Financial Stability in Commercial Banks: Current Key Trends

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Abstract

This study explores financial stability in commercial banks by analyzing the interaction between monetary policy, capital regulation, and macroprudential policy. Despite growing literature, there is limited consensus on how these tools collectively influence banking sector resilience. Applying a systematic literature review guided by PRISMA, the study synthesizes key trends, theoretical models, and empirical evidence. Findings suggest that accommodative monetary policy can heighten risk-taking behavior, while robust capital regulations help mitigate this effect. Four main themes emerge: the risk channel of monetary policy, capital adequacy frameworks, systemic risk modeling, and integrated prudential approaches. The study highlights increasing attention from central banks and international institutions since the 2008 financial crisis. By identifying conceptual overlaps and gaps, this research offers a comprehensive framework for policymakers to strengthen financial stability in a rapidly evolving economic landscape. It serves as a valuable resource for guiding future research and policy formulation in financial system governance.

Keywords: Financial Stability, Commercial Banks, Monetary Policy, Capital Regulation, Systemic Risk.

JEL Codes: G21, E52

1. Introduction

Financial stability in commercial banks remains a central interest for politicians and researchers, especially regarding the recurrent financial crises that have revealed systemic

vulnerabilities (Ballouk et al., 2024; Kim & Kwon, 2023). Commercial banks play a crucial role in economic functioning as key intermediaries in the financial system by facilitating loans, liquidity management, and risk distribution in various sectors of the economy (Jonáš, 2024; Werner, 2014). Their structural characteristics – such as reliance on short-term financing, exposure to credit cycles, and high leverage —make Commercial banks inherently fragile. This fragility is often harmed by reckless behavior with danger, paltry capital reserves, and inconsistent funding structures, all of which pose notable hazards to broader economic stability. Despite extensive inquiry into the factors that impact bank soundness, there remains ambiguous agreement on how pecuniary policy, reserves, and macroprudential rule interact and form defiance in the banking sector. On one side, accommodative monetary policies—defined by low rates of interest and ample liquidity—stimulate lending and commercial activity. However, such strategies can also uphold excessive risk, as Bruno and Shin underlined, the so-called "danger channel" of pecuniary policy. On the other side, a survey such as Angeloni and Faia claims that smartly designed prerequisites for capital adequacy can alleviate these risks by making certain that banks preserve sufficient buffers to assimilate likely losses.

Yet, most existing literature reviews these determinants in isolation and fails to capture the dynamic interdependence between monetary policy decisions and regulatory interventions. Additionally, few studies comprehensively assess the common impact of these political instruments on fiscal stability, particularly through the lens of evolving banking risk profiles and capital structures. This gap in comprehension restricts politicians' aptitude to design effective, coordinated strategies that increase the resilience of the financial system.

This paper attempts to fill this void by examining how the emerging framework of pecuniary policy and regulatory changes impinge upon the fiscal soundness of commercial banks, specifically concerning the risk channel and share of capital adequacy. The main question is how monetary policy affects financial stability of commercial banks together with capital rules.

First, it is building upon earlier works on monetary policy instruments and their transmission channels. Goodfriend and McCallum (2007) lay a groundwork on the mechanics here while a contemporary perspective on this is provided by Svensson (2017) on the incorporation of financial stability objectives. Rubio and Carrasco-Gallego (2014) independently provide a useful perspective on the interaction between macroeconomic policies and financial cycles, highlighting adaptive regulatory mechanisms.

The current analytical approach assumes a fine, micro-level position to study how political decisions shape bank-level behavior overtime (Rabetino et al., 2025). This methodology is a means for deeper understanding of the interactions and tradeoffs that result from structural and regulatory levers on monetary policy. Moreover, results from Bezemer (2010) and Gerali et al. (2010), the dynamics of balance sheet and the accounting model are keys for systemic risk of the institution.

Building on existing literature, this paper presents a holistic analysis of the political channels through which bank stability is influenced. A holistic approach is proposed that brings together monetary policy, regulation and the attitudes towards taking risk in an integrated framework. This has important implications for policymakers wishing to advance financial resilience in the face of increasing global interconnectedness and complexity.

The primary purpose of this work is to facilitate the coordination between monetary authorities and supervisors and to take a holistic approach to financial stability that includes politically tainted tools and banking evolution.

Methods

The approach of the current study is consistent with the systematic literature review based on preferred reporting items for systematic reviews and meta-analyses, which aims to explore the emerging trends and research findings in relation to financial stability on commercial financial institutions. The PRISMA model was used to ensure transparency, replicability, and quality throughout identification, filtering, qualification, and inclusion of the studies for the evaluation. The flow of sources had three times as many references to risk management, capital adequacy and laws of regulation. A number of documents emphasized best strategy for preserving stable incomes and balance sheets during times of economic volatility. Other works, on the other hand, evaluated strategy to build reserves and hedge losses. This review will attempt to synthesize available literature to identify determinants of resilience in banking.

1.1. Bibliometric analysis

Initial searches scanned a vast array of resources utilizing strategic Boolean phrases. Ensuing inquiries demanded thorough coverage and applicable importance, steered by an assemblage of judiciously opted search terms: "money related strength," "Business Banking," "banking part," "bank hazard," "framework wide hazard," "capital sufficiency," "danger of liquidity," "credit hazard", "Basel III," "stress test." These keywords were derived from controlled subject orders (depictors - DE) and extended terms (recognizers - ID) found in records from various databases, mirroring the central subjects of the investigation. The hunt continued with fluctuating sentences and evolving complexity to match the human writing style.

The search was conducted across the main academic databases through a systematic approach to identify reviewed articles, reports on politicians, and theoretical contributions on the topic.

The search framework lasted between 1966 and 2025, allowing for a thorough analysis of basic theories and current developments in the regulation of banking and financial stability. This wide time range was particularly valuable in exploring changes in regulatory frames and

monetary policy reactions before and after the global financial crisis in 2008, which meant a breakthrough in understanding and managing systemic risks in the banking sector.

The search initially produced 459 records. After removing 37 duplicate items, 422 unique records remained for initial screening based on titles and abstracts. Two independent reviewers performed this screening process using predefined inclusion and exclusion criteria to ensure consistency and reduce selection distortion.

The criteria for inclusion of preferred articles in reviewed journals that directly deal with questions related to financial stability, the impact of monetary policy on banks, regulatory frameworks such as Basel III, and systemic modeling of risks. On the other hand, the elimination criteria eliminated non-English publications, book reviews, editors, comments, and studies that closely focused on the assessment of loans at the company level, without dealing with the wider effects of macroprudential regulation (Al-Hanandeh et al., 2025; Latiff et al., 2025; Samara et al., 2025; Carè et al., 2024).

After the initial screening phase, 89 full-text articles were obtained in detail and evaluated in terms of competence. Of these, 64 were included in the final synthesis. The reasons for exclusion at this stage varied: some lacked sufficient theoretical or empirical contribution to the topic of financial stability (n = 10), others accepted perspectives that were too close (n = 8), and several of them did not provide clear methodological descriptions or analytical depth (n = 7). Any discrepancies between the reviewers during the screening phase and competence were resolved by discussing and building consensus.

A thematic coding approach was used to analyze the selected literature using iterative and inductive methods. This process enabled prominent concepts and formulas to emerge from the source material in lieu of strictly preserving existing classifications. Four overarching subject areas were uncovered through this analysis.

- Ccommodative monetary stances, such as low interest rates and liquidity injections, and how their effects on banks' behavior can inadvertently foster excessive risk-taking. Key contributions deal with mechanisms explored by Bruno and Shin (2015) and Gertler et al. (2012).
- Capital requirements' effectiveness in mitigating systemic danger, with impactful works including Angelini et al. (2014) and Angeloni and Faia (2013) asserting that a prudently structured capital buffer serves as a crucial tool for strengthening banks.
- The use of accounting models and dynamic stochastic general equilibrium to better grasp the dynamics of financial crises and how shocks permeate the banking system, as demonstrated significantly by studies from Bezemer (2010) and Gerali et al. (2010).
- Synergies and potential trade-offs between regulatory and monetary instruments in supporting stability, examining the integration of microprudential and macroprudential policies.Studies such as Rubio and Carrasco-Gallego (2014) and Svensson (2017)

provide insight into how coordinated political approaches can increase the overall resistance of the financial system.

This thematic synthesis reflects not only the diversity of contemporary scientific discourse about financial stability but also identifies critical intersections between different political domains. It considers the foundations for a more integrated understanding of how monetary policy, regulatory reforms, and risk-management procedures interact to form the stability of commercial banks and a wider financial system.

1.2. Data collection

The data file includes a total of 867 authors, with 129 works for one author and 140 documents attributed only to contributors, indicating a growing tendency to research cooperation in this area (the average number of co-authors for document = 2.17). This trend suggests a growing recognition of the complexity of financial stability issues, which often require interdisciplinary expertise and collective analytical efforts. However, the data show that international co-authorship is 0%, emphasizing potential regional or methodological restrictions in identifying cross-border cooperation in selected databases. This absence of international cooperation may reflect either the concentration of research production in specific geographic or language regions or challenges in capturing global contributions due to the distortion of database indices.

Regarding scientific impact, the data file shows a high level of citation, with an average of 15.15 citations on the document, which underlines the relevance and influence of selected literature in the academic community. Moreover, the average age of publications is 7.8 years, suggesting that a set of work is relatively recent, yet historically anchored, capturing both basic theories and current development in banking systems and financial stability.

While the examination holds merits, particular constraints must be acknowledged. To begin, the summary disregards gray written work, for example informal records, strategy, and institutional contemplates reports, which could give important information about useful applications and developing patterns. Moreover, the preclusion of non-English distributions can prompt inclination toward Western viewpoints, potentially overlooking huge commitments from non-English-speaking locales. Similarly, depending on organized scholarly databases could bring about the omission of applicable yet less-indexed or open distributions, along these lines influencing the multifaceted nature of the tests.

In any case, the utilization of PRISMA (inclined detailing things for systematic audits and meta-examinations) guarantees an unequivocal, obvious, and reproducible strategy. This system builds up the legitimacy of the discoveries and advances strong investigation of the creating elements of budgetary strength in the business banking part. By systematically mapping central points and patterns, this review adds to a more profound comprehension of how money related approach, administrative structures, and hazard administration methods influence the opposition of the worldwide banking framework.

3. Findings

Financial stability in commercial banks is a topic that has garnered significant attention from researchers over the past six decades. This section aims to dissect the key findings from 459 publications dating back to 1966 through a dual-pronged approach. First, a performance analysis of the selected documents is conducted to gauge the progression of ideas on this subject. Following this, a conceptual structure mapping of the field is undertaken to understand how our understanding has evolved over time. The studies examined encompass peer-reviewed journal articles, conference proceedings, and other timely scholarly pieces. By evaluating both the quantitative bibliometric data and qualitative theoretical shifts, important insights into this important issue are illuminated.

These findings offer knowledge about the trends in publications, authorial samples, institutional contributions, dynamics of citations, thematic development, and conceptual interconnection in the field.

3.1 Performance Analysis

Performance analysis examines time trends, productivity of authorship, institutional contributions, and metrics of research on financial stability in commercial banks. Figure 1 illustrates the annual scientific production and quotation. From 1966 to 2025, 459 publications were identified, with a significant increase in production since the beginning of 2000, particularly after the global financial crisis in 2008. The top year was 2022, with 52 documents (11.33%), followed by 2024 with 44 (9.59%), and 2021 with 42 (9.15%). This growth reflects increased academic and political interest in the banking sector's resistance, with an average annual growth rate of 4.81%. The average age of 7.8 years suggests focusing on current problems, such as macro-head regulation, modeling, and monetary policy interaction.

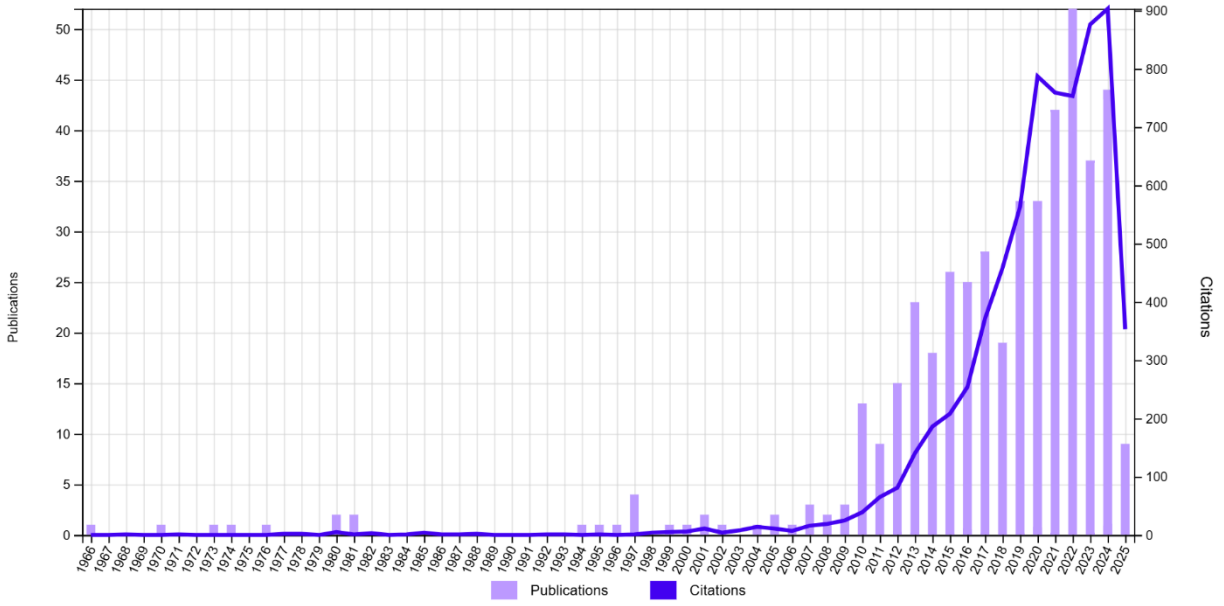

Figure1. Annual Scientific Production and Citations

The author's productivity analysis, detailed in Table 1, emphasizes key contributors, such as Agénor and M. Rubio, each with seven publications, followed by D.P. Tsomocos, K. Alper, and R.A. Werner. Regarding citation impact, H.S. SHIN leads with 494 citations across three publications, especially the influence of his work on capital streams and the risk channel of monetary policy (Shin & Bruno, 2015). Authors such as M. Rubio (H-Index 7, G-Index 7) and J.A. Carrasco-Gallego show a consistent impact on the interaction between monetary policy and financial stability (Castro, 2011; Rubio & Carrasco-Gallego, 2014).

The institutional sector is dominated by central banks and international organizations. The European Central Bank has 28 publications, followed by the federal reserve system (19) and the Bank of France (13). The International Monetary Fund (IMF) and the National Bureau of Economic Research (NBER) also contributed significantly and emphasized the politically oriented nature of research. Academic institutions such as Oxford University, London School of Economics, and the University of California System further emphasize academic policy. Citation metrics show an average of 15.15 citations on the document, with highly cited works focusing on risk (Bruno & Shin, 2015), capital regulation (Angelini et al., 2014) and macroprudential policy (Rubio & Carrasco-Gallego, 2014).

Table 1. The Top 10 Authors in Financial Stability and Commercial Banking Research

No.	Author	Affiliation	Country	TP	TC	TC/TP	Element h_index	g_index	m_index	TC	NP	PY_start
1	Agénor, P.R.	University of Manchester	UK	5	7	0.357	7	7	0.357	147	7	2012
2	Rubio, M.	Universidad Autónoma de Madrid	Spain	5	7	0.417	7	7	0.417	240	7	2014
3	Da Silva Lap, L.A.P.	Universidade Federal do Rio Grande do Sul	Brazil	4	4	0.286	4	4	0.286	98	4	2012
4	Tsomocos, D.P.	University of Oxford	UK	4	6	0.267	6	6	0.267	42	8	2011
5	Alper, K.	Middle East Technical University	Turkey	3	3	0.231	3	3	0.231	97	3	2013
6	Cecchetti, S.G.	Brandeis University	USA	3	4	0.25	4	4	0.25	60	4	2014
7	Le, V.P.M.	Monash University	Australia	3	3	0.6	3	3	0.6	26	3	2021
8	Masciandaro, D.	Bocconi University	Italy	3	3	0.231	3	3	0.231	44	3	2013
9	Meenagh, D.	University of London	UK	3	3	0.6	3	3	0.6	26	3	2021
10	Milas, C.	University of Nottingham	UK	3	3	0.231	3	3	0.231	41	3	2013

3.2 Conceptual Structure Analyses in Science Mapping

The visualization of thematic structures and conceptual links used techniques of science mapping and tools such as bibliometrix. Figure 2, also in "FS.XLSX", represents a network visualization based on keywords identifying four dominant clusters. The first monetary policy and financial regulation focused on conditions such as monetary policy, financial stability, capital requirements, and macro-free policy, reflecting the link between central banks and the

regulatory framework. The second cluster, systemic risk and the dynamics of the crisis, includes keywords such as risk, crisis, debt, and assets, focusing on interconnected risks during economic stress. Third, the global effects of financial integration and exchange courses include terms such as foreign exchange and global imbalances that deal with cross-border financial flows. Fourth, modeling and empirical banking emphasize model, banking, credit, and DSGE, as well as advanced econometric approaches.

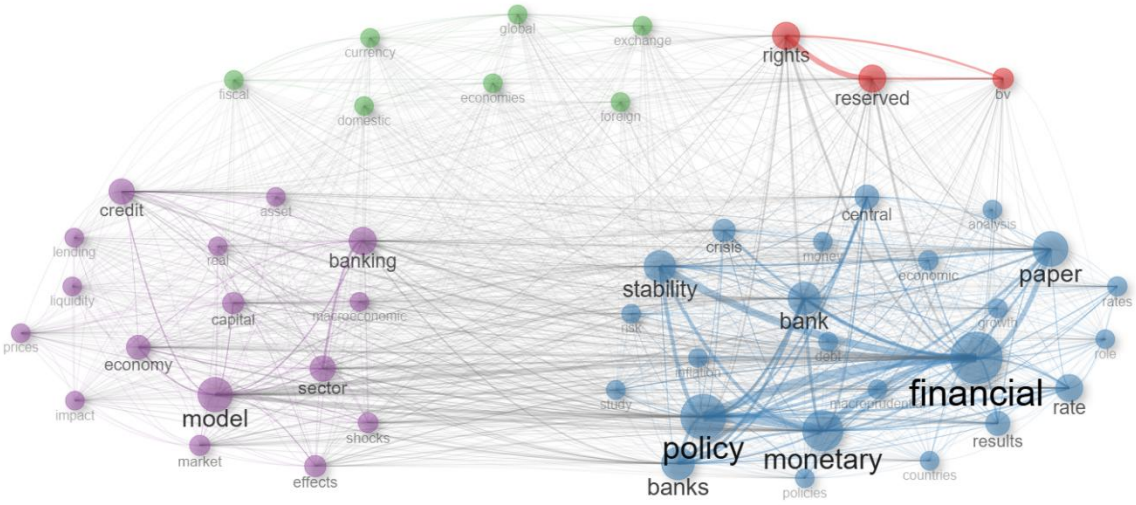

Figure2. Thematic Map (Keyword-Based Network Visualization)

The keyword *"financial stability"* shows the highest **centrality score** (0.1337), indicating its dominant conceptual influence, while *"monetary policy"* plays a **bridging role** across thematic clusters with a centrality value of 0.0986. The other key nodes include "banks", "risk, and "capital adequacy". The thematic evolutionary analysis shows that early research (before 2000) focused on the demand for money (Lucas & Nicolini, 2015) and the banking crisis (Gertler et al., 2012), while 2008 studies explored systemic risk, capital regulation, and DSGE models (GERALI et al., 2010). Recent work emphasizes nonlinear political rules and adaptive frameworks (Castro, 2011; Svensson, 2017).

Geographically, the research is concentrated in Western Europe and North America, with a limited representation from emerging markets, indicating the need for wider perspectives. The institution represents the European Central Bank, the Federal Reserve, and the IMF system with more than 60% of contributions, emphasizing the relevance of the policy. The emerging discourse includes risking channel policy (Bruno & Shin, 2015), macroprudential synergies (Rubio & Carrasco-Gallego, 2014), the impact of digitization (Werner, 2015) and cross-border spilling (Obstfeld, 2012). Knowledge gaps persist in the context of developing markets, micro–macro interactions, and politician compromises (Svensson, 2017).

These findings provide a robust overview of financial stability research on commercial banks. Performance analysis emphasizes growing scientific production and the key role of

central banks, whereas conceptual mapping identifies monetary policy, systemic risk, and global integration as basic topics. Future research should be dealt with by regional imbalance, to explore the consequences of Fintech and improve policy coordination to increase the resistance of the banking system in developing challenges (Samara et al., 2025b; Mohsin et al., 2023)

1. Discussion and future directions

The findings underline the critical importance of understanding how monetary policy and regulatory frameworks interact and create the financial stability of commercial banks. While previous studies have largely examined these factors, focusing on the macroeconomic effects of cash releases or the micro-inspection impact of adequacy rules, this overview emphasizes the need for a more integrated analytical approach that captures the dynamic interdependence between the two main political rings.

One of the central knowledge areas based on literature is the so-called risky monetary policy channel. As Bruno and Shin (2015) emphasized, accommodative currency policies, especially those characterized by permanently low interest rates, can motivate commercial banks to take a greater risk of trying to increase. This behavior often manifests itself in increased credit risk, risk of liquidity, and transformation of maturity, especially if traditional credit margins are compressed because of low yields. Such dynamics were probably evident in the financial environment after 2008, when historically low interest rates led many banks to become involved in aggressive loans and investment strategies, often including complex financial instruments and longer-term assets.

However, the findings also show that well-designed capital regulations can act as effective counterweights to these destabilization tendencies. Angeloni and Faia (2013) claim that robust requirements for the adequacy of capital not only increase the resistance of individual banks but also contribute to the wider stability of the financial system by limiting the excessive lever effect and speculative behavior. This knowledge suggests that politicians must consider both monetary policy tools and regulatory mechanisms simultaneously, as in isolation, if they seek to strengthen the financial system's resistance to shocks (Arnold et al., 2012).

An important topic in the literature is the role of this channel in risking monetary policy. If interest rates remain artificially low during prolonged periods, banks can attempt to compensate for a reduced range of net interest by increasing the risk of mediation. This includes an extension of credit to poor debtors, increasing disagreement on maturity, and investing in high-profit but volatile classes of assets. As a result, the banking sector becomes more vulnerable to sudden perversion under market conditions or shifts in attitude toward monetary policy.

This behavior was clearly observed after the global financial crisis in 2008, when central banks around the world introduced unprecedented accommodation measures. Many commercial banks responded by losing credit standards and expanding their balance sheets, often without adequate risk-management guarantees (Ruozi et al., 2013). While such actions

supported short-term economic recovery, they also contributed to the accumulation of systemic vulnerabilities that could appear according to unfavorable scenarios.

Future research should focus on how central banks can calibrate monetary policy more effectively to avoid unintended consequences on bank behavior (Liu et al., 2022). It is necessary to explore the design of forward-looking mechanisms, interactions between monetary and macroprudential policies, and early warning indicators that can help detect and mitigate emerging risk tendencies in real time. In addition, because economies face new challenges such as inflationary pressures and geopolitical uncertainty, it is even more critical to understand how interest rate normalization affects banking risks and overall financial stability (Olalere et al., 2024).

As banking standards are always developing, such as with the Basel III, a study by Angelini et al. highlight liquidity requirements the introduction of capital buffer requirements significantly enhanced the solvency and resilience of the banks. Institutions are now required to hold capital against risk-weighted assets. But a more forceful interpretation would be problematic: the requirements have the potential to shackle growth and earnings by constricting the scope of lending's return, financial firms will say reining in activities slows the advance.

What policymakers must do is to strike a fine, fine balance: Stability versus dynamics. To address thi s future work can examine adaptive models that dynamically adjust capital based on the economic environment. Doing so, with the use of real-time data, machine learning, stress scenarios, for example, may allow authorities more flexibility, while maintaining cautiousness and responsiveness.

Another rabbit hole is to link macro and micro policy. In general, supervision can be divided into two, microprudential overseeing safety and reliability of individual institutions, and macroprudential is about system soundness. But the complexity of modern banking required a single approach. As Rubio and Carrasco-Gallego explain, integrating quality controls at both the firm and system levels is a more accurate way to forecast and manage interdependencies. For instance, stress testing will be part and parcel of macro when authorities model the transmission of shocks across institutions and markets, improving early warning detection.

More will need to be done to construct a comprehensive supervisory architecture that allows authorities to better follow individual and aggregate risks. This includes enhancing the coordination of national oversight bodies, developing cross-border information sharing and applying common methodologies for assessing systems' risk. Furthermore, modeling and simulation networks and agents may give a more in depth understanding of the financial structure and dosed behavior.

Modeling systemic risk continues to be a challenging and necessary element in understanding financial stability. DSGE models with the frameworks of Peykani et al. and Gerali et al. offer useful information on how macroeconomic disruptions propagate into the

financial system. These stress experiments enable analysts to create counterfactual policy scenarios and assess potential effects on bank resilience and systemic exposure.

However, DSGE models regularly rely on oversimplified assumptions that frequently fail to capture the full complexity inherent in real-world webs of interconnected banks. For example, they generally suppose representative actors, linear relationships, and uniform behavior across financial institutions - abstractions that are not always consistent with empirical observation. To rectify such constraints, future work should amalgamate diverse granular data sources, including transaction-level datasets, balance sheet disclosures, and network links joining monetary entities. Additionally, incorporating sophisticated computational techniques, including machine learning, graph theory, and nonlinear dynamics can enhance accuracy and realism by simulating systemic risk via more realistic modeling.

This methodological progress will be essential in allowing politicians to predict and manage the interconnected and nonlinear nature of financial crises.

The impact of digital transformation and fintech innovation on financial stability represents another insufficiently explored area (Koranteng & You, 2024). The rise of digital currencies, decentralized finances, and algorithmic trading platforms has introduced new forms of mediation that can bypass conventional regulatory supervision.

While some technologies, such as blockchain and artificial intelligence, promise to increase transparency, efficiency, and management, others can introduce new instability vectors (Alzoubi, 2024). For example, the lack of clear legal frames for defi-and stablecoin protocols raises concerns about consumer protection, operating resistance, and system spilling.

Scientists should explore how existing regulatory frames can adapt to this development, without suppressing innovation. Potential areas of investigation include regulating cryptal assets, supervision of lending algorithms, and integration of fintech companies into a wider financial infrastructure. Development of adaptive and technologically neutral regulatory approaches is necessary to ensure that financial stability continues with rapid digital development.

A remarkable limitation of the current research is the geographical concentration of studies, which mainly came from Western Europe and North America. This imbalance limits our understanding of financial stability in various economic contexts, especially in developing markets and economies, where regulatory frameworks, institutional capacity, and market structures differ significantly.

Due to the growing globalization of financial systems, future research must accept a more inclusive and comparative perspective. The implementation of cross-jurisdictions can shed light on changes in regulatory efficiency, institutional management, and the mechanisms of response to crises. It can also inform the development of contextually specific political recommendations responsible for regional idiosyncrasies while supporting global financial stability. Further,

future research should examine how the level of public debt guarantees supported by the government and connections with rulers affect the risk profile of commercial banks. Understanding these interactions will be essential for the design of resistant political frames that will withstand future economic disruptions and at the same time maintain the integrity of the financial system.

Although there has been significant progress in understanding the drivers of financial stability in commercial banks, several gaps remain. The solution to these challenges will require interdisciplinary cooperation to draw on knowledge of the economy, finance, science on data, and regulatory studies. Political creators must accept a softer and more adaptive approach to financial risk management - one that recognizes the interconnection of political instruments, developing the nature of banking risks, and the growing complexity of global financial systems.

By strengthening the integration between monetary, fiscal, and regulatory policies and using progress in data analysis and modeling, parties can better navigate the uncertainties of the modern financial environment and build a more resistant banking sector capable of detaining future crises.

2. Conclusion

This study offers a comprehensive synthesis of the current state of research on financial stability in commercial banks and emphasizes the complex relationships between monetary policy, capital regulation, and the macro-prudential framework. The findings show that while each of these political instruments plays a clear role in shaping resistance in the banking sector, their interactions are often overlooked in the existing literature. By means of a systematic literature review facilitated by the Prism framework, this study identifies four prevailing themes – monetary policy and associated risk implications, optimal capital structures, complex modelling, and holistic solutions – that illuminate the multifaceted nature of financial stability.

Among the most significant is the risk-taking channel of accommodative monetary policy. There is evidence that ultra low interest rates encourage banks to employ higher leverage and more risk in their portfolio, along the lines of Bruno and Shin's results that these policies may unwittingly increase risk taking. Some go into the nitty gritty of regulation, others glide across the surface, but together they are an education about a huge issue, just as one comes to know silence as intimately as chaos in a full ecosystem.

Yet this study also stresses the regulatory capacity of strong capital requirements to act as a shock absorber by setting capital floors, and in prompting greater prudence in risk management practices. This consideration is reinforced by the results of Angeloni and Faia (2013), who demonstrate that, properly proposed requirements of capital adequacy, can effectively damp down the tendency of banks to process, with great stability benefits at the aggregate level.

Another critical insight from this study is the development of systemic risk modeling. Traditional models, such as those based on dynamic stochastic general balance (DSGE) frames, proved to be useful in simulating macroeconomic shocks and their transmission mechanisms. Often, however, they do not capture fine links and nonlinear dynamics using their own modern banking systems. Bezemer (2010) and Gerali et al. (2010) emphasize the value of accounting-based models that offer a more detailed insight into balance sheet effects and risks. Future advances in computing techniques and data availability provide opportunities to specify these models, allowing more precise predictions and early warning systems.

The integration of micro-public and macroeconomic policies appears to be fundamental for policy development. Historically, regulatory supervision has worked in separate domains and focused either on individual institutions or systems. However, as Rubio and Carrasco-Gallego (2014) showed, a synergistic approach combines supervision at the firm level with a wider system risk assessment. This dual focus allows regulatory organs to detect the threats of both micro and macro, which makes it easier to intervene to prevent destabilization events.

In addition, the dominance of research focused on the western region in this area raises important issues regarding the generalization of findings in other regions. With more than 60% of the contributions from institutions in Western Europe and North America, including the European Central Bank, federal reserves, and IMF, there is a clear need for more geographically diverse studies. Developing markets face unique challenges related to regulatory capacity, financial integration, and cross-border capital flows, which require further investigation.

This study also points to the growing importance of digital transformation and technological disruption in the transformation of the banking landscape. Given that Innovation continues to spread, it brings opportunities and risks that must be carefully addressed. Future research should assess the consequences of digital banking, algorithmic loans, and blockchain technologies on financial stability to ensure that regulatory frameworks develop in tandem with technological advances.

In short, this study not only consolidates existing knowledge but also maps a way forward for future research and the creation of policies. This strengthens the need to accept multidisciplinary and integrated perspectives to deal with the complexity of financial stability in commercial banks. Scientists and experts can contribute to building a more resistant and sustainable financial system and can contribute to building a more resistant and sustainable financial system by supporting cooperation across academic disciplines.

5.1 Study limitations

Although this study provides valuable knowledge on financial stability dynamics in commercial banks, it is not without restrictions. One of the primary limitations is the exclusion of grey literature and non-English publications, which can lead to a partial representation of global perspectives, especially from developing markets, where English is not a prevailing academic language. In addition, relying on structured databases such as Scopus could lead to

the omission of relevant but less indexed or open publications, limiting the complexity of the literature review.

Further restrictions stem from the qualitative nature of the synthesis, which favors thematic categorization over quantitative meta-analysis. Although this approach allows a rich interpretation of conceptual development, it limits the ability to statistically verify the power of the relations between political instruments and financial stability results. The selection process, albeit strict and transparent according to PRISMA's instructions, included a subjective decision during screening and a phase of competence that could introduce distortion despite efforts to ensure consistency through independent reviewers.

Finally, the focus of the study on theoretical and empirical contributions until 2025 means that it fully considers the persistent changes in policy and the emergence of risks, such as the impact of financial risks or geopolitical disturbances related to the climate. Future research should integrate real-time data and adaptive methodology to capture the rapidly developing dynamics in the banking sector.

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