



# Financial regulatory measures and lessons for the Covid-19 crisis

IMF/Tokyo University Conference  
on Financial Crisis Management

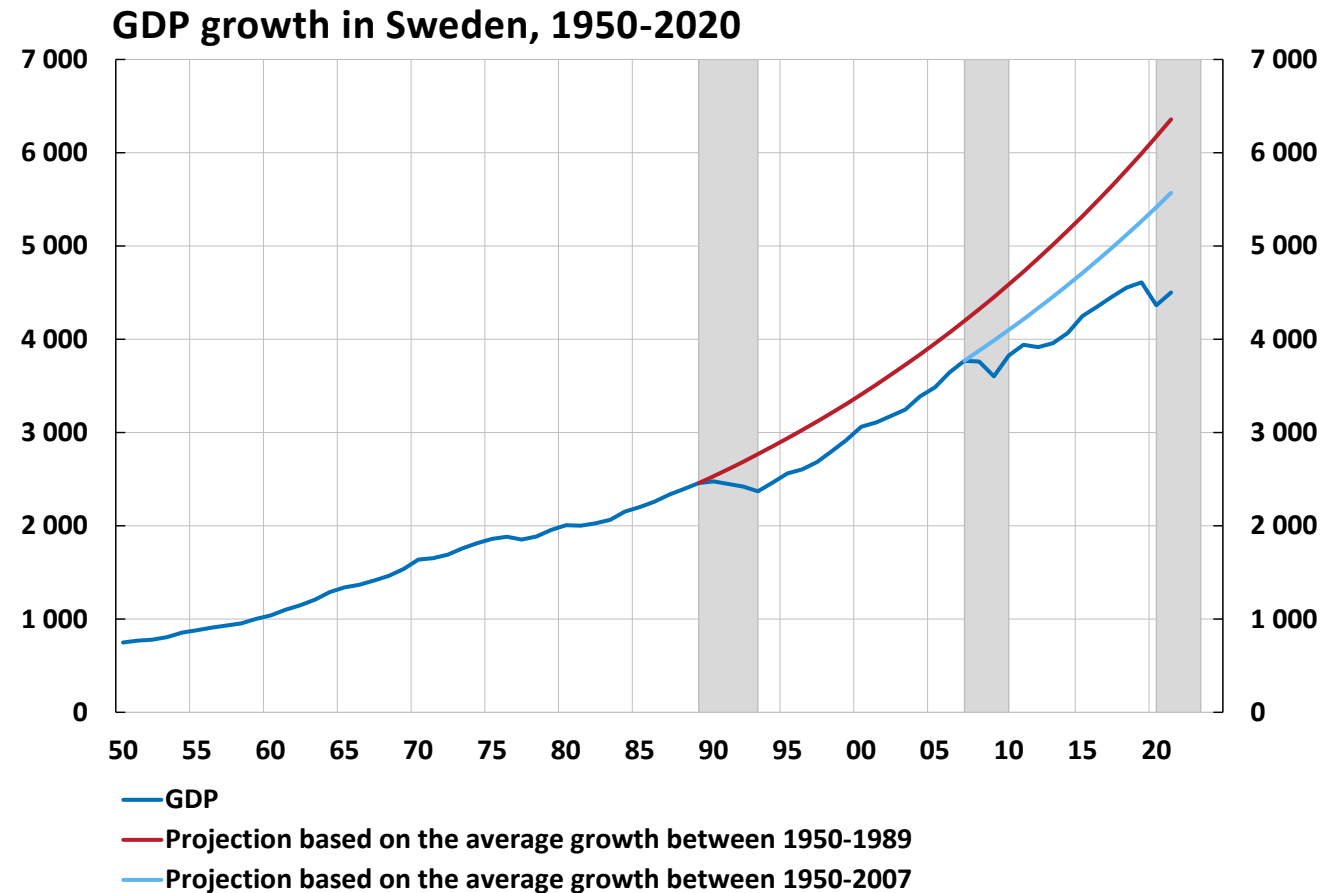
25 November 2020

S V E R I G E S R I K S B A N K



Stefan Ingves  
Governor

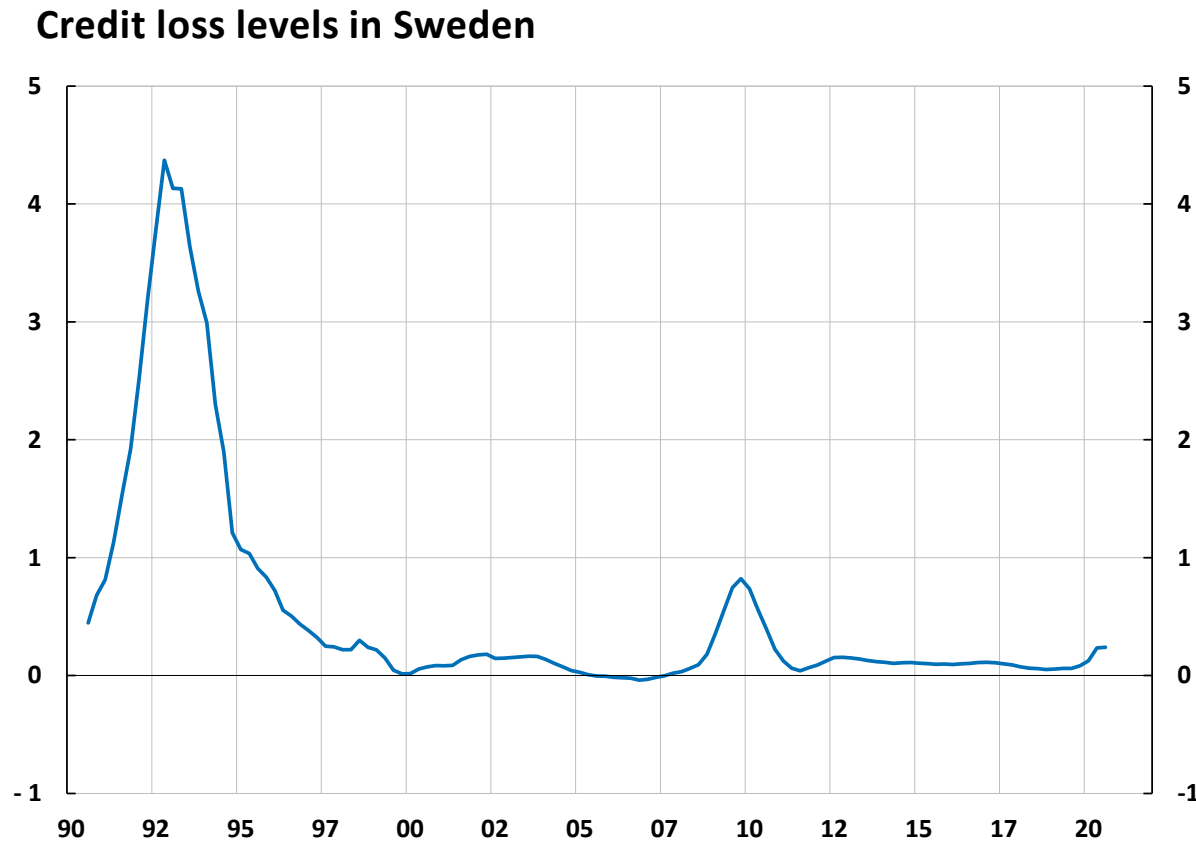
# Financial crises create permanent costs



Note: Billion SEK. The grey areas represent the crisis in the 1990's, the 2008-2009 financial crisis and the Covid-19 pandemic.

Sources: National Institute of Economic Research and the Riksbank

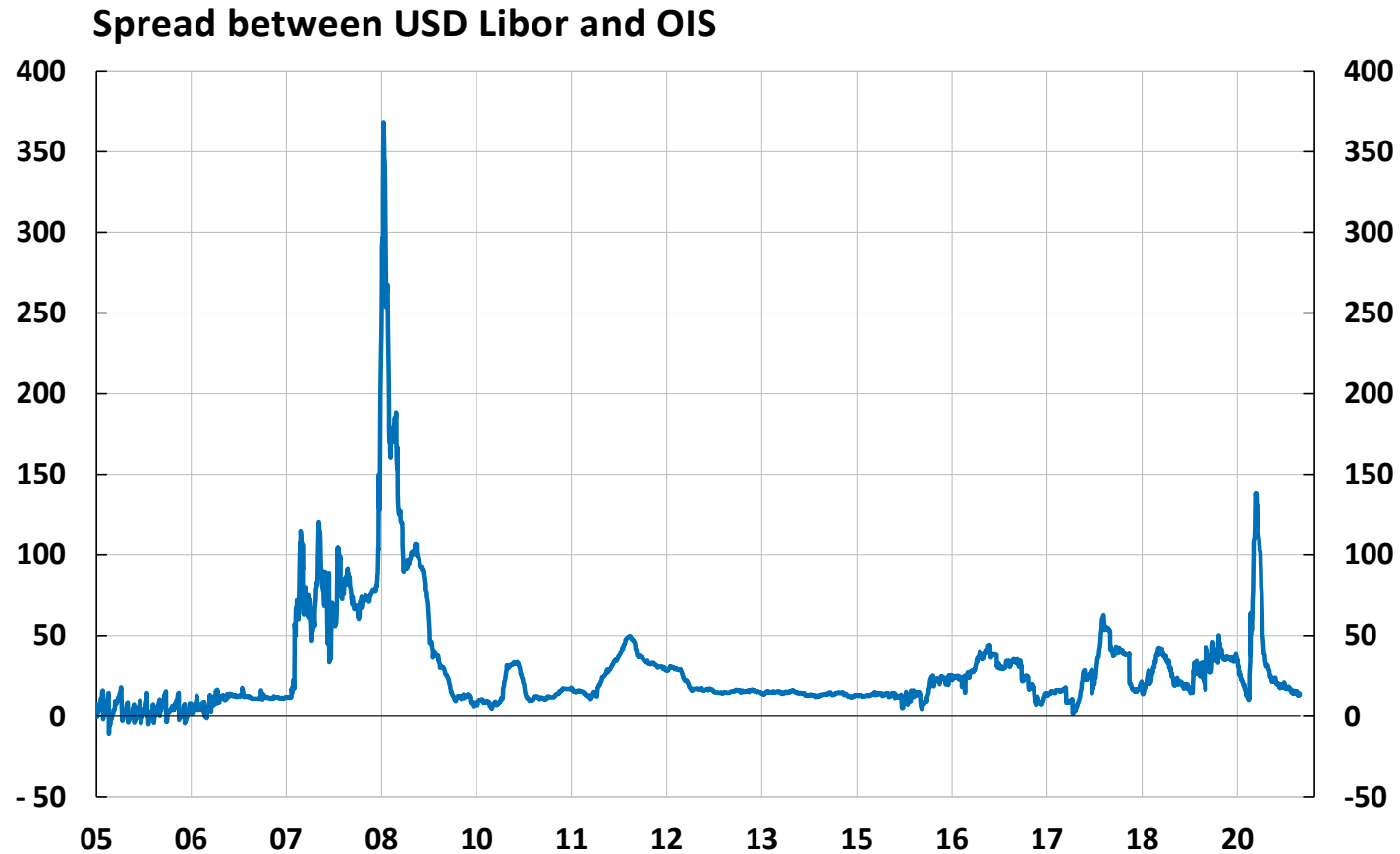
# Sweden in the 1990's – large credit loss levels and insolvency



Note: Credit loss levels in per cent of lending to the public in Sweden.

Source: Banks' reports.

# Sweden imported liquidity stress during the global financial crisis

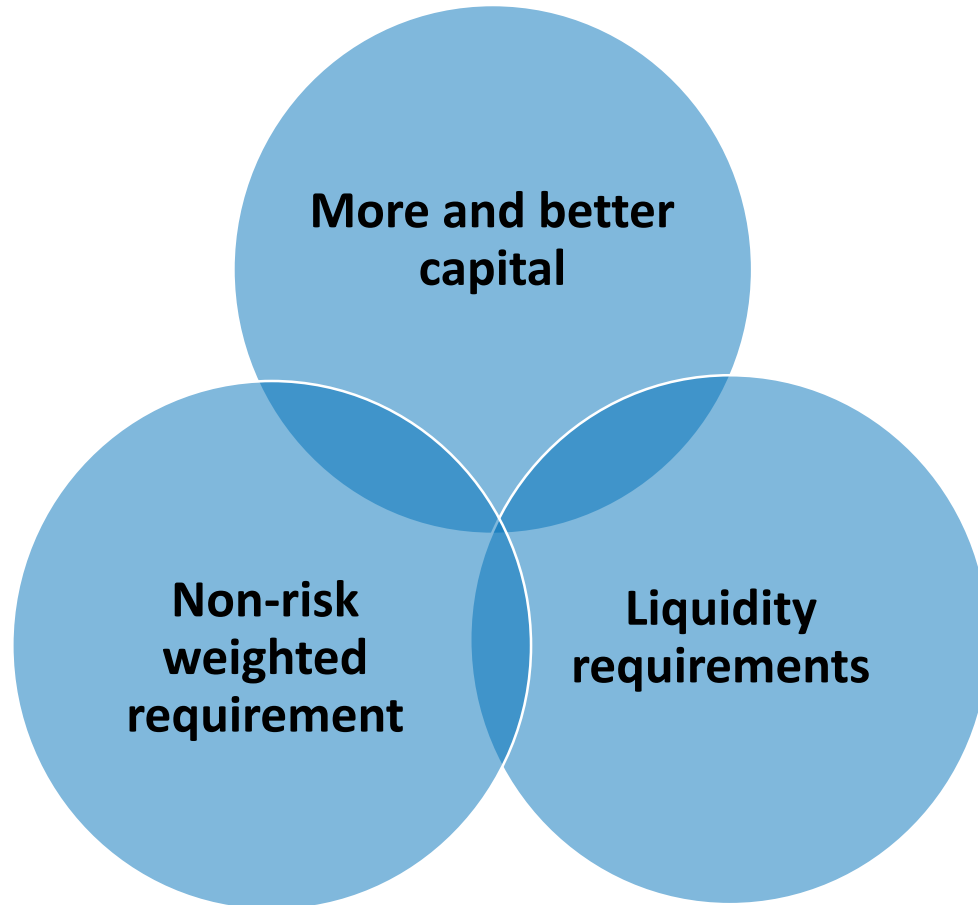


Note: Refers to the spread between USD Libor and Overnight Index Swap (OIS) in basis points.

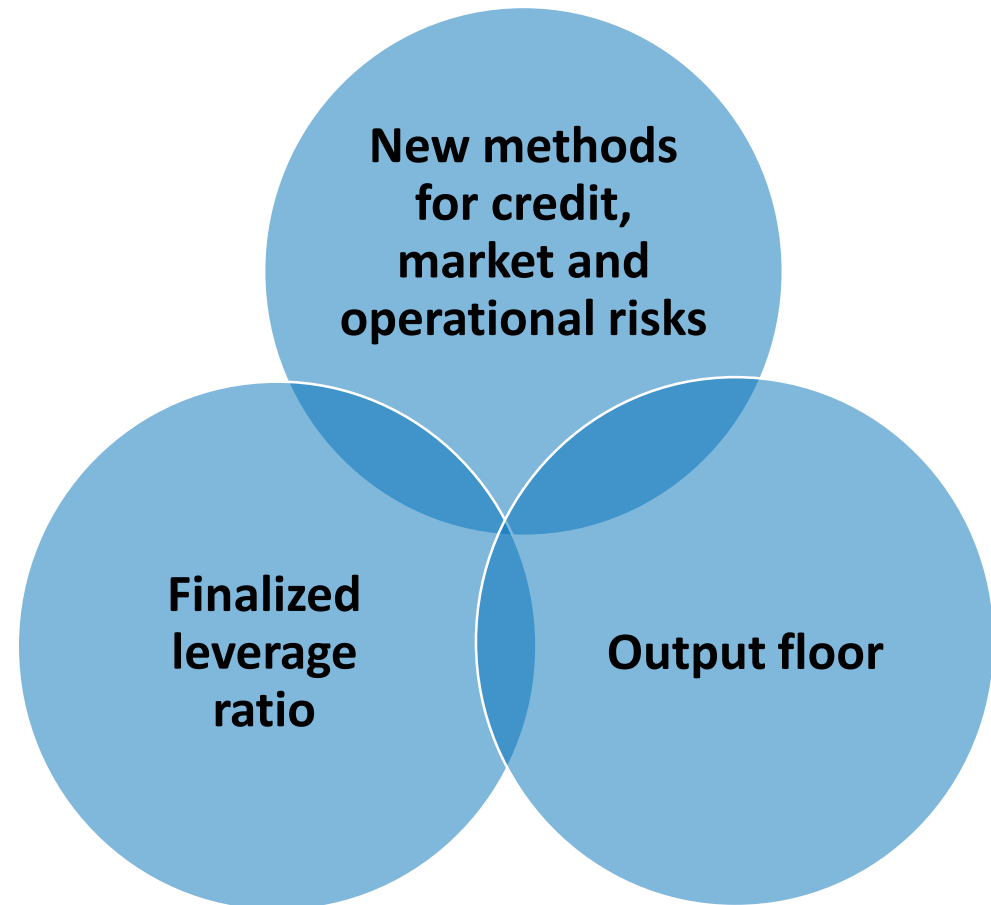
Source: The Riksbank

# The GFC revealed weaknesses in the global regulatory framework

Basel III in 2010



Finalized Basel III in 2017





# Banks' liquidity problem – a credible resolution regime is needed

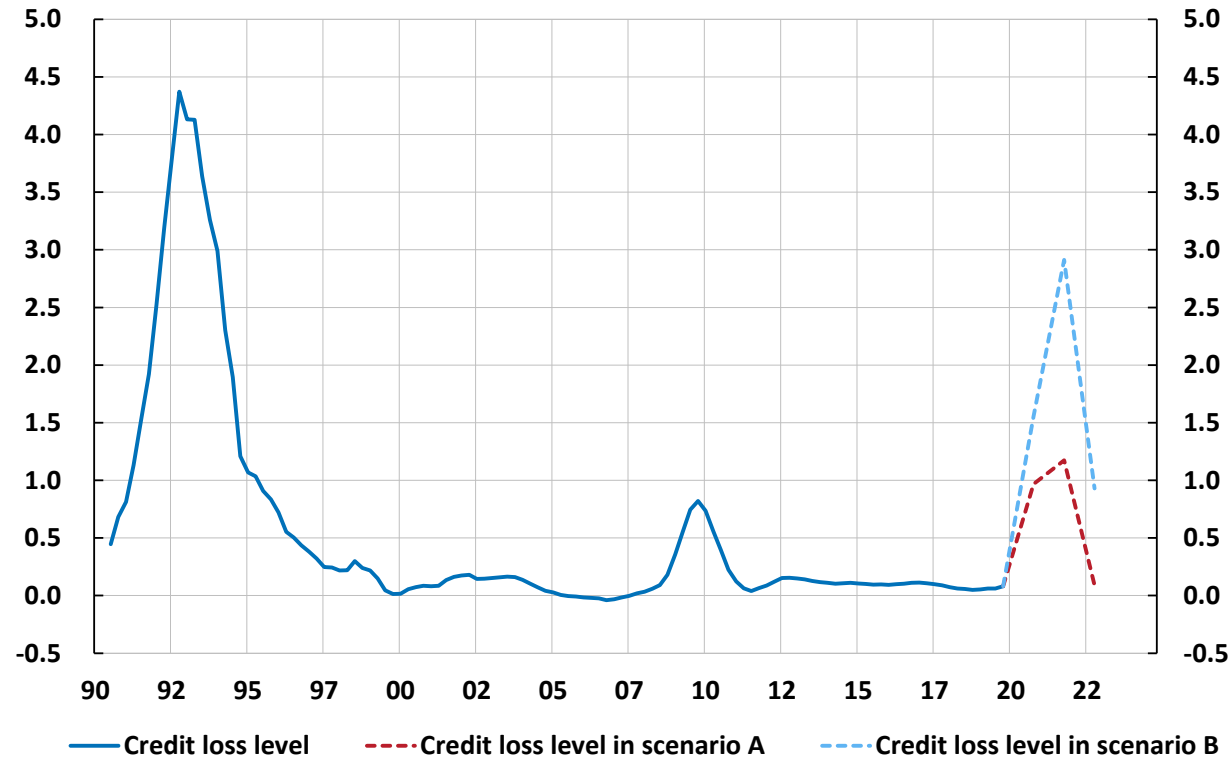
As banks have illiquid assets (where the values can vary over time) and liquid liabilities (fixed nominal deposits which can be withdrawn on demand) ...

... banks are prone to runs



# The Covid-19 crisis started in the real economy

Credit losses and the Riksbank's stress test



**Thank you for listening!**