

MEMORANDUM



Datum 2016-12-27

FI Dnr 16-19299

Finansinspektionen
Box 7821
SE-103 97 Stockholm
[Brunnsgatan 3]
Tel +46 8 408 980 00
Fax +46 8 24 13 35
finansinspektionen@fi.se
www.fi.se

Biennial Review of the Systemic Risk Buffer

Summary

As outlined in the capital requirements directive, FI must review the systemic risk buffer on an biennial basis. FI has reviewed the arguments originally set out to support a SRB buffer level of 3% at consolidated level for the four major banking groups and finds the arguments to still hold today. As such, this review has not caused FI to make any adjustments to the current SRB in Sweden.

Background

As set out in Article 133, paragraph 10b of The Capital Requirements Directive (CRD IV)¹ as implemented in Swedish law through chapter 4 of the buffer act², the systemic risk buffer (SRB) must be reviewed by the competent or designated authority (Finansinspektionen) at least every second year. Since it was decided that an SRB of 3% should be held by the four major banks³ in Sweden as of 1 January 2015, Finansinspektionen (FI) must therefore conduct a review of the SRB before 1 January 2017. This note describes the conclusions of the review.

Review Conclusions

FI has reviewed the arguments presented in the original memo⁴ for setting the SRB at 3% and finds that the concerns it outlines are still valid today and the proposed size of the buffer remains appropriate. The Swedish market is still characterised by four large, interlinked banking groups operating in a concentrated market with similar business models, assets, and exposures, the failure of any one of which would cause serious and negative effects for the real economy. This does not mean that Sweden is at great risk of a financial crisis, but instead that were one to occur, the consequences could be particularly severe.

As such, no adjustments to the current SRB is made at this point. The four major banking groups will continue to be required to hold a systemic risk buffer of 3 per cent at consolidated level.

Next Steps

In line with Article 133 paragraph 10b, the next review of the SRB will need to be conducted before 1 January 2019.

¹ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013.

² The Capital Buffers Act (2014:966)

³ Nordea, SEB, Handelsbanken and Swedbank.

⁴ <http://www.fi.se/Folder-EN/Startpage/Supervision/Miscellaneous/Listan/Capital-requirements-for-Swedish-banks1/>