

## **Christian Kettel Thomsen: Danish economy, financial risks and cash**

Speech by Mr Christian Kettel Thomsen, Governor of Danmarks Nationalbank, at the annual meeting of Finance Denmark, Copenhagen, 1 December 2025.

\* \* \*

*Check against delivery*

Thank you for the invitation – it is a pleasure to stand here again this year.

In recent years, unpredictability has been a condition for all of us. Events such as trade conflicts, covid-19, and Russia's invasion of Ukraine are difficult to foresee. And it is hard to know whether the next event will be a sudden drop in financial markets, a reversal of the business cycle, or a powerful hybrid attack.

We must prepare for what we do not know. That is why today I will focus in particular on resilience in the financial sector.

Once again this year, the banks' earnings have been good. And you have had very few losses on your customers. This is positive in a time marked by uncertainty. And it is a testament to the skill within the banks. But it also reflects a solid economy and regulation that works.

This also applies to the housing market. Today, homebuyers are more resilient than in the period leading up to the financial crisis. Nationwide, house prices are rising at a moderate pace.

But in the capital area, things are moving quickly. When I joined Danmarks Nationalbank in February 2023, a flat of 80 square metres in Copenhagen cost around 3.8 million kr. Today, it is one and a half million kr. more expensive.

High increases in house prices entail a risk that a self-reinforcing expectation will spread that prices will continue to rise. And today we also see that more new homeowners are buying with the expectation of making a capital gain.

But we have seen before that this cannot go on forever. We must therefore be prepared for house prices to fall as well, where things are moving fast. And the best preparation you can make is to stick to sound credit principles, which are also supported by the lending rules.

In this room, I am not the only one who remembers how things went in the 2000s: Impairment charges were very low. Capital requirements were eased. And the new interest-only mortgages quickly became popular.

But the optimism ended abruptly. The financial crisis hit us like a locomotive. We must never end up there again.

The regulation that has been introduced since the financial crisis has strengthened the financial sector in terms of capital, liquidity, and crisis management.

But other elements have also been added, and today we are faced with a set of rules that has become too extensive. At Danmarks Nationalbank, we therefore support the work on regulatory simplification.

But it is not only an economic downturn that the banks must be prepared for. A new security policy situation and the emergence of hybrid threats demand more from all of us.

The Defence Intelligence Service assesses that Russia is waging a hybrid war against Europe. And they assess that the threat may increase in the coming years. This is an assessment shared by other European intelligence services.

Examples include cyberattacks, drone activity, influence campaigns, GPS jamming, and sabotage of critical infrastructure. Therefore, we must all prepare for crises. This also applies to the financial sector.

An advanced attack on the financial infrastructure or on a critical financial entity can threaten the stability of the entire sector and have far-reaching societal consequences.

We have come a long way together, and I would like to acknowledge that work.

The sector has already achieved a high level of resilience to operational risks. And there is great focus on ongoing testing and learning from incidents.

I would also like to acknowledge the report that Finance Denmark has just published on making the payment market more resilient.

But the new threat landscape requires an extra protective layer.

Today, we must also consider extreme scenarios that, until recently, seemed completely unrealistic. Scenarios where a central financial entity is hit by a prolonged outage, or where critical data is unavailable, compromised, or destroyed. And where citizens and companies risk not being able to use payment cards, receive wages, or transfer money.

My message here today is that, even in such extreme scenarios, the activities most critical to society must be able to continue. First and foremost, citizens and companies must still be able to make payments.

This requires that the necessary underlying systems and interconnections function. Retail payments must be able to be cleared and settled. And the banks must be able to manage their liquidity and make payments between each other.

Therefore, Danmarks Nationalbank has today published new recommendations for an extra safety net for critical customer-facing activities. This includes recommendations for both the banks and the owners of payment solutions and infrastructure.

This safety net must be able to be activated independently of the normal systems and backups if they cannot be restored within a short timeframe.

On the banking side, Danmarks Nationalbank recommends establishing a safety net in the form of both a central data collection in a so-called data vault and decentralised emergency platforms at the banks.

The safety net must make it possible for a bank, in a crisis situation, to restore critical activities so that customers can still see their account balances, use payment cards, receive wages, and transfer money – outside the bank's normal systems.

A central data collection with common reporting standards will ensure that the most critical customer data is continuously collected and stored securely and separately from the bank's own systems. This applies to information about customers' accounts, balances, and associated payment cards.

A common data format also strengthens flexibility, as data can be used on another bank's emergency platform if its own platform fails.

Danmarks Nationalbank assesses that the costs of establishing a central data collection are manageable – it concerns a small amount of information, and it is possible to build on existing solutions, where banks already today report customer data to the authorities.

Regarding decentralised emergency platforms, I believe that banks should be responsible for development, operation, and activation. This will support a rapid response.

An emergency platform must function independently of the affected bank's normal operating systems, so that the most critical activities can be continued quickly – regardless of which system fails.

Some banks are already working to strengthen their emergency solutions, and that work can, to some extent, be built upon.

Such an extra safety net will require legislation. And it will require investment and ongoing development. But we assess that it can be designed so that the costs are commensurate with the security and reassurance the solution provides to society.

Individual financial entities remain responsible for their own resilience and contingency. But the significant interdependencies across the sector make it necessary to cooperate so that each of us can fulfil that responsibility.

We are already well on our way, but we must continue the work and constantly improve.

In conclusion, I would like to thank you for the productive collaboration throughout the year. Not least, our transition to Target was a major mile-stone.

We have many important tasks ahead of us. Let me also mention Fida's proposal to replace CIBOR with transaction-based reference rates. At Danmarks Nationalbank, we support this.

I look forward to continuing our collaboration.

Thank you for your attention.