



Financial Stability Report

2015:2

November 2015

Further measures are needed to manage household indebtedness



High valuations and high indebtedness entail risks



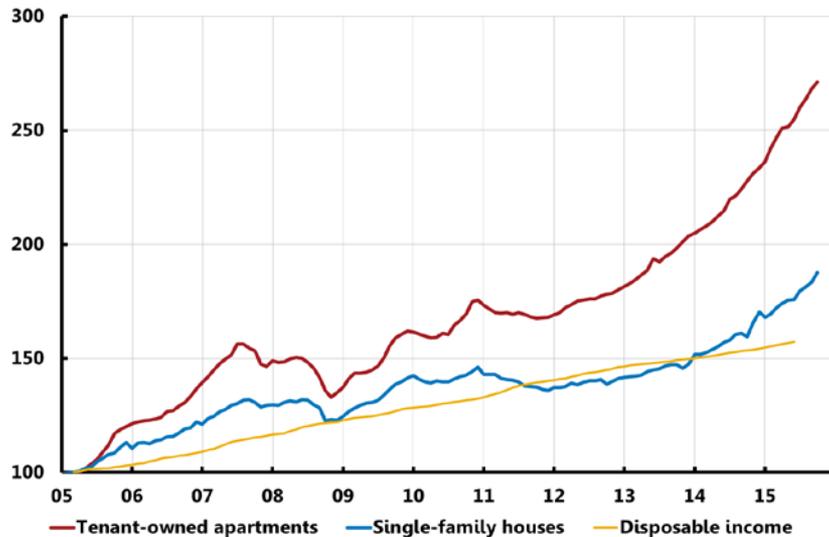
- Macroeconomic instability
 - Households consume less
- Financial instability
 - Funding problems for banks
 - Loan losses for the banks



Rapidly rising housing prices and increasing indebtedness

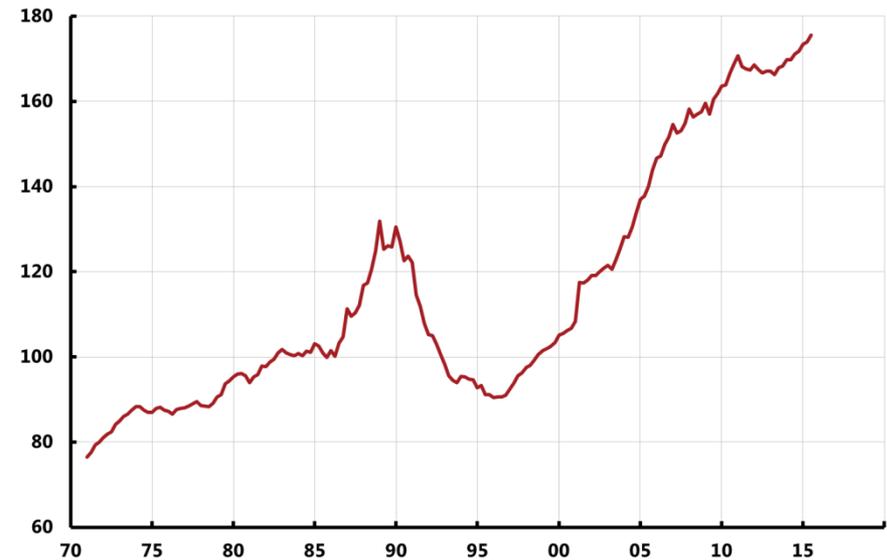
Housing prices in Sweden

Index, January 2005 = 100

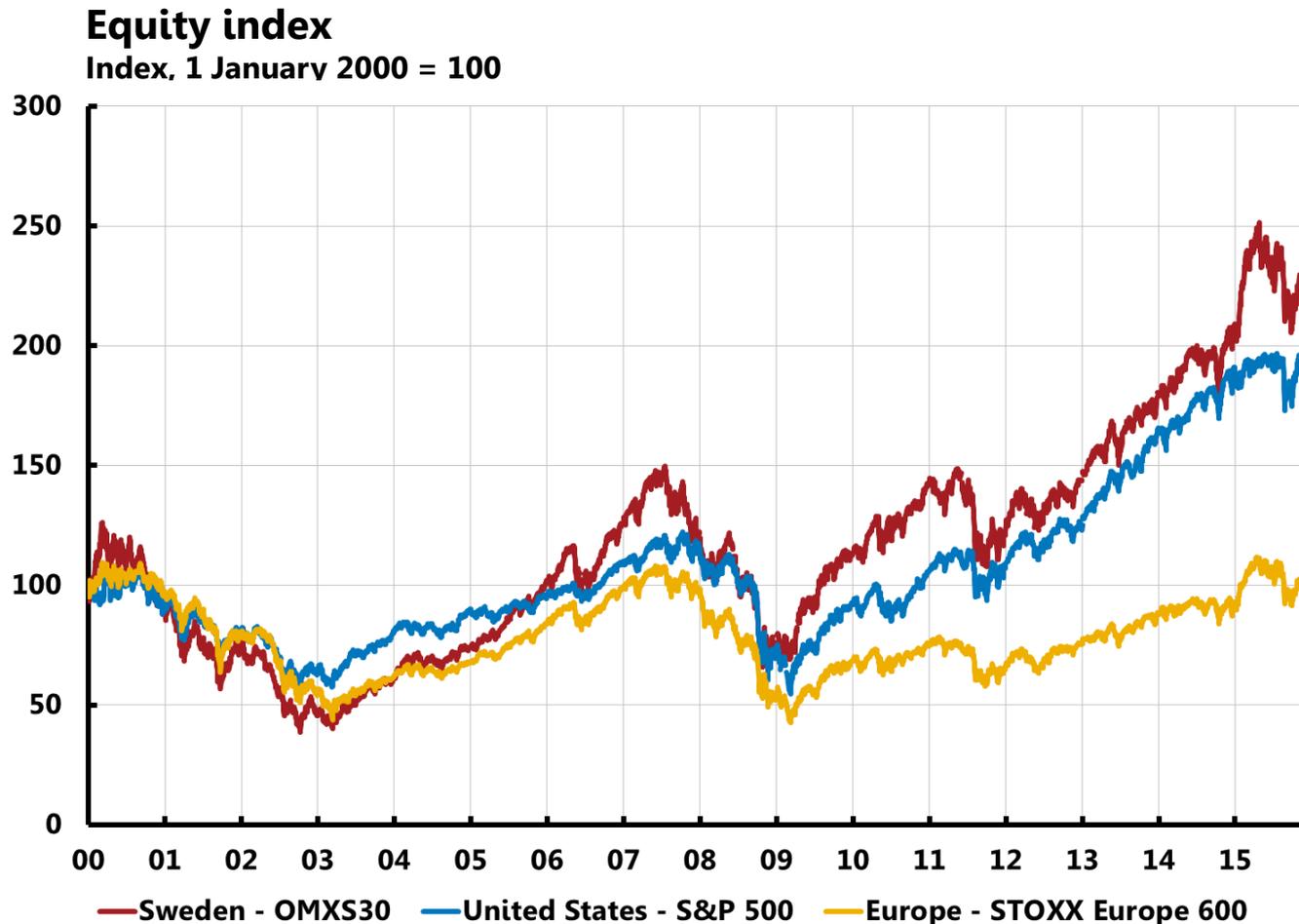


The Swedish households' debts

Debt as a percentage of disposable income, per cent



High valuation of assets – heightened risk of fall in prices



The Swedish banking system is vulnerable to shocks

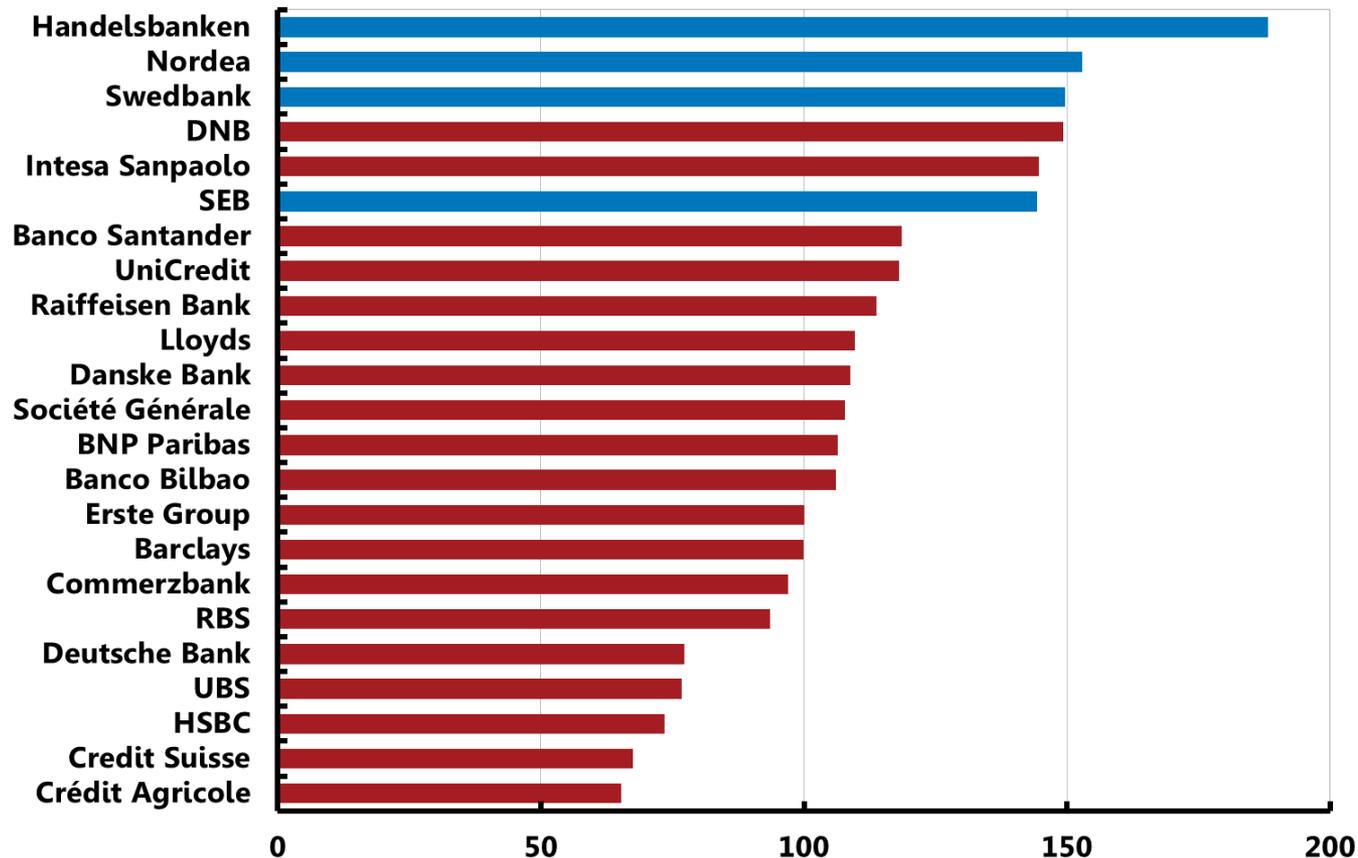


- High mortgage lending
- Large share of market funding
- Little equity in relation to total assets
- Imbalances in maturity
- Large banking system
- Concentrated and closely interconnected



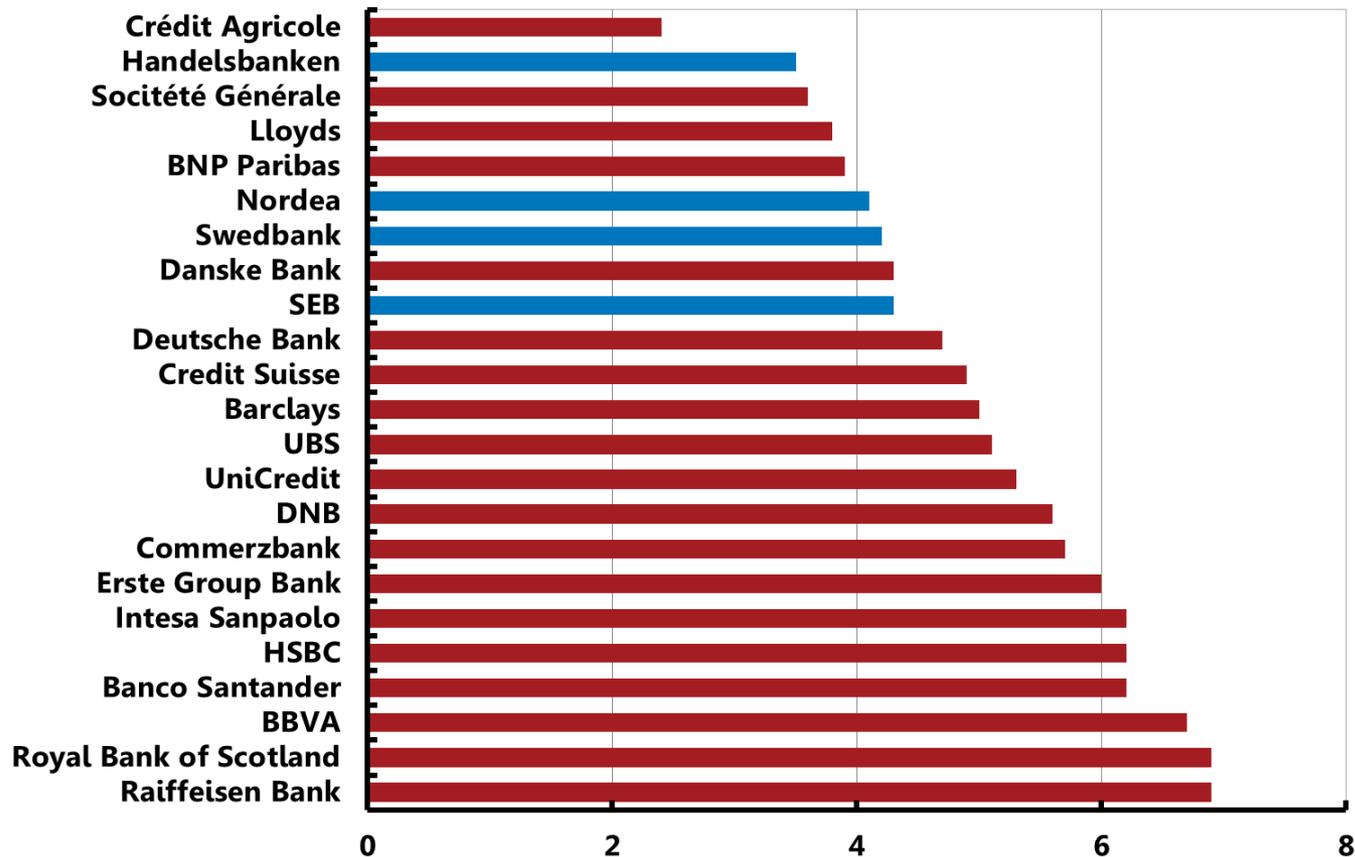
Major Swedish banks have a large share of wholesale funding

Lending in relation to deposits, per cent



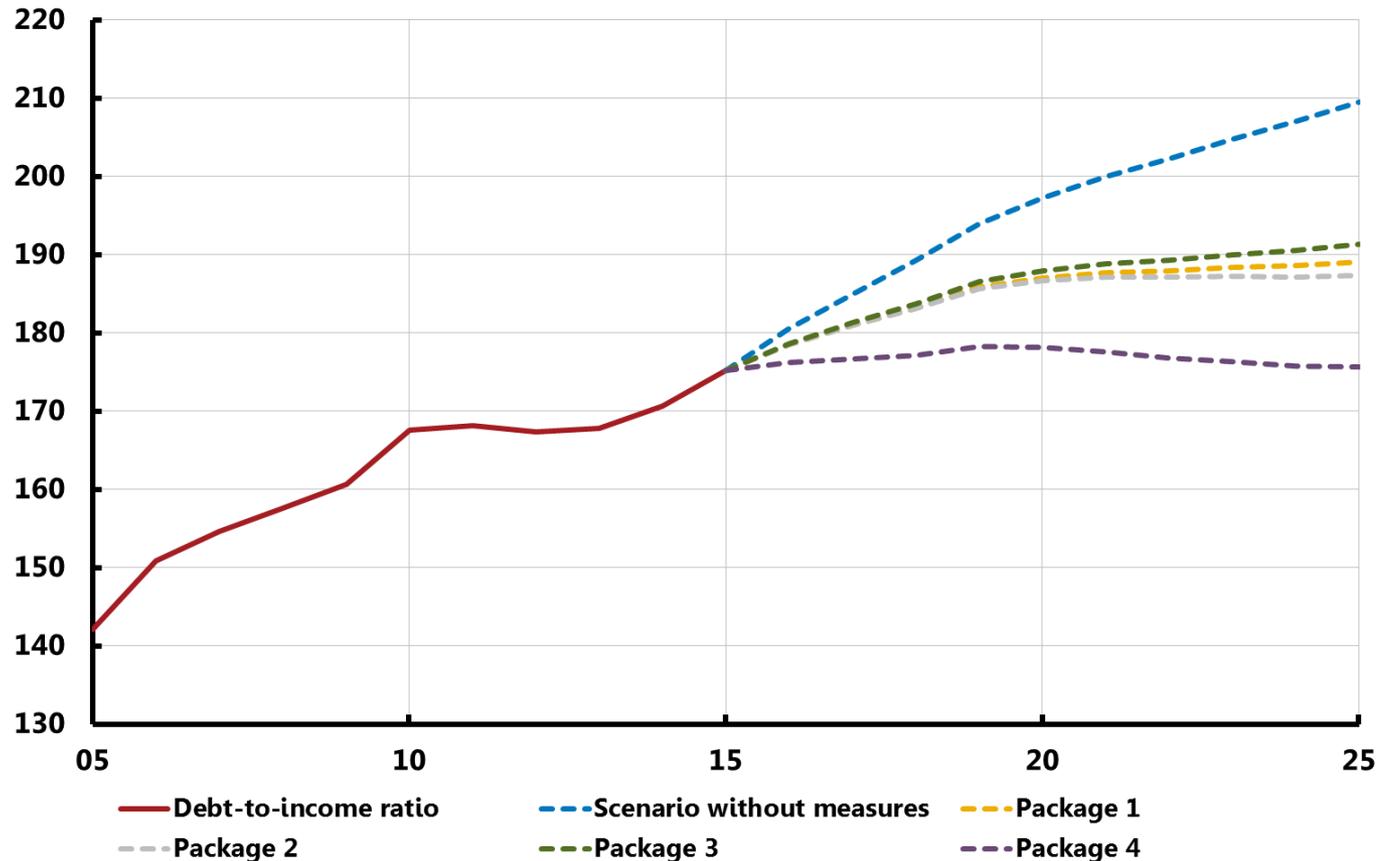
Major Swedish banks have little equity

Leverage ratio
Tier 1 capital in relation to total assets



Households' rapidly rising indebtedness can be restrained

Scenarios for different combinations of measures
Amortisation requirement, debt-to-income limit and reduced tax deductions



Total debts as percentage of disposable income. These example calculations all include an amortisation requirement, a debt-to-income limit and reduced tax deductions. Detailed package descriptions available in the FSR:2 2015.

Source: Statistics Sweden and the Riksbank

Measures are needed for a better-functioning housing market

- Continued reforms of the rent-setting system
 - Increased competition within the construction and civil engineering sector
 - Review of municipal regulations for construction
 - Review of property taxation
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The Riksbank's view is thus that further measures need to be taken



The Government and Riksdag should clarify Finansinspektionen's mandate and tools for macroprudential policy without delay

The Government and responsible authorities should take further measures as soon as possible to reduce the risks in the household sector

The Riksbank's view is that the banks' resilience continues to need to be strengthened



Minimum requirement for leverage ratio

Liquidity coverage ratios (LCR) in SEK

Structural liquidity ratio (NSFR)

Further measures are needed to manage household indebtedness

