

Press Release

15 MAY 1998 NO. 18

The growth in lending by Swedish banks is not a threat to financial stability at present

The Swedish banking system's credit risks have not increased to a level at which they pose a threat to the stability of the financial system but there are some indications that the level of credit risk will increase in the near future.

The Riksbank presents this judgement in 1998's first *Financial Market Report*, which will be published today. The development of banks' credit risks and how this is related to macro-economic developments are described in this report.

The economy is currently experiencing optimism about the future and lending is increasing. In such a situation, there is a risk that enterprises and households borrow amounts that will be difficult to repay in an economic downturn. The level of credit risk in the banks increases. Signs that this is happening are an increasing rate of lending growth, increasing real estate and share prices and increasing indebtedness in relation to disposable income. Whether the growth in lending poses a threat to the banks will depend on whether the tendencies that were discernible during 1997 turn into a lasting trend rather than being more temporary.

The report can be obtained on the Internet (<http://www.riksbank.se>) in HTML and PDF format. The later can be retrieved electronically. The report can be ordered from the Information centre of the Riksbank via
e-mail infocent@riksbank.se,
telefax +46 8 787 0526 or
telephone +46 8 787 0100.

The report can be picked up at the entrances to the Riksbank Malmskillnadsgatan 7 and Brunkebergstorg 11 from 10.00 a.m. today.

A meeting with the press on the Riksbank's *Financial Market Report* will be held by Deputy Governor Stefan Ingves, Kai Barvèll, Head of Payment System Department and Martin Andersson, Head of Division of Financial Systems today at 11.00 a.m. at the Riksbank, entrance Malmskillnadsgatan 7. Admission by press card.

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