



Riksbank Committee

Fi 2016:15
Mats Dillén, Chairman
+46 8 405 99 42

Riksbank Committee presents proposal for a new Riksbank Act

The Riksbank Committee, which consists of representatives of all the parties in the Riksdag (the Swedish Parliament) presents its final report *A new Riksbank Act [En ny riksbankslag]* (SOU 2019:46) to Financial Markets Minister Per Bolund today.

Sweden is well served by having an independent central bank. The Committee's proposal ensures that the Riksbank will have the powers to take independent and forceful action to solve the central public policy tasks that are crucial to a well-functioning economy.

Monetary policy is a central task for the Riksbank. The Committee proposes that low and stable inflation should be the objective of monetary policy. Without prejudicing the price stability objective, the Riksbank should contribute, in its monetary policy, to balanced development of production and employment. When needed, the Riksbank should make a submission to the Riksdag regarding changes to the specification of the price stability objective. The Riksdag should then choose to approve or reject the Riksbank's proposal.

The responsibility of the Riksbank for financial stability is made clear and the forms for the Riksbank's borrowing of foreign currency for the foreign reserve via the Swedish National Debt Office are regulated. The proposal also strengthens the Riksbank's responsibility for the availability of cash and cash management throughout the country, and considerably increases the Riksbank's role for society's crisis preparedness and elevated preparedness.

The proposal for a new Riksbank Act has the virtually unanimous backing of the Committee. The representative of the Left Party on the Committee, Johan Lönnroth, has entered a reservation against the objective of monetary policy and the process for setting this objective.

“The broad cross-party support for the new law provides stability and predictability about the role of the Riksbank for many years to come. This is good both for the Riksbank and for Sweden,” says Mats Dillén, Chair of the Riksbank Committee.

The present Sveriges Riksbank Act was drafted in the second half of the 1980s and bore the stamp of the fixed exchange rate of that period. The adjustments made in the late 1990s did not involve any changes in that respect. Furthermore, the digitalisation of the payment market in recent decades has fundamentally changed the role of the Riksbank in the payment system. The global financial crisis, the euro crisis, and the period of low inflation that then followed in large parts of the world has led to a discussion about the objectives, tasks and powers of the central banks.

“The Committee’s proposal means that Sweden will have a modern and clear Riksbank Act. It assigns the Riksbank a number of central public policy tasks and the powers that the Riksbank needs to have to be able to perform these tasks in an independent and forceful way.

The Committee stresses that the Riksbank should continue to have a high degree of independence, take independent decisions in all its areas of activity and be an authority under the Riksdag. At the same time, a high degree of independence requires a strong democratic foundation. Democratic scrutiny is made easier because the Riksbank’s objectives, tasks and powers are set out clearly in the new law. The Committee also considers that the Riksdag’s Committee on Finance should be given additional resources to examine the activities of the Riksbank. The Swedish National Audit Office should also audit that the Riksbank follows the law.

In addition, the Committee proposes strengthening the formal standing of the Governor of the Riksbank. This means laying down in law the practice for work in the Executive Board that has developed in recent years and that has, in the Committee’s assessment, functioned well. The proposal reduces the Executive Board to five members and introduces an application procedure for appointments to the Executive Board.