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The Riksbank's statement following consultation with FI on countercyclical capital buffers

9 April 2025

The Riksbank's overall assessment

The Riksbank considers that the countercyclical capital buffer rate should remain unchanged at its positive neutral level of 2 per cent for the second quarter of 2025.

The Riksbank's starting points

In Sweden, Finansinspektionen (the Swedish financial supervisory authority) is responsible for the countercyclical capital buffer as part of its macroprudential responsibilities and it is required to set the countercyclical buffer rate every quarter. Since July 2024, Finansinspektionen has been obliged to give the Riksbank the opportunity to express our views prior to the decisions.¹

When assessing the level of the countercyclical capital buffer, the Riksbank takes into account the resilience of the banks, and the development of cyclical systemic risks in the financial system. FI applies a positive neutral level, which means that the countercyclical buffer rate should be 2 per cent in normal times. The Riksbank shares FI's assessment of the neutral level, which contributes to the banks having capital that they can use if necessary.

Considerable uncertainty in a new environment requires high resilience

The Swedish economy has begun to recover but is still in a mild recession. As lending rates have fallen, household demand for credit has increased but, despite this, growth in lending remains relatively low. At the same time, bank lending to corporations is declining and corporate borrowing via securities markets remains low, despite a rapid increase in bond issuance. All in all, this is contributing to a reduction in the overall indebtedness of households and companies relative to GDP and income.² However, if macroprudential measures are eased going forward, there is a risk that households' loans will again grow faster than their incomes, which would increase the systemic risks associated with household indebtedness.

¹ See Chapter 7, Section 7 a of the Capital Buffers Act (2014:966).

² See Financial Stability Report 2024:2 for a broader description of current risks in the financial system.

In its latest forecast in March, the Riksbank projected higher growth in the coming years but also noted factors that could lead to a weaker development.³ Uncertainty abroad is very high due to the accelerating trade conflict in the world and the changed security situation in Europe. Financial market volatility is high and financial conditions are changing rapidly. Domestic demand was already surrounded by uncertainty in terms of household consumption and corporate investment. What is now happening risks having significant consequences for economic development, globally as well as here in Sweden, and the range of outcomes for what could happen in the real economy has become much broader.

The major Swedish banks generally exhibit strong resilience, mainly due to good liquidity, high profitability and substantial capital buffers. Current capital requirements are therefore not expected to limit their room for manoeuvre, which suggests that banks have the capacity to maintain the supply of credit to the real economy. The resilience of the financial system may, however, be put to the test by the new global environment. In such a situation, the current buffer rate provides the conditions for lowering the requirement, creating better opportunities for banks to maintain their lending to households and companies and to manage losses without jeopardising the established capital requirements.

On behalf of the Executive Board:

Erik Thedéen
Governor

Niclas Olsén Ingefældt
Senior Economist

The decision has been taken by the Executive Board (Governor Erik Thedéen, First Deputy Governor Anna Breman and Deputy Governors Per Jansson, Aino Bunge and Anna Seim) following a presentation by senior economists Ellen Kockum and Niclas Olsén Ingefældt. Head of Department Olof Sandstedt and Senior Adviser Mattias Erlandsson participated in the finalisation process.

³ See *Monetary Policy Report*, March 2025, Sveriges Riksbank.