

# Openness and clarity – key ingredients in Riksbank communication

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The Riksbank endeavours to be a transparent central bank where the basic premise is that open and clear communication builds confidence with the Riksdag (the Swedish parliament) and the general public. The Riksbank is also often ranked highly in measurements of transparency. This is largely because the Riksbank has chosen to go a little further than many other central banks when it comes to transparency in the communication of monetary policy. Three important elements of this communication are the interest rate forecast, alternative scenarios and the minutes of the monetary policy meetings. These three elements fulfil different functions, but they also create conditions for and interact with each other. The Riksbank's experience shows that such open communication entails challenges, but also that misgivings can sometimes be exaggerated. However, central banks are all different and the level of transparency they can provide is also affected by institutional conditions.

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## 1 Introduction

The Riksbank endeavours to be a transparent central bank. There are several reasons for this. One is that it facilitates parliamentary scrutiny and accountability, which is important given the Riksbank's independent position. This helps to maintain confidence in the bank. Another reason is that transparency makes it easier for households, companies and markets to understand the Riksbank's monetary policy decisions and to predict how the Riksbank will act in different situations – what is usually referred to as the Riksbank's reaction function. This in turn contributes to making monetary policy more effective, as households, companies and market participants make decisions based on expectations of how the Riksbank will act. Expectations can thus make monetary policy more effective.

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The Riksbank is often ranked highly in measurements of monetary policy transparency (see, for example, Dincer et al. 2022). This is largely because the Riksbank is one of the few central banks that publishes a forecast for its own policy rate – an interest rate path – and includes the names of the Executive Board members when their contributions are reported in minutes of the monetary policy meetings. Another element of the Riksbank’s communication on monetary policy, which is also linked to the efforts to be transparent and predictable, is the publication of so-called alternative scenarios in the Monetary Policy Reports. This particular element has attracted some attention from other central banks recently.

The purpose of this article is to describe the Riksbank’s monetary policy communication with a particular focus on the interest rate forecast, alternative scenarios and the minutes. These three elements of the Riksbank’s monetary policy communication fulfil different functions, which are described in more detail below. But they also create conditions for, and interact with each other. The Riksbank’s overall communication on monetary policy is thereby strengthened. For example, alternative scenarios become more informative when they are complemented by interest rate paths that show how monetary policy could be conducted. It is also easier for the Executive Board to approve a Monetary Policy Report with forecasts, including an interest rate forecast, and alternative scenarios when the minutes provide an opportunity to convey personal judgements about the outlook and risks.

## 2 The interest rate forecast

In 2007 the Riksbank started publishing a forecast of its own policy rate. Since then, the interest rate forecast has been an important communication tool. It provides information about the Riksbank’s actions should no new shocks hit the economy, which should make monetary policy more predictable.

### 2.1 The interest rate forecast provides information on the Riksbank’s reaction function

It takes time for monetary policy to have a full impact on inflation, production and employment. Central banks therefore need to base their monetary policy decisions on forecasts of economic developments and central banks typically publish a selection of these forecasts, usually for key variables such as inflation, GDP and unemployment.

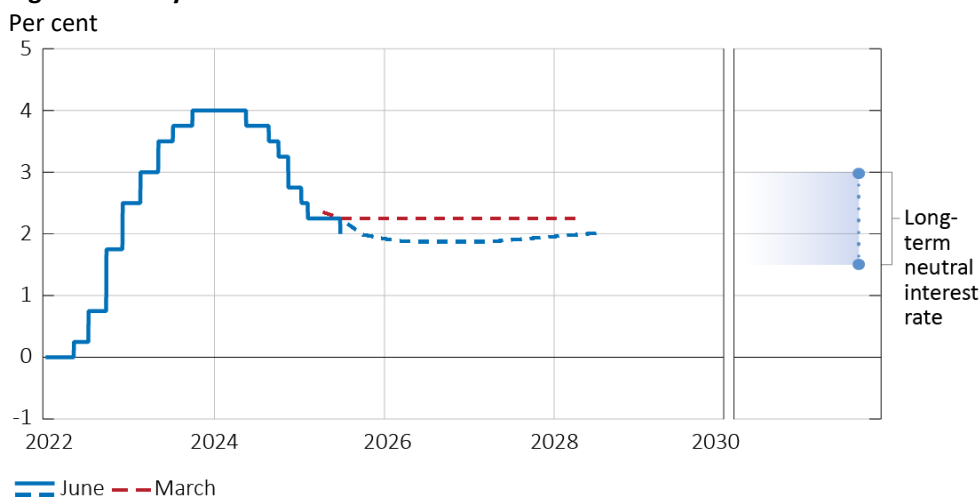
The forecasts need to be based on some assumption about how the central bank conducts monetary policy. This can be done in different ways. One approach would be to assume that the policy rate will remain unchanged throughout the forecast period, or that the policy rate will develop as financial market participants expect it to. If the forecast then shows that inflation for example is below the target towards the end of the forecast period, this is an indication that it may be necessary to conduct a more expansionary monetary policy than assumed in the forecast. Another approach would be to determine the policy rate forecast together with the other forecasts, so that the policy rate forecast is endogenous instead of an exogenous assumption. The policy rate forecast would then be adjusted to ensure that monetary policy is well balanced,

and the forecasts for inflation and the real economy are in line with the central bank's objectives.

Until 2005, the Riksbank's forecasts were based on the assumption of a constant policy rate. The Riksbank then switched to assuming that the policy rate would follow market expectations as reflected in the pricing of financial instruments. In 2007, the Riksbank chose instead to start making its own forecast for the policy rate, partly to achieve consistency between all forecasts. As a step towards increasing transparency, the Riksbank then also decided to publish the interest rate forecast together with the forecasts for inflation and the real economy that this monetary policy was expected to result in. The Riksbank saw few reasons to omit a forecast that was being produced anyway, especially such a central forecast. On this point, however, the Riksbank differs from many other central banks that forecast their policy rate. There are still only a few central banks that choose to publish this forecast.<sup>1</sup>

The interest rate forecast provides conditional guidance on monetary policy going forward: if the economy develops as the Riksbank's Executive Board expects, it reflects what the Riksbank intend to do, that is, it provides information on the reaction function (see Figure 1). The interest rate forecast is thus consistent with the forecasts for inflation and the real economy and reflects what the majority of the Board assesses will stabilise inflation at the 2 per cent target and contribute to the balanced development of production and employment. That is, it reflects a well-balanced monetary policy.

**Figure 1. Policy rate forecast**



Note. The solid line refers to the outcome and the broken line refers to the Riksbank's forecast, in this case the forecast in the Monetary Policy Report in June 2025 together with the previous forecast in the March report. The shaded area shows the assessed interval for the neutral policy rate in the long run. Outcomes are daily rates, and the forecasts refer to quarterly averages.

Source: The Riksbank.

<sup>1</sup> The central banks of New Zealand, Norway, the Czech Republic and Israel publish their own interest rate forecasts. The members of the Federal Reserve's Monetary Policy Committee publish their own assessments of the appropriate level of the federal funds rate at the end of the following three-year period in a so-called 'dot plot'. The central bank of South Korea publishes similar assessments.

## 2.2 There are challenges in publishing an interest rate forecast, but the Riksbank's experience has been positive

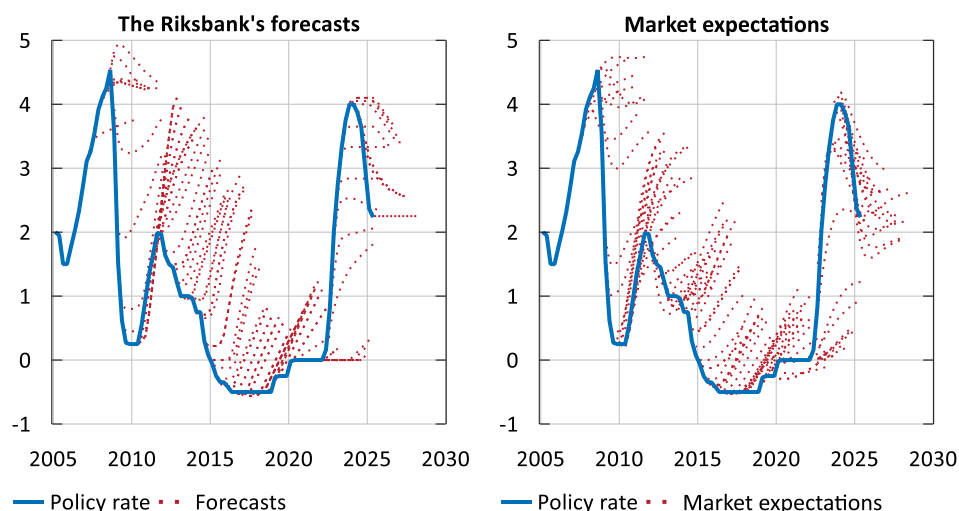
There are various reasons why central banks may be reluctant to publish a forecast for their own policy rate. To begin with, the institutional conditions may pose practical challenges for the members of a monetary policy committee to agree on, or gather a majority for, a specific policy rate forecast. This was discussed extensively at the Riksbank before the start in 2007. However, although the five (previously six) members of the Executive Board do not seek consensus on monetary policy decisions, in practice it has proved unproblematic to reach a majority view on the interest rate forecast. One explanation for why this has worked well is that the Executive Board members' possibilities to nuance their positions in the monetary policy minutes has facilitated compromises on details (see also section 4 on the minutes).

Over the years, potential drawbacks of central banks publishing an interest rate forecast have been highlighted. When this was discussed in the early 2000s, one of the concerns was that, for reasons of prestige or fear of losing credibility, central banks would feel bound by a particular interest rate forecast, even when deviations would be justified. This has not materialised in the case of the Riksbank. The Executive Board has often taken interest rate decisions that have deviated from the previous forecast, which has given rise to forecast errors.

However, forecast errors as such are not problematic – they are unavoidable. As the economy is constantly impacted by shocks, the interest rate path that is expected to bring inflation back to target will need to be changed when new information is available. However, the forecasts should not systematically over- or underestimate the actual development of interest rates, as they have done periodically. During the 2010s, the Riksbank published forecasts based on the assumption that the historically low policy rate would normalise and return to a higher level. In practice, it was cut to ever lower levels (see the left-hand panel in Figure 2). Other analysts made similar forecasts (see the right-hand panel in Figure 2), but the Riksbank's forecast errors attracted much attention in the economic debate. For example, an illustration of the forecast errors, known as the 'Riksbank hedgehog', appeared in different market letters.

**Figure 2. The Riksbank's forecasts and market expectations of the policy rate**

Per cent



Note. Market expectations refer to expectations according to forward pricing the day prior to the monetary policy meeting. Quarterly data.

Source: The Riksbank.

The figure showing the development of the interest rate together with the Riksbank's forecasts over time is undeniably a striking illustration of the Riksbank's systematic forecasting errors. But it also shows how the Riksbank has changed monetary policy when developments have been different from those expected, which is exactly what a central bank is expected to do. In the case of the Riksbank, this has not involved any drama, which indicates that the Riksbank's message that the interest rate forecast is not a promise has been heard (see below). For example, there are no indications that the forecast errors have affected public confidence in the Riksbank's ability to fulfil its mandate. Households, businesses and markets are likely to realise that things would be much worse if monetary policy did not adapt to changing circumstances.

Another reason for not publishing an interest rate forecast may be the fear that it will be seen as a promise, and that the central bank will be criticised for having 'tricked' participants into making decisions based on a forecast that then needed to be changed. There are examples of how this can be a challenge when central banks provide guidance on monetary policy in the period ahead.<sup>2</sup> It is therefore crucial to clarify that the guidance is conditional. From the start in 2007 and for many years, the Riksbank repeated time and again the message that the interest rate path is 'a forecast, not a promise', and this now seems to be widely understood.

When central banks such as Norges Bank and the Riksbank considered publishing their own interest rate forecasts in the early 2000s, the possibility of influencing economic

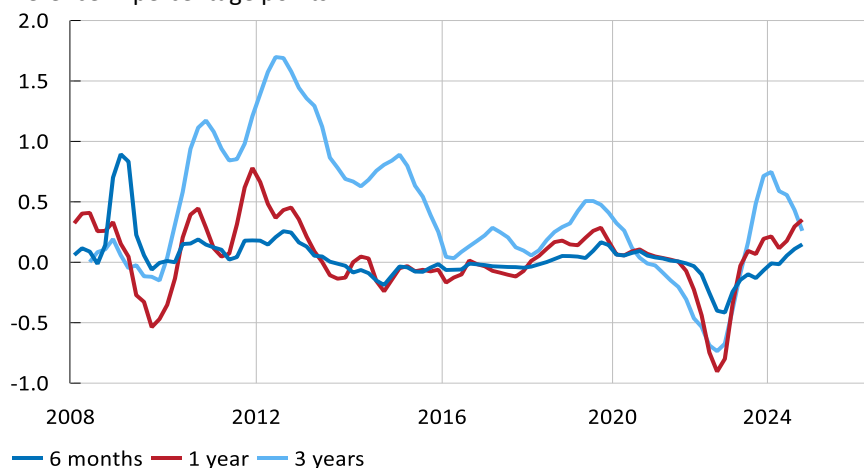
<sup>2</sup> See, for example, Thedéen (2025). Such forward guidance often consists of statements on how monetary policy is likely to be conducted over a certain period. However, the Riksbank's statements have never been 'promises', as they have always been conditional on the economy developing in a certain way. In the research literature this type of conditioned guidance is called 'Delphic' forward guidance, as opposed to 'Odyssean' guidance where the central bank commits itself to conduct policy in a certain way. See for example Calmfors, Hassler and Seim (2022) for a discussion.

agents' expectations of the interest rate was emphasised as a potential advantage. However, the debate also raised concerns that market participants would not only be influenced but would start relying entirely on the central bank's interest rate forecast and essentially stop seeking other information that could have an impact on long-term interest rates. The central bank would then lose an important source of information on market participants' views of the longer-term economic outlook.

However, it quickly became clear that this fear was not being realised either. Periodically, there have been relatively large differences between the Riksbank's interest rate forecast and the market's interest rate expectations. In the short and medium term, the differences have typically been small, and studies have shown that changes in the Riksbank's interest rate forecasts have had some impact on market rates, mainly on short-term rates (see, for example, Brubakk et al. 2021). The differences between the Riksbank's forecast and market expectations have mainly concerned the development of the interest rate in the longer term. This is illustrated in Figure 3, which shows the difference between the Riksbank's forecast for the policy rate at each monetary policy decision since 2008 and what the market's expectations of the policy rate were on those occasions. The lines show the difference between what the Riksbank estimated the policy rate would be in 6 months, 1 year and 3 years, respectively, and what the market expected the policy rate to be at the same horizons. As shown in the figure, the differences in the assessments of the policy rate have mainly related to longer-term developments, and they were particularly large in the first half of the 2010s.

**Figure 3. Difference between the Riksbank's forecast and market expectations of the policy rate since 2008**

Difference in percentage points



Note. Differences between the Riksbank's forecast for the policy rate and market expectations of the policy rate at the time of monetary policy decisions 2008–2025. Market expectations refer to expectations based on forward pricing on the day before the monetary policy meeting and have been converted to quarterly data. Differences over the one- and two-year horizon refer to moving averages of the past three observations, while differences at the three-year horizon refer to moving averages of the past six observations.

Source: The Riksbank.

These differences have been associated with certain challenges for the Riksbank, both analytical and communicative. For example, it has been unclear to what extent the differences reflect the market interpreting the longer-term forecast more as signalling from the Riksbank than as an actual forecast of the economic outlook. But even if there have been such reasons behind the deviations, this has not been reflected in the overall confidence in the inflation target or in the Riksbank in general.

To summarise, the Riksbank has had positive experiences of publishing forecasts for the policy rate. The forecast is one of the most important communication tools for illustrating and providing information about how the Riksbank conducts monetary policy. Several of the concerns that existed at the outset, and which to some extent are still being raised, have not been realised. This does not mean that it is unproblematic for a central bank to publish an interest rate forecast. The institutional conditions differ between countries and there are both practical and communication challenges that need to be addressed.<sup>3</sup>

It is important to constantly assess the effectiveness of monetary policy communication and make changes if necessary. In March 2024 the Riksbank made changes to its communication regarding the interest rate forecast to clarify the difference between how the Executive Board views the forecast for the policy rate in the near term and the longer-term forecast.<sup>4</sup> In the section of the Monetary Policy Report that includes the Executive Board's monetary policy deliberations, the focus now lies on the assessment of the policy rate over the next three quarters.<sup>5</sup> This signals that there is more information available on economic developments in the near term and that the forecast further ahead is increasingly uncertain due to new shocks continuously hitting the economy. The illustration of the interest rate forecast in this section of the report reflects this by both 'magnifying' the near-term forecast and using fading colours to illustrate the growing uncertainty in the overall interest rate forecast for the next three years (see Figure 4).

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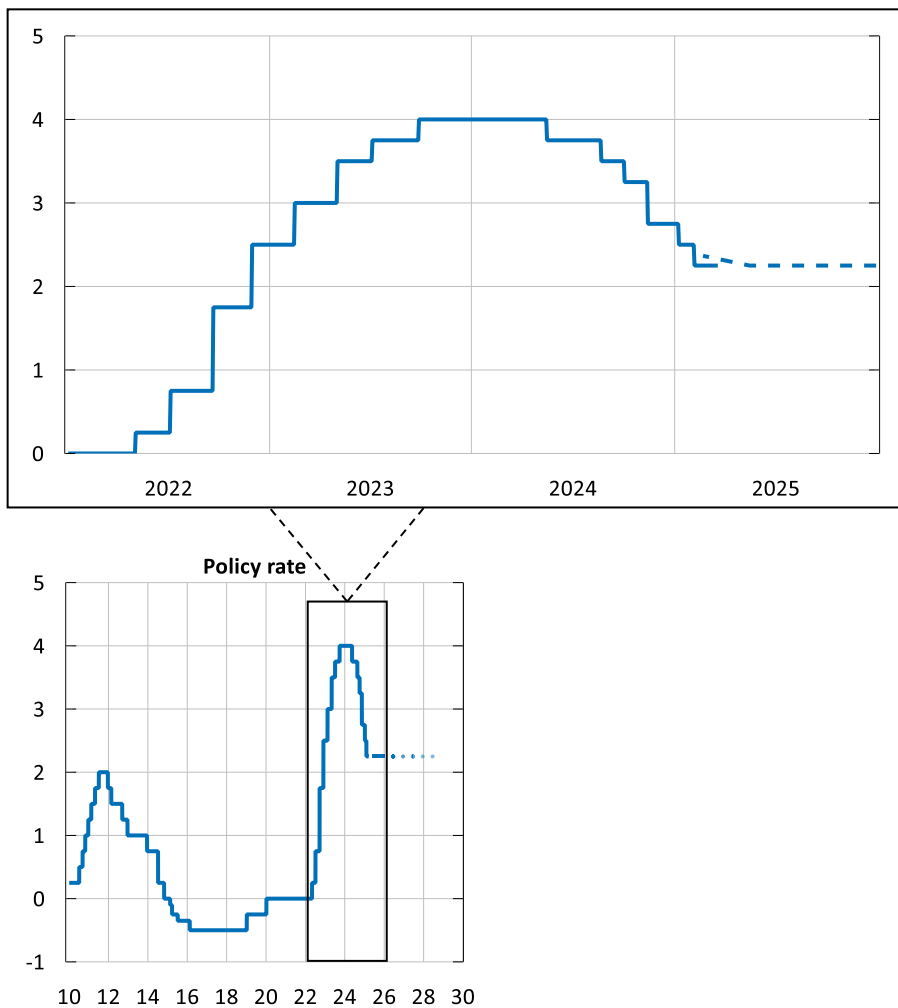
<sup>3</sup> See Sveriges Riksbank (2017) for an evaluation of the Riksbank's first ten years of publishing policy rate forecasts. See also Flodén (2024) for a discussion of challenges based on recent experiences.

<sup>4</sup> See Sveriges Riksbank (2025) for more details on the change.

<sup>5</sup> The full three-year interest rate path is commented on in a later chapter of the monetary policy reports.

**Figure 4. Policy rate forecast in the long and short term**

Per cent



Note. The figure is taken from the Monetary Policy Considerations section of the March 2025 Monetary Policy Report. Solid line refers to outcome, dashed/dotted lines represent the Riksbank's forecast. Outcomes for the policy rate are daily data, and the forecasts refer to quarterly averages. The upper image shows the forecast for the policy rate in the short run and is based on the long-term policy rate path in the lower figure. The dotted and faded line in the lower figure illustrates that the longer-term forecast for the policy rate is subject to considerable uncertainty.

Sources: Statistics Sweden and the Riksbank.



### 3 Alternative scenarios

For the Riksbank, scenarios have been a complementary tool to the interest rate path in both internal analysis and external communication since 2007.<sup>6</sup> Together with the interest rate path, alternative scenarios are the most important tool for illustrating how the Riksbank conducts monetary policy.

#### 3.1 Scenarios are important in the internal process of producing an interest rate forecast

As described above, the Riksbank's interest rate forecast reflects a development of the policy rate that the majority of the Executive Board considers to be well-balanced, that is, it stabilises inflation at the target of 2 per cent and contributes to a balanced development of production and employment. While several different interest rate paths may be consistent with broadly similar developments in inflation and the real economy, the path chosen should also have other characteristics. Among other things, it should be consistent with the Riksbank's assessment of the long-term neutral interest rate level, and it should be effective, robust and predictable. Analysing scenarios is an important element in the process of arriving at such an interest rate forecast.

If monetary policy is *effective*, it should not be possible, with a different interest rate path, to stabilise inflation around the target but achieve better developments of the real economy. To avoid this, the Riksbank evaluates different interest rate paths. In such an analysis, it is essentially only the interest rate paths that distinguish different scenarios. Applying the same interest rate path in different macroeconomic scenarios, on the other hand, provides a picture of how *robust* monetary policy is, that is, to what extent the interest rate path gives rise to acceptable developments of inflation and the real economy, even if the economy should evolve in an unexpected way.

#### 3.2 Scenarios are also useful in external communication to illustrate uncertainty and how monetary policy might react

The Riksbank also uses selected alternative scenarios in its external communication. Here, the scenarios illustrate the uncertainty regarding the economic outlook, provide information on the risks the Executive Board perceives as important and convey what monetary policy might look like if the scenarios are realised. That is, they provide information on the Riksbank's reaction function.

The forecast in the Riksbank's main scenario is uncertain and the actual development of the policy rate will differ from the interest rate path as the economy is hit by new shocks. In other words, we can be sure that the future will not be exactly as forecast. By supplementing the communication on the interest rate path with alternative scenarios, the Riksbank can illustrate how it will react to different shocks, which

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<sup>6</sup> The forecast that the Riksbank publishes and often refers to as the 'main scenario' should not necessarily be interpreted as the scenario that the Riksbank considers most likely.

should make monetary policy more predictable.<sup>7</sup> Unlike summary measures of forecast uncertainty and forecast uncertainty bands, scenarios illustrate uncertainty by describing in concrete terms possible paths that the economy might take in the future and what monetary policy might look like in such cases.

Until 2015, the Riksbank described various scenarios in a separate chapter of the Monetary Policy Report. In connection with a review of the structure of the report, the Riksbank switched to including scenarios when it had reason to emphasise certain risks and uncertainties. From April 2023, the Riksbank has once again chosen to present alternative numerical paths for the policy rate, inflation and GDP growth in each Monetary Policy Report.

### 3.3 Scenarios require work to be fit for purpose

The Riksbank's experience shows that for scenarios to be fit for purpose, it is important to build a coherent narrative in each scenario, and to carefully explain the underlying assumptions about the functioning of the economy. This is important because a particular outcome for a variable, such as inflation, can lead to different responses from monetary policy depending on what has been driving the development. In the absence of details there is a risk that economic agents will interpret the scenarios too narrowly. They may then believe that it is enough for the outcomes for inflation, for example, to match with developments in the scenario for the Riksbank to also act exactly as in the scenario.

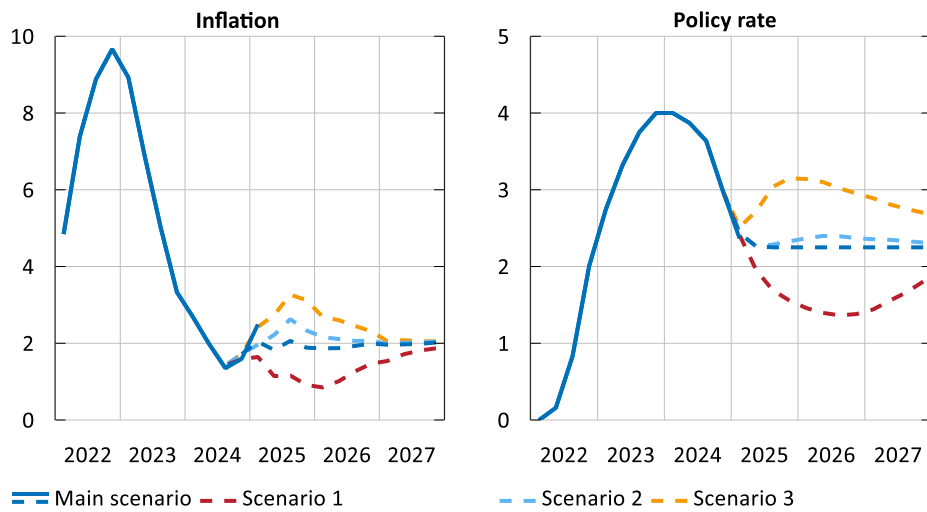
A concrete example is an alternative scenario in the December 2024 Monetary Policy Report (see Figure 5). In this scenario, geopolitical concerns continued to increase, leading to rising commodity prices and increased protectionism, and inflation rose towards 3 per cent. The monetary policy response in this scenario was to raise the policy rate to counteract secondary effects on inflation and the risk that long-term inflation expectations would start to rise above the 2 per cent target. Then, at the beginning of 2025, inflation increased roughly in line with the scenario, but for completely different reasons. The increase was mainly due to what the Riksbank judged to be temporarily higher prices of certain foodstuffs and to a technical factor, the so-called basket effect, which is a consequence of how the CPI is calculated. There was little evidence of the type of shocks and secondary effects on which the scenario was based and the Executive Board therefore chose not to react to the higher inflation. This illustrates the importance of explaining why monetary policy is conducted in a certain way. In its Monetary Policy Reports, the Riksbank has also begun to comment on previous alternative scenarios to clarify any differences.

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<sup>7</sup> The usefulness of scenario analysis for this purpose has recently been highlighted by Bernanke (2024, 2025) in an evaluation of the Bank of England and in proposals for improved communication by the US Federal Reserve. Early on, the Riksbank was recommended to use alternative scenarios for sensitivity analyses and to discuss the implications for monetary policy; see Leeper (2003).

**Figure 5. The Riksbank's scenarios for inflation and the policy rate**

Annual percentage change (left) and per cent (right)



Note. Scenarios from the Monetary Policy Report in December 2024. Solid line refers to outcomes and extends to the first quarter of 2025. Inflation refers to the CPI. Quarterly data.

Sources: Statistics Sweden and the Riksbank.

Making scenarios that can be used for monetary policy communication is no trivial matter. Essentially, this is an exercise in illustrating to economic agents that the future is uncertain by showing that developments, including monetary policy, may be different than in the main scenario. But of course, it is not possible to predict exactly how developments will differ from the main scenario. For example, at the end of 2019, few people would likely have considered a scenario where a pandemic would break out and paralyse the global economy.

In addition to engaging with the main scenario, the development of relevant scenarios also requires the Executive Board to discuss and identify 'what if' alternatives and which scenarios it would be appropriate to communicate. The focus then needs to be on what is relevant in the current situation, without ignoring other important risks. This can involve difficult trade-offs.<sup>8</sup> Should the scenarios be close to the main scenario or more extreme, and how specific and detailed should they be? One example of this difficulty is when inflation in the United States started to rise sharply in early 2021. At that time, the Riksbank, like several other central banks, anticipated that the rise in inflation would in principle be limited to the United States. With hindsight, it could be argued that it would have been useful to produce and communicate an alternative scenario in which inflation would spread globally and rise sharply. But at that time, inflation had been low for a long time, and it did not seem very likely that it would pick up. Moreover, even if the choice had been to communicate such a scenario, it is doubtful whether it would have assumed such dramatic developments as subsequently followed, with inflation in Sweden, for example, rising above ten per cent.

<sup>8</sup> In addition, in extreme situations, what is communicated may be particularly sensitive, for example if there is a risk of a self-fulfilling crisis.

Once the relevant risks have been identified, the next challenge is to analyse what the economic implications would be if the risks were to materialise. Such an analysis requires modelling tools. These are often based on historical patterns and are therefore better suited for developments closer to the main scenario than more extreme scenarios. Of course, historical patterns can also change. An obvious example is the current situation in which countries are imposing tariffs of varying sizes on different goods. Quantifying the impact of this is difficult given that we are in a new environment that is not reflected in historical data.

The Executive Board also needs to consider what monetary policy is likely to look like given the economic implications. It is an advantage if the scenarios are quantified, although this is not strictly necessary, and if interest rate forecasts are published, they become natural reference points in the scenarios. As the Executive Board supports the scenarios and the monetary policy they imply, the scenarios should ideally receive as much attention in the monetary policy preparation process as the main scenario. However, as the main scenario is central to the policy assessment, it is natural that it is analysed in more detail. Moreover, it is mainly the monetary policy in the main scenario that attracts external attention and scrutiny. The Riksbank's experience is also that it can be difficult to produce and communicate useful scenarios when there is a risk that monetary policy will have limited room for manoeuvre, for example because the policy rate is approaching a lower bound.

To summarise, there are a number of challenges in developing and communicating scenarios. But by being transparent about the risks a central bank sees ahead, and trying to describe alternative paths the economy and hence monetary policy might take, monetary policy should generally become more predictable and effective. That said, it is important to also adapt communication to the environment in which monetary policy operates. Alternative scenarios are likely to be most useful when there is considerable uncertainty about the economic outlook. In the recent environment of large and repeated shocks, the Riksbank has seen a greater need to illustrate alternative development paths for the economy and therefore emphasises scenarios more in its communication.

## 4 The minutes

The minutes of the monetary policy meetings fulfil an important function in the Riksbank's efforts to achieve transparency. In the minutes, each member of the Executive Board presents his or her assessment of the economic situation and outlook and states and justifies his or her position with regard to the new monetary policy decision. In the minutes the Board members are identified by name, which is unusual among central banks.

### 4.1 Few central banks are as transparent about monetary policy decisions as the Riksbank

The Executive Board of the Riksbank is an individualistic committee in the sense that its members are responsible for their own positions on monetary policy, and they are

expected to make these clear.<sup>9</sup> There is no effort to reach consensus on monetary policy decisions, which are taken by majority vote. Members with dissenting views enter a reservation, which is made clear immediately in the press release announcing the decision, and the main reasons for the reservation are recorded in the minutes published shortly after the decision.<sup>10</sup> The minutes are thus important for the Riksdag's insight into and scrutiny of the Riksbank, as well as for providing households, companies and markets with information on the motives for monetary policy decisions and the monetary policy reaction function.

Some central banks transcribe the proceedings of monetary policy meetings and publish these transcripts with a lag of several years.<sup>11</sup> Traditionally, the Riksbank's monetary policy minutes are lightly edited and not regular transcripts. In principle, however, they reflect everything that is said at the monetary policy meetings, that is the members' own contributions and the discussion between them.

Before 2007, the minutes did not indicate who had said what in the Executive Board. The minutes showed only that 'a member' had made a particular contribution and possibly what 'the same member' had said. As one of several measures implemented in 2007 to increase transparency, the Riksbank started to publish the names of who had said what at monetary policy meetings.<sup>12</sup> Among central banks, the Riksbank is still relatively alone in this respect.<sup>13</sup>

#### **4.2 Increased transparency around individual members' deliberations has worked well in the case of the Riksbank**

The Riksdag Committee on Finance is responsible for monitoring and evaluating the Riksbank's activities, including monetary policy. In addition to evaluating the conducted monetary policy on a yearly basis, the Committee on Finance also carries out a more comprehensive evaluation of monetary policy every five years, supported by a report prepared by foreign experts.<sup>14</sup> The first of these external evaluations was published in 2006 (Giavazzi and Mishkin 2006). One of the tasks of the evaluation was to analyse the Riksbank's transparency and communication, and in this context the evaluators discussed, among other things, the minutes. They argued that the minutes of the monetary policy meetings are an important information channel and that there are strong reasons to publish them. However, they advised against indicating which

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<sup>9</sup> See Blinder (2007) for a discussion of different types of monetary policy committees.

<sup>10</sup> Over the years, the time taken to finalise the minutes has been successively shortened and they are currently published around five working days after the monetary policy meeting.

<sup>11</sup> For example, the Bank of England and the US Federal Reserve publish transcripts with a lag of eight and five years respectively.

<sup>12</sup> In addition to publishing an interest rate forecast and including names in the minutes, the Riksbank decided in 2007 to hold press conferences after each monetary policy meeting. In addition, it was decided to no longer signal future interest rate decisions between monetary policy meetings, as the need for such signalling decreased with the start of the publication of interest rate forecasts.

<sup>13</sup> Česká Národní Banka, the central bank of the Czech Republic, started publishing names in its minutes in 2020. Filáček and Kokešová Matějková (2022) discuss the central bank's experiences with this.

<sup>14</sup> Seim (2025a) describes how the Riksbank's monetary policy is evaluated. A webcast of the presentation is available at [www.piie.com/events/2025/review-monetary-policy-strategy-central-banks](https://www.piie.com/events/2025/review-monetary-policy-strategy-central-banks). Information on the scrutiny of all of the Riksbank's activities is available at [www.riksbank.se](https://www.riksbank.se), under About the Riksbank/Tasks and Operations/How the Riksbank is scrutinised.

members are behind the views expressed in the meetings. The evaluators argued that the experience of publishing the transcripts of the Federal Reserve's meetings indicated that discussions at the meetings were inhibited and became less lively when members realised that statements were no longer anonymous.<sup>15</sup> The meetings would therefore be less effective if the names were published.

The fact that increased transparency can influence the behaviour of decision-makers is also something that has been highlighted in the theoretical literature. It may be that the greater transparency makes a member of a monetary policy committee reluctant to deviate from the majority view or, on the contrary, that the member wants to make a point of distinguishing herself from the rest of the committee.<sup>16</sup> Either case would result in lower quality monetary policy decisions. However, there are also theoretical arguments that increased transparency can improve decision-making through a disciplinary effect that makes members prepare more thoroughly for decisions.

Research at the Riksbank indicates that one effect of publishing the names of the members in the minutes is that the members explain their positions in more detail than before and also refer more often to their previous contributions and judgements (Apel et al. 2025). Whether, and if so how, this has affected monetary policy is difficult to say. To the extent that it reflects members taking greater responsibility for their positions over time and only changing their minds if they have a well-founded justification, it may have made monetary policy more consistent and predictable. On the other hand, it can be an encumbrance if members stick to a particular view for too long, for example for reasons of prestige.

In any case, the Riksbank's experience is that the format of the minutes facilitates the internal work of the Executive Board, which in turn contributes to more effective communication of monetary policy in general. Although the Executive Board does not seek consensus on monetary policy decisions, its members need to compromise on details in order for a majority to agree on the level of the policy rate and a report with forecasts, including an interest rate forecast. This is facilitated by the fact that the minutes provide scope for each member to nuance their positions, especially when it is clear from the minutes which member is making which contribution.

In parallel with the increasing preparation by Executive Board members of their contributions to monetary policy meetings, spontaneous discussions at the meetings have become less common. However, such discussions take place in a series of preparatory meetings leading up to the monetary policy meeting. Several of the external evaluations of the Riksbank's monetary policy have pointed to the lack of discussion in the minutes as a problem (Goodhart and Rochet 2011, Goodfriend and King 2016 and Flug and Honohan 2021). This has often been based on the view that

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<sup>15</sup> It is worth noting that the background to the publication of names at that time was that the discussion in the meetings of the Federal Open Market Committee was recorded without the knowledge of the members and that, after this became known, the US Congress requested that transcripts of the meetings be made public.

<sup>16</sup> See, for example, Apel et al. (2025) for references to research on this aspect of committee decision-making.

the Executive Board in practice does not take the decision on monetary policy at the monetary policy meeting, but at some earlier meeting in the decision-making process.<sup>17</sup>

In responses to the evaluations, the Riksbank has emphasised that the formal decision on monetary policy de facto takes place at the monetary policy meeting (see, for example, Sveriges Riksbank 2011, 2016). But that meeting is the culmination of a weeks-long process of analysis and reflection in which the members form a view of the situation. Members therefore do not start from scratch at the monetary policy meeting and it is probably more the rule than the exception that they decide how to vote at some point in the process leading up to the meeting.<sup>18</sup> It is important to emphasise that the Riksdag considers that the minutes work well and has found no reason to comment on the Riksbank's internal decision-making process (Committee on Finance 2012, 2016). However, the Riksbank has taken on board the proposals to increase insight into the earlier part of the decision-making process. The minutes are therefore supplemented by a brief summary of the discussions held by the Executive Board during the preparatory meetings.

To summarise, the minutes of the monetary policy meetings fulfil an important function in the scrutiny and accountability of the Riksbank, to convey the Riksbank's reaction function and in the Executive Board's internal work. Naming the members in the minutes presents certain challenges, but the Riksbank's experience is that there are clear advantages in stating how different members have reasoned, what considerations they have made and what motives they have emphasised. This should make it easier for households, companies and market participants to understand both the monetary policy conducted by the Riksbank and how it might be changed. The media also routinely report on what the members have said in the monetary policy meetings and the minutes are now seen as one of the Riksbank's natural communication tools.

Few other central banks have so far chosen to publish names in the minutes. As we noted earlier, conditions differ between monetary policy committees and what works in one central bank may not necessarily work in another. It may also be, for instance, that a committee generally recognises the value of 'speaking with one voice' and believes that it would only add to uncertainty and confusion if individual, identifiable members were to detail their personal views on various issues – especially if they differ from those of the majority. For a time, persistent differences of opinion on monetary policy in the Executive Board of the Riksbank attracted some negative attention, but fears that disagreements that come to light may reduce confidence in the central bank are exaggerated.

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<sup>17</sup> See also King (2025) who, partly with reference to the Riksbank's experience, suggests that central banks should stop publishing transcripts of monetary policy meetings. King argues that these do not increase transparency but rather distort the decision-making process, moving the real discussions on monetary policy to other meetings.

<sup>18</sup> This is also something that has been emphasised by previous Executive Board members; see, for example, Svensson (2009) and Flodén (2024).

## 5 Concluding comments

The fact that the Riksbank is placed high in rankings of transparency regarding monetary policy is the result of purposeful work over a long time. Transparency facilitates scrutiny and can at the same time make monetary policy more effective. An open and clear communication therefore builds confidence among both the general public and the principal, that is, the Riksdag.

This article has described three elements of communication in which the Riksbank has gone further than many other central banks: the interest rate forecast, alternative scenarios and the minutes. The Riksbank's overall aim with this openness has been to attempt to create a better understanding of monetary policy and of the often difficult trade-offs the Riksbank faces. Such an understanding increases confidence in monetary policy, which in turn makes the policy easier to conduct.

The arguments in favour of a central bank being transparent and predictable are general. But the conditions for conducting a predictable monetary policy vary with the economic environment and monetary policy communication needs to be adapted to it. Furthermore, how transparent a central bank is, and can be, also depends on institutional conditions which vary between countries. The fact that the Riksbank can be so transparent is explained not only by its long-held commitment to transparency, but also by favourable institutional settings. Compared to other central banks, the Riksbank is governed by a small Executive Board and has a staff that works closely with the Board and can continuously discuss prospects, forecasts and risks. For central banks with different circumstances, it may be difficult in practical terms to publish, for example, a report with forecasts for the policy rate in connection with the interest rate decision.

The experience of the Riksbank shows that central banks should not refrain from taking steps towards greater transparency because of fears that they would accidentally 'reveal too much' and that the confidence of households, companies and market participants in the central bank would therefore decline. Being transparent is not always easy and as we have tried to describe in this article, the Riksbank's open communication entails challenges. However, we would argue that the advantages outweigh the disadvantages, and that a high level of openness and clarity is generally something that facilitates monetary policy.



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