharing and peer learning can help build a community of AI practitioners focused on public sector challenges.

Driving engagement and application

Now that every part of the company has access to Eliza, our focus has shifted to driving engagement and application and encouraging our people to build their own Eliza agents. Expansive upskilling is essential to unlocking the value of AI at scale, so we are expanding the tools developed to raise awareness, with a focus on deepening employees' skillsets and confidence.

We are leaning into role-based skills for AI proficiency levels across engineering, operations, product management, client coverage and corporate functions, with upskilling programmes tailored to these roles. Staff are provided training around fundamentals and advanced learnings are provided to engineers. We also have tenure-based programming, such as analyst bootcamps focused on our early-career employees, and an AI leadership series aimed at helping managers build a culture of experimentation.

For central banks, upskilling staff can help unlock the value of AI. Tailored programmes for economists, supervisors and policy analysts can accelerate AI fluency within the central banking community. Central banks can encourage staff to build and apply their own AI solutions, embedding AI responsibly into workflows for policy analysis, economic modelling and other repetitive tasks, with programmes tailored to different roles and levels of experience.

Delivering tangible value with AI

The next phase of establishing an AI culture involves supercharging application through individual agents, AI solutions and digital employees. As of the end of September 2025, we have 75% more AI solutions in production compared to the previous quarter – including solutions that help identify new business leads, write code, automate payment processing, accelerate client onboarding and increase automation of reconciliations.

We leverage AI-based solutions to improve quality and agility. For instance, AI allows us to continuously monitor transactions and market conditions – detecting risk signals in even more real-time and equipping our teams with the insights to proactively mitigate issues.

Digital employees are part of our payment teams, working side by side with our people, so that clients can benefit from even faster processing. AI is helping us accelerate client onboarding by shortening research and processing times. By harnessing advanced reasoning, BNY's AI-driven contract review assistant benchmarks negotiated agreements against our corporate best practices and evolving regulatory requirements.

AI is helping us better understand and anticipate client needs. AI-enabled synthetic focus groups and data analysis allow us to quickly identify patterns and themes, which then inform how we design our products.

We have built, onboarded and deployed over 100 digital employees with distinct personas, credentials and supervisors to automate routine tasks. By putting AI in the hands of everyone at BNY, we intend to develop fluency and create capacity for our people to focus on higher-value work.

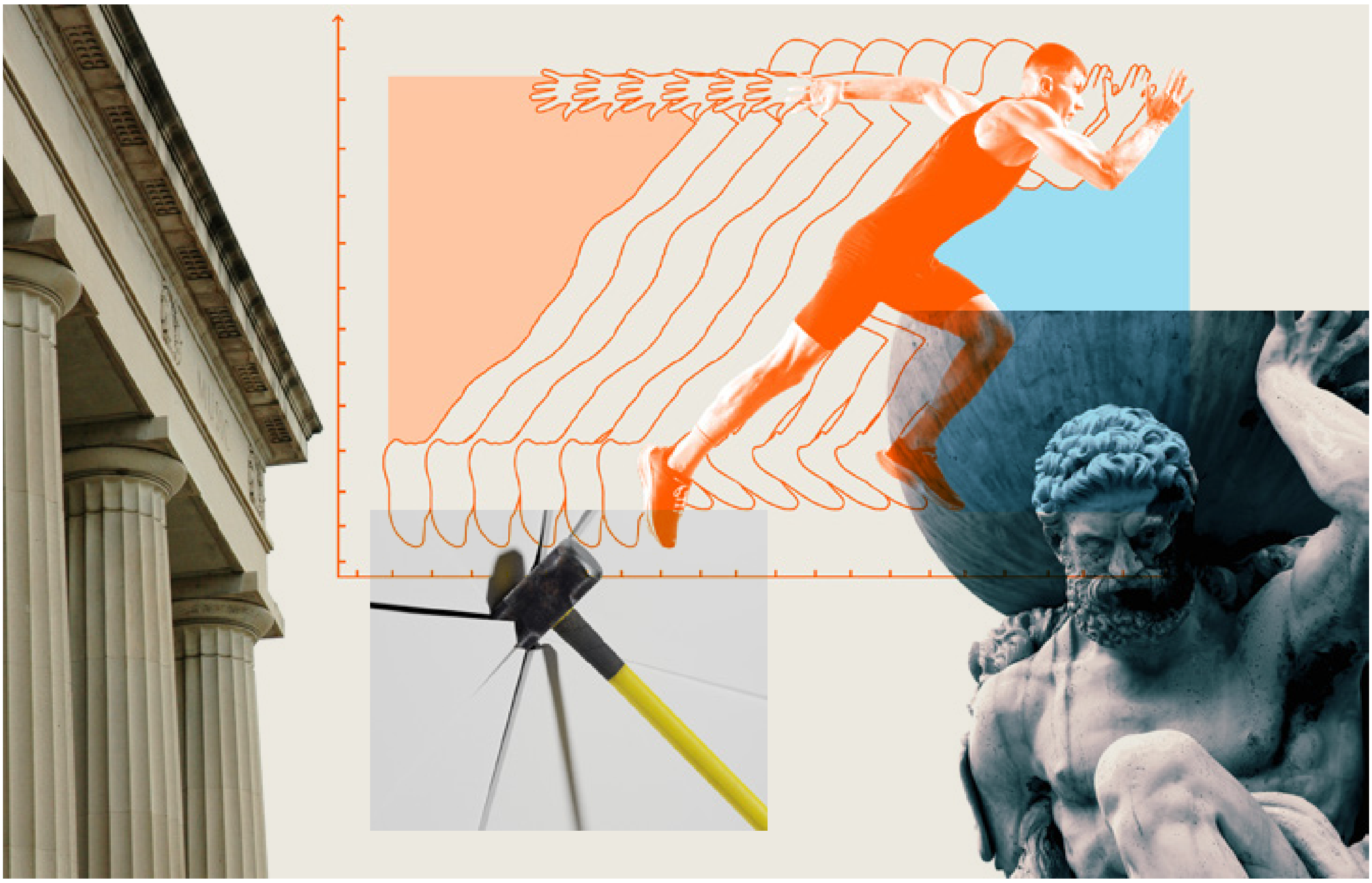
Applying governance to scale

Having the right governance frameworks not only helps deploy AI in a responsible, risk-managed way; it is essential for building scalable solutions.

At BNY, our enterprise-wide responsible AI approach is anchored in governance frameworks around data usage, transparency, fairness, compliance, employee training and technical guardrails, along with continuous oversight. Good governance is never static. We are constantly evolving our approach to increase effectiveness and scale sustainably, such that it powers responsible innovation and the 'AI for everyone, everywhere and everything' philosophy.

For central banks, the journey to AI adoption is an opportunity to leverage innovation. Transparency in AI use and clear communication about responsible adoption are essential for maintaining confidence in central banking institutions.

Please see p.31 for BNY's disclaimer.



Key findings:

- Central banks share a pragmatic core: safety and liquidity still anchor every reserve management decision.
- Differences show up in implementation, with some adjusting existing frameworks and others laying the foundations for resilience and capability.
- Resilience will depend less on adding new instruments and more on strengthening skills like technical and data systems and trusted co-operation.

A test of strength

While some central banks are strengthening their existing frameworks, others are turning to new tools and technology to weather global shocks.

OVER the past five years, reserve managers have shifted their way of thinking, placing a greater emphasis on broader political economy and geopolitical strategy. The backdrop of steady growth, low inflation and deep liquidity that defined much of the decade that followed the 2008 financial crisis has given way to uncertainty. Geopolitical fragmentation, inflation volatility and the weaponisation of finance have turned previously routine portfolio choices into political statements with strategic implications.

Across the working group conversations, policy-makers described a version of this reality: the world feels less predictable and reserves are once again a central pillar of resilience. For some, that means improving existing frameworks, for others it means building new ones. All 10 conversations with central banks, from Europe to Africa, Asia and Latin America, all came back to the same question: what does resilience look like in practice?

From insights to action

The Global Public Investor Working Group set out to deepen what the GPI 2025 survey revealed: how central banks are navigating a world that feels structurally different from the one they prepared for. The bilateral discussions

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turned those survey findings into lived experience. They showed not just what central banks think, but how they are adapting in real time.

The GPI 2025 report highlighted that the foundations of the reserve system are shifting, yet its architecture remains the same. The dollar still dominates, liquidity still dictates behaviour and safety still outranks return. What has changed is the environment in which those principles operate. The conversations with the central banks confirmed this repeatedly: geopolitics, technology and shifting market structures have become inseparable from the work of reserve management.

Across the conversations, several common ideas stood out. Resilience has become the new performance metric and the goal is not only to preserve capital but to preserve the ability to act when markets seize or politics intrude. Safety and liquidity remain non-negotiable even with higher yields and new instruments on the table. Diversification continues, but cautiously. The dollar remains the anchor, gold is resurgent and regional currencies play niche roles.

Technology is reshaping process, not purpose. Artificial intelligence and automation are improving how data are gathered and analysed, yet every policy-maker was clear that human judgement must remain central. Some institutions are calling for stronger regional networks, peer learning and co-operation with multilateral and private partners to support reserve management. Together, these themes show a community of central banks facing similar pressures but adapting in distinct ways.

Future priorities and new equilibrium

The working group discussions pointed to priorities that will shape reserve management in the coming decade. The first is re-anchoring safety and liquidity in a volatile world. Higher yields ease the pressure to chase return, yet geopolitical and market risks make ready liquidity more valuable than ever. Second is closing the skills gap. Training and digital literacy now sit alongside capital adequacy as core elements of resilience.

Third is the need to embed technology into operations safely. Use of AI and automation should be built on strong governance and clear accountability. The technology should enhance judgement, not replace it. Finally, expanding practical co-operation is a priority. Reserve pooling, technical training and shared data frameworks can increase readiness, while the authority to make decisions remains national.

The decade ahead is unlikely to return to the predictability of the past. Economic cycles, political tensions and technological change now interact in real time, testing the capacity of reserves to absorb shocks. Yet the tone of the working group discussions was pragmatic, not pessimistic. Policy-makers are adapting and the tools are changing, but the purpose remains constant: to protect national resilience in a volatile world.

The next phase will reward central banks that combine caution with adaptability and those willing to modernise without losing discipline. Managing reserves amid fragmentation and rapid technological change will be the quiet test of central-bank resilience.

Regional co-operation and shared learning

A strong theme throughout the conversations was the growing interest in regional safety nets. Policy-makers pointed to swap lines and pooling arrangements in Asia and Africa as useful complements to national reserves. These mechanisms can provide quick access to liquidity in stress events, but participants cautioned that governance complexity and political coordination often limit their reach.

Several emerging market institutions called for more structured regional training and knowledge-sharing. They see co-operation less as financial mutualisation and more as capacity building, sharing models, data and analytical methods to raise collective readiness.

Other policy-makers echoed that sentiment from a different angle, emphasising collaboration on technology and data standards rather than capital pooling. A few suggested that coordinated frameworks for cyber-resilience and AI governance could emerge as the next frontier of central-bank co-operation.

Working with partners

Private-sector and multilateral partnerships were another recurring topic. Participants valued the mix of perspectives brought by institutions like BNY, Bridgewater Associates and Capital Group during the working-group conversations. Their engagement highlighted how policy and markets intersect and where risk perception diverges and aligns.

Several central banks said they welcome closer co-operation with asset managers and custodians on technology, data analytics and liquidity solutions. They stressed, however, that such collaboration should enhance independence, not compromise it. The relationship is viewed as complementary: private partners bring innovation and scale, and central banks bring stability and credibility.

Participants suggested the private sector could help develop shared benchmarks for digital readiness, climate disclosure and AI ethics – practical tools that make co-operation tangible without prescribing policy.

Next steps for the working group

The working group's value lies in turning data into dialogue and then into collaboration, and the next phase should keep doing exactly that. A first strand is to deepen work on technology readiness through a comparison of AI governance, cybersecurity and data infrastructure to benchmark progress and surface practical gaps.

A second strand is to explore ESG under new constraints, mapping how reserve managers are redefining sustainability within safety and liquidity mandates as politics and energy priorities shift. A third strand is to assess resilience frameworks, comparing scenario planning, adequacy metrics and liquidity backstops and building a shared repository of workable practices that smaller institutions can adopt quickly.

The working group has shown that, even amid fragmentation, there is alignment on what matters most. Central banks are navigating the same tensions in a world where safety cannot be taken for granted, liquidity can disappear overnight and technology can both protect and expose them.

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