

Resolution – a paradigm shift

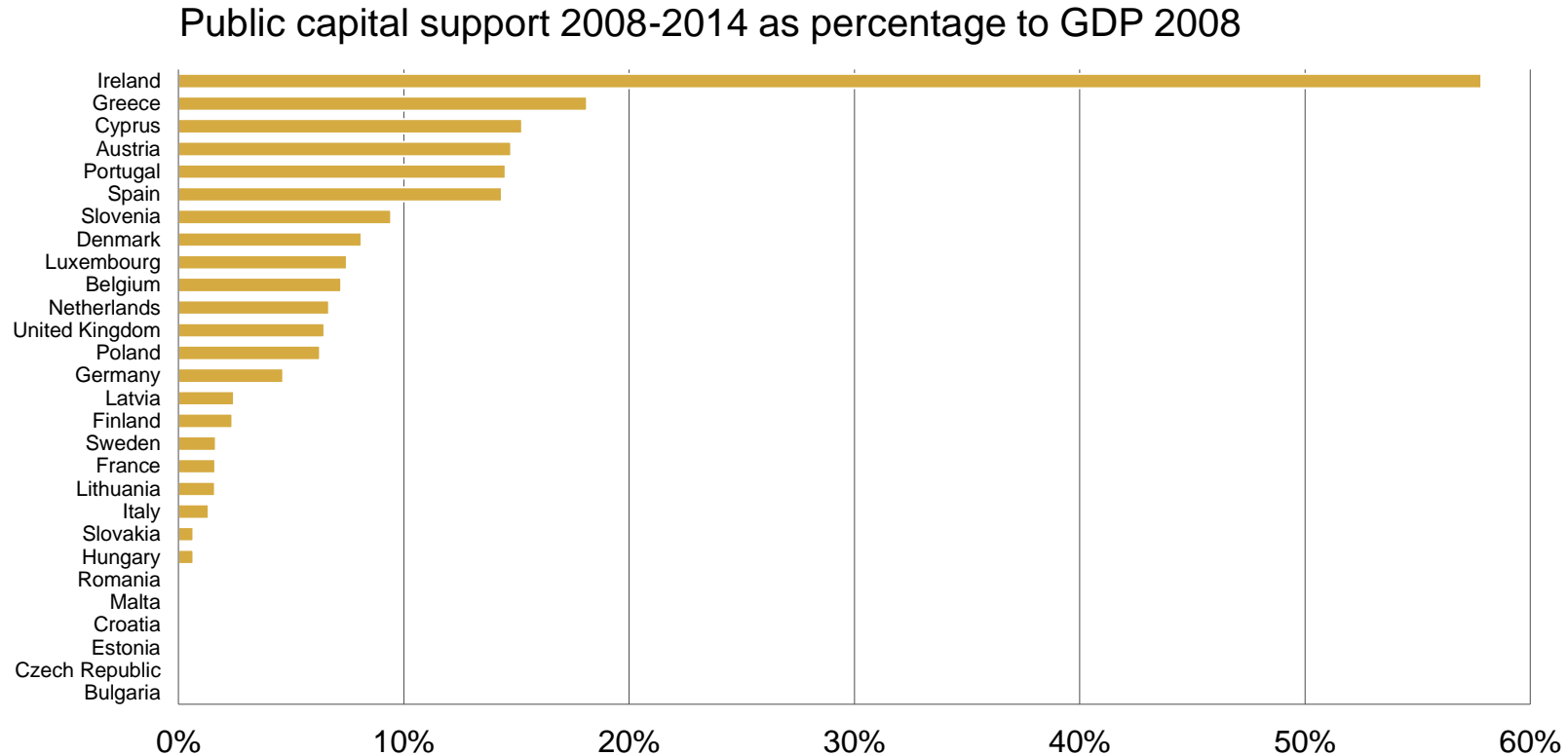
*Hans Lindblad
Director General*

*The Nordic Bank Capital and Funding Forum,
Stockholm
22 March 2018*

Financial crises - recurring theme throughout history



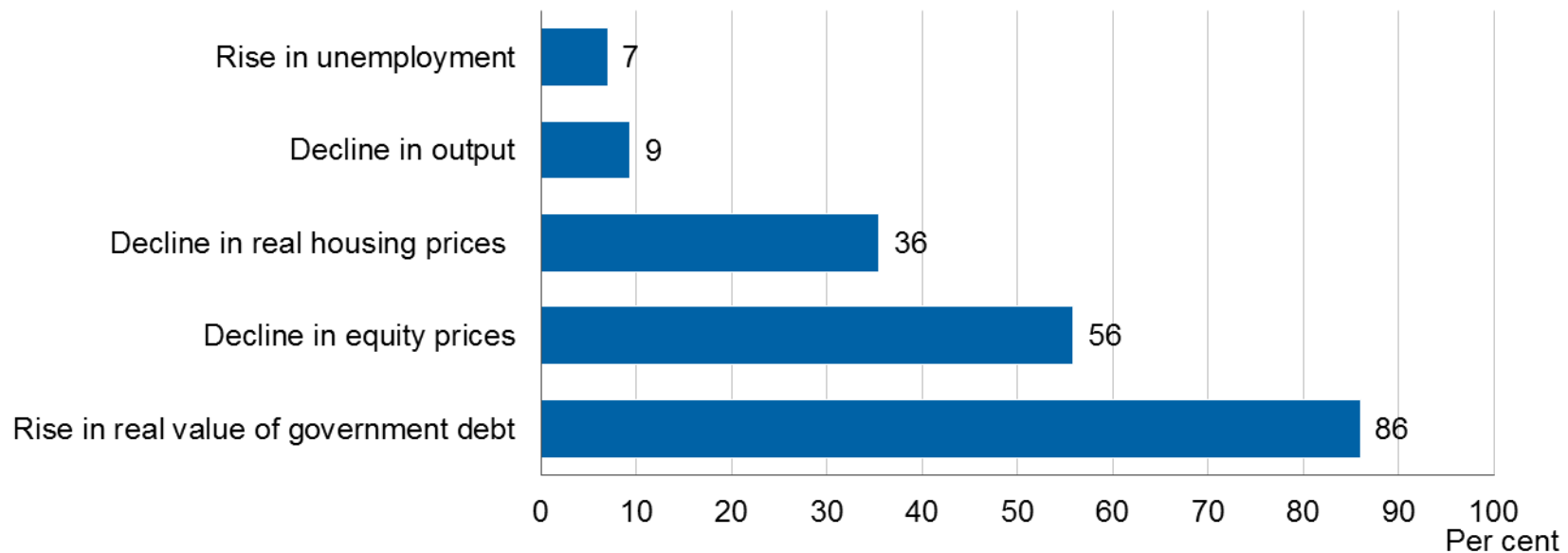
With direct consequences...



Sources: European Commission ("State Aid Scoreboard 2015"), Eurostat

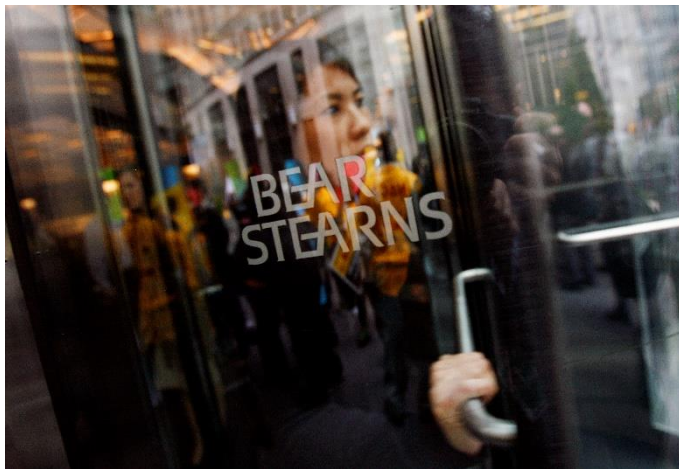
...and indirect consequences

Average effects on selected macroeconomic variables after a financial crisis



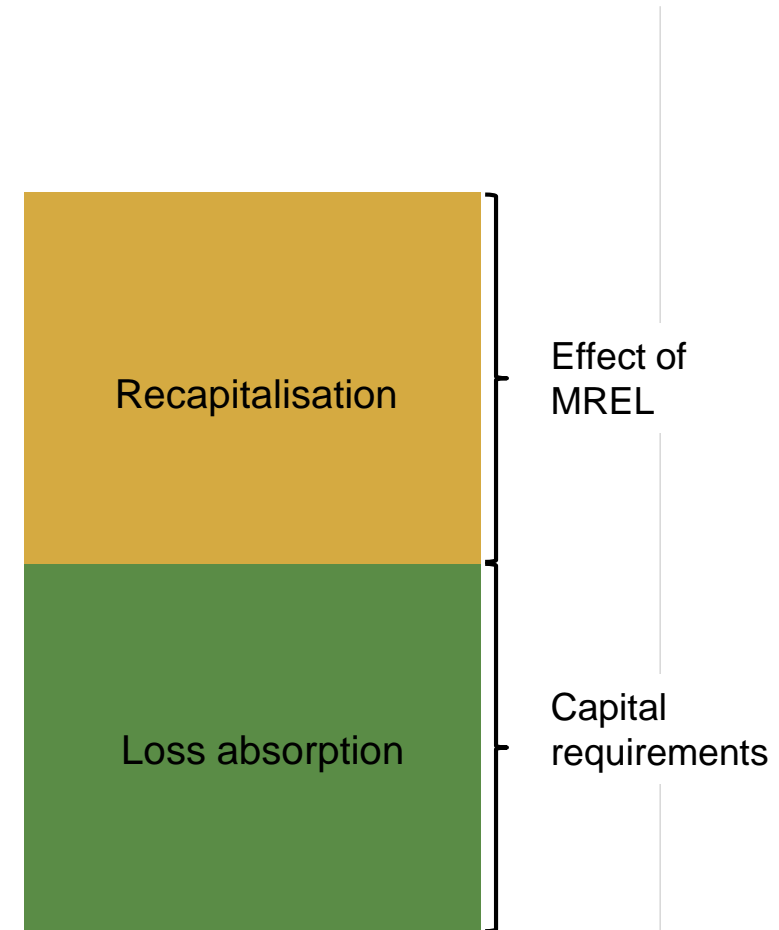
Source: Reinhart and Rogoff (2009)

A framework for failing banks is necessary

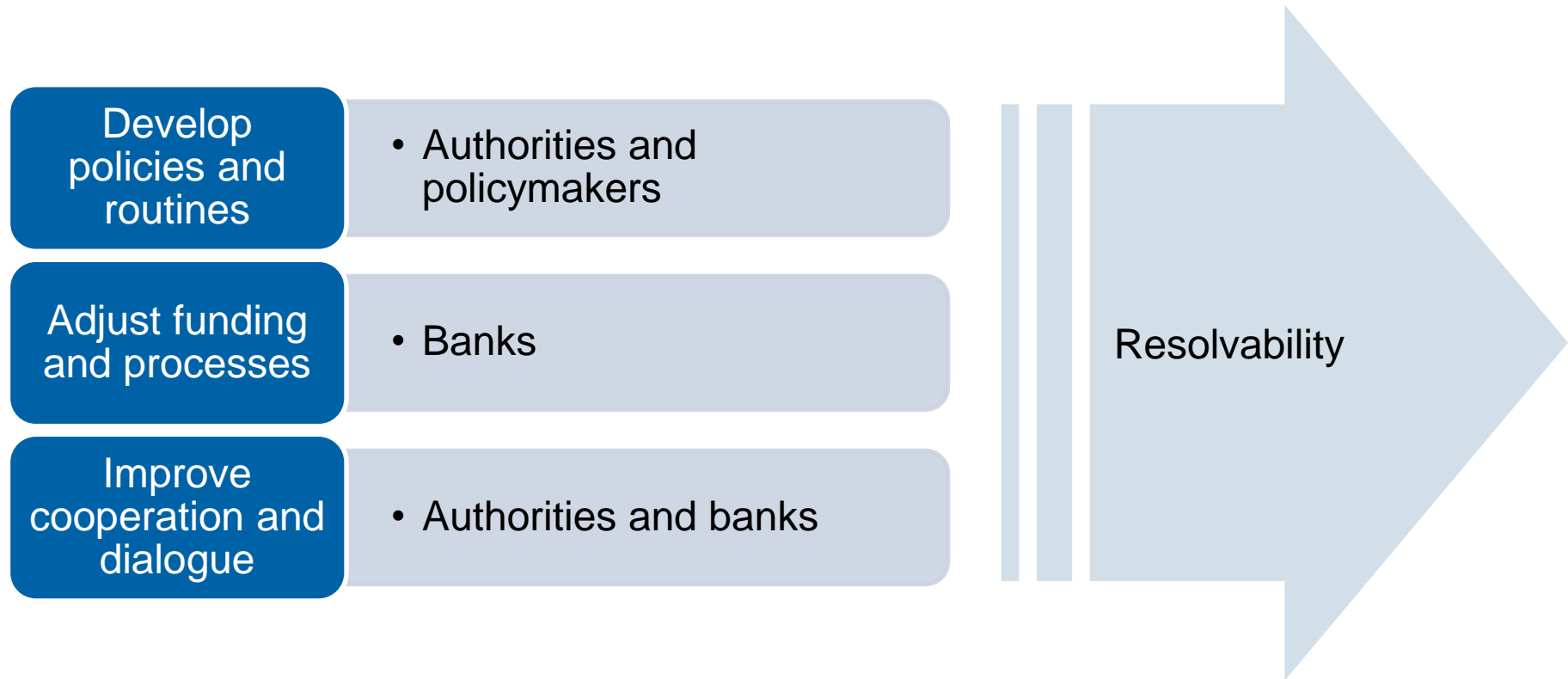


Preparing Swedish banks for resolution

- Resolution plans adopted and MREL set for all Swedish institutions as of 1 Jan 2018
- 10 out of 162 institutions need full-scale resolution plans and MREL requirements
- MREL ensures that banks can bear losses and be re-capitalised without resort to public funds
- Market expectations of public support have decreased
- Implementation of BRRD has enhanced financial stability in Sweden



Making banks and the system resolvable



A dynamic landscape



- Nordea has decided to re-locate to Finland
- Business and balance sheet in Sweden unaffected: risks and vulnerabilities remain
- Less influence for Swedish authorities ex-ante and in a crisis scenario
- If lower bulwarks, risks increase and stability is reduced

Resolution is a paradigm shift

