

Press release

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Situation report on the euro in the Swedish financial sector

Prior to the start-up of EMU in 1999, there was a discussion on the future significance of the euro for Sweden. Some people claimed that the krona would be marginalised, as Swedish companies and households would spontaneously choose to change over to the new currency. The euro would be used in Sweden, regardless of whether or not we joined EMU. However, this was not the case. On the contrary, two years after the start-up of EMU, there is still very modest use of the euro in the Swedish economy. This is illustrated by the report *The Euro in the Swedish Financial Sector – Situation Report 6*, published by the Riksbank today.

The statistics presented in the report show that the krona's percentage of the total assets held by Swedish financial institutes has declined slightly. However, the krona has not been replaced by the euro, rather by other currencies. The euro comprises only 6-7 per cent of the total assets. The report also shows that euro accounts are still rare. Only 2 per cent of the banking institutes' corporate clients and 0.03 per cent of private customers have opened such accounts.

The report also shows that there is only slight activity in euro on the Swedish money market and this is mainly concentrated to the deposit and swap markets. A number of corporate bonds and bank bonds are issued on the bond market, but trade in these is still modest. The same tendency applies to spot trading on the foreign exchange market and to the stock market. During the first year of the monetary union's existence, only three Swedish companies took advantage of the opportunity to list their shares parallel or exclusively in euro on the OM Stockholm Exchange. Since then no new companies have registered an interest in doing so.

The report shows that companies and households in the euro countries have also been cautious with regard to the new currency. They are probably awaiting the introduction of euro banknotes and coins next year. We will then probably also see an increased interest in the euro here in Sweden.

In December 1997 the Riksdag (Swedish parliament) decided that Sweden would not take part in the third stage of EMU from the start, but would maintain the

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greatest possible readiness to take action in the event of future EMU membership. The Riksbank is responsible for co-ordinating the preparations that are also being made within the financial sector. The regular situation reports describe the financial sector's work on maintaining the readiness for action required by the Riksdag decision.

There will be a meeting with the press due to the publication of the report at the Riksbank on Monday, 2 April, at 10.30 am entry by press card at 11 Brunkebergstorg.

The Euro in the Financial Sector – Situation Report 6 (Swedish version) can be obtained at the entrances to the Riksbank, at Brunkebergstorg 11 and Malmskillnadsgatan 7, or ordered from Information Riksbanken; e-mail forradet@riksbank.se, fax: +46-8-787 05 26 or tel. +46-8-787 01 00. The English version will be released shortly.

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