

# The world's oldest central bank is celebrating its 350th anniversary





# How the Riksbank contributes to financial stability

Sveriges Riksbank  
29 January 2018

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

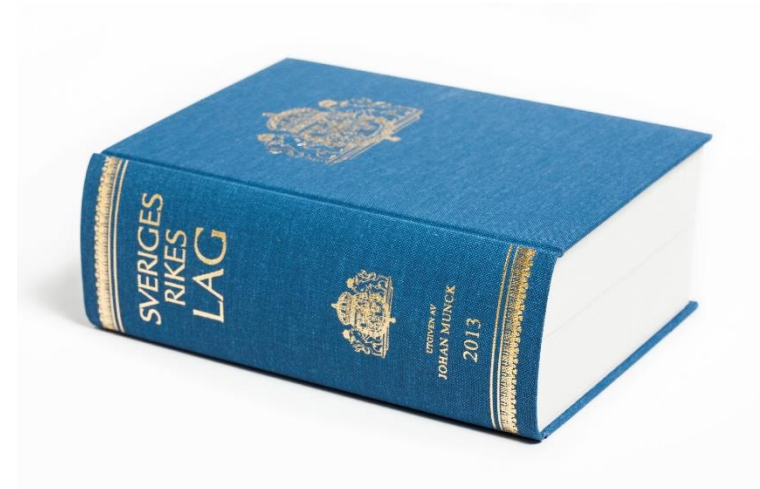


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First Deputy Governor of the  
Riksbank



# Theme: financial stability

- Relevant due to the current review of the Sveriges Riksbank Act
- Task of analysing the Riksbank's responsibility for financial stability





# Central banking is about the provision of liquidity

- Providing loans to banks during the day
- Accepting deposits from or providing loans to banks in the slightly longer term
- Providing loans to individual banks on special terms in temporary emergency situations



# Promoting a stable and efficient financial system



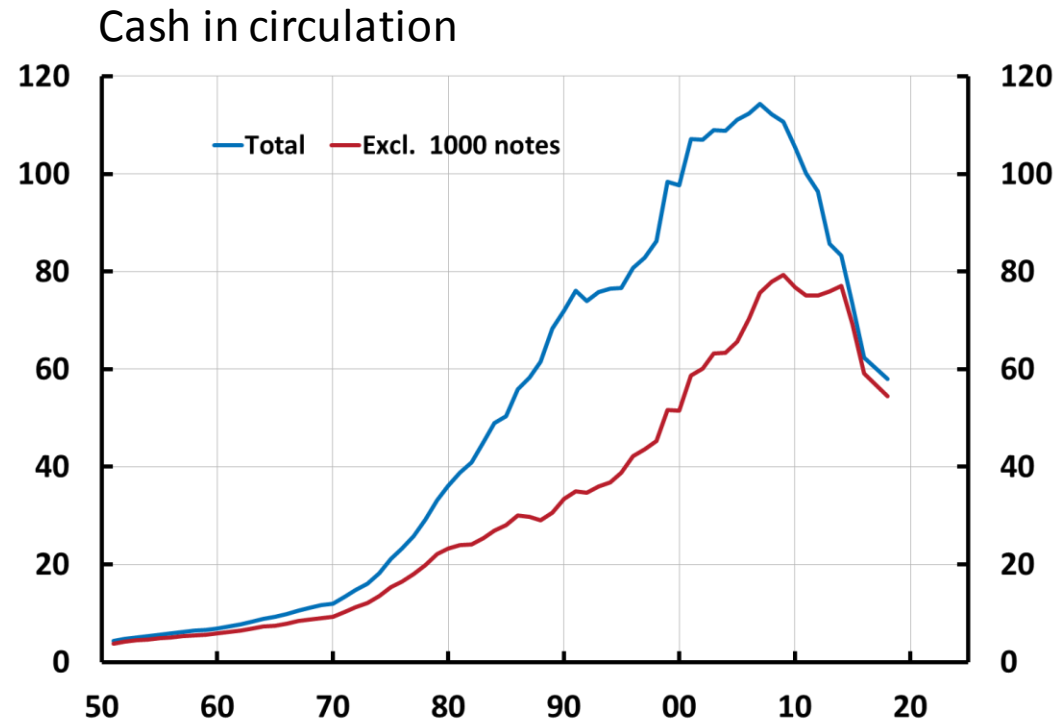
## Three core tasks:

- Issuing banknotes and coins
- Responsibility for RIX – the Riksbank's system for large-value payments
- Acting as lender of last resort – emergency liquidity assistance

Also close relationship between monetary policy and financial stability



# Issuing banknotes and coins



Note. SEK billion (at year-end).

Source: The Riksbank



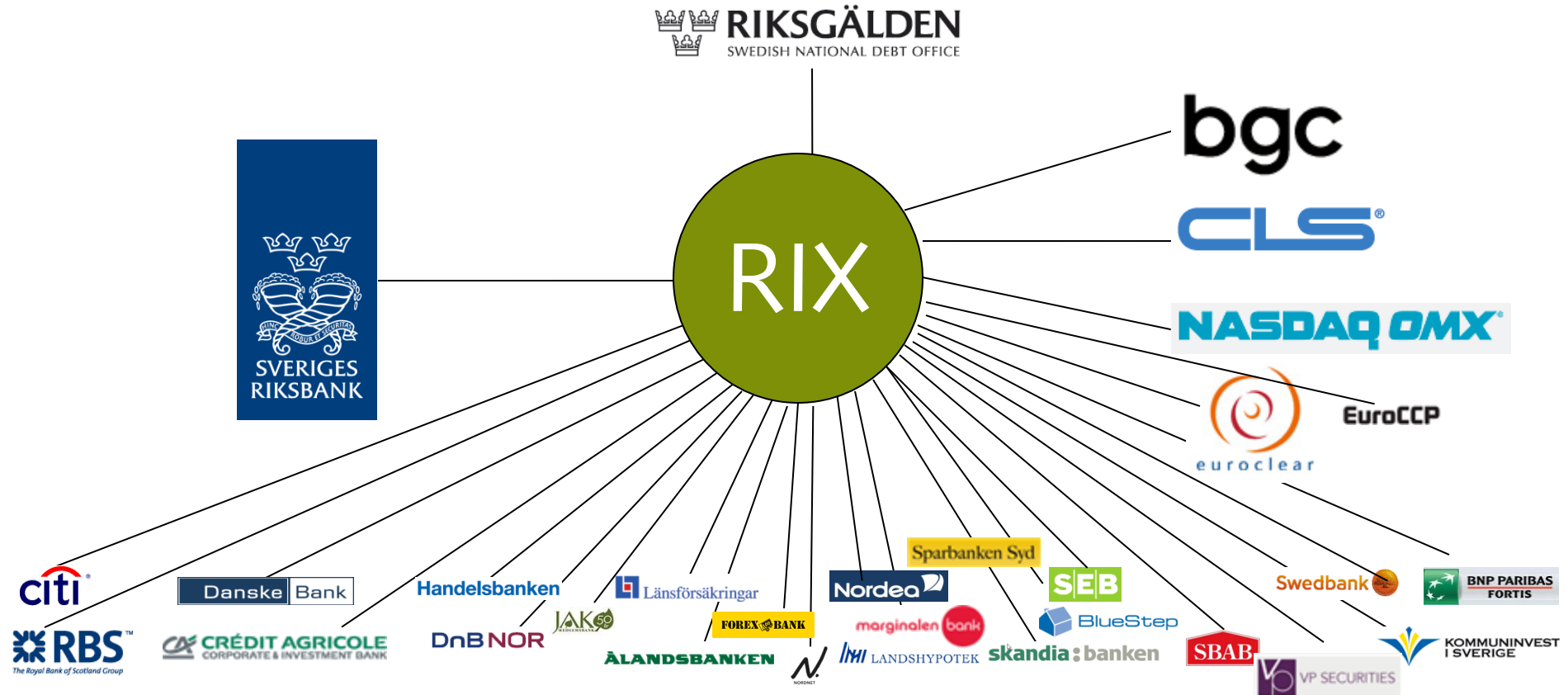
The Riksbank's  
responsibility for the  
handling of cash



E-krona?



# Responsibility for RIX – the Riksbank's system for large-value payments



# Acting as lender of last resort

Through...

- the possibility of creating money in Swedish kronor and
- holding a foreign currency reserve ...

...the Riksbank is able to provide liquidity in a crisis





# How the Riksbank works to fulfil its tasks

- Analyses financial companies, infrastructures and markets, as well as the links between them, both under normal circumstances and in times of crisis
- Builds crisis preparedness – above all through exercises

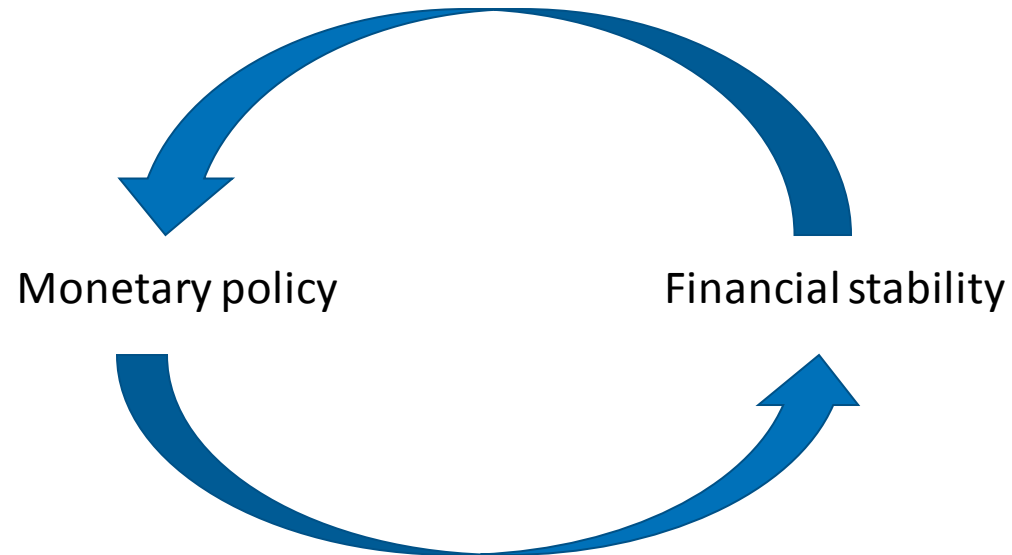
# Essential that the Riksbank can use its tools flexibly in a crisis

Contributes to promoting both financial stability and the impact of monetary policy

- Unclear legislation
- Development work on new liquidity instruments

→ Linking instruments to specific purposes should be questioned

# Analysis of financial stability necessary for monetary policy decisions



# Broad discussions on systemic risk issues are valuable

- Regular analyses of the financial system
- The Riksbank contributes to the public debate on systemic risks
- Several authorities with different responsibilities provide different perspectives
- Vital to have good forms for discussion, cooperation and consultation

# The Riksbank's voice on liquidity issues should carry special weight



Because:

- Central role in supplying liquidity to society
- Lender of last resort – often acts first in a crisis
- Natural role to comment on decisions and regulations that affect how likely it is that the Riksbank will have to intervene

→ Different forms: e.g. Finansinspektionen could have a stronger obligation to consult, the Riksbank could be expected to make recommendations, etc.



# International cooperation important to promote financial stability

- International perspective increasing in significance – regulations, systemic risks
- Comprehensive central bank cooperation
- The Riksbank participates in about 80 committees and groups
- Some of these are purely central bank forums, e.g. BIS and ECB



# Broad task and flexibility in the use of instruments

## **Broad** assignment of contributing to financial stability

- Clarify responsibility in contributing to analysing the risks in the financial system
- The Riksbank's voice on liquidity issues should carry special weight
- Take effects on international cooperation into consideration

## **Flexibility** in performing tasks

- In particular, question the linking of instruments to specific purposes



**THANK YOU!**

