

# Financial stability situation and future challenges

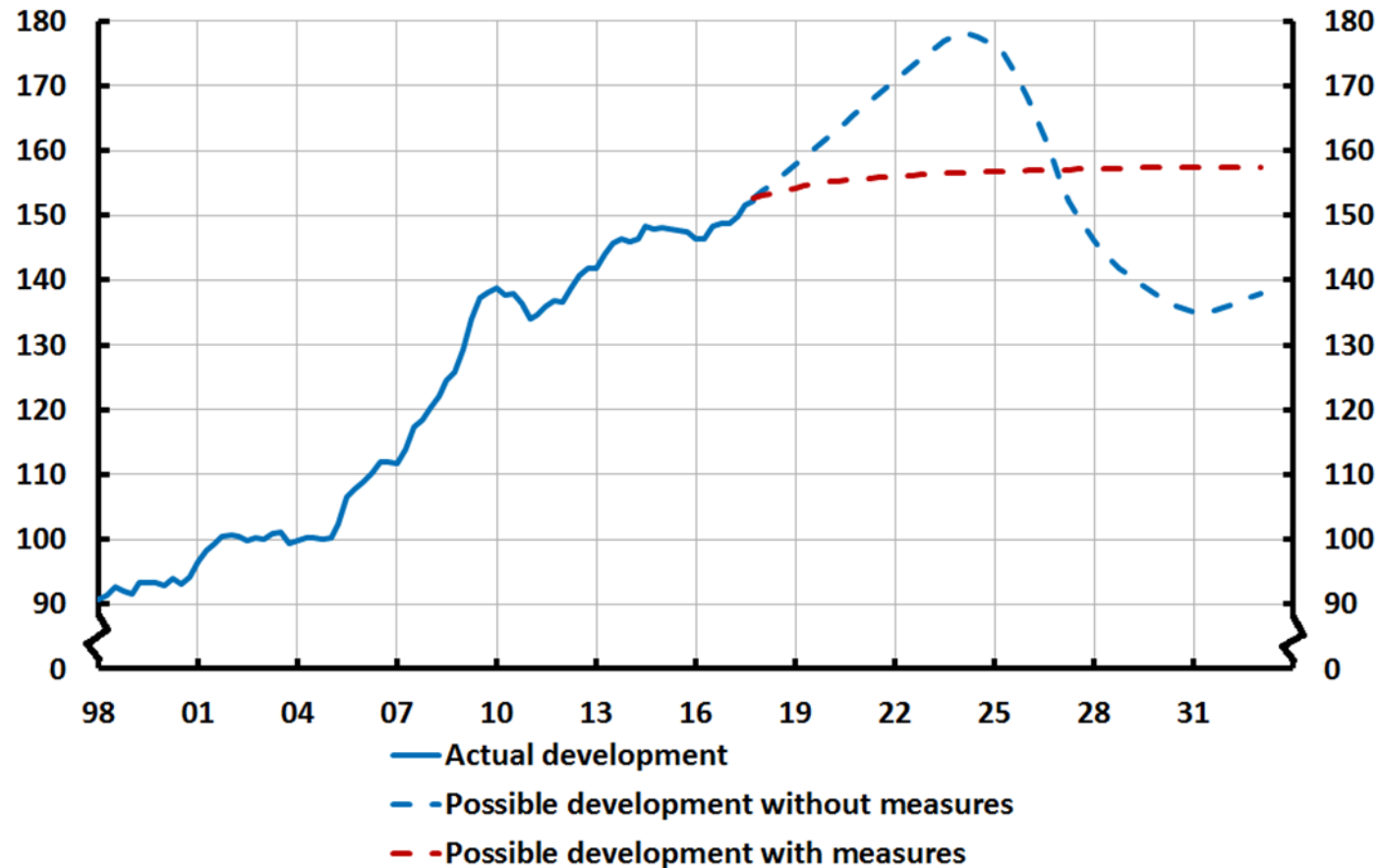
Riksdag Committee on Finance  
23 January 2018

S V E R I G E S R I K S B A N K

Governor of the Riksbank

Stefan Ingves

# Indebtedness – the greatest risk



Total private debt in relation to GDP.  
The illustration shows how debt can develop and should not be seen as a forecast.

Sources: Statistics Sweden and the Riksbank

# Risks linked to household indebtedness must be reduced

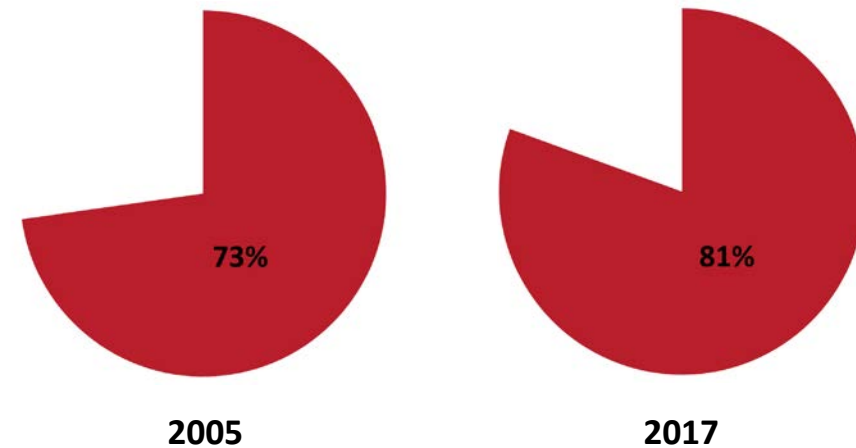
- Tighter amortisation requirement is good
- The housing market needs to function more effectively
- Tax rules need to be revised
- FI needs to be able to act quickly
- Better data on household assets



# The Swedish banking system is vulnerable

- Increasingly exposed to the property market
- Dependent on foreign funding
- Large, concentrated and interconnected
- Large maturity mismatches on the Swedish mortgage market
- Large percentage of variable-rate loans

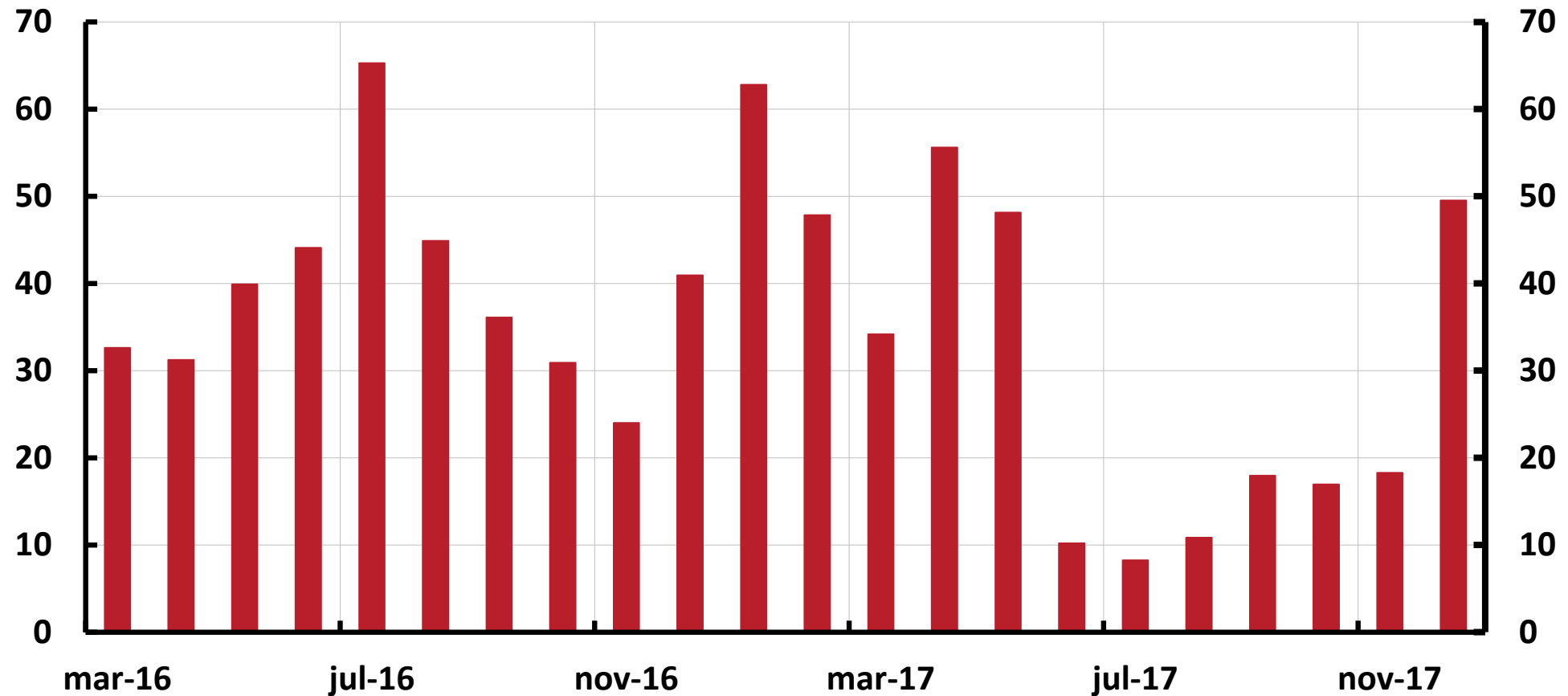
## Increased exposure towards property



The major banks' total lending to Swedish non-financial corporations and households, percentage of loans against collateral in property.

Source: Statistics Sweden

# Important that the banks have self-insurance

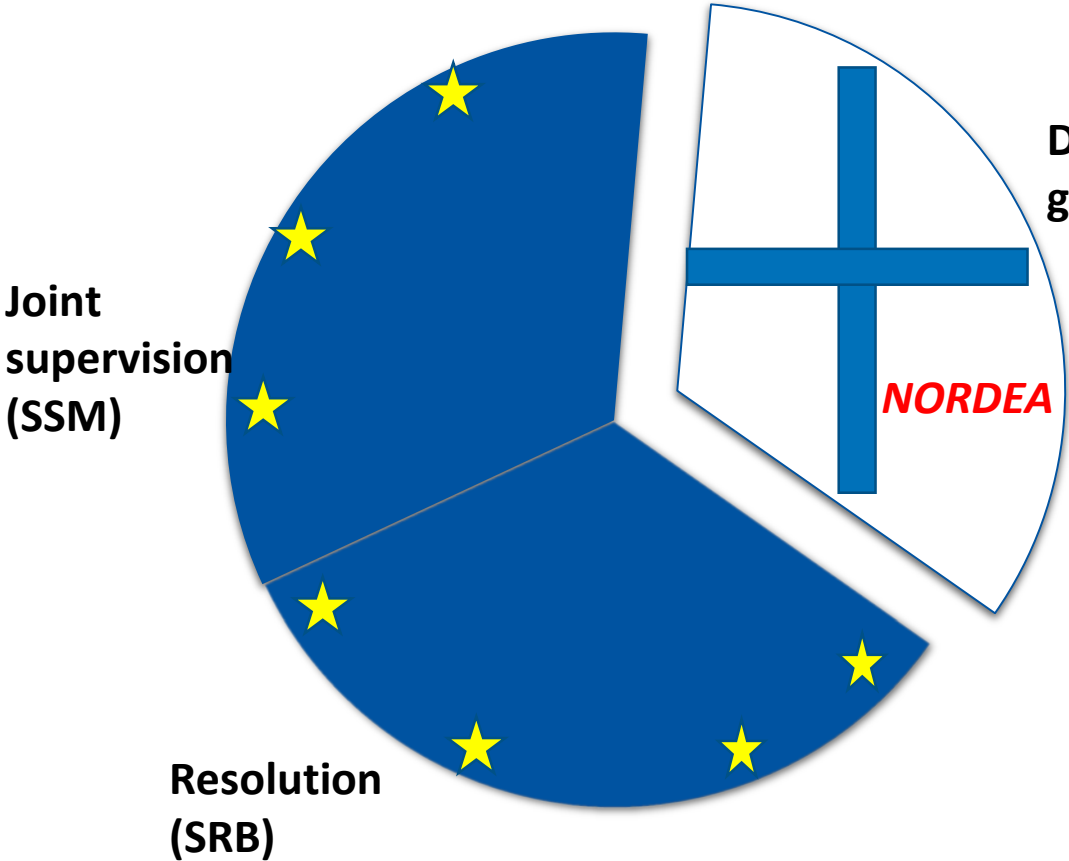


The major Swedish banks' daily LCR in SEK, single lowest observation, per cent.

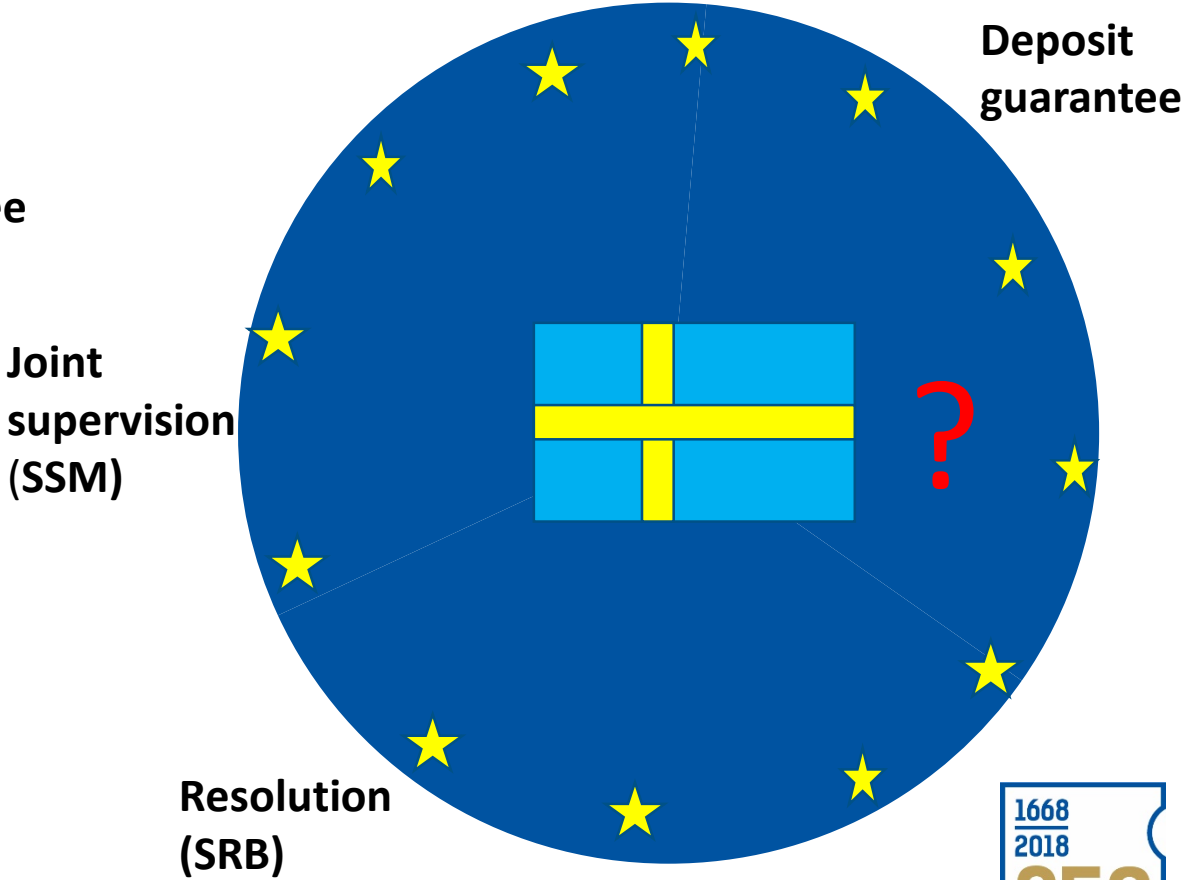
Source: The Riksbank



# Nordea's move raises the question of Swedish membership of the Banking Union



The Banking Union today



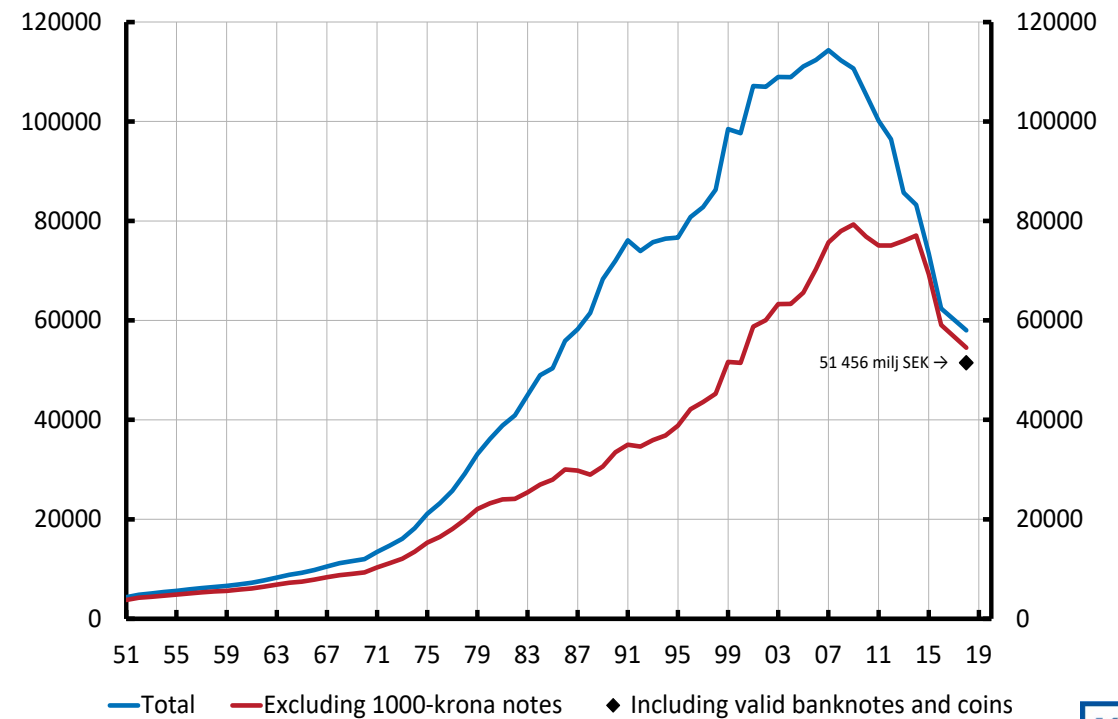
A complete Banking Union



# Changed payment system - a challenge for society

- Continued reduction in cash use
- Restricted access to central bank money for the general public
- Increased concentration in the payment market

## Cash in circulation



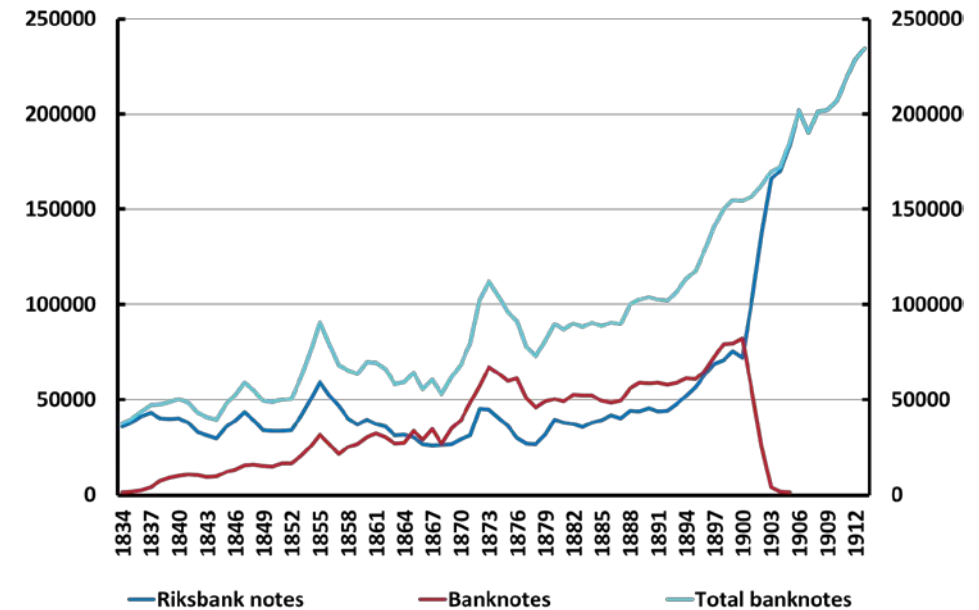
SEK millions (end of year).

Source: The Riksbank

# The Riksbank's task is to see the overall picture

- E-krona to meet developments in the payments market
- Requires amendments to the legislation
- The same questions as 100 years ago when the Riksbank received its banknote monopoly

## Banknotes issued by commercial banks and the Riksbank



SEK thousands.

Sources: Ögren, A. (2003) Post & Inrikes tidning 1835-1871, Sammandrag af Bankernas uppgifter (Summary of the banks' tasks), 1871-1911, Sveriges Riksbank (1931)



# Bitcoin is not money

- What is money?
  - Means of payment
  - Unit of account
  - A store of value
- Bitcoin is a speculative virtual asset whose value has no guarantee

Price of Bitcoin



Source: Blockchain.info