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Consultation response regarding Finansinspektionen's proposal to change the regulations on countercyclical buffer rate

2020-03-15

The Riksbank supports Finansinspektionen's proposal to reduce the countercyclical buffer rate to 0 per cent.

The spread of the coronavirus has widespread humanitarian consequences and is affecting the Swedish and global economies to an increasing extent. This has led to considerable fluctuations on the financial markets.

The virus will undoubtedly have clearly negative effects on economic activity, although it is too early to say how large the consequences will be and how long they will last. To alleviate these consequences, it is essential that the credit supply to companies functions efficiently.

The purpose of the countercyclical capital buffer is to contribute to good resilience among the banks, by building it up when times are good to be able to then reduce it when there are signs that turbulence on the financial markets is beginning to increase to an extent that could threaten the credit supply.

Economic developments and the situation on the financial markets, both in Sweden and other countries, are now changing very rapidly. Finansinspektionen's proposal to reduce the countercyclical buffer rate from 2.5 per cent to 0 per cent contributes to enabling the banks to maintain a good supply of credit. The Riksbank consequently supports Finansinspektionen's proposal. The Riksbank also wishes, as Finansinspektionen does, to emphasise the importance of the capital being freed up being used to increase the supply of credit to companies. It is therefore important that the banks use this freed-up capital for that purpose, but also that Finansinspektionen monitors that this is being done.

On behalf of the Executive Board:

Stefan Ingves

Eva Kaaman Modig

Taking part in the decision: Stefan Ingves (Chairman), Anna Breman, Henry Ohlsson, Martin Flodén, Per Jansson and Cecilia Skingsley.

Reporters were Karl Blom, Jonas Niemeyer, Peter Wallin and Jakob Winstrand.