

PRESS RELEASE

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Riksbank lowers interest rate for the supplementary liquidity facility

The Riksbank's operational framework for the implementation of monetary policy states what interest rate shall apply to the banks' deposits and loans overnight at the Riksbank. In the Riksbank's supplementary liquidity facility, the banks can take out loans against collateral, for instance covered bonds. The interest rate mark-up on the supplementary liquidity facility is now being cut from 0.75 percentage points to 0.30 percentage points above the policy rate. In addition, the Riksbank is removing the limit as to how large a share of the collateral pledged for loans from the Riksbank may consist of covered bonds. The changes will come into force on 8 April 2026, and are a part of the Riksbank's long-term work on facilitating the banks' adjustment to an environment with less surplus liquidity.

In recent years, the Riksbank's large holdings of securities have meant that there has been a lot of liquidity in the banking system. As the Riksbank reduces its holdings of Swedish securities, the amount of liquidity in the banking system decreases. This will place greater demands on the banks going forward to actively borrow from and lend to other banks, for example via overnight loans. The banks shall also be able to borrow from the Riksbank by using its standing loan facilities when the need arises. To facilitate the banks' adjustment to the new situation, the Riksbank is now making changes to the supplementary liquidity facility.

Lower interest rate for the supplementary liquidity facility

The interest rate in the supplementary liquidity facility, where the banks can borrow overnight from the Riksbank against collateral such as covered bonds, has since its introduction in 2022 corresponded to the policy rate with a mark-up of 0.75 percentage points. To strengthen the incentive for the banks to use the

facility, the Riksbank is cutting the interest rate to the level of the policy rate plus a mark-up of 0.30 percentage points.

The banks usually manage their surpluses and deficits between themselves on the short-term money market. The Riksbank's lending facilities are there for the banks to use, for instance, if they on some days experience that it is more difficult to obtain liquidity and the short market rates rise above the Riksbank's lending rates. The interest rate on the facilities shall be sufficiently high for the banks to manage liquidity on the market in the first instance, and borrow from the Riksbank in the second instance. The change in the interest rate mark-up on loans in the supplementary liquidity facility reduces the threshold for the banks to use the facility when needed. This creates the conditions for well-functioning liquidity management between the banks and thus money market rates can come close to the policy rate.

Limit on loans against covered bonds removed

If the banks want to borrow from the Riksbank, they must pledge collateral. Until now, there has been a limit that entails the collateral for loans not amounting to more than 60 per cent in covered bonds. This limit has applied to both overnight loans and to borrow in the supplementary liquidity facility. The limit is now being removed to make the facility more accessible, and combined with the lower interest rate mark-up this aims to increase the incentives for the banks to use the facility when needed.

The banks must have operational capacity to use the facility

The reduced volume of liquidity in the banking system makes considerable demands of the banks to have an operational capacity and a willingness to more actively borrow and lend liquidity to one another on the money market. This is important to ensure that the Riksbank's management of interest rates functions well. The banks shall also be able to borrow from the Riksbank by using its standing loan facilities when the need arises. The Riksbank will follow up the banks' operational capacity and see whether there is a need to introduce regular test transactions.