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# Growing Our Capital Markets - learning from the Swedish Experience

Good morning, everyone.

Thank you for inviting me. It is a pleasure to be here in Malta.

Sweden and Malta are different in many respects, but both are open economies whose financial markets are closely connected to developments elsewhere in Europe.

Our capital markets have also developed in different ways.

Sweden has developed a particularly active public equity market, while Malta has built an internationally oriented financial services sector, with strengths in investment funds and fund services.

These different experiences provide an interesting starting point for a discussion about capital market development.

Today, I would like to share some observations on the Swedish capital market and reflect on their relevance for European capital markets more broadly.

I will begin with data illustrating three dimensions of capital market development: market size and activity, access to financing and the investor base.

I will then discuss some of the factors behind Sweden's development, before turning to Europe's diverse capital markets, the value of specialisation and the conditions for further market development.

Let me begin with some data from the OECD's 2025 report on the Swedish equity market.

This first slide illustrates two dimensions: market activity and market size.

The chart on the left shows the net change in the number of listed companies across European markets between 2010 and 2024.

In other words, new listings minus companies leaving the market.

Sweden stands out, with a net increase of around 400 listed companies.

Several major European markets, including Germany, experienced substantial declines.

The table on the right compares European equity markets at the end of 2023, showing both their market capitalisation and the number of listed companies.

Despite having a population of just over ten million, Sweden has one of Europe's largest equity markets and an unusually large number of listed companies.

Together, these figures illustrate the size of the Swedish market and its considerable listing activity.

But market size and the number of listed companies tell us only part of the story.

We also need to understand which companies can access the market and how it supports their growth.

This slide looks more closely at the role of public markets in financing companies.

On the left, we see three measures of IPO activity in Sweden and the EU between 2000 and 2024.

First, capital raised through IPOs relative to GDP.

In Sweden, the figure is 0.47 per cent, compared with 0.16 per cent for the EU.

Second, the number of IPOs.

Of approximately 3,850 IPOs across the EU, 627 took place in Sweden — around 16 per cent.

That is a considerable share for an economy representing only around three per cent of EU GDP.

Third, the median IPO size.

In Sweden, it was eight million dollars, compared with twenty million in the EU.

This suggests that Swedish public markets have been accessible to relatively small companies.

The chart on the right shows the proportion of new listings on Swedish regulated markets that originated on domestic multilateral trading facilities, or MTFs.

The bars represent individual years between 2013 and 2024, while the dotted line indicates the average for Sweden, at around 45 per cent.

Almost half of the companies entering regulated markets had therefore previously been listed on an MTF.

This illustrates how growth markets can provide a pathway to regulated markets.

More broadly, venture capital, private equity, growth markets and regulated markets can complement one another.

The objective is not that every company should become publicly listed, but that companies have access to appropriate financing as they grow.

Of course, a functioning market also requires investors.

The third slide looks at the investor side of the market.

The chart on the left shows household financial assets as a percentage of GDP between 2012 and 2024.

The green line represents Sweden, the dark line the EU and the blue line a group of comparable European countries.

Swedish households hold substantial financial assets relative to GDP, and these have generally grown faster than in the EU as a whole.

The chart on the right shows the composition of household financial assets in six European countries in the third quarter of 2024.

The dark blue segment represents currency and bank deposits. The other segments include pensions, insurance, investment funds, shares and other financial assets.

There are considerable differences between countries.

In Germany, deposits account for more than a third of household financial assets.

In Sweden, the corresponding share is around ten per cent.

Instead, Swedish households hold a much larger proportion of their financial wealth in shares, investment funds and pension-related assets.

A substantial share of household savings is therefore channelled into financial markets rather than remaining in bank deposits.

This raises the question of what explains these developments.

There is no single explanation.

We often refer to Sweden’s strong equity culture.

But I think culture is better understood as the result of institutions, incentives and market structures that have developed over time.

Sweden has a long history of policies encouraging household investment.

Funded pension arrangements, investment funds and simplified investment accounts have all contributed.

Digital investment platforms have also made investing more accessible.

But the supply of capital is only one part of the explanation.

Equally important are companies seeking equity financing, supported by functioning growth markets, investors, advisers and trading venues.

Another important factor is investor confidence.

Sweden has a tradition of active ownership, including family-controlled companies.

Access to public capital does not necessarily mean giving up long-term control.

But strong shareholder influence must be balanced by effective minority-shareholder protection.

An important feature of the Swedish market is also its tradition of self-regulation. Market participants have taken an active role in developing and maintaining standards for corporate governance and market conduct, complementing statutory regulation and public supervision.

This has contributed to a market environment in which active ownership and investor protection can co-exist.

Strong capital markets do not require less regulation. They require good regulation.

Rules that support investor confidence are essential, while unnecessary complexity and duplication should be addressed.

Taken together, the Swedish experience illustrates a broader point.

A successful capital market requires investors, investable companies and an ecosystem that connects them.

So far, I have focused on the factors that have shaped the development of one national capital market.

But in Europe, there is another important dimension.

The strength of our capital markets depends not only on how individual markets develop, but also on how they connect and complement one another.

One of the defining characteristics of European capital markets is their diversity.

Across Europe, we see considerable differences in market structures, financing models and areas of financial expertise.

Let me give just a few examples.

Sweden has developed particularly active public equity markets for smaller and growing companies.

Denmark has a highly developed mortgage bond market, while Norway has a well-established high-yield bond market.

Luxembourg has become an important centre for international investment funds, and Malta has developed expertise in fund services and specialised financial activities.

There are, of course, many other examples across Europe.

These examples also illustrate how specialisation can contribute to the competitiveness of European capital markets as a whole.

Specialisation allows financial centres to develop expertise, achieve scale and serve companies and investors beyond their domestic markets.

Greater European integration can reinforce these advantages.

The more effectively capital, financial services and investment opportunities can move across borders, the greater the opportunities for different markets to build on their strengths.

Greater European integration can therefore create opportunities for further specialisation, particularly in smaller markets.

This requires us to distinguish between differences that reflect genuine comparative advantages and those that create unnecessary barriers to cross-border activity.

The challenge is to remove the latter without undermining the former.

The objective should not be uniform national market structures, but a more integrated and competitive European market that builds on their different strengths.

This also has implications for how we organise supervision in Europe.

Greater market integration requires effective and consistent supervision, particularly where activities and risks extend across borders.

But supervisory integration should be guided by where it adds value.

For supervisors, the challenge is to ensure consistent and effective supervision across borders, while recognising differences in market structures and where risks arise.

I would like to conclude with a few observations on the conditions for capital market development.

There is considerable value in examining the experiences of different European markets.

Not simply to identify which markets have performed well, but to understand the underlying factors.

What role have institutional investors played?

How have countries encouraged households to participate in financial markets?

What has enabled smaller companies to access equity financing?

And how have market structures, corporate governance and regulation contributed to investor confidence?

The Swedish experience provides one perspective on these questions.

Other European markets offer different perspectives, reflecting their institutions, economic structures and areas of expertise.

The important point is to understand which factors have contributed to successful outcomes, and under what conditions they might be relevant elsewhere.

This is also an important perspective for Europe's Savings and Investments Union.

We need to improve the conditions for mobilising savings, financing growing companies and developing more integrated capital markets.

But market development is not simply a matter of regulatory harmonisation.

Regulation and supervision can contribute to the conditions for capital market development, but they cannot create deep and liquid markets on their own.

We can remove unnecessary barriers, improve market access and strengthen investor confidence.

But successful capital markets ultimately depend on functioning ecosystems of companies, investors, intermediaries and institutions.

And those ecosystems take time to build.

The Swedish experience illustrates that a relatively small economy can develop a deep and active capital market.

But it also shows that such markets emerge from a combination of institutions, incentives and market structures that develop over time.

Across Europe, we see different experiences and different strengths.

Understanding these differences can help us identify what works, while recognising that solutions need to reflect national circumstances.

Greater European integration can allow those different strengths to contribute more effectively to European capital markets as a whole.

Europe's capital markets will be stronger not because they become identical, but because their different strengths become better connected.

Thank you very much.