

Press Release

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Satisfactory stability in the financial system

The stability of the financial system is currently satisfactory. Moreover, Swedish banks appear to be well equipped to meet the increased competition in their sector. These conclusions are drawn by the Riksbank in the first of a new series of reports, the Financial Market Reports, that is being presented today.

Continued internationalisation and new financial products, for example fund saving and capital market financing, are contributing to increased competitive pressure in the banking market. The macroeconomic indicators monitored by the Riksbank do not, however, show any signs of a rising level of risks in the banking sector. It is therefore concluded that the increased competition has not yet had any demonstrable negative effects and therefore does not constitute a threat to financial system stability.

The Financial Market Report will twice a year present the Riksbank's appraisal of tendencies in the financial system in the context of the Riksbank's function as the overseer of payment system stability. It is evident, not least from the bank crisis, that the State has strong reasons for promoting good stability in the financial system. Part 1 of the report describes the Riksbank's tasks in this field and how the work is conducted.

Part 2 of the report presents an analysis of the competitive situation in Sweden's banking sector. Good competition is important for achieving economic efficiency and meeting the needs of consumers. The analysis focuses on a potential negative effect of competition: that banks take increased risks, which could jeopardise the financial system's stability.

The Financial Market Report is on the Internet (<http://www.riksbank.se>) in both HTML and PDF format (the latter can be downloaded electronically). Copies of the report can be ordered from the Information Centre (e-mail: infocent@riksbank.se; fax: Int. +46 8 787 05 26; telephone: Int. +46 8 787 01 00). They can also be collected, after 10.30 a.m. today, from the Riksbank entrances at 7 Malmskillnadsgatan and 11 Brunkebergstorg.

A press conference on the Financial Market Report, presented by Urban Bäckström, Stefan Ingves and Martin Andersson, will be held today at 11 a.m. in the Riksbank. Admission by press card via the entrance at 7 Malmskillnadsgatan.

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