

Macroprudential policy measures safeguard resilience

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Erik Thedéen

Governor

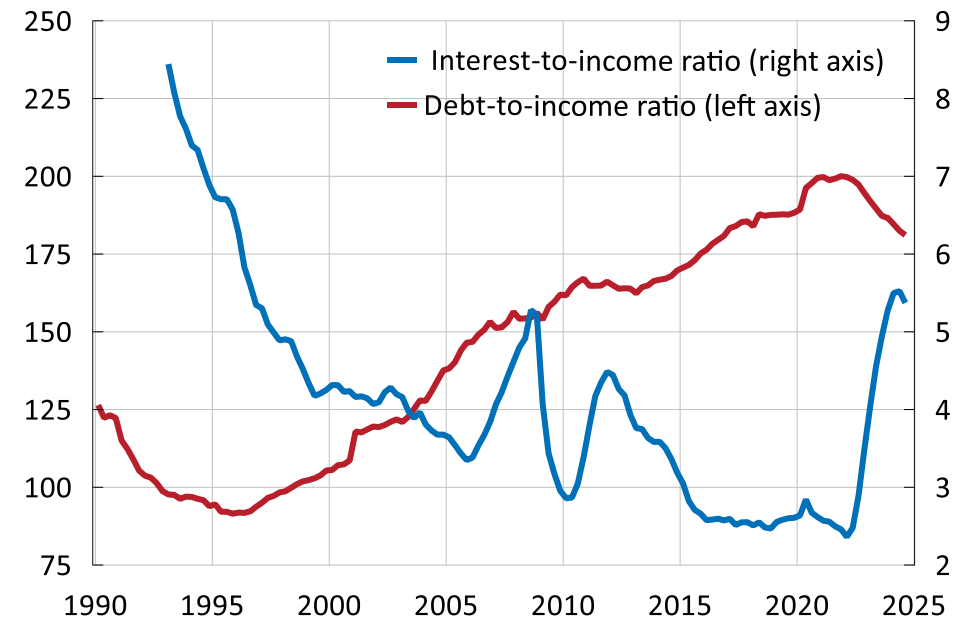
Stability risks have declined in the short term but global uncertainty is high

- Easing for indebted sectors, but global uncertainty is high
- Companies and funds are more interconnected
- Funds' liquidity situation is a vulnerability
- Consumer credit banks continue to have relatively high levels of loan losses
- Cyber threats and third-party risks place demands on market participants

Broad consensus that rising debt often precedes crises

- The credit expansion in Sweden has raised concerns
 - Rapid growth in mortgages and housing prices
 - More interest-only loans and higher loan-to-value ratios
- Macroprudential policy addresses market failures and safeguards resilience
 - Loan decisions ignore socioeconomic risks
 - Prevents unfair competition for mortgage customers
 - Creates defences against future shocks

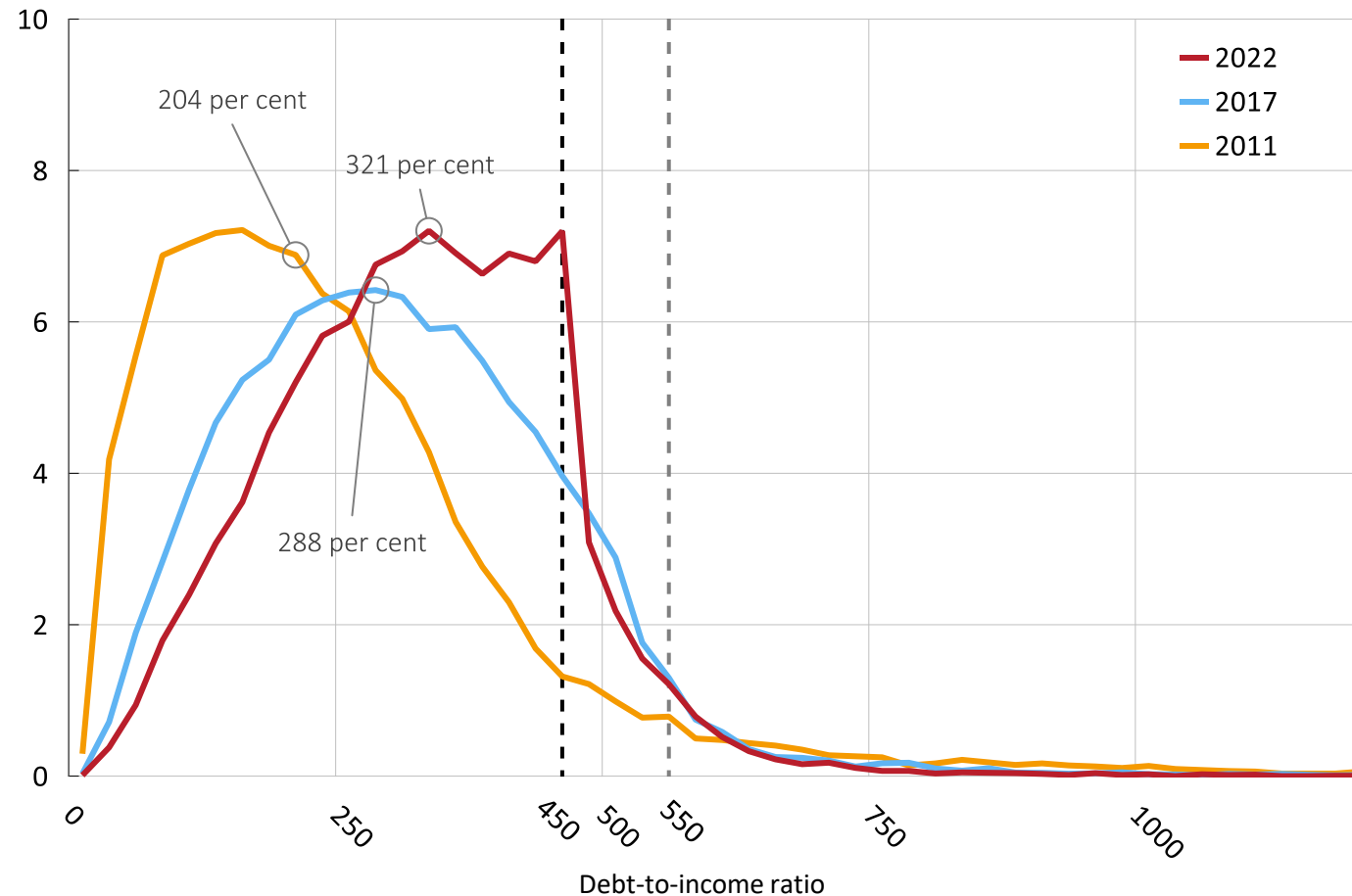
Household debt has increased



Note. Debt and interest expenditure as percentage of disposable income, per cent. Seasonally adjusted data. Interest-to-income ratio after tax relief.

Sources: Statistics Sweden and the Riksbank

Current amortisation requirements affect household incentives and have normative effects



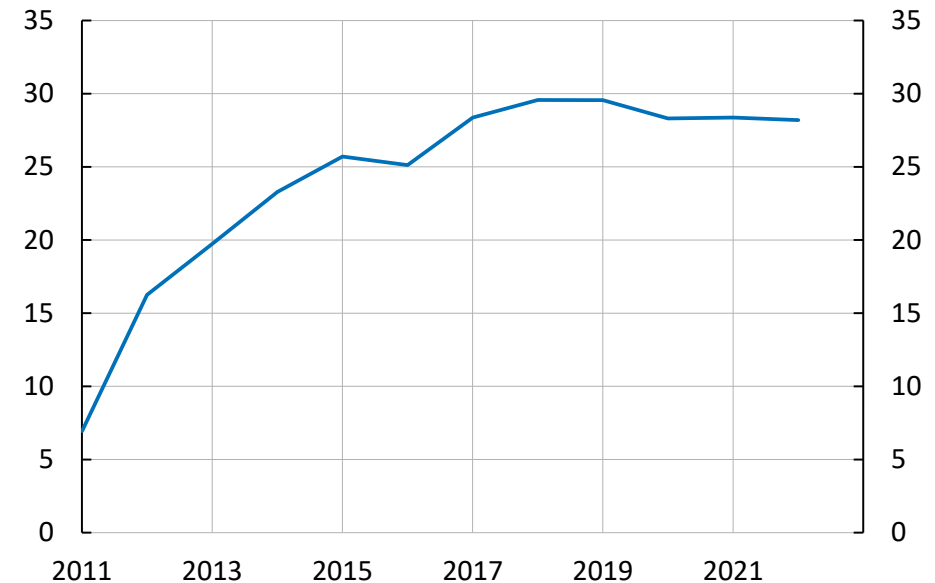
Note. Share of new mortgage borrowers in Finansinspektionen's mortgage surveys, per cent. The points refer to the median debt-to-income ratio in each year among new mortgage borrowers (home purchase, top-up mortgages and those changing banks).

Sources: Finansinspektionen and the Riksbank.

Costs of current regulation?

- Healthy to evaluate current measures
- The study finds several costs:
 - More difficult to spread consumption over the course of one's life
 - Delaying entry into the housing market
 - Inhibiting housing construction
 - Unclear effect on household resilience
- Precautionary principle – consultation response later this year
- **Making it easier to borrow will not solve housing market challenges**

The share of young home buyers has not decreased



Note. Share of new mortgagors in FI's mortgage surveys, per cent. Refers strictly to new loans for purchase of a home.

Sources: Finansinspektionen and the Riksbank.