



Necessary reforms for a more stable financial sector

Swedish Bankers' Association
10 November 2016

S V E R I G E S R I K S B A N K

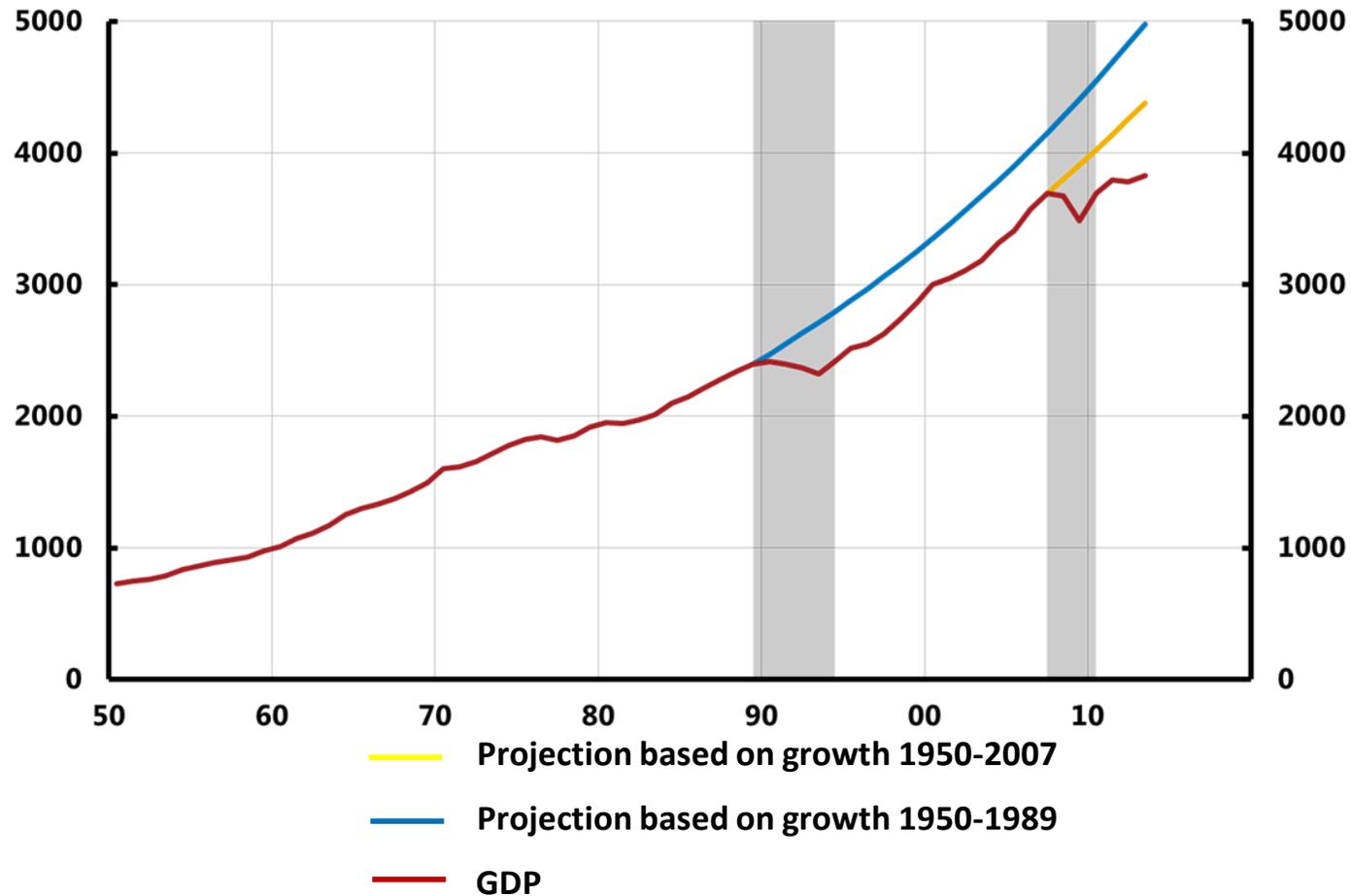


Stefan Ingves

Governor of Sveriges Riksbank

Financial crises are costly, both for society...

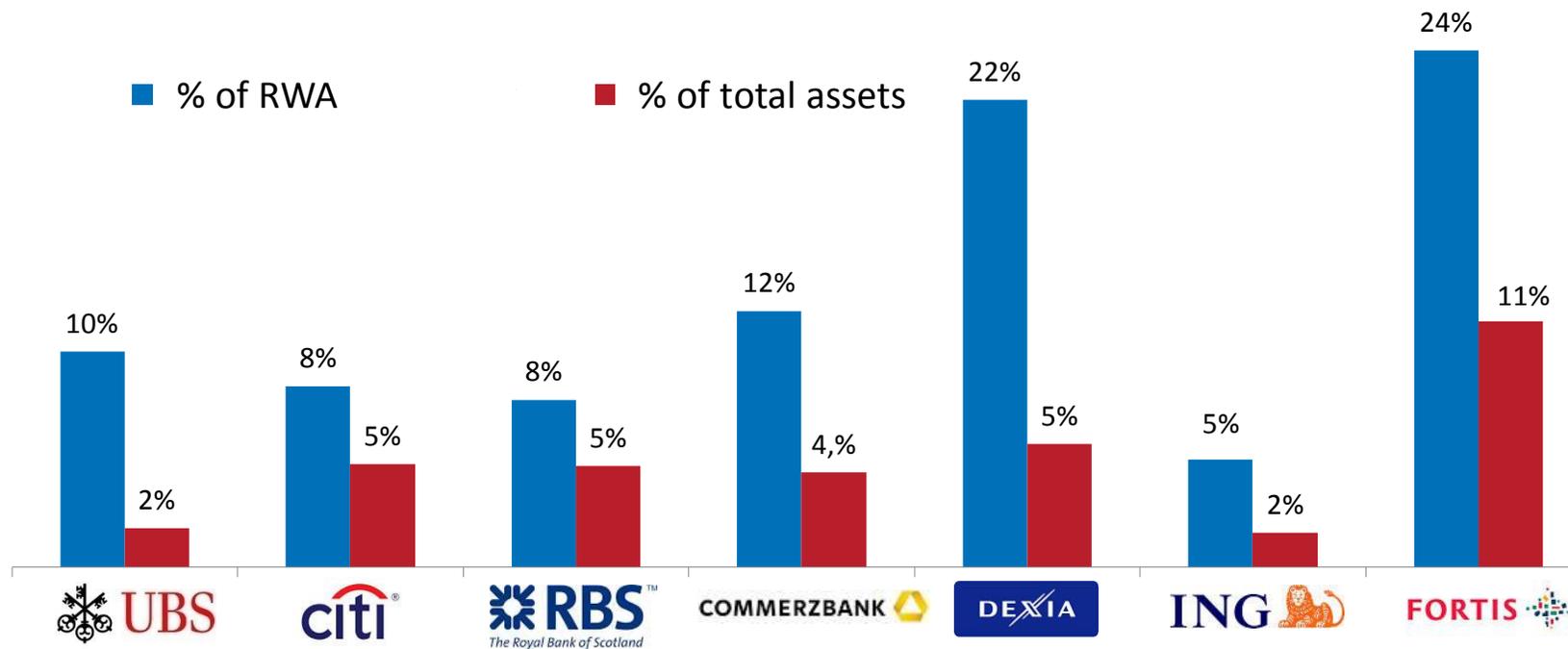
GDP in SEK billion



Sources: National Institute of Economic Research and the Riksbank

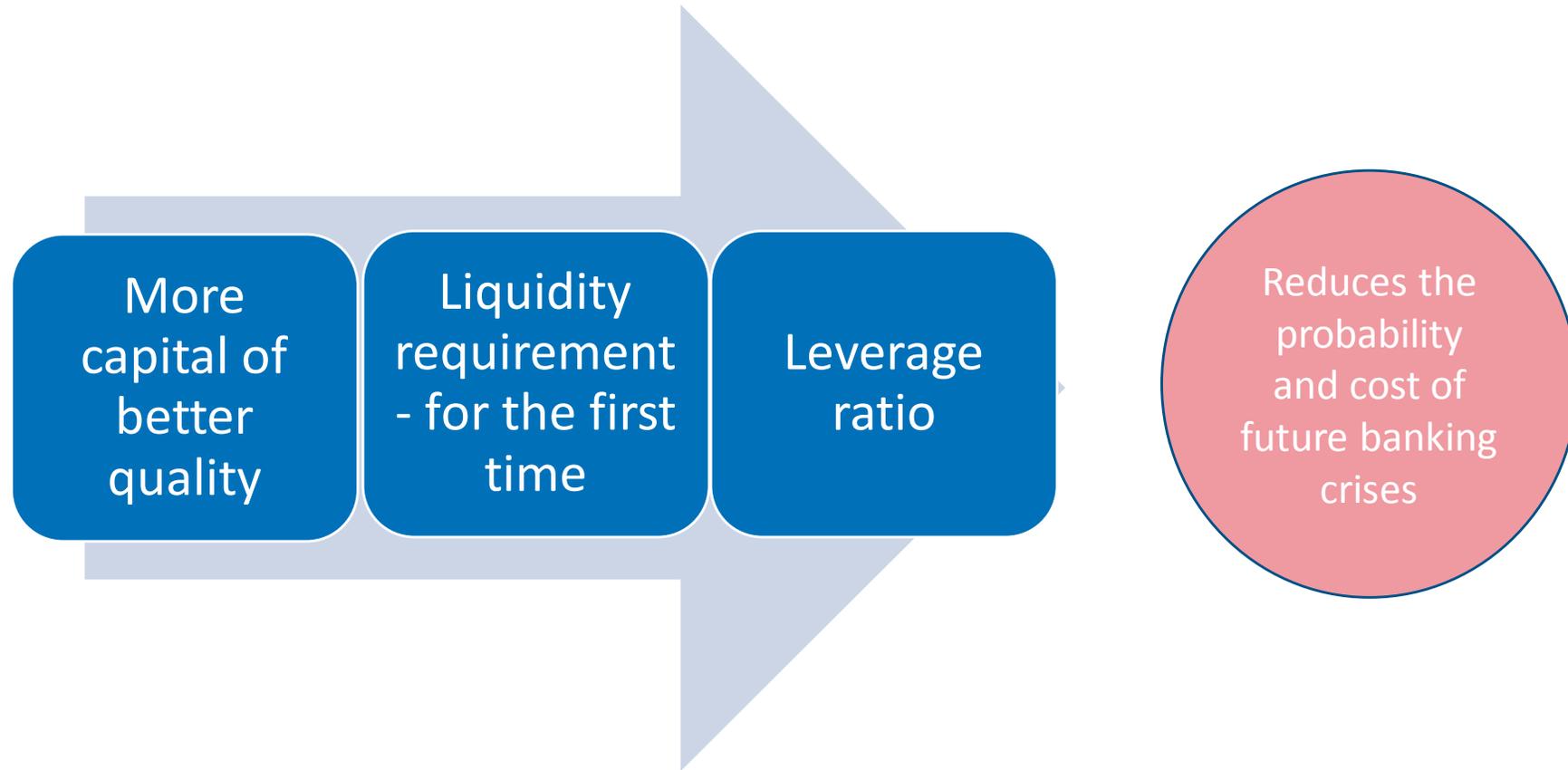
... and for the banks

Total costs (including government capital injections and asset purchases)



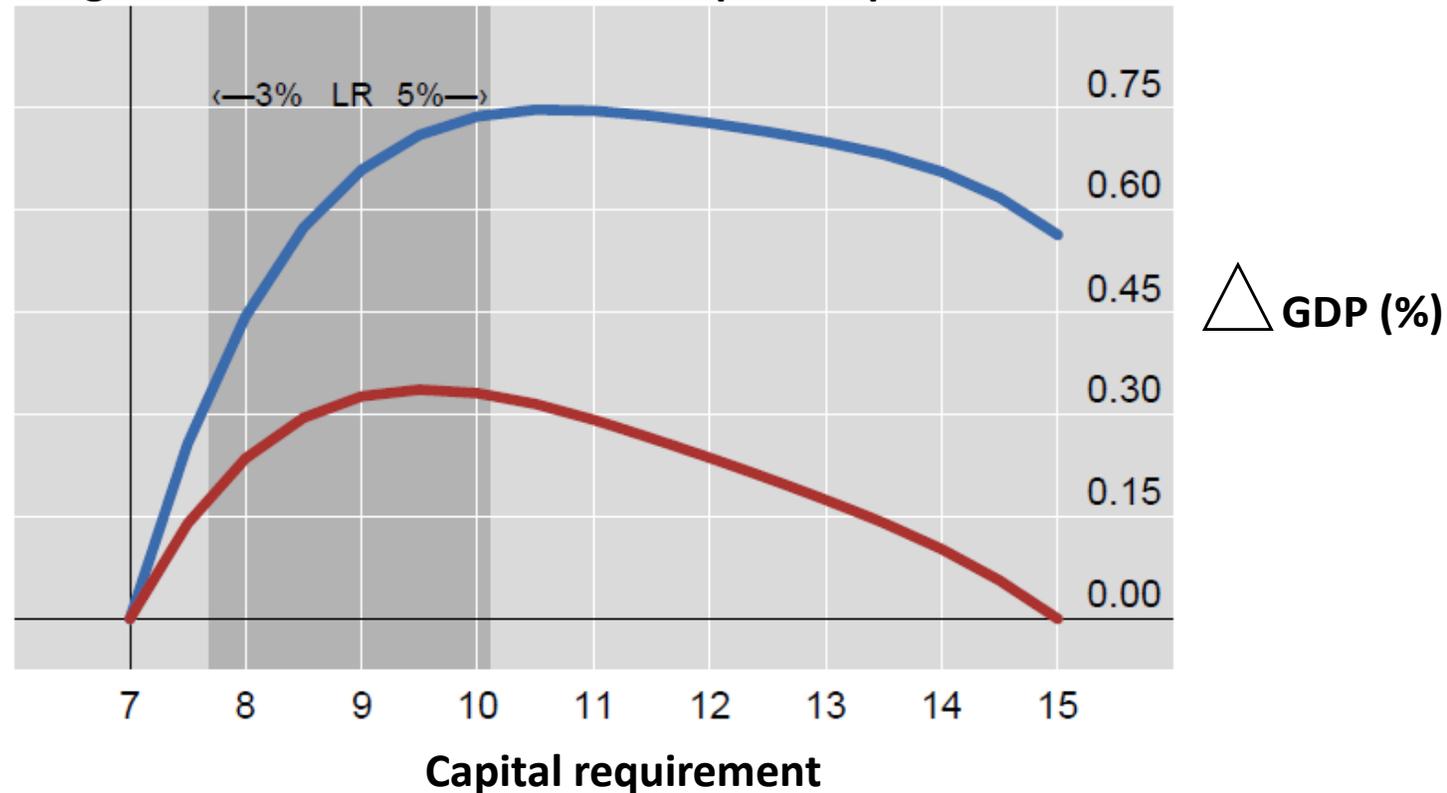
Source: FSB

Basel III – a central role in counteracting future crises



Basel III benefits both society...

Long-run net effects of increased capital requirement



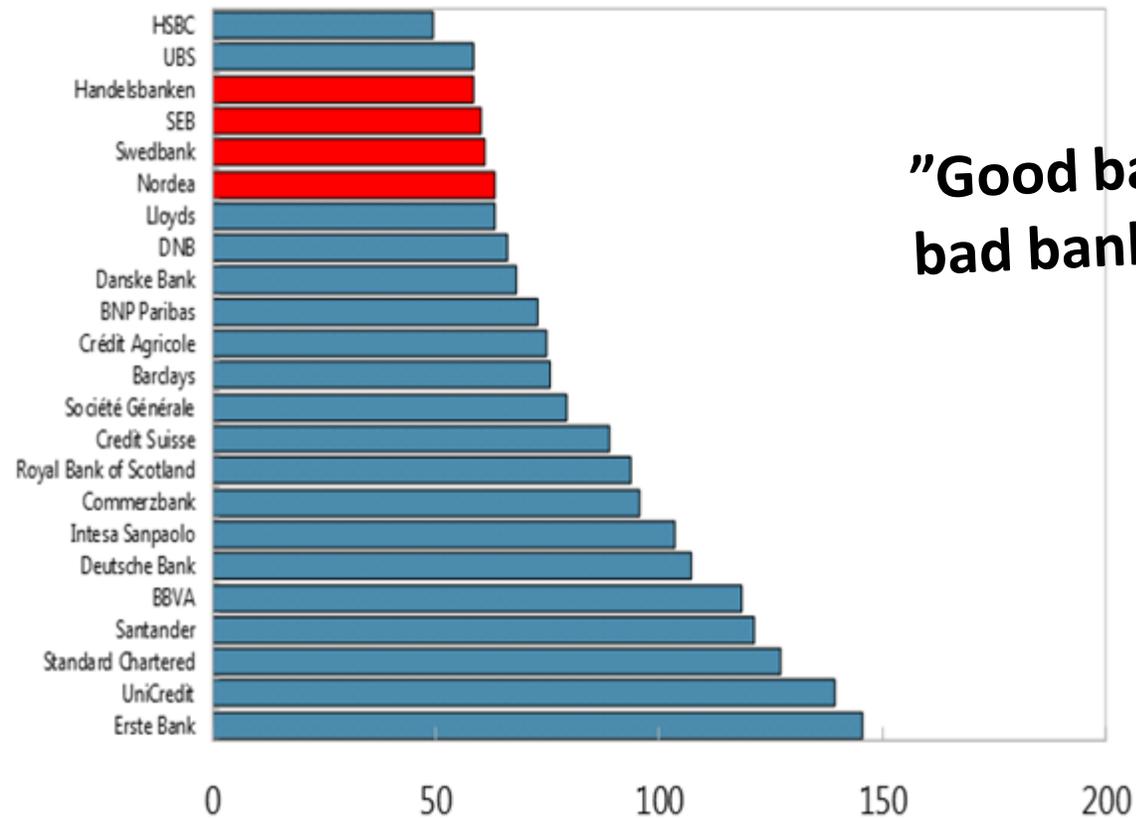
— Net effect given crisis with moderate effects on GDP (63% of GDP)

— Net effect given crisis with major effects on GDP (100% of GDP)

Source: BIS

...and the banks

Indication of the banks' funding costs (Basis points)



**“Good banks lend,
bad banks don’t”**

Note. Measured using 5-year CDS premiums, average over past year.

Source: The Riksbank

Capital requirements shall become more credible and comparable

