

Report on

The Riksbank's activities in crisis preparedness and civil defence

Report to the Committee on Finance
pursuant to Chapter 11, Section 2 of the Sveriges
Riksbank Act

February 2025

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1 Introduction

Pursuant to Chapter 11, Section 2 of the Sveriges Riksbank Act (2022:1568), the Committee on Finance has requested a report from the Riksbank as a basis for an in-depth follow-up of the Riksbank's preparedness activities. The focus of the report shall be on how the Riksbank works to fulfil the overarching objective that the Riksbank shall have the capacity to maintain its operations during peacetime crisis situations and states of heightened alert, including the ability of the public to make payments. Particular emphasis is placed on cooperation and coordination of measures, both internally within the Riksbank and with other authorities and companies. In accordance with the Committee on Finance's request, the Riksbank reports on how far the work has come and gives examples of challenges ahead.

The Riksbank Act, which came into force on 1 January 2023, gives the Riksbank an expanded and partly new responsibility within the area of preparedness. The assignment means that the Riksbank, in addition to ensuring its own ability to maintain critical operations, must also ensure that the general public can make payments during peacetime crises and states of heightened alert. The new requirements have applied for a relatively short period of time, but the Riksbank has already established long-term and systematic preparedness work to meet them. The conditions are favourable for the work to continue at a high pace and with energy, but it is not without challenges.

The financial sector is characterised by a high degree of digitalisation, with actors closely interconnected and a clear focus on efficiency. Moreover, the threat to Sweden is both broad and complex, requiring the ability to respond to everything from disinformation, cyber-attacks, exploitation of economic dependencies to serious security incidents. At the same time, the work must be based on the threat of war and war itself as the ultimate threat. This means that preparedness must be built on a long-term foundation but with the capacity to adapt to new circumstances. Lessons learnt from both exercises and real-life situations need to be taken on board and translated into concrete measures that increase the ability to deal with both current and future threats and risks.

The high level of digitalisation in the financial system brings both advantages and disadvantages. It provides flexibility that reduces dependence on a particular geographical location, but at the same time creates increased risks that, for example, cyber-attacks and other IT disruptions can quickly have spillover effects and, in the worst case, lead to major consequences throughout the payment system. This calls for an increased focus on robustness and for all actors in the financial sector to step up the pace of action to strengthen overall resilience. This includes both quick interventions with simple means and more extensive and costly initiatives.

As can be seen from the report, the Riksbank's preparedness work includes both long-term measures at system level and short-term solutions that have a rapid effect. A number of examples of concrete measures implemented by the Riksbank in recent years are summarised below:

- Developed and adopted regulations setting out requirements for companies to plan and prepare for peacetime crisis situations and states of heightened alert.
- Established a brand new structure for cooperation and implementation of joint actions in the field of payments - Civil Preparedness – Payments (CPP).
- Developed planning prerequisites that specify how companies can meet the requirements in the regulations, for example through back-up power, separate data centres for central services and that companies should have a manned wartime organisation.
- Ensure that the companies covered by the regulations can deploy their staff in wartime.
- Started monitoring the companies covered by the Riksbank's regulations.
- Established the Riksbank's management function for coordination in the event of disruptions to payments, ensured robust and alternative communication solutions for the participants, and conducted several cause and effect tests.
- Conducted and participated in a large number of exercises to strengthen its own and joint capabilities, and developed an exercise package to allow companies subject to the regulations to exercise on their own.
- Implemented ten or so TIBER tests to test the cyber-security of key participants in the financial system.
- Established several new banknote depots and increased the storage of cash in case of emergency.
- Developed the basic structure of the Riksbank's wartime organisation and increased the number of people who can staff the standby official function.
- Developed alternative operational sites and made monetary policy decisions in Jönköping and Falun to ensure the ability to operate even if the regular premises are not available.

The following chapters provide an in-depth description of the Riksbank's ongoing preparedness work and the main challenges ahead. In particular, the need for rapid capability development will increase costs for all actors involved. The Riksbank therefore sees it as crucial to be able to impose requirements that increase the costs for the companies that are particularly important for payments ('cost-driving requirements')

2 Ability to maintain the Riksbank's operations

This section describes the work carried out to enable the Riksbank to maintain its operations at an acceptable level even during peacetime crisis situations and states of heightened alert.

2.1 Structure for the coordination of internal preparedness activities

In May 2023, the Executive Board of the Riksbank decided on a policy and in April 2024 a rule for the Riksbank's preparedness work was established. The documents describe the Riksbank's planning and preparations for and activities in peacetime crisis situations and states of heightened alert, as well as how responsibilities are allocated. The policy states that the Executive Board decides which of the Riksbank's activities are to be considered essential to society, and thus to be maintained at an acceptable level in both peacetime crises and states of heightened alert.

Each Head of Department is responsible for ensuring that appropriate preparedness planning is in place in their department. The Head of the Department for Internal Governance and Business Support (AIS) has a special responsibility for leading and coordinating the Riksbank's planning and preparations in this area, which also includes coordinating the Riksbank's external collaboration. As before, the responsibility for leading and coordinating the Riksbank's management of a peacetime crisis situation or state of heightened alert lies with the General Secretariat (STA). AIS and STA work closely together in the ongoing preparedness work so that the measures taken at the planning and preparatory stage can contribute in the best possible way to strengthening the ability to manage incidents that occur.

The Division for Payment Preparedness (EBS) is the division within AIS that handles the management and coordination responsibilities of the department. In practice, this means that the division provides ongoing support in specifying what the requirements of total defence entail for the Riksbank's activities, identifies and coordinates preparedness-enhancing measures of various kinds and works to ensure that the joint preparedness work is conducted efficiently.

In 2024, the processes for internal coordination have also been further developed to create greater efficiency and better conditions for the Riksbank's strategic shifts, one of which concerns preparedness. Following a general review of the Riksbank's committee structure, the special committee for preparedness issues created at the end of 2021 was abolished. Instead, it was clarified that the AIS's work on leading and coordinating the capacity-building work shall be managed with the support of a working group staffed by preparedness coordinators from each department.

2.2 Planning for the Riksbank's essential activities

The Riksbank has previously decided that the following activities are essential to society and must therefore be maintained during peacetime crisis situations and states of heightened alert:

- Taking monetary policy decisions: Analysis, forecasting, decision-making and communication.
- Implementing monetary policy.
- Managing the RIX central payment system.
- Conducting transactions in the gold and foreign exchange reserves.
- Supplying Sweden with banknotes and coins.
- Monitoring, collecting, producing and publishing data on the financial sector.
- Financial crisis management through liquidity support, including special or general liquidity assistance.
- Intermediating payments between central banks and with international organisations.

These activities are in turn dependent on a number of critical support activities, which also need planning to be maintained.

All essential activities at the Riksbank have continuity plans to ensure that the Riksbank can maintain its most prioritised activities at an acceptable level in both peacetime crisis situations and states of heightened alert. In addition, in 2024, all essential operational units have carried out impact assessments for their essential activities and necessary support functions. In the analysis, dependencies on critical resources have been analysed, such as staff, systems, premises and suppliers.

Departments review their continuity plans, including impact assessments, annually or in case of major changes. Departments also test their continuity plans at least annually, for example through individual and joint exercises. One example of such activities is the regular exercises conducted with participants in the RIX payment system to ensure the reliability of contingency procedures. Another aspect of continuity work is monitoring and managing potential consequences of climate change. In this context, the Riksbank plans to conduct climate risk and vulnerability assessments for the properties where we operate.

Internal preparedness work in 2024 also included continued planning and prioritisation for peacetime crises and states of heightened alert. For example, an in-depth analysis has been carried out of which essential activities are most critical to maintain in an extreme situation, as well as an in-depth analysis and assessment of measures regarding dependence on critical suppliers. Among other things, this work provides input values for the development of the Riksbank's wartime organisation. Extensive work is also underway to secure access to alternative operational sites. As these must meet the high demands of total defence in terms of robustness, security and sustainability, they require access to backup power and digital infrastructure.

2.3 Training and exercises

The Riksbank conducts systematic training and exercise activities with the aim of developing and following up its ability to maintain essential activities in all situations. In 2024, a multi-year training and exercise plan was adopted, extending until 2027. The plan has a long-term direction and three main focus areas: roles and responsibilities, situational awareness and continuity management. The multi-year plan is continuously complemented by an annual exercise and training plan in which prioritised areas and activities are specified.

Within the framework of the exercise plan for 2024, a situational awareness exercise with several elements was carried out for all the departments' management teams, the Riksbank's crisis management team and the Executive Board. The exercise partly involved decision-making at an alternative operational site. The exercise increased the overall ability to assess an event and its consequences, to prioritise and decide on actions, and to compile department-specific and Riksbank-wide situational pictures. Other examples of exercise activities in the previous year include the regular training and exercise sessions for the staff members manning the standby official function, as well as the continuity exercises mentioned in Section 2.2.

The Riksbank also conducts and participates in a number of exercises and training programmes with external actors with the aim of strengthening its own capabilities. Below are some examples of exercises and other similar activities that have been carried out during the period 2023-2024:

- Exercises and training within the framework of the Financial Sector Private-Public Cooperation (FSPOS). In 2024, for example, the Riksbank organised a seminar for the financial sector to exchange experiences on how the interruption in the Primula payroll system was handled. In the autumn of 2023, a sectoral exercise was carried out in a grey zone scenario for around 60 actors and around 40 employees from the Riksbank took part.
- An exercise with the Financial Stability Board focusing on the management of a cyber-attack affecting a financial market infrastructure (FMI).
- Participation in a Nordic-Baltic stability exercise. In total, around 450 people from some 30 authorities in the Nordics and Baltics, as well as relevant EU bodies and an observer from the IMF, took part. Around 20 employees from the Riksbank also participated.
- Participation in Northern Bastion, a series of workshops organised by the US Treasury Department to improve communication and collaboration during operational incidents affecting financial stability in the Nordics and Baltics.
- In 2024, for the 13th consecutive year, the Riksbank hosted the Toronto Center's "Crisis Preparedness and Resolution Options" training on financial crisis management.
- Collaborative exercise with the Swedish Police Authority's regional response teams and regional emergency services centres at the Riksbank's facility in Broby.
- A seminar on disinformation with the Swedish Psychological Defence Agency, aimed at all Riksbank employees.

- Two seminars on total defence with the Swedish Defence University, one of which was aimed at all Riksbank employees and the other provided an in-depth legal analysis for the employees concerned.

Based on the lessons learnt from previous exercises and training programmes, a partly new approach has been introduced in 2025. The annual training and exercise plan should follow a clearer thread and be based on an analysis of the concrete capabilities and scenarios to be prioritised in the coming years. These capabilities are developed through various sub-activities and tested in a joint exercise at the end of the year. The scope of the final exercise will depend on the capabilities and scenarios being exercised each year. The conclusions from the activities carried out during the year then form the basis for next year's exercise and training plan.

Planning is currently under way that will culminate in a major Riksbank-wide preparedness exercise in November 2025. The exercise will provide an opportunity for a large part of the Riksbank's operational units to practice a grey zone situation and for a smaller number of units to also practice a more escalated situation. External actors will also exercise to some extent.

2.4 Management of peacetime crisis situations and states of heightened alert

The Riksbank's management of peacetime crises and, ultimately, a state of heightened alert follows the principles of responsibility and equality. Departments should have the capacity to manage disruptions and incidents in their respective areas of activity. The General Secretariat coordinates cross-departmental issues on a day-to-day basis and also does so for events requiring joint crisis management. In practice, this means that each Head of Department shall inform the Chief of Staff of incidents that could lead to a crisis for the Riksbank and shall be able to come to a decision on the current situation, possible developments and the need for measures.

Needs determine how the situation shall be managed. Although the Riksbank is not covered by the Ordinance (2022:524) on the Preparedness of Government Authorities, the criteria described in Section 6 of the ordinance for assessing a situation as a crisis are in principle the same. This may involve a risk to the life and health of Riksbank employees or a risk to the ability to maintain the Riksbank's essential activities. If a situation so requires, the Executive Board can decide to activate the Riksbank's crisis management function. In urgent cases, the Chief of Staff may take such a decision.

The Chief of Staff is tasked with leading and coordinating the Riksbank's management of a peacetime crisis situation or state of heightened alert. A crisis management team shall support the Chief of Staff in this task. In or prior to a state of heightened alert, the Riksbank's wartime organisation is activated and staffed with the aim of sustainably solving the authority's priority tasks that are important for total defence. The crisis or wartime organisation shall be headed by the Chief of Staff or by the person designated by the Chief of Staff. In the event of crisis management or a state of heightened

alert, the Chief of Staff is authorised to decide on the reprioritisation of human resources and activities, as well as the prioritisation and preparation of crisis management measures.

On a day-to-day basis, a permanent crisis management team supports the Chief of Staff in monitoring the external environment, establishing situational awareness, liaising with other authorities and coordinating the authority's incident management, in order to facilitate the assessment of when crisis management may be required.

To be able to deal with sudden events quickly and in a coordinated manner, including outside office hours, the Riksbank has an official on standby. This function should be able to initiate and coordinate the initial work to detect, verify, alert and inform within and outside the bank 24 hours a day, 7 days a week, in both peacetime crises and states of heightened alert. The Riksbank also has other functions on standby to be able to initiate crisis management at any time, for example for RIX and IT incidents.

It is likely that serious situations, such as large-scale cyber-attacks against critical infrastructure, would have an impact on both the Riksbank's ability to maintain its operations, on the Riksbank's task of safeguarding the public's payments and on financial stability in a broader sense. This means that crisis management in different areas of responsibility takes place simultaneously. The Riksbank's Chief of Staff coordinates the whole response, with the possibility of prioritising resources and cases. Each department maintains contacts and forums with external parties, with, for example, the AIS providing the management function for payments and the AFS (Financial Stability Department) for cooperation within the Financial Stability Board. These then report to the Riksbank's crisis management team, where a staff compiles a joint situation picture that forms the basis for the Riksbank's measures.

3 Public payments in peacetime crisis situations and states of heightened alert

This section describes the work conducted on the basis of the objective in Chapter 5, Section 1 of the Sveriges Riksbank Act that "the general public shall be able to make payments in peacetime crisis situations and states of heightened alert". In practice, this responsibility means that the Riksbank will have requirement-setting, coordinating and supervisory tasks in relation to companies that are of particular importance for the execution of payments. In addition, there are other Riksbank activities that directly or indirectly help to strengthen the conditions for the general public's payments, for example in the area of cash.

3.1 Requirements on companies of particular importance for payments

In 2023, the Riksbank developed and adopted regulations and general guidelines (RBFS 2023:3) on companies of particular importance for the execution of payments in peacetime crisis situations and states of heightened alert. Through the regulations, the Riksbank identifies which companies conduct activities that are of particular importance for the execution of payments and specifies the companies' responsibility for preparedness in their preparatory and planning work. The regulations entered into force on 1 February 2024.

The companies initially covered by the regulations are certain credit institutions, companies involved in payment applications, electronic identification and signatures, companies providing payment infrastructure and companies storing, counting and transporting cash. In the regulations, the Riksbank has chosen to identify a small group of companies that are central to the functioning of payments, to enable a rapid start to be made on the work to strengthen the companies' ability to manage peacetime crisis situations and a state of heightened alert, at the same time as forms of co-operation and work processes are developed and established. The Riksbank will begin a review of the regulations in 2025, with the aim of expanding the group of companies covered in the future and setting new requirements.

In addition to conducting their preparedness work in accordance with the requirements set out in the regulations, the companies shall participate in the joint work coordinated by the Riksbank, which is described in more detail in the sections below.

3.2 Coordination of the work on civil preparedness for payments

New collaboration structure

In 2023, the Riksbank established a new collaboration structure for the joint work with the companies covered by the Riksbank's regulations, which is called Civil Preparedness Payments (CPP). The term "civil preparedness" aims to describe the processes of coordination, planning and preparation carried out in the field of crisis preparedness and civil defence. The collaboration structure consists of three levels: focus, coordination and implementation. The structure follows the same levels that were established in parallel for the Financial Services preparedness sector.

In 2023, a reference group was also established, which meets regularly for face-to-face meetings, chaired and led by the Riksbank. The purpose of the reference group is to coordinate joint activities. The Riksbank can also use the reference group to check on the progress of activities for which the Riksbank is responsible. Companies participate through representatives who have overall responsibility for crisis preparedness and civil defence work in the payments area in their respective organisations. In addition to the chairmanship role, the Riksbank also participates in the work, in the same way as the companies, through representatives from its operations responsible for the RIX system and cash management respectively. The Swedish National Debt Office also participates on a voluntary basis through representation from the State Internal Bank (SIB). Each representative in the reference group is responsible for anchoring the work within their own organisation.

If necessary, the Riksbank may invite additional actors to participate in the reference group on a voluntary basis, either as permanent participants or temporarily in a working group for a specific activity. This is the case, for example, in the work to strengthen the possibilities for offline payment by card, which is described in more detail below.

The reference group met on seven occasions in 2024 and the Riksbank has followed up on how the cooperation forum and working methods have functioned. The overall assessment is that the meeting structure has worked well, that the Riksbank can take an even greater leadership role in the work in the future and that the reference group should have a clearer role for joint analyses and discussions.



Diagram 1 Reference group for CPP

3.3 Examples of activities in civil preparedness for payments

Planning prerequisites concretise total defence requirements

When the Riksbank submitted the proposed regulations for consultation in 2023, several of the companies proposed to be covered by the regulations pointed out that there was a need for clarification of what the requirements of total defence entail and what is required of the companies covered by the regulations. Therefore, in 2024, the Riksbank drew up so-called planning prerequisites to support companies in their work to fulfil the requirements in the Riksbank's regulations.

The planning prerequisites include conditions that are important for the payment area based on the requirements that the Riksdag, the Government, the Swedish Armed Forces and the Swedish Civil Contingencies Agency (MSB) place on civilian actors in total defence. They also contain concretised descriptions of the different aspects that good planning should include based on the regulations. Among other things, it is highlighted that companies' backup power should be dimensioned for power cuts lasting at least a week, that data centres for central services should be physically and geographically separated, and that companies should have a defined and staffed wartime organisation. Although the planning prerequisites themselves are not binding, the response from companies has been positive as they have requested clearer focus and input values in their preparedness work.

Create the conditions for wartime deployment

The regulations state, among other things, that companies must establish procedures describing how operations are to be maintained and what personnel and staffing are needed. Wartime placement is a tool for this, and the Riksbank has a mandate via the Sveriges Riksbank Act to designate companies that should have this possibility. When the regulations had entered into force, the Riksbank therefore registered the companies affected by the regulations with the Swedish Defence Conscription and Assessment Agency. The Riksbank then informed the companies of the possibility of carrying out an availability check of the staff necessary for their payment activities and then implementing wartime deployment. In addition, the Riksbank is currently conducting supplementary work to create the conditions for the wartime deployment of staff at the companies' critical suppliers with regard to payments.

Establishment of management function in case of disruptions

Under the regulations, the companies shall plan and prepare to be able to be part of the management function for coordination and information that the Riksbank leads in peacetime crisis situations and states of heightened alert. The management function was established in 2024 and has been modelled on the voluntary collaboration forum, Crisis Collaboration in the Central Payment System, which has been in place since 2016. In the context of the 2023 FSPOS sectoral exercise, the envisaged function and its actors were tested, with the aim of practising and learning lessons prior to introduction. The function is activated upon the occurrence of an event that affects or may affect the ability to execute payments. The Riksbank conducts regular convening tests and the management function will also be part of the major Riksbank exercise in autumn 2025 described in Section 2.3.

Analysis of payment flows and implementation of capacity-enhancing measures

One of the major activities the Riksbank carried out together with companies in the spring of 2024 was an analysis of payment flows, risks and vulnerabilities and identification of measures to strengthen resilience going forward. The analysis work covered both electronic payments and cash supply and took into account various technical systems from a robustness and security perspective, as well as dependencies on, for example, electricity supply and data communication.

After the summer of 2024, working groups were established that are now working on the implementation of a number of such capability-enhancing measures. This involves, for example, strengthening the possibility of offline payments by card so that it is possible to pay by card even during disruptions in, for example, data communications. The technical conditions for offline payments are considered to be relatively favourable already today, but one issue to be addressed is who should bear the liquidity and credit risk arising from an offline payment. In this work, the Riksbank has therefore involved a broader group of market participants than the companies covered by the regulations, for example in the form of card networks, card acquirers and retailers, to identify and implement suitable solutions.

Another measure is to carry out an in-depth survey on the possible conditions for prioritising payments. In certain scenarios, such as periods of prolonged power cuts, there is a need for payment system participants to be able to prioritise which payments should be made before others. In a first step, the Riksbank will, in close collaboration with other parties concerned, investigate the conditions for prioritisation, based on legal and technical aspects, and what needs there may be in a serious crisis situation or state of heightened alert.

Work on the capability-enhancing measures will continue in various forms in 2025, with new measures will be taken as necessary.

Training and exercises

An important part of CPP work is to increase companies' knowledge of crisis preparedness and civil defence. In 2024, the Riksbank produced exercise material that the companies have had the opportunity to use internally and also carried out four training courses during the year on various themes within crisis preparedness and total defence. The aim was to increase the level of knowledge and establish a common starting point for crisis preparedness work at the companies. In 2025, the Riksbank will conduct a joint training day in this area and, as mentioned earlier, the management function will also be part of the Riksbank's major preparedness exercise.

Oversight

In 2024, the Riksbank developed, anchored and established the forms and focus of its oversight of the companies covered by the Riksbank's regulations. In 2025, the oversight will start in practice. To streamline the Riksbank's oversight work, there is a cross-functional working group that includes the departments that carry out various forms of oversight. The task of the working group is to coordinate and harmonise the oversight work between the departments, while retaining line responsibility for each process. This means that AIS (Internal Control and Operational Support Department) is responsible for oversight of the companies that are considered particularly important for payments. The monitoring process can ultimately be accompanied by injunctions and penalties. However, the Riksbank primarily sees oversight as a tool whereby any shortcomings and vulnerabilities in companies' preparedness work can be identified and used as a basis for focusing further preparedness work. If a company is deemed not to comply with the requirements of the regulations, the company will be alerted to this at an early stage, and will then be given the opportunity to take measures to address the shortcoming.

3.4 Other preparedness perspectives in the area of payments

An important part of the Riksbank's preparedness work is to increase the public's knowledge of payment preparedness. In 2024, the Riksbank contributed information on how the general public can include payments in their home preparedness in Civil Contingencies Agency's material 'In case of crisis or war', which was sent out to all

households in the autumn. The Riksbank advocates that every household should have enough food and other essentials to last a week without having to shop, and to have cash at home in small denominations to buy essential goods for a week if digital payment methods do not work. Another important preparedness measure is to be ready to make payments in different ways, for example by having accounts with different banks or cards from different companies.

In 2024, the Riksbank also organised an open forum on the theme of functioning payments in crisis and war. In addition to a member of the Executive Board and a researcher in information technology at the University of Skövde, the panel included the Minister for Financial Markets and the CEO of SEB. The seminar highlighted ideas on how we can work together - in private-public partnerships - to strengthen the ability to sustain payments in times of crisis and war.

The Riksbank's ongoing work in the cash area includes several aspects of preparedness. The Riksbank contributes to the development of knowledge and regularly and clearly emphasises the great importance of cash for payment preparedness, partly because cash is the only payment instrument that can be used independently of electricity and telecommunications.

The Riksbank is responsible for providing Sweden with banknotes and coins. Based on existing legal requirements, the Riksbank is opening banknote depots in more places in the country and is working to enable the storage of banknotes that are not in circulation at private depots as well. The Riksbank ensures sufficient stocks of banknotes to be able to issue banknotes even during a crisis or state of heightened alert without having to produce new banknotes. Distributing stocks among private operators will also facilitate banknote issuance and transport in a crisis or state of heightened alert. The Riksbank has a continuous dialogue with the private operators to safeguard their responsibility in cash handling. In 2024, the Governor of the Riksbank met with the CEOs of the major Swedish banks to discuss their role in ensuring the continued functioning of the cash chain throughout the country. To ensure the Riksbank's ability to maintain the cash supply, there is also very close cooperation with the police in the form of dialogue and collaboration exercises.

In September 2024, the Riksbank submitted a letter to the Ministry of Finance's Cash Inquiry (Fi2024/00068) with proposals to ensure companies and public sector organisations that accept cash have access to needs-based daily takings and petty cash services. The Riksbank also proposes that the major banks' current responsibility for offering services for depositing daily takings and petty cash be clarified and extended. On 19 December 2024, the Cash Inquiry submitted several proposals to ensure the continued function of cash as a means of payment in Sweden. The Riksbank generally takes a favourable view of the overall picture of measures and several of the proposals are in line with policy messages and positions previously expressed by the Riksbank in several contexts. These include mandatory cash payments for traders selling essential goods and a statutory right for individuals to deposit cash in an account. However, the Cash Inquiry's proposal for the Riksbank's increased responsibility for the usability of cash throughout the country must be analysed further.

4 Holistic approach to cyber-security

This section provides examples of the Riksbank's work on building up strong and constantly updated protection against threats in the information environment, both with regard to activities that help strengthen digital resilience within the financial system and with regard to strengthening its own resilience.

4.1 Cyber-security in the financial system

The Riksbank helps to strengthen the resilience of the financial sector through its role as oversight authority in the cyber field. One example is the Riksbank's role in the application of the new DORA regulation¹ from January 2025. The regulation introduces requirements and guidelines for how financial companies in the EU and EEA should manage, monitor and report cyber-security threats and IT-related risks. The Riksbank was also tasked by the Riksdag in 2024 with overseeing and coordinating tests of financial actors' resilience to digital attacks in accordance with the DORA regulation. The tests will be carried out as part of the so-called TIBER programme, which the Riksbank has already been running for a number of years. TIBER stands for Threat Intelligence-based Ethical Red Teaming and, in short, involves conducting multiple cyber-attacks in a controlled manner with the aim of mimicking realistic attacks.

One challenge in this context is that interconnections between key financial actors and providers of certain services are considerable. Over the past year, several IT incidents have highlighted the risks associated with third-party dependencies. In 2024, the Riksbank emphasised how important it is that actors such as Bankgirot, Finansiell ID-Teknik, Getswish and RIX, which are important for the financial system but are not covered by the regulation, also consider the requirements of DORA and strive for the same level of resilience to digital attacks. As DORA does not address all third-party risks in the financial sector, it is also important to continue to work preventively and detect unknown third-party dependencies. This can be done, for example, through crisis exercises or various types of stress tests simulating the loss of services.

In addition to leading tests within the TIBER programme, the Riksbank regularly participates in tests led by other countries where the tested actor is deemed to have an impact on the Swedish financial sector. In addition, the Riksbank was involved in several different TIBER forums at national, regional and European level. The Riksbank also organised a Swedish-Baltic knowledge-sharing meeting together with the central banks of Estonia, Latvia and Lithuania.

In 2024, the Riksbank, together with other actors from the financial sector and the electronic communications sector, participated in the world's largest cyber-security exercise, the NATO-wide exercise 'Locked Shields'. In this exercise, 4,000 participants

¹ Regulation (EU) 2022/2554 on digital operational resilience for the financial sector.

from more than 40 nations, both NATO members and partner countries, jointly practised their skills in dealing with cyber threats and a large-scale realistic cyber-security incident.

The Riksbank is also a member of the National Cyber Security Centre's Financial Forum, where it works actively to strengthen cooperation and understanding of cyber issues in the financial sector.

4.2 Internal cyber-security

The Riksbank has a security organisation headed by a Chief Security Officer, who is responsible for governance, support and follow-up. These responsibilities cover all areas of security, i.e. Information security and cyber-security, physical security, personnel security and security protection. Security work is coordinated strategically, tactically and operationally through the Riksbank's Security Management System (SMS). The SMS ensures that the Riksbank's security work is conducted in a systematic, risk-based manner with a focus on continuous improvement and that roles and responsibilities are clearly allocated. The system is based on the international standard ISO 27001 & 27002 and consists of a set of governing documents, procedures, processes and training sessions. Setting requirements ensures that the Riksbank has the right and relevant level of security for its protection of information, staff and assets.

To strengthen both the Riksbank's cyber-security and the overall resilience of the financial sector, where the Riksbank is an important piece of the puzzle, the Riksbank cooperates with several external actors. In the field of cyber-security, there is regular interaction with the heads of security at the major banks, infrastructure companies, the Police Authority, the Security Service and the Swedish Armed Forces. There is also international cooperation, for example with other countries' central banks.

To prevent, detect and manage cyber threats, the Riksbank has a Security Operation Centre (SOC) that works around the clock. They carry out business intelligence on an ongoing basis and interact with CERT.SE (Sweden's Computer Emergency Response Team), among others. The Head of Security is contacted in the event of IT security incidents and is a permanent member of several internal forums together with the rest of the IT and cyber-security organisation. Furthermore, work also takes place through the Riksbank's supplier management linked to external suppliers of the Riksbank's IT services.

The Riksbank is dependent on external suppliers for several parts of its operations, and this applies to a large extent also in the IT field. As mentioned earlier, both critical operations and support functions have continuity plans to ensure that they can be maintained in all situations. Planning also includes taking into account dependence on external suppliers.

The Riksbank has internal processes and extensive support for procurements that may require assessment and action on security aspects. If an external supplier is to be involved in security-sensitive activities, the area is regulated in the security protection agreement and the supplier's security protection instructions. The Riksbank can also

set requirements for secure information management in the business agreement, for example by requiring the supplier to comply with the Riksbank's information management rules.

In addition to this, the Riksbank has clear requirements and a process for assessing the protective value of business information and maintaining appropriate IT security of business systems, IT infrastructure, networks and user equipment. In 2024, IT operations were expanded with additional expertise in the field of cyber-security.

Finally, in the area of security, a well-functioning security programme is in many ways a prerequisite for conducting systematic and robust preparedness work. For example, the possibility of sharing sensitive information with private actors in payments needs to be analysed from a legal and technical perspective. This creates better conditions for exchanging information on shortcomings, vulnerabilities and the need for action. This is something that the Riksbank is currently addressing.

In addition, there are lessons from Ukraine that touch on both security and preparedness, and in parts also show the conflict of objectives between the areas that can arise. One lesson learnt by the National Bank of Ukraine (NBU) from the full-scale outbreak of war is that it considered reducing information management vulnerabilities from an accessibility perspective by managing large amounts of information in cloud services. The Riksbank will take this lesson, i.e. the importance of appropriately ensuring continuity in its information management, into account in its continued planning work.

5 National and international cooperation

This section describes the Riksbank's participation in external cooperation in crisis preparedness and civil defence, both in the Financial Services preparedness sector and the civil preparedness system in general, and with other central banks and in related areas.

5.1 The civil preparedness system

Given the Riksbank's central role in the financial system and its special responsibility for safeguarding the general public's payments, the Riksbank participates as a co-opted party in the work conducted in the Financial Services preparedness sector, where Finansinspektionen is the sectoral authority responsible. In 2023, Finansinspektionen, the Swedish National Debt Office and the Riksbank worked together to develop a new collaboration structure for the preparedness sector. The structure consists of three levels, a management group that directs the work, a coordination group and a level with groups that implement activities. By virtue of the Riksbank's responsibility for payments under the Sveriges Riksbank Act, the Riksbank also participates in the regular coordination meetings organised by the Civil Contingencies Agency, even in cases where the meetings are only aimed at sectoral authorities.

The Riksbank and Finansinspektionen have partly overlapping responsibilities based on the Riksbank's main responsibility in the area of payments under the Sveriges Riksbank Act and Finansinspektionen's sectoral responsibility for financial services. Somewhat simplified, it can be said that the Riksbank's preparedness responsibility in the area of payments partly overlaps with Finansinspektionen's responsibility for the financial services sector as a whole based on its role as sectoral authority. In June 2023, the Riksbank and Finansinspektionen therefore signed an agreement to cooperate on issues related to preparations and planning with regard to crisis preparedness and civil defence. The agreement aims to avoid the partly overlapping responsibilities of the authorities creating ambiguity or inefficiency in ongoing total defence planning. In 2025, the agreement will be updated, partly to, if possible, further concretise the division of responsibilities, and partly to also describe the cooperation and division of responsibilities in actual crisis management.

Another important context for collaboration in the preparedness sector is the voluntary Financial Sector Private–Public Cooperation Forum (FSPOS), established in 2005. The forum brings together both public authorities and private actors in the sector, with the common vision that financial services shall always work. FSPOS carries out extensive exercises, analyses and disseminates information through training sessions and seminars. All companies that are part of the CPP collaboration structure are also part of FSPOS. Since 2024, FSPOS has been included in the new collaboration structure for the Financial Services preparedness sector, in order to ensure effective coordination between FSPOS activities and the work led by the authorities in their respective areas of responsibility. In 2024, the Riksbank also handed over the chairmanship

of the FSPOS to Finansinspektionen, but continues to participate actively in the work, for example through representation in FSPOS working groups.

5.2 Cooperation in adjoining areas and with other central banks

In addition to the work in the cooperation forums mentioned above, the Riksbank also participates in extensive cooperation in adjacent subject areas. These include the cyber area, which has been mentioned in a separate section, the importance of climate change, NATO issues, geo-economics (i.e. the attempt by one state to influence the behaviour of another state through economic instruments) and disinformation. There are also exchanges between the Riksbank and other Nordic central banks regarding points of contact and management based on Sweden's entry into NATO.

The Riksbank actively seeks cooperation with other central banks to both acquire and contribute knowledge in the field of crisis preparedness and civil defence. During the year, the Riksbank deepened its cooperation with Norges Bank in areas such as preparedness planning, training and exercises, and crisis management. The Riksbank also initiated a dialogue with the Reserve Bank of Australia as part of its work on civil preparedness in the area of payments.

The Riksbank's close cooperation with the National Bank of Ukraine also covers preparedness. One of the lessons learnt from Ukraine that has been included in the Riksbank's preparedness work is the importance of conducting exercises. During the visit of the National Bank of Ukraine in June, the Governor repeated this message several times: In a crisis, we do not live up to our expectations, we sink to the level we have trained at.

6 Challenges in future preparedness work

With the resumption of total defence planning, the ability to work in parallel on both short- and long-term preparedness measures is required. It also requires the ability to work in a solution-oriented way despite possible challenges, such as unclear responsibilities and inadequate or obsolete emergency powers legislation. This section describes the main challenges identified in the Riksbank's ongoing preparedness work and possible solutions to ensure continued effectiveness going forward.

6.1 The possibility of setting requirements that give rise to costs in the field of payments

The Riksbank's work on strengthening the preparedness capacity in the field of payments is conducted together with the companies that are particularly important for payments. The Riksbank is keen to have a close and open dialogue with these actors regarding the vulnerabilities and risks that exist in the area, and thus which capacity-enhancing measures should be taken in the future. In this context, the Riksbank itself, as described above, is also a central actor in strengthening this capacity, based on its responsibility for the RIX system and for banknotes and coins.

As regards the Riksbank's role in setting requirements, the Riksbank is authorised to specify in regulations the responsibility of companies to plan and prepare to continue to be able to maintain their payment operations during peacetime crisis situations and states of heightened alert. On 1 February 2024, the Riksbank's preparedness regulations² entered into force, stating, for example, that companies' planning and preparation shall include ensuring access to the staff, premises and equipment needed to maintain operations. The regulations also state that the companies shall participate in the Riksbank's work on identifying and implementing joint measures to strengthen the capacity to maintain payments in peacetime crisis situations and states of heightened alert. In practice, this means that companies are obliged to participate in the Riksbank's work on implementing joint measures of various kinds, for example with regard to enabling offline payments. A joint analysis of which further measures are considered high priority is being carried out, but this is ultimately the Riksbank's decision. These can be fairly simple measures, or they can have a more extensive nature, with varying additional costs.

As regards the assessment of what measures need to be taken, the total defence decision for 2025-2030 and the supplementary strategic decision (Fö2024/02054) form the basis for the long-term objectives. The decision states that the armed attack will form the basis for planning to strengthen civil defence in Sweden, and that the planning will be based on being able to face and manage a war in Europe that has serious

² The Riksbank's regulations and general guidelines (2023:3) on companies of particular importance for the execution of payments in peacetime crisis situations and states of heightened alert.

consequences for the functioning of society for at least three months. A further conclusion that emerges from the decision is that civil defence capabilities need to continue to be strengthened and that the pace of development needs to be increased.

Based on the specified strategic focus, a question of principle arises as to how much the Riksbank can demand companies to spend on planning measures, taking into account the principle of proportionality³. According to the principle, an authority may only intervene in a private interest if the measure can be assumed to lead to the intended result, and that the measure may never be more far-reaching than needed and may only be taken if the intended result is in reasonable proportion to the inconvenience that can be assumed to arise for the private person the measure is aimed at. In addition, the preparatory work to the Sveriges Riksbank Act states that the Riksbank should ensure that the obligations for companies do not entail significant costs for them (Government Bill 2021/22:41, p. 130).

In the Riksbank's opinion, the possibility to also set requirements for cost-driving measures is crucial to being able to rapidly increase capacity in the area of payments, not least on the basis of the dimensioning scenario described in the strategic aim for total defence. In connection with the Riksbank starting to review the preparedness regulations in 2025, with the aim of expanding the group of companies covered and setting new requirements, the question of how far-reaching the Riksbank's authorisation in this area is will be analysed in more detail. The Riksbank's starting point in such an analysis is that the authorisation provides good opportunities to impose requirements for planning and preparatory measures of various kinds, including those that entail costs for companies. Whether the costs are considered proportionate should primarily be based on an assessment of the extent to which the measure in question contributes to achieving the long-term objectives of society's total defence planning.

6.2 Overlapping preparedness responsibilities

As stated in the Sveriges Riksbank Act, the Riksbank has a far-reaching responsibility to ensure that the general public can make payments even in times of crisis and war. According to the Ordinance (2022:524) on the Preparedness of Government Authorities (Preparedness Ordinance), Finansinspektionen, in its role as the sectoral authority for the financial services sector, is in turn tasked with leading the work of coordinating measures prior to and during peacetime crisis situations and states of heightened alert.. However, Section 2 of the Preparedness Ordinance states that "the provisions of this ordinance shall apply only if not otherwise provided by other legislation".

The Riksbank and Finansinspektionen co-operate closely in the ongoing preparedness work. Despite this, there are recurring ambiguities about the division of responsibilities and how the authorities can best fulfil their respective obligations under the current regulations. The undesirability of overlapping responsibilities in financial services has been repeatedly emphasised since the implementation of the new preparedness structure. The Defence Commission said in its interim report *Kraftsamling* (Joining

³ See section 5, third paragraph of the Administrative Procedure Act (2017:900).

forces) that parallel structures for identical tasks are not efficient and stressed the importance of an urgent solution to the issue.⁴

The Riksbank has on several occasions expressed clear support for the need to urgently address the overlapping responsibilities. The principle of responsibility is central to preparedness and must be safeguarded. Ambiguities about roles and responsibilities may seem to be of little practical importance in the preparatory work, as they can be addressed through close dialogue and cooperation between authorities. However, if the ambiguities are not addressed, there is a risk of conflicting governance in relation to the private actors in the sector, and ambiguity in terms of focus and prioritisation. In the Riksbank's opinion, ambiguities regarding responsibility and information thus risk having the greatest consequences when dealing with an event that has occurred.

As regards possible solutions, the Riksbank considers that an appropriate way forward in the short and medium term is for the Riksbank and Finansinspektionen to further develop the agreement on cooperation in the preparedness field that the authorities entered into in 2023.⁵ Work is currently underway to develop and concretise this agreement, and the ambition is that a future version will also include a description of the division of responsibilities in the management phase. In the Riksbank's opinion, the description of the management phase should be based on the proposal presented in the memorandum A new function for crisis management in the event of serious operational disruptions in the financial sector's digital infrastructure (Fi2024/00185), where it is proposed that a new crisis management function be established within the Riksbank. If the inquiry's proposal for the operational function is realised, it will give the Riksbank's existing management function a broader perspective, more tasks and a wider circle of participants. In the Riksbank's opinion, such a solution would mean that the division of responsibility for handling an event that has occurred would be clearer and that the area of overlapping responsibility would thereby be reduced.

In the long term, one possible solution to the overlapping responsibility is for the Riksbank to be given the role of sectoral authority, through regulation in the Sveriges Riksbank Act. Given the far-reaching and partly operational responsibility for payments that the Riksbank currently has, including the right to issue regulations, oversight of companies, a management function within payments in the event of crisis and war, and an established collaboration structure with private actors, the Riksbank is well placed to build on such work on the basis of existing processes.

⁴ Kraftsamling, Inriktningen av totalförsvaret och utformningen av det civila försvaret [Joining forces – Future direction of the total defence and the composition of the civil defence] Ds 2023:34, p. 207.

⁵ The Riksbank Dnr 2023-00708.



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