

POLICY

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Policy for correspondent accounts in Swedish krona with the Riksbank

The Riksbank provides accounts in Swedish krona to other central banks and international financial institutions as well as certain other intergovernmental organisations domiciled abroad. By doing so, the Riksbank acts as a correspondent bank for these organisations, which are thus the Riksbank's customers. The accounts these customers hold with the Riksbank are known as correspondent accounts.

This policy specifies under which conditions and according to which principles the Riksbank may provide and manage correspondent accounts.

Conditions for the Riksbank's correspondent banking activities

The Riksbank may provide and manage correspondent accounts only to the extent that these activities

- are compatible with the Riksbank's statutory tasks and other provisions of the Sveriges Riksbank Act,
- do not counteract the implementation of the statutory tasks, and
- comprise services that do not compete with corresponding activities in the commercial banks.

The correspondent banking activities shall be conducted in a safe, robust and efficient manner.

When carrying out these activities, consideration shall be given to their impact on the Riksbank's relations with other central banks, etc. and its capacity to conduct monetary policy and to promote a safe and efficient payment system.

Principles for correspondent accounts with the Riksbanken

To conduct correspondent banking activities in a safe, robust and efficient manner, the Riksbank, when providing and managing correspondent accounts in Swedish krona, shall apply the principles presented in the following part of this policy. The principles regarding reciprocity,

infrastructure for state payments and international cooperation focus mainly on the provision of correspondent accounts. Moreover, the principles on satisfactory risk management, appropriate pricing and reasonable use also include guidelines for managing accounts.

Reciprocity

The Riksbank may provide correspondent accounts in Swedish krona to central banks in countries where the Riksbank itself has a need to hold corresponding accounts in the respective country's currency. By creating bilateral correspondent account relationships with other central banks the Riksbank gains more favourable conditions for minimising credit risk, strengthening its relationships with other central banks and safeguarding the appropriate levels of secrecy, security and reliability in its own transactions in the currencies included in the Riksbank's foreign exchange reserves.

Infrastructure for state payments to other countries

The Riksbank may provide correspondent accounts to central banks, international financial institutions and other international organisations if needed to ensure that Sweden can meet certain international commitments. This means that the Riksbank may, at the request of the Government or a competent authority, mediate the Swedish state's payments within the scope of international aid or loan programmes, etc. In cases where the Government has designated the Riksbank as correspondent bank or depository for international financial institutions or organisations, these accounts are regulated by the institutions' and organisations' respective statutes.

International cooperation

The Riksbank may provide correspondent accounts to other central banks, international financial institutions and other international organisations if needed to ensure that the Riksbank can fulfil its role in international cooperation. This could include a cooperation linked to the Riksbank's statutory tasks, established as the result of a provision in the Sveriges Riksbank Act, or some other law, or one that is open to central banks. The accounts established on the basis of special agreements on cooperation, such as currency swap agreements with other central banks, are regulated in the provisions of the respective agreement.

Satisfactory risk management

A correspondent account may only be provided and managed if the risks linked to the account holder and its transactions can be managed by the Riksbank in a satisfactory manner. This means that the checks and the assessment of applying institutions, existing account holders and the transactions made to and from the correspondent accounts shall be compatible with the Swedish regulations on money laundering and terrorist financing applicable at any given point in time. By setting up a correspondent account and executing transactions to and from this account, the Riksbank must not breach any international sanctions. Other risks shall be managed in accordance with the Riksbank's internal rules and procedures applicable at any given point in time.

Appropriate pricing

Interest on outstanding balances and fees for services offered to account holders shall be determined with consideration to the purposes for which the correspondent accounts are used. This means that the Riksbank shall base its pricing on the correspondent accounts being held primarily to meet the account holders' own transaction needs and not intended for deposits of large sums for the purpose of profit-seeking. The Riksbank can thereby counteract correspondent accounts being used in a way that has negative effects on the implementation of monetary policy or competes with the commercial banks. At the same time, the accounts provided to international financial institutions or organisations should always be free of interest and fees if this is stated in the institution's and the organisation's statutes.

Reasonable use

A correspondent account may be provided and managed only if the account holder has formally committed itself to following the Riksbank's terms and conditions for correspondent accounts or other agreed provisions and is expected to use the account in a reasonable manner. The Riksbank shall thus have received a signed agreement or equivalent document before a correspondent account can be opened. To determine whether the account is being used in a reasonable manner, the Riksbank shall carry out an assessment of reasonable use in connection with the customer assessment and transaction checks. Within the scope of such an assessment, the Riksbank may ask the account holder to provide information in advance on planned transactions and expected major changes in account balances. The assessment of reasonable use may also involve consideration to the number of transactions executed to and from a correspondent account and its effect on the Riksbank's ability to conduct other activities.

Terms and conditions for correspondent accounts in Swedish krona

The rights and obligations of the Riksbank and the account holders respectively with regard to the correspondent accounts shall be specified in specially designed, formal terms and conditions for correspondent accounts in Swedish krona with the Riksbank. The exception is the rules for accounts that refer to the infrastructure for state payments to other countries or certain other forms of international cooperation, which are governed by the statutes of the account holders or special agreements on cooperation. As the terms and conditions for correspondent accounts with the Riksbank are aimed at foreign account holders, they may be drawn up only in English.

Division of responsibility regarding the application of, and compliance with, the policy

The correspondent accounts in Swedish krona with the Riksbank are provided and managed by the Markets Department. The Markets Department is consequently responsible for establishing the terms and conditions for the correspondent accounts and communicating them to the Riksbank's customers. It is also the responsibility of the Markets Department to design relevant checking and assessment processes in the Riksbank's correspondent banking activities. This responsibility includes formulating, regularly reviewing and when necessary updating the present policy. It is further incumbent on the Markets Department to ensure that the requisite checks and assessments are performed in the correspondent banking activities.