

# **The adaptable survives #5**

**- The effects of increased regulation of banks**

**Report on the 2019 survey**

**Updated**

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Update notice:

This updated version is published due to an error in the original presentation of the data from the new set of questions relating to communication with the national FSAs.

My deepest apologies for that mistake.

//Torbjörn

## Foreword

This is the fifth annual report on the effects of change in banking regulations that started with a thesis written in 2015 at Stockholm Business School Executive MBA program.

The purpose of the annual reports is to do a limited follow up of trends and results based on an annual survey within the banking industry.

I want to give a special thanks to the Bankers Associations in Denmark, Finland Norway and Sweden for making this annual survey possible and to all colleagues in the banking industry for dedicating their time to answer.

Also, thanks to Viktor Elliot at the School of Business, Law and Economics at University of Gothenburg for all support.

It is with great joy I can see that the survey results until 2018 is really coming in use in the discussion and debate and high lightning the view on regulation from the industry.

I want to mention the PhD thesis “Bank Funding Strategies; Time for change: The role of professional self-esteem in relation to industry support of banking reforms in Sweden” (Natalia Kostitcyna, University of Gothenburg) and the book “Finansiell Reglering och Tillsyn” (Studentlitteratur). Both these publications have benefitted from the survey results.

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### About the author:

Torbjörn Jacobsson has from a risk, finance and IT perspective developed smaller banks in growth journeys for more than 20 years. He has been an active member of several Swedish Bankers Association committees. That combined have given him a broad experience and knowledge about banks conditions, regulation and how an effective risk management can support the business and customer experience. He works daily with regulation and risk management as vice-chairman of the board in Sörmlands Sparbank and within his own consultancy firm. Previous as CRO at Avida Finans AB and Marginalen Bank where he also has been CFO and CIO. Torbjörn has an Executive MBA from Stockholm Business School / Stockholm University.

The author is a frequent speaker at conferences and educator at several universities. He was finalist to the Swedish award GRC profile of the year 2016.

## **Executive summery**

*There are differences in views between Sweden, Norway and Denmark. Norwegian bank employees are not worried about the non-banking regulated competition (FinTech's) to the same extent as Swedish and Danish bank employees. Danish bank employees emphasise the effects of regulation in general and specifically knowledge of essential processes as important focus areas. This year's survey included a new set of questions relating to communication with the national FSAs. These questions provide a confirmation to the persistent critique against the regulatory evolvment as highlighted by the survey results 2015-2018. The instructions and communication from the FSA seem to be useful but they do not reduce any advisory cost for the banks. That summarize the analysis of the 2019 survey.*

The annual survey examines the effects of regulatory change in banking. So far, the survey results are primarily concentrated on Swedish banks but from 2018, also Norwegian, Danish and Finnish banks are included. The survey is focusing on three areas: regulation, competition and processes & leadership.

The aim of the survey, and the related studies, is to understand the ongoing change in the regulatory environment, its implication for the banking industry. The survey also includes questions on digitalisation, especially focusing on how competition is changing in the banking industry. The response rate in the fifth annual recurring survey was 25 percent, 196 replies of which 154 was in Sweden. Unfortunately, the number of answers from Finland is not yet sufficient for a separate analysis.

Stricter and persistently changing regulations is a major topic in banking and has been so for many years. The regulations aim to promote financial stability and a single rulebook both globally and within the European Union. The regulation has moved from local regulation to Basel and EU over the past ten to fifteen years. These supranational regulatory institutions primarily focus on large international banks, but the regulatory frameworks cover banks of all sizes. This means that banks of all sizes need to stay up to date with multiple regulators, alas is consuming large resources. The annual Nordic banking survey shows that it is still difficult for banks to analyse and fully comprehend all the regulation.

The focus for this year's analysis is the new questions about FSA communication and a comparison between the different Nordic countries. With respect to the latter, the Nordic countries do not seem to share a common view about the regulatory change and its implication. In our future analyses, we aim to link these differences other differences between the counties, their national implementation, FSA organisation and/or other national variances.

The conclusion stands even after analysing this fifth survey: "Banks are risking a myopia, they see the changes but are unable to implement the necessary adjustments to new business conditions" - The adaptable survives.

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## 1. Introduction

*The focus of this report is similar to previous years: the increased regulatory effects and the risk of a bank<sup>1</sup> myopia. Myopia here refers to failure to detect important changes in the outside world and thus, in time, failure in adapting the business model to changing customer behaviour. The study has developed from two to three areas in which the regulation itself now is a separate area.*

- 1. How the regulation is interpreted, implemented and adapted in banks*
- 2. Competition between banks and other financial actors<sup>2</sup> that do not fall under the same regulation*
- 3. Influence of regulation on banks' processes and leadership.*

*The results will be compared to the results in previous years' surveys.*

### 1.1. Banks and its regulation

For readers who do not themselves work in the banking industry, it is recommended to read the author's thesis "Den anpassningsbare överlever" (The adaptable survives) (2015) for background information relevant to understand this report. The thesis is available in full and as an executive version at [www.jacobsson.se](http://www.jacobsson.se). The thesis is in Swedish.

Appendix 1 – "The bank regulation" contains a description of bank regulation.

### 1.2. Limitations

The report:

- Only includes a casual review of bank regulation outside the risk management area.
- Do not focus on the effects of regulation on other financial institutions, finance companies or shadow banks, collectively named other financial actors.
- Do not to analyse the consequences of non-compliance with the regulation and subsequent regulatory measures.
- Only casually discusses technological change and other environmental factors.

The limitation is made as the above areas are nearby but are nevertheless deemed not to be essential for the analysis.

Furthermore, this report does not contain a theory review as the thesis did.

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<sup>1</sup> With bank means in this report also credit market companies "kreditmarknadsbolag" that is regulated under the same regulation as banks.

<sup>2</sup>Other financial actors – for example IT-companies, service companies and shadow banks that compete with banks without being under the same regulation. Shadow banks is financial companies that conduct banking like services.

## 2. Method

*The author studies the questions with qualitative method. The 2019 survey is somewhat developed compared with previous years. The survey is sent to a wide group of professionals active in the banking sector. The survey contains both predefined answer options and open response questions.*



### 2.1. Survey formation

The data collection is done with an empirical study through a survey verified by an expert panel (2015), a survey design expert (2016) and a researcher at the School of Business, Law and Economics at University of Gothenburg (2018 and 2019). The Web-based surveys consists of two versions, one for bank employees and one for other banking professionals. Both surveys contain the same questions, the difference is how the questions are formulated. It is an empirical study based on the knowledge of the author and respondents about banks and banking regulation.

### 2.2. Identifying recipients

The survey recipients consist primarily of persons who are members of a committee in the Swedish Bankers Association relating to capital adequacy, liquidity, legal, compliance or operational risks, or within the equivalent committees with the Swedish Savings Bank Association, Finance Denmark, Finance Finland or Finance Norway, and persons with whom the author has a professional relationship. The selection has been made on the basis that they are expected to provide a comprehensive view of the questions based on the banks' internal perspective. The recipients are categorized in Bank employees or Others. The group Others consist of persons employed at consultancy companies, universities, authorities or independent board members.

### 2.3. Distribution

The survey is conducted via the web where recipients receive a link sent by e-mail together with information about the survey. The information contains a description of the purpose, scope, volunteering of answering the questionnaire and guaranteeing anonymity. The Bankers Associations in each country have distributed the email to their members as from 2019.

### 2.4. Analysis

The data collection is analysed by comparing the results with previous year results and predefined answers with open response answers. Using the background information, comparisons can be made between larger and smaller banks, as well as between respondents with good insight into the regulation and the less involved. Any differences in response patterns between respondent categories are made between those who are or are not members of any committees and between those with and without employee responsibility.

### 3. Result and analysis

The 2019 survey received a 25 percent response rate, 196 replies. This report will focus on two areas: first the new questions regarding communication with national FSA and secondly on differences between Sweden, Norway and Denmark.

Norway have had over 10 answers (18%) both in 2018 and 2019 that allows a comparison between the years. Denmark have in 2019 an increase number of responses to 19 (18%) to that allows comparison with Sweden and Norway. In Finland, we have too few responses (6) to do a separate analysis. See Table 1 - Respondents by country and year.

New findings are:

- The banks are finding improved FSA guidelines helpful
- They cannot reduce advisory costs as a result of FSA improvements.
- Treasury managers in large banks find the FSA guidelines helpful in reducing costs to a greater degree than risk control and operational risk professionals do.
- Norwegian bank managers seem very confident in the banks' ability to keep up with non-bank competition.
- Danish bank managers do not experience any major competition on the deposit side.

The conclusion is that the answers regarding FSA communication show the same negative status as the views based on clarity and sufficient information from the FSA. Norway is way more positive on the capabilities of the bank's digital transformation than the other countries and in Denmark all resources are devoted to compliance.

The results of the 2019 survey can have been somewhat affected by the increased number of recipients (+37%) and respondents (+3%). Response rates for all five surveys are reported in Table 1 - Respondents by country and year. This is the second year that the survey was submitted outside Sweden and as can be observed from Table 1, the majority of recipients (69 percent) and respondents (79 percent) are still from Sweden.

**Table 1 - Respondents by country and year**

Country	2019			2018			2017			2016			2015		
	Received	Answer	Rate	Received	Answer	Rate	Received	Answer	Rate	Received	Answer	Rate	Received	Answer	Rate
Sweden	546	154	28%	457	169	37%	341	122	36%	301	125	42%	126	89	71%
Norway	94	17	18%	66	12	18%									
Finland	48	6	13%	20	1	5%									
Denmark	103	19	18%	35	8	23%									
Total	791	196	25%	578	190	33%	341	122	36%	301	125	42%	126	89	71%
Change YoY	37%	3%		70%	56%		13%	-2%		139%	40%				

Appendix 2 – Respondents, contains a more comprehensive description of the respondents.

For the further analysis, we separate between large (>500bn SEK - 50bn EUR in total assets), medium (50-500bn SEK – 5-50bn EUR in total assets) and small (<50bn SEK or 5bn EUR in total assets) banks.

Appendix 3 – Comparison 2019 with 2018 shows the graphics from 2018 that did not change much to 2019, and it is left to the reader to further analyse these numbers. Instead the focus here is on “what’s new”: for example, areas with clear trends, major differences between countries or between bank employees and the group of others (“Others”).

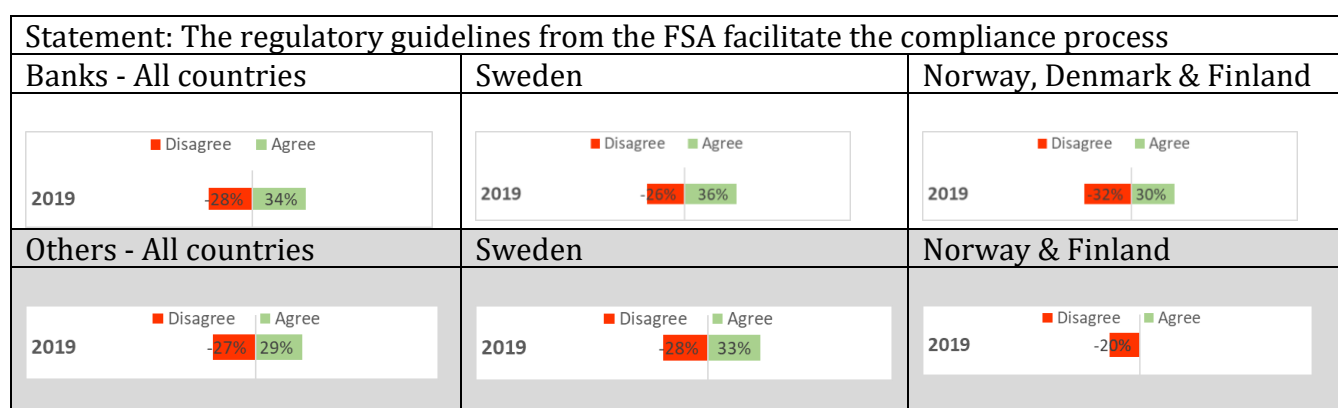
### 3.1. Communication with national FSA

The answers here did confirm the general critique of the regulatory framework. Respondents seem to find the guidelines helpful, but they do not reduce advisory costs.

This was a new question in the 2019 survey, and it was added to better understand how the banks view the communication with/from the FSA. Based on previous surveys more than 40% report that the regulation isn't clear and over 50% says that regulators are not sufficiently clear in their instructions. These results have remained stable for several years and are not improving.

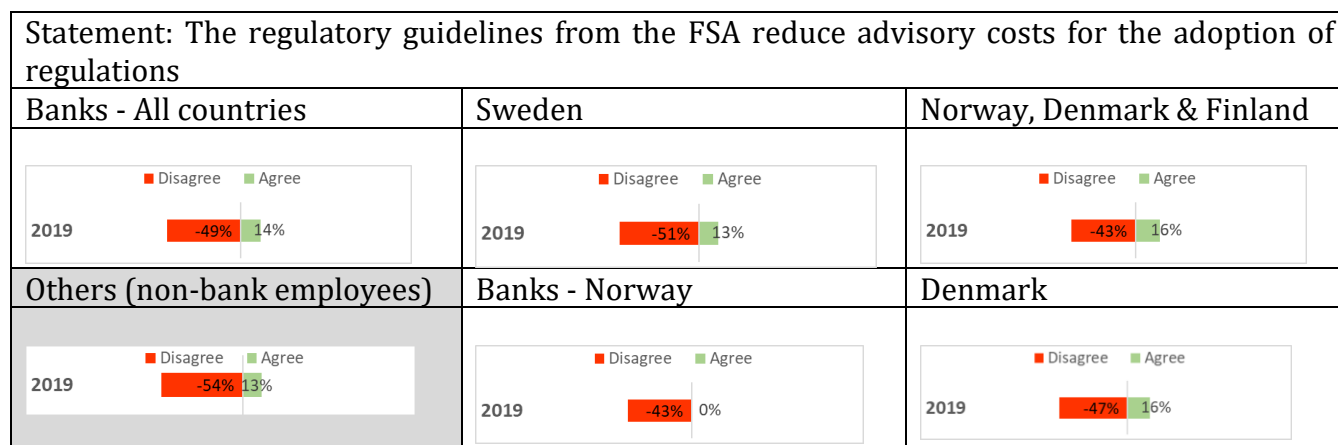
The bank respondents generally somewhat agree with the statement that the guidelines are facilitating the compliance process. A quarter disagree and the group of others share a similar view. Although few (five in total) "Others" in Norway and Finland disagree to a greater extent than the rest.

Figure 1 - Guidelines from the FSA



The two questions relating to advisory costs (Figure 2 - Guidelines reduce advisory costs) and spending (Figure 3 - Improved FSA communication - less spent on advisory) relating to FSA guidelines shows that half of the respondents estimate that the bank have not spent less on advisory due to improved communication and disclosure and the rest is neutral. That confirms the statement that the regulation is unclear and hard for the banks to adapt.

Figure 2 - Guidelines reduce advisory costs



Among respondents from the large banks in Sweden and Norway only 20% and 0% disagree.

In Norway the small banks are also agreeing in a large extent, 40%. In Sweden, the large banks also are the most positive with 44%, which gives a widespread in answers from the large banks.

An analysis of the type of work that the respondents do within the Swedish large banks shows that liquidity risk/Treasury and Compliance are rather positive towards the FSA guidelines, whereas Risk control and operational risk professionals are more negative.

Swedish large banks - Statement: The regulatory guidelines from the FSA reduce advisory costs for the adoption of regulations			
Respondents business area/-s (multi options possible)	Disagree	Agree	Number of respondents
All	20%	64%	25
Liquidity risk / Treasury	0%	67%	3
Compliance, Fraud, AML	17%	67%	6
Management	0%	57%	7
Capital adequacy	17%	50%	6
Operational risk	0%	33%	3
Risk control / Internal audit	25%	0%	4

If, instead grouping the respondents based on Treasury for all banks and countries 25% agree with the statement and 30% disagree.

Figure 3 - Improved FSA communication - less spent on advisory

Statement: Because of improved FSA communications and disclosures my bank spent less on advisory services the last year		
Banks - All countries	Sweden	Norway, Denmark & Finland
<p>2019 Disagree -63% Agree 3%</p>	<p>2019 Disagree -59% Agree 4%</p>	<p>2019 Disagree -73% Agree 3%</p>
Others (non-bank employees)	Banks - Norway	Denmark
<p>2019 Disagree -19% Agree 48%</p>	<p>2019 Disagree -71% Agree 7%</p>	<p>2019 Disagree -74% Agree 0%</p>

Swedish large banks agree more, 12%, and are less disagreeing, 52%. Smaller banks disagree in the largest extent. This can be a result of more resources for the larger banks and also a closer relationship with the FSA.

### 3.2. Differences between Sweden, Norway and Denmark

There are some differences between the countries. It summarizes to:

**Norwegian** respondents report that the regulations are clearer, but they do not know much about the Fintech's. The Norwegian banks are also the least worried about the competition from other players. They are also more worried about that the regulatory process is moving to an international arena through EU and Basel.

**Danish** respondents report that they need to work on the knowledge of essential processes. Danish banks are most worried about what the regulation do to the possibilities of running the bank and how it puts limits on products and services. In Denmark, the competition for deposits do not seem to have been an issue, as it has in Norway and Sweden.

**Swedish respondents** report that there is a lack of proportionality between large and small banks. They do not think the regulation is as detailed as Norway and Denmark and they have accepted that a lot of the regulation is done from EU or on an international level.

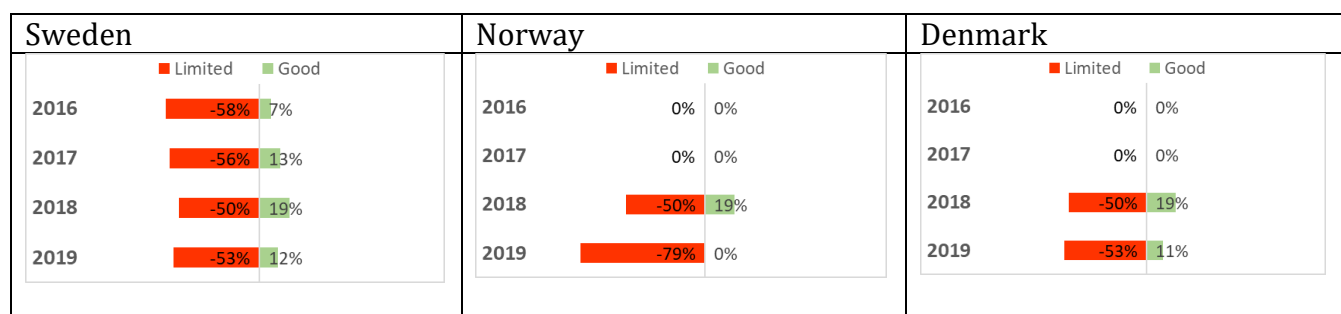
In the following sections, questions where the answers differ to the greatest extent, on a country level, are analysed. Outside Sweden, the group Others is rather small, which limits the country-level analysis. The view of Others is only commented on when it differs from the banks.

#### 3.2.1. Knowledge

The respondents are asked to self-report on their knowledge about the regulation (in general good from all), the bank's products, competitors, processes, leadership and digital transformation.

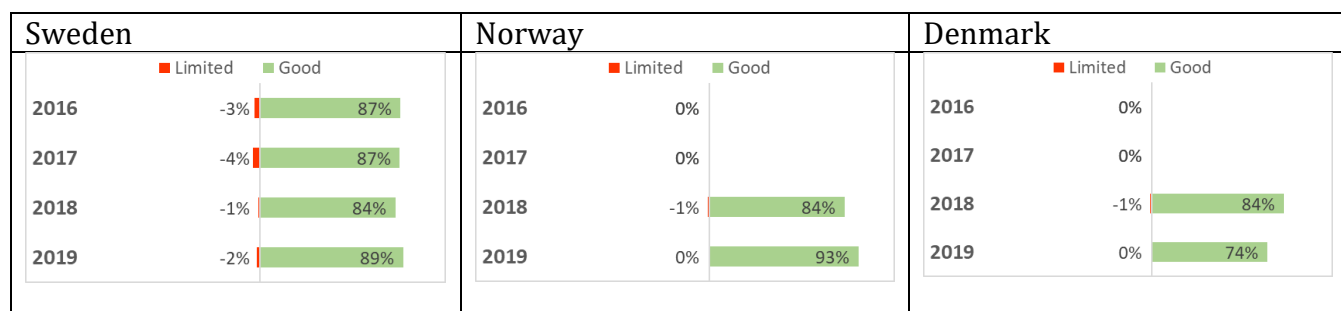
The Norwegian respondents stand out as having limited knowledge about the competitors that is not under banking regulation, usually referred to as FinTech's. Others report that they have better knowledge of the FinTech's than the Banks also in Norway.

Figure 4 – Competitors that is not under the banking regulation



Danish respondents stand out as having a comparatively low level of knowledge about essential processes.

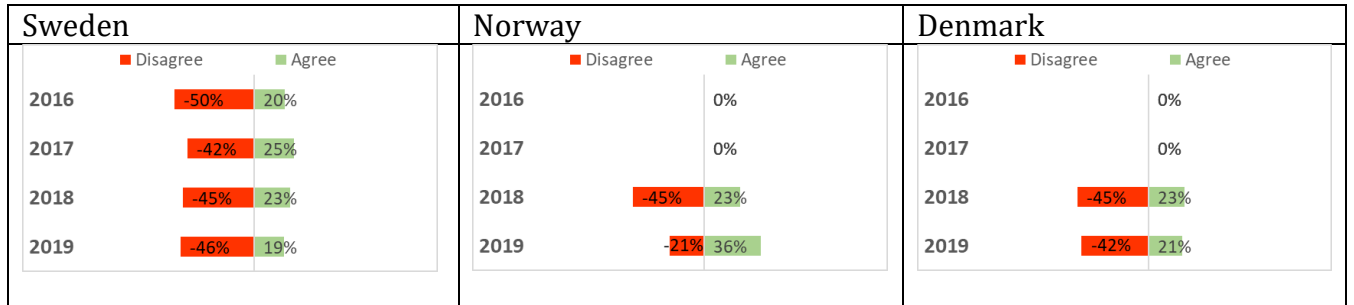
Figure 5 – Your Bank's essential Processes and Organizational characterises



### 3.2.2. Regulation

Respondents from Sweden and Denmark are considerably more critical to the clarity of the regulations than those from Norway. In Norway, there is also a large improvement from 2018 to 2019.

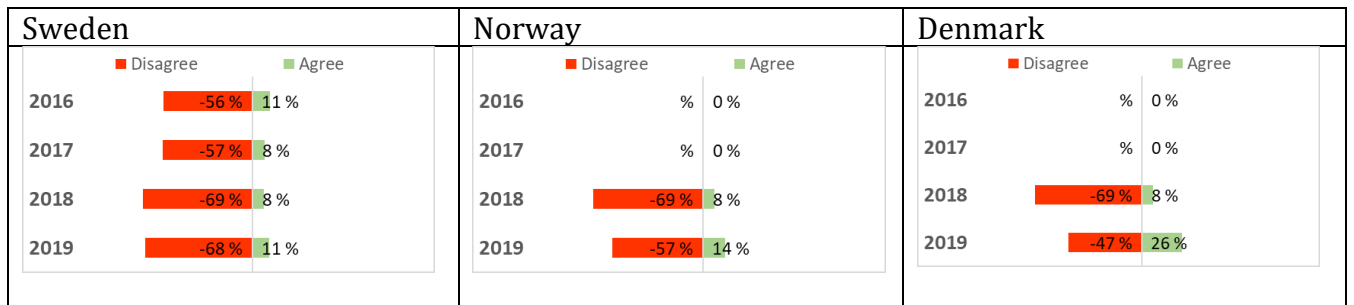
Figure 6 - The rules are clear.



The Norwegian respondents are improving results when it comes to “Regulators are sufficiently clear in their regulations and instructions.” as well. They have a lower level of disagreement and higher level of agreement than the respondents in Sweden and Denmark.

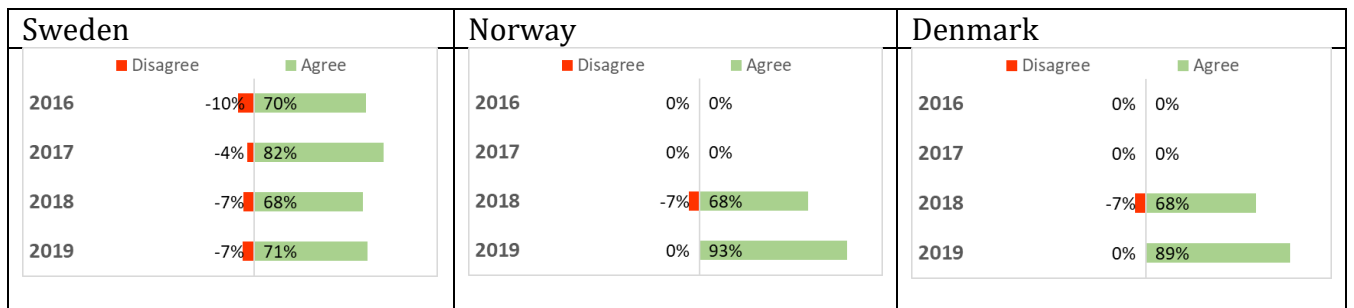
The Swedish respondents are at least agreeing that the proportionality is sufficient in the regulation and the Danish respondents the most agreeing. In Norway and Denmark can we see an improvement in 2019.

Figure 7 - There is sufficient proportionality in the rules between large and small banks



Of the three countries are the Swedish respondents not on the same level of saying that the regulation is very detailed as the others.

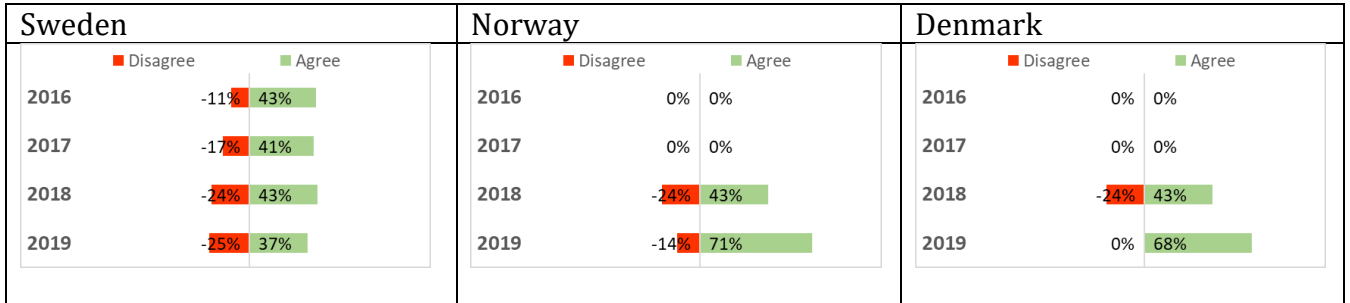
Figure 8 - The regulatory changes in recent years are very detailed in how banks should operate.



### 3.2.3. Effects on banks

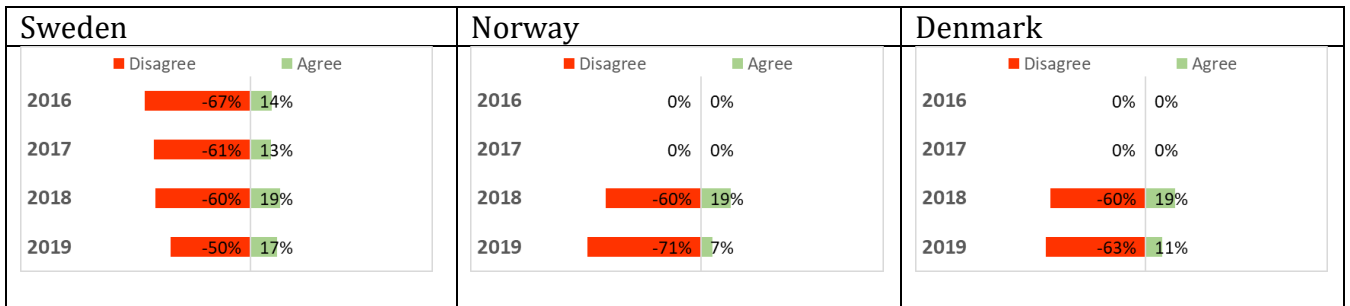
According to the Swedish respondents there are not a clear view that the capital adequacy rules cause restrictions on the banks products as the respondents believe in Norway and Denmark.

Figure 9 - Changes in capital adequacy rules cause restrictions on the products that the bank offer.



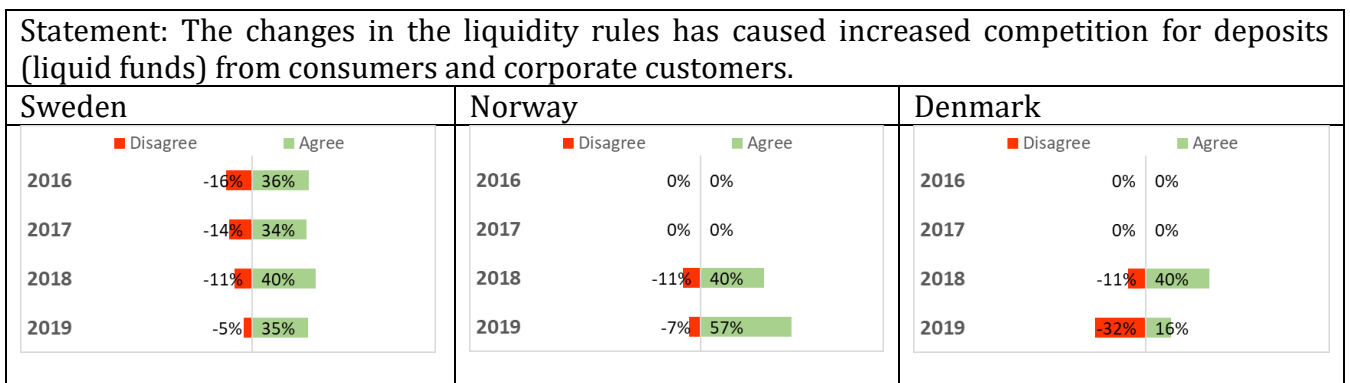
The Swedish respondents is the least worried over the fact that a lot of the regulation is not done nationally. The Norwegian respondents believes this is a bigger problem. Others disagree in a larger grad than the bank employees.

Figure 10 - The fact that the regulations are initiated / decided in Basel / EU, rather than locally, is not important.



The Danish respondents do not see an increased competition for deposits as it seems to be a big issue in Norway.

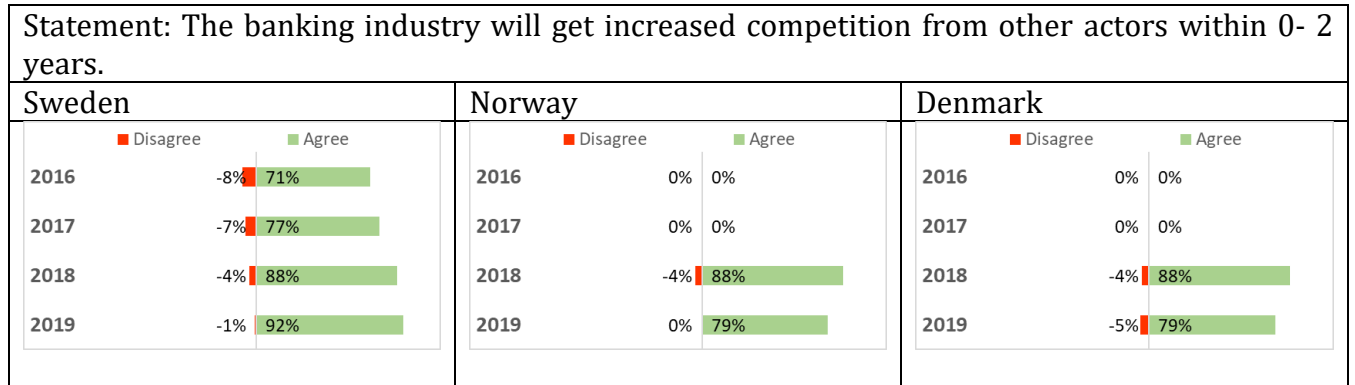
Figure 11 - Liquidity rules has caused increased competition for deposits



### 3.2.4. Competition

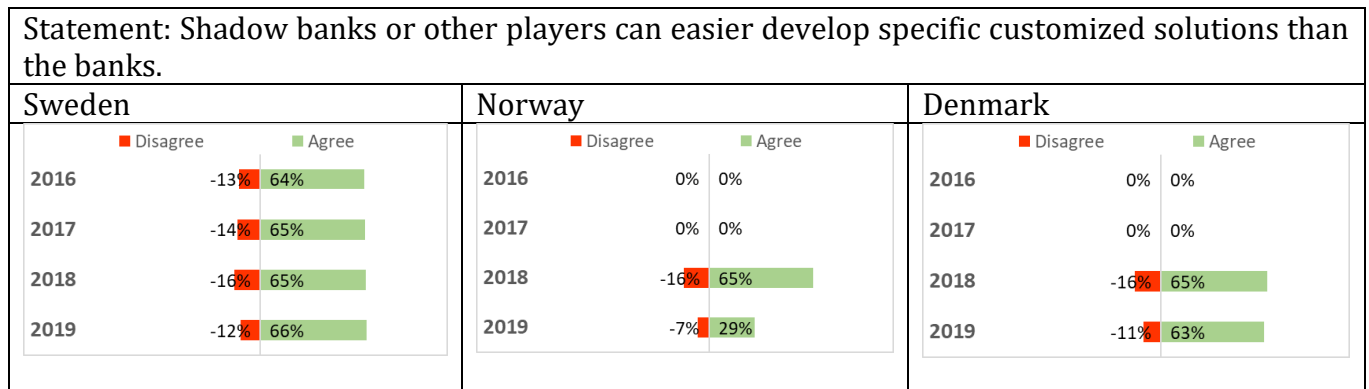
In terms of competition between banks, an increasing majority has stated that they expect increased competition, in Sweden more than in the other countries.

Figure 12 - Increased competition



In Norway, the bank respondents do not believe that the FinTech's can easier develop their solutions than the banks. If that is correct it is good for them but, when the Norwegian bank respondents comment on the competition from other players/FinTech's they say that it will not increase or only in some niche product areas. With the answer above in mind, where the Norwegian respondents said that they do not know much of the FinTech's, there are a risk that they underestimate the capacity of the FinTech's to disrupt their business models.

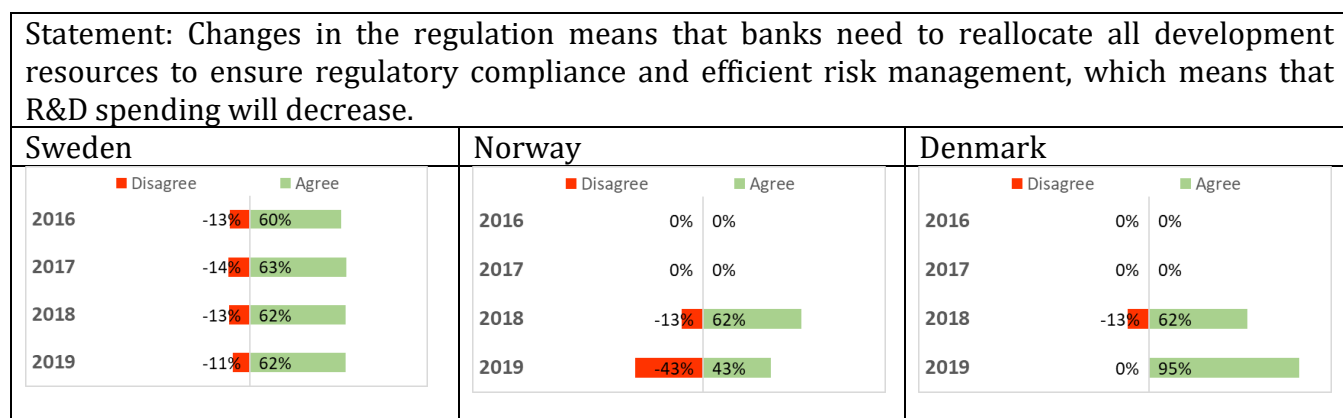
Figure 13 – Shadow banks and FinTech's development capacity



The few answers in Norway from Others indicate a much higher level of Agree in the question above. Together with that Other says that they have a better knowledge of FinTech's is that confirming that the Norwegian bank employees underestimate the treat from the FinTech's.

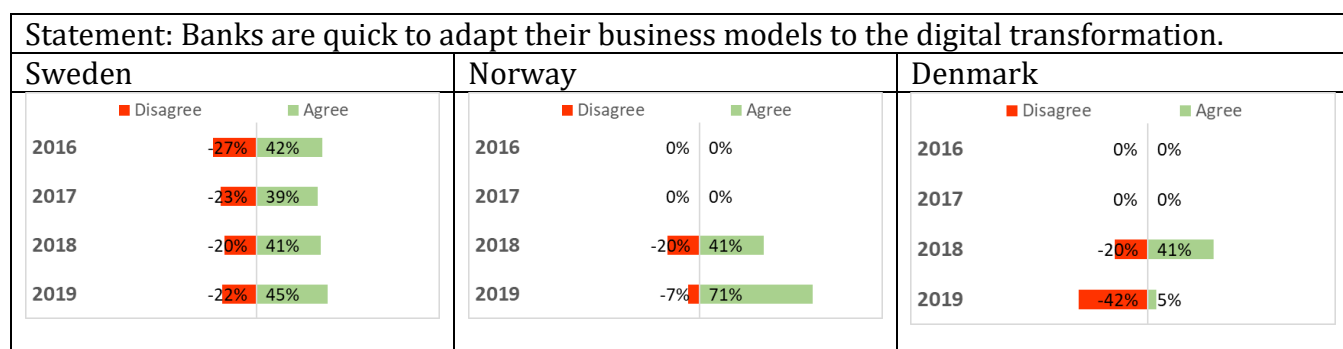
The Danish bank employees think that all development resources go to compliance. The Norwegian respondents do not see that. Here are the few Other in Norway in agreement with the bank employees.

Figure 14 – Allocation of development resources



Again, the Norwegian respondents stand out and is very positive in the banks capability to be quick in the digital transformation. It can be good, or they still underestimate the competition. The Danish respondents is not positive at all. Others are in all countries more in disagree with this statement, only 29% agrees.

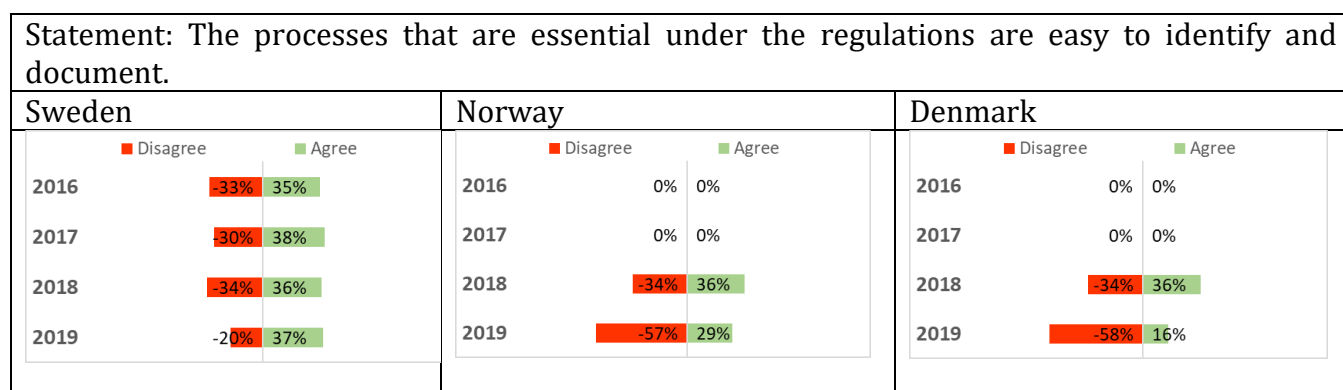
Figure 15 – Quick to adapt digital transformation



### 3.2.5. Processes

Both the respondents in Norway and Denmark believe it is much harder to identify the essential processes than in Sweden.

Figure 16 – Essential process identification



Once again, the Norwegian bank employees stand out as more positive on its own capabilities, now on having efficient and flexible processes as well as an aligned organisation. Others agrees with the bank employees on Efficient and flexible processes but are more in disagreement on the statement that the bank’s organization is well aligned with the process. It goes both for Sweden and Norway.

Figure 17 – Efficient and flexible processes

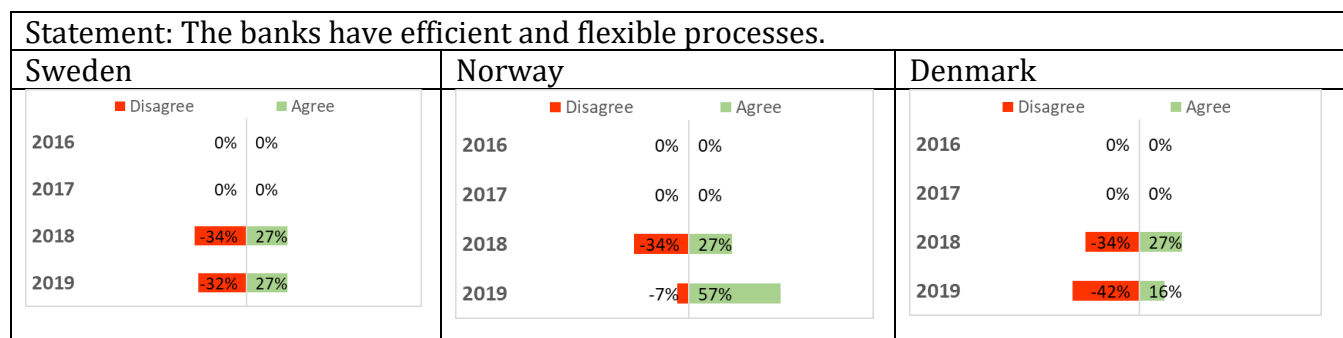
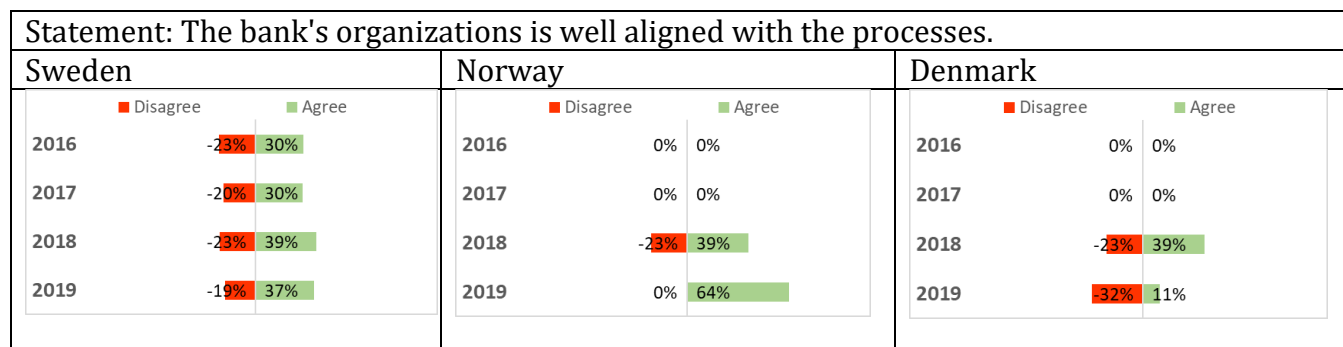
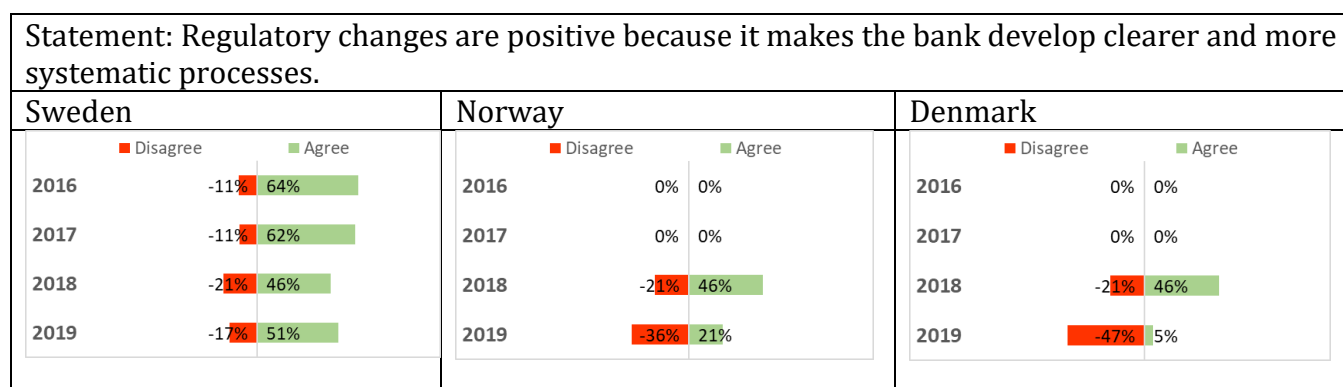


Figure 18 – Aligned organization



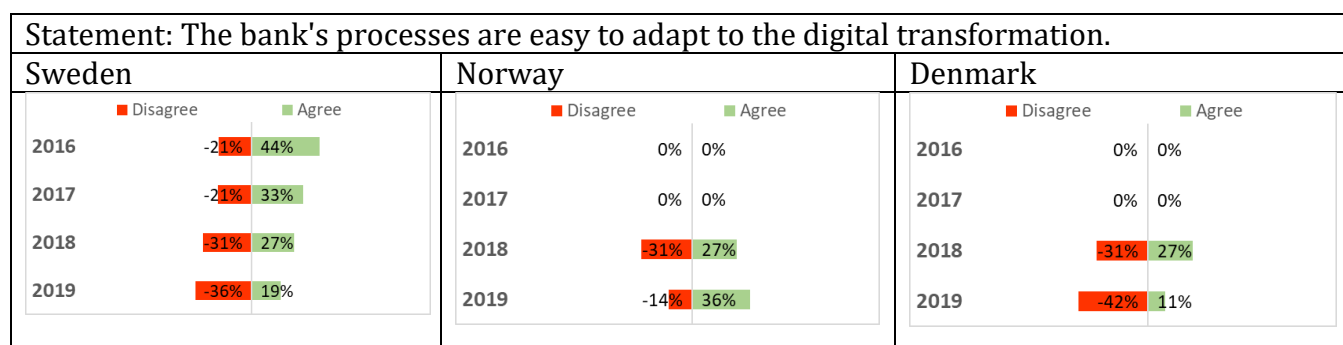
The Swedish respondents see it as a positive effect of the regulation that the bank gets more clear and systematic processes.

Figure 19 – Clearer and more systematic processes



The Norwegian respondents is consistent in answering positive around the bank capability of adapting to the digital transformation.

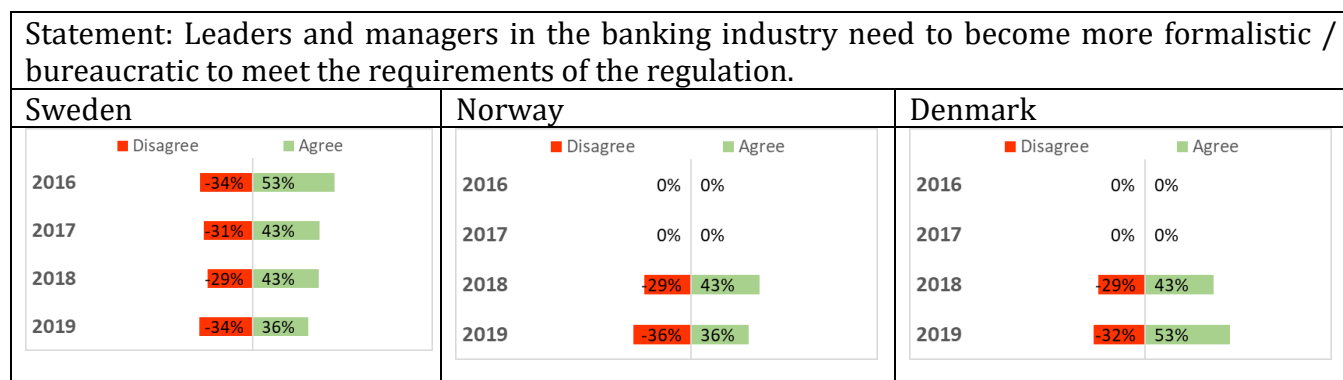
Figure 20 – Processes to digital transformation



### 3.2.6. Leadership

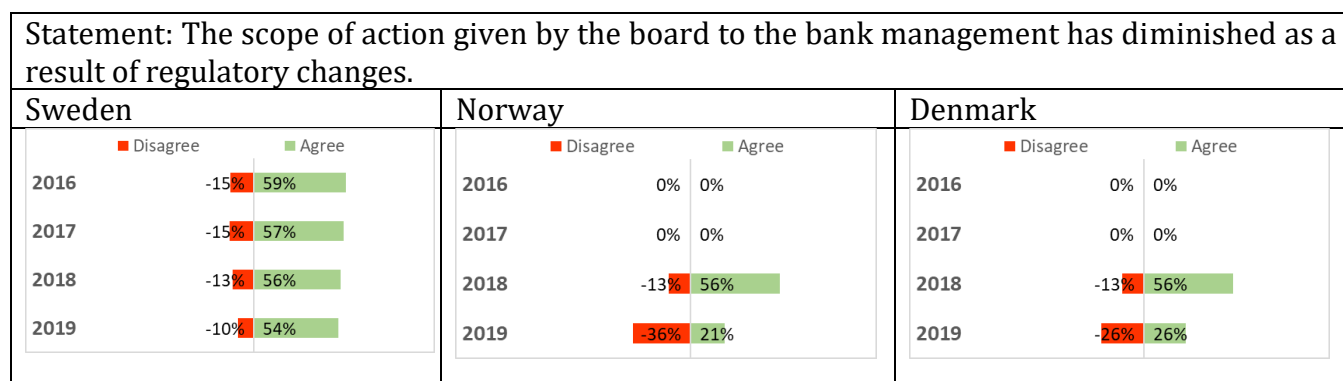
The respondents in Denmark have a higher rate of respondent that says that the leadership need to be more bureaucratic due to the regulation. Others disagree in a higher level than the bank employees.

Figure 21 – Bureaucratic leadership



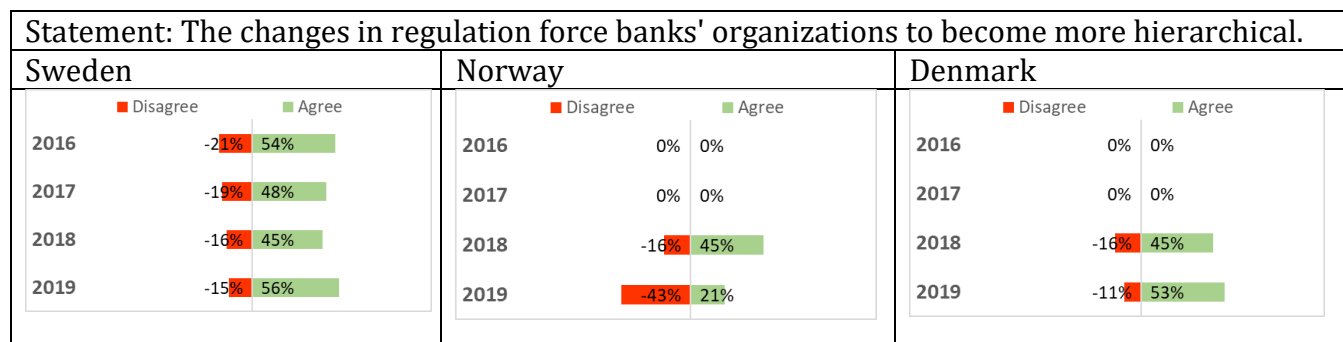
Swedish respondents are much more in the view that the management can do less and needs to ask the board in much more cases than the bank employees in Norway and Denmark.

Figure 22 – Management vs Board



Bank employees in Denmark and Sweden see a hierarchical organization growth due to the regulation. In Norway does the bank employees do not see that. In Norway it is also a major change since 2018.

Figure 23 – Hierarchical organizations



In the next two questions are the respondents in Sweden and Denmark more aligned than with their Norwegian colleagues. In Norway they do not see any problem with recruiting outside the banking sector or that detailed work instructions are needed.

Figure 24 – Management recruitment

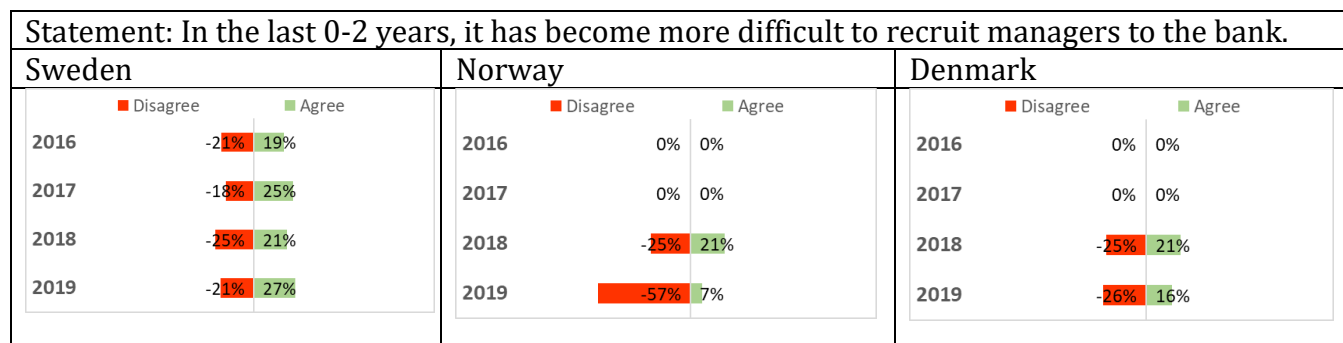
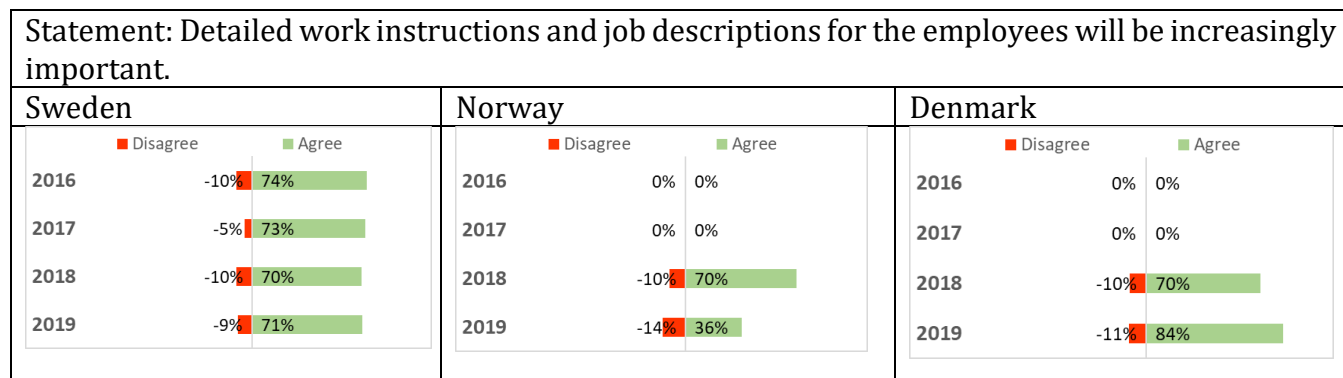


Figure 25 – Detailed work instructions



## 4. Conclusions

*The conclusions stand year by year, "the effects of increased regulation on Nordic banks are still extensive".*

The respondents maintain that it is difficult to comprehend the entire regulatory framework, and that the supervisor is not sufficiently clear. The new questions about the communication with the FSA confirms that the situation is as bad as these results suggest. Respondents from more than half of the banks report that they cannot reduce advisory costs due to communication with the FSA, and related guidelines. The guidelines support in compliance but the uncertainty in how to understand the regulation is extremely high and it is not improving over the years. This should be addressed by the regulators.

Based on the results of the analysis between the three countries the Swedish respondents seem to be the most adaptable so far. The answers are in line with previous year, but the international regulatory framework becomes less of a problem over time. The Swedish bank respondents continue to view competition from other players and FinTech's as an important threat to their market position.

The Danish bank respondents emphasizes problems associated with the regulation and how it affects products, services and leadership. They agree with the Swedish respondents that the banks are not that good in digital transformation nor in responding to increased competition. The Danish respondents need to do more around processes and spread the knowledge on how all parts fits together. This is similar to their Norwegian peers, who report to the difficulties associated with identifying essential processes.

Respondents from Norwegian banks differ from the others with regards to their view of competition from other players and FinTech's. They report to have limited knowledge of the Fintech's and that the banks are quick to develop and adapt to the digital transformation. Either this is an indication of a "Myopia" risk or the banking market in Norway differs a lot from the other Nordic countries. The markets do have differences, especially since Norway is an EES country and not a full EU member, but they, more or less, share the same regulation. As in the other countries, the market is dominated by a few large banks and a number of smaller mutual banks or internet-based niche banks. So, my conclusion is that the market conditions should not be that different. The result from the Norwegian respondents could be an indication of a Myopia, that the Norwegian banks do not adapt or see the risk of changing customer behavior to a sufficient degree. If so, the myopic treatment of these issues could eventually have negative effects on profitability and competitiveness among the Norwegian banks.

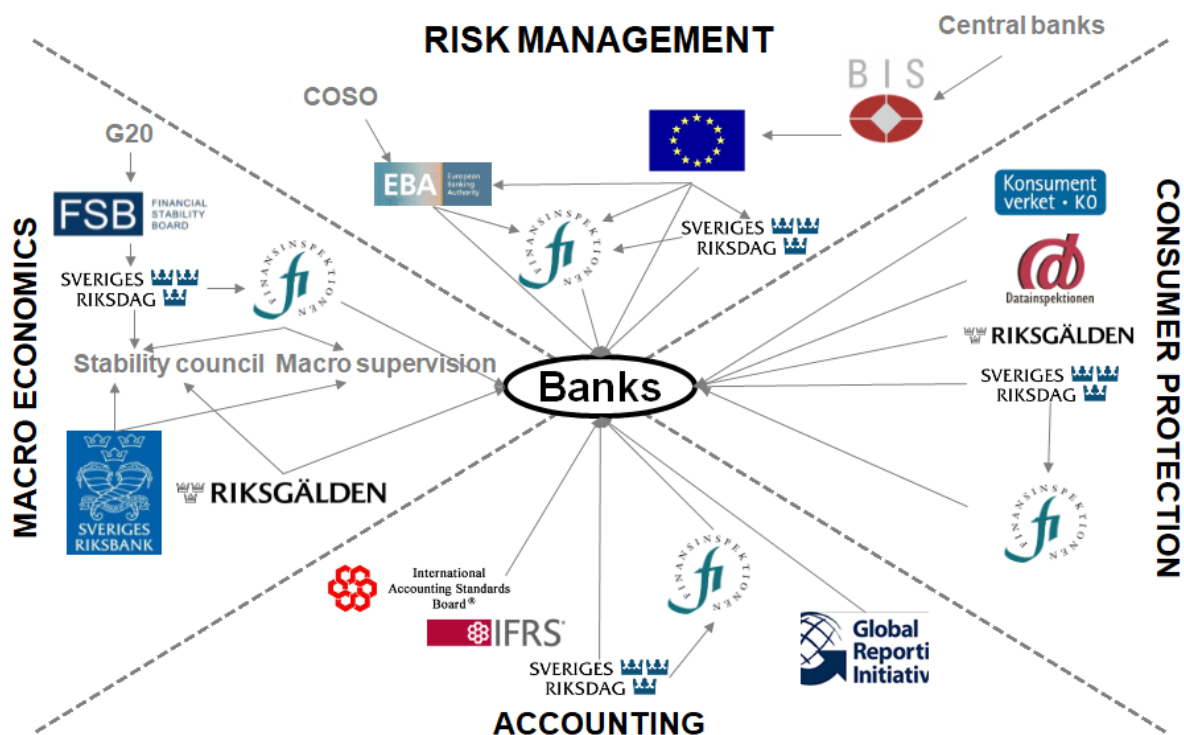
The title of the thesis and the reports, the adaptable survives, is by this conclusion as relevant now for the Nordic banks as it was in 2015.

## Appendix 1 – The bank regulation

Banks are regulated to protect some stakeholders in particular, depositors and the state. Four main areas of regulation have been identified from the different perspectives of stakeholders: 1) Risk management, 2) Macroeconomics, 3) Accounting and 4) Consumer protection.

The bank regulation was in deep described in the thesis “The adaptable survives” (2015). An update has been made of Figure 26 – Swedish regulators.

Figure 26 – Swedish regulators



The different regulators above are here shortly described together with a reference to their respective homepage for more information.

### 1) Risk management

#### **Basel committee ([bis.org/bcbs](http://bis.org/bcbs))**

Provides international standards for bank regulation, focus on large international banks. For the EU is Basel committee a sort of advisor, the regulation is implemented via EU directives and/or regulations.

#### **COSO - The Committee of Sponsoring Organizations of the Treadway Commission ([coso.org](http://coso.org))**

Provides framework and guidelines in the area of ERM (Enterprise Risk Management), internal control and fraud.

#### **EU ([ec.europa.eu/finance/bank](http://ec.europa.eu/finance/bank))**

Implementing the Basel Committee's standards through regulations (direct acting) and directives (through national implementation).

***EBA – European Banking Authority (eba.europa.eu)***

Issues technical standards and guidelines based on EU regulations and directives. EBA is the interpreting authority of the Common Rule Book for Europe.

***Finansinspektionen (fi.se)***

Swedish financial supervisory authority (SFSA) issues regulations, guidelines, general advice and supervises Swedish banks. In major European banks, the ECB, European Central Bank, is the supervisor, ([www.ecb.europa.eu](http://www.ecb.europa.eu)).

***Sveriges riksdag (riksdagen.se)***

Decides on legislation for implementing EU directives as well as specific Swedish laws including mandate to Swedish authorities.

**2) Macroeconomics**

***FSB (financialstabilityboard.org) / G20 (g20.org)***

Created by the G20 Group, the twenty richest countries in the world, and shall identify systemic risks in the financial sector, develop policies and monitor the policy implementation in order to reduce systemic risks.

***Riksbanken (riksbank.se)***

Sweden's central bank is part of the Stability Council and has the task of being responsible for monetary policy with the aim of maintaining a fixed monetary value as well as promoting a safe and efficient payment system. This means that all payments between different banks in Sweden will be thru the Riksbank.

***Riksgälden (riksdagen.se)***

The Swedish national debt office handles consumer protection in the form of deposit guarantees for the state and the recovery plans within the crisis management.

**3) Accounting**

***GRI – Global reporting initiative (globalreporting.org)***

Provides global standards for sustainability reporting.

***IFRS/IASB (ifrs.org)***

Provides international standards for financial reporting. These standards are direct acting on banks as they must have IFRS as accounting standard.

**4) Consumer protection**

***Datainspektionen (datainspektionen.se)***

The Swedish Data Protection Authority is supervising the banks data protection and dept collection.

***Konsumentverket (konsumentverket.se)***

Swedish Consumer Agency executes supervision of the banks' communication and relationship with consumers, such as its marketing and contractual terms.

## Appendix 2 – Respondents

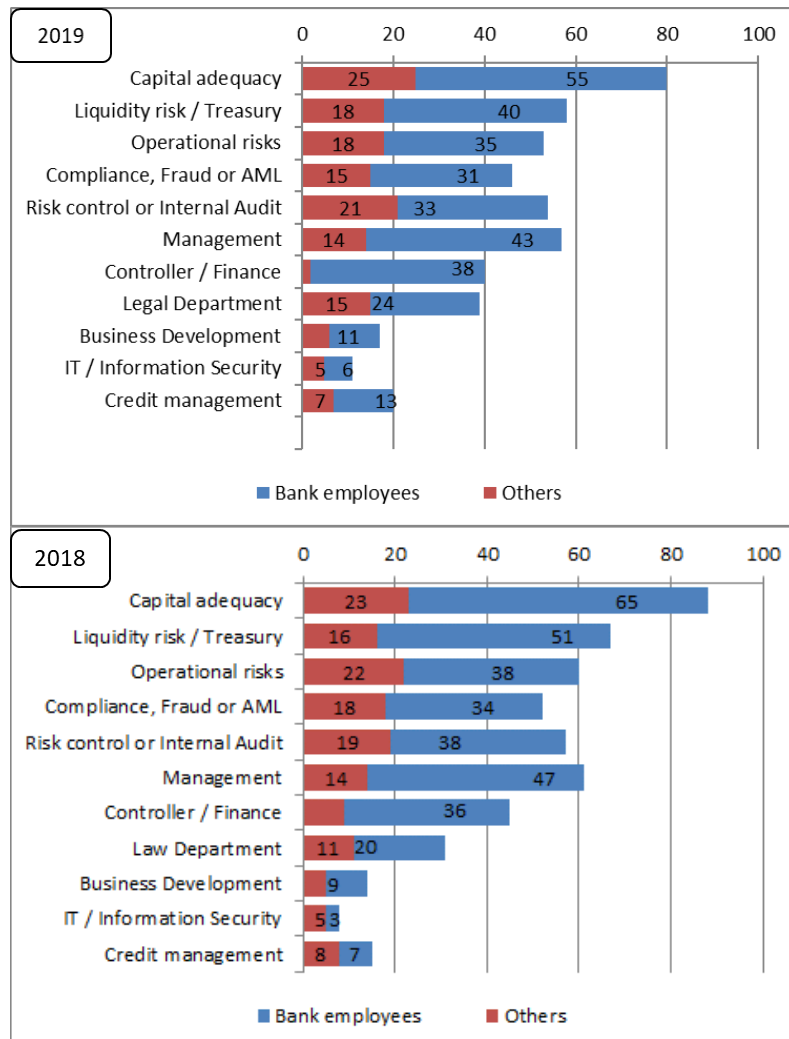
Most of the respondents, 76 percent, is found in banks, see Table 2 - Size of bank and category of respondent. The distribution has an overweight from smaller banks, with large banks being defined as more than SEK 500 billion in total assets, mid-sized banks SEK 50 - 500 billion and small banks have less than SEK 50 billion in total assets.

**Table 2 - Size of bank and category of respondent**

Category - respondent	No. Share		Very large bank		Large bank		Small bank		Other	
	No.	Share	No.	Share	No.	Share	No.	Share	No.	Share
Employees in bank	148	76%	38	26%	31	21%	78	53%	1	1%
Others	48	24%							48	100%
<b>Total</b>	<b>196</b>	<b>100%</b>	<b>38</b>	<b>19%</b>	<b>31</b>	<b>16%</b>	<b>78</b>	<b>40%</b>	<b>49</b>	<b>25%</b>
Survey 2018	190		31	16%	39	21%	76	40%	44	23%
Survey 2017	122		29	24%	20	16%	44	36%	29	24%
Survey 2016	125		27	22%	22	18%	49	39%	27	22%
Survey 2015	89		23	26%	13	15%	25	28%	25	28%

Respondents have identified which areas they are active in, where several responses have been possible, see Figure 27 - Area of activity.

**Figure 27 - Area of activity**



In general, respondents have been active in banking, finance and insurance industry for more than 10 years, more than half have worked with a regulator, half have personnel responsibility and almost half are member in any committee of the bankers organisations, see Table 3 - Time of activity in the industry, with regulator, Personnel responsibility or committee member.

**Table 3 - Time of activity in the industry, with regulator, Personnel responsibility or committee member**

<b>Time in the industry</b>		<b>More than 20 years</b>		<b>15 to 20 years</b>		<b>10 to 15 years</b>		<b>5 to 10 years</b>		<b>2 to 5 years</b>		<b>&lt; 2 years</b>	
Employees in banks	148	55	37%	37	25%	33	22%	20	14%	2	1%	1	1%
Others	48	23	48%	9	19%	7	15%	6	13%	3	6%	0	0%
<b>Total</b>	<b>196</b>	<b>78</b>	<b>40%</b>	<b>46</b>	<b>23%</b>	<b>40</b>	<b>20%</b>	<b>26</b>	<b>13%</b>	<b>5</b>	<b>3%</b>	<b>1</b>	<b>1%</b>
<i>Survey 2018</i>	<i>190</i>	<i>74</i>	<i>39%</i>	<i>37</i>	<i>19%</i>	<i>43</i>	<i>23%</i>	<i>29</i>	<i>15%</i>	<i>3</i>	<i>2%</i>	<i>4</i>	<i>2%</i>
<i>Survey 2017</i>	<i>122</i>	<i>46</i>	<i>38%</i>	<i>28</i>	<i>23%</i>	<i>24</i>	<i>20%</i>	<i>19</i>	<i>16%</i>	<i>4</i>	<i>3%</i>	<i>1</i>	<i>1%</i>
<i>Survey 2016</i>	<i>125</i>	<i>47</i>	<i>38%</i>	<i>28</i>	<i>22%</i>	<i>22</i>	<i>18%</i>	<i>20</i>	<i>16%</i>	<i>7</i>	<i>6%</i>	<i>1</i>	<i>1%</i>
<i>Survey 2015</i>	<i>89</i>	<i>n/a</i>		<i>n/a</i>		<i>66</i>	<i>74%</i>	<i>17</i>	<i>19%</i>	<i>5</i>	<i>6%</i>	<i>1</i>	<i>1%</i>

<b>Time at regulator</b>		<b>More than 20 years</b>		<b>15 to 20 years</b>		<b>10 to 15 years</b>		<b>5 to 10 years</b>		<b>2 to 5 years</b>		<b>&lt; 2 years</b>		<b>No time</b>	
Employees in banks	148	7	5%	7	5%	17	11%	20	14%	12	8%	14	9%	71	48%
Others	48	4	8%	4	8%	5	10%	10	21%	5	10%	4	8%	16	33%
<b>Total</b>	<b>196</b>	<b>11</b>	<b>6%</b>	<b>11</b>	<b>6%</b>	<b>22</b>	<b>11%</b>	<b>30</b>	<b>15%</b>	<b>17</b>	<b>9%</b>	<b>18</b>	<b>9%</b>	<b>87</b>	<b>44%</b>
<i>Survey 2018</i>	<i>190</i>	<i>16</i>	<i>8%</i>	<i>11</i>	<i>6%</i>	<i>18</i>	<i>9%</i>	<i>19</i>	<i>10%</i>	<i>14</i>	<i>7%</i>	<i>20</i>	<i>11%</i>	<i>92</i>	<i>48%</i>

<b>Personnel responsibility</b>		<b>Yes</b>		<b>Yes, before</b>		<b>No</b>	
Employees in banks	148	91	61%	13	9%	44	30%
Others	48	14	29%	20	42%	14	29%
<b>Total</b>	<b>196</b>	<b>105</b>	<b>54%</b>	<b>33</b>	<b>17%</b>	<b>58</b>	<b>30%</b>
<i>Survey 2018</i>	<i>190</i>	<i>99</i>	<i>52%</i>	<i>36</i>	<i>19%</i>	<i>55</i>	<i>29%</i>
<i>Survey 2017</i>	<i>121</i>	<i>61</i>	<i>50%</i>			<i>60</i>	<i>50%</i>
<i>Survey 2016</i>	<i>124</i>	<i>61</i>	<i>49%</i>			<i>63</i>	<i>51%</i>
<i>Survey 2015</i>	<i>86</i>	<i>38</i>	<i>44%</i>			<i>48</i>	<i>56%</i>

<b>Committee member</b>		<b>Yes</b>		<b>Yes, before</b>		<b>No</b>	
Employees in banks	148	50	34%	18	12%	80	54%
<i>Survey 2018</i>	<i>146</i>	<i>50</i>	<i>34%</i>	<i>12</i>	<i>8%</i>	<i>84</i>	<i>58%</i>
<i>Survey 2017</i>	<i>93</i>	<i>42</i>	<i>45%</i>			<i>51</i>	<i>55%</i>
<i>Survey 2016</i>	<i>98</i>	<i>46</i>	<i>47%</i>			<i>52</i>	<i>53%</i>

The regulatory knowledge is generally assessed out of position and area of responsibility, both generally and in three specific areas: Governance, Risk and Control<sup>3</sup>, Operational Risks, Information Security and IT<sup>4</sup>, and Capital Coverage and Liquidity (CRR<sup>5</sup>). The assessed level of knowledge is lowest about Operational Risks, Information Security and IT, see Table 4 - Regulatory knowledge.

**Table 4 - Regulatory knowledge**

Regulatory knowledge	Very limited				Very good		2018	2017	2016	2015				
Regulation in general	0	0%	7	4%	32	16%	90	46%	65	34%	34%	32%	22%	27%
Governance, Risk, control	4	2%	9	5%	29	15%	83	43%	66	35%	39%	36%	40%	34%
Operational risk, IT ...	8	4%	30	16%	60	31%	72	37%	23	12%	21%	18%	23%	24%
Capital adequacy	8	4%	30	15%	40	21%	68	35%	49	25%	34%	27%	24%	36%
Liquidity	16	8%	35	18%	49	25%	62	32%	34	17%	21%	27%	24%	36%

<sup>3</sup> Sweden: Finansinspektionens föreskrift FFFS 2014:1

<sup>4</sup> Sweden: Finansinspektionens föreskrifter FFFS 2014:4 och 2014:5

<sup>5</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions

### Appendix 3 – Comparison 2019 with 2018

Here are the figures from the 2018 report that lead to the conclusions in the report compared with the same figures for 2019. As the results are more or less the same has I chosen not to comment all of them.

#### Regulation

Figure 28 - The rules are clear

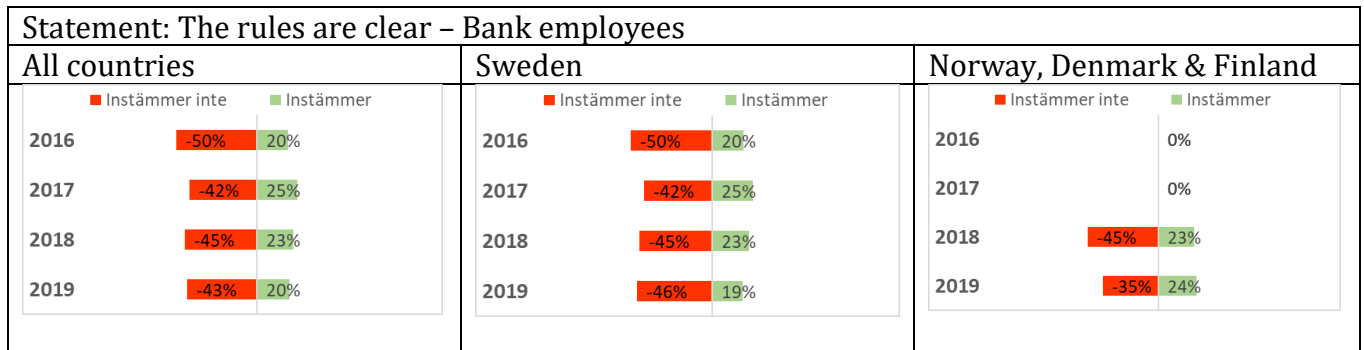


Figure 29 - Regulators are sufficiently clear...

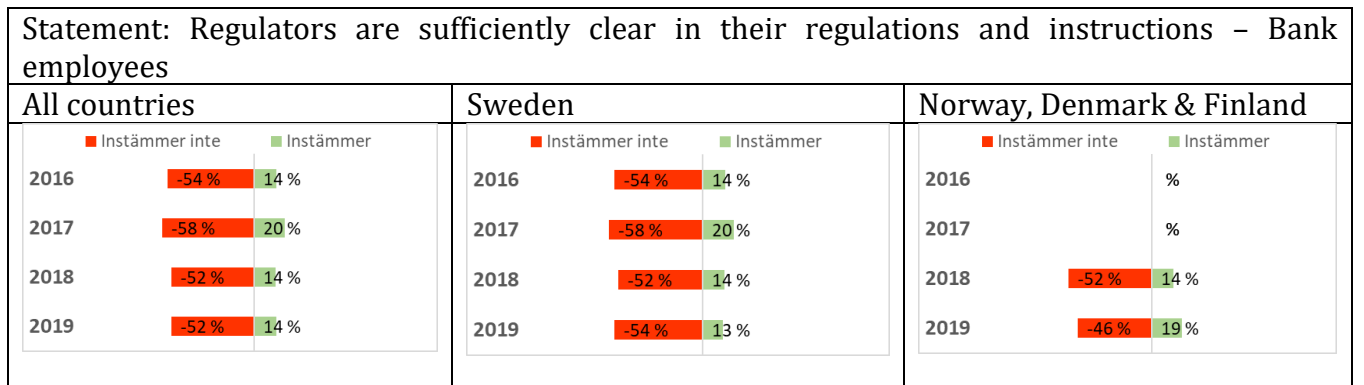
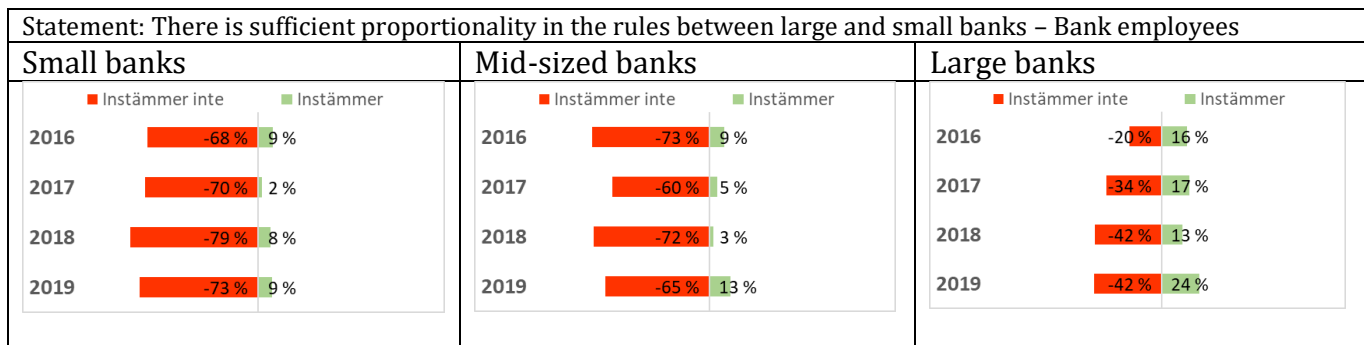


Figure 30 - Proportionality



## Competition on the banking market

Figure 31 - Other actors increased regulation

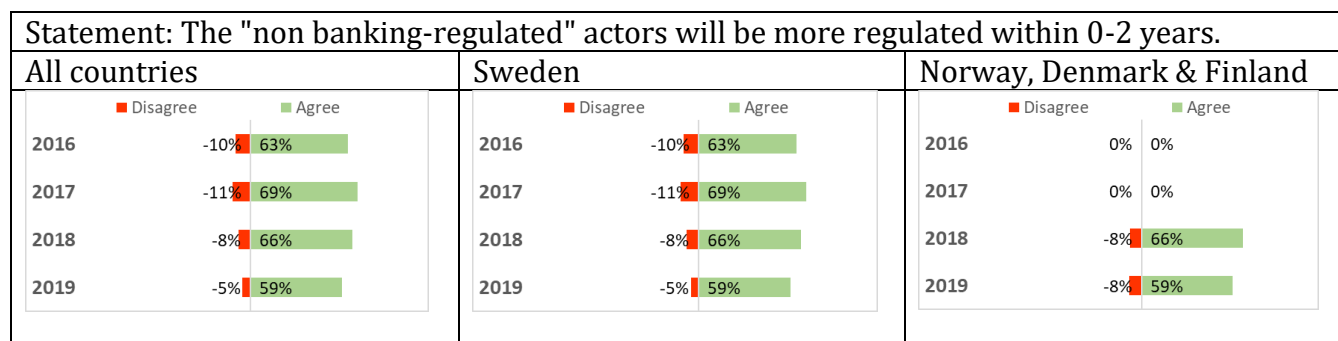


Figure 32 - Difficulty to distinguish products

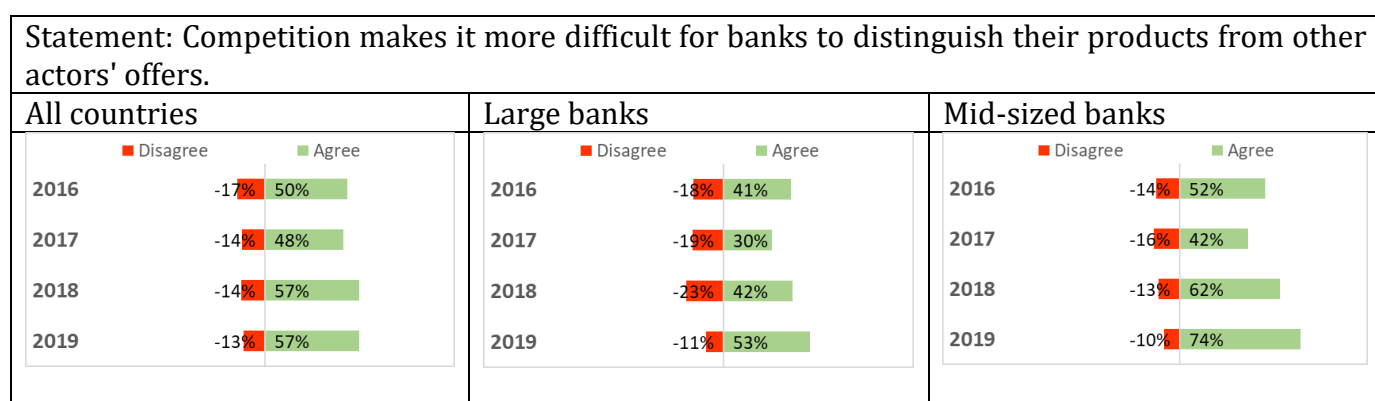
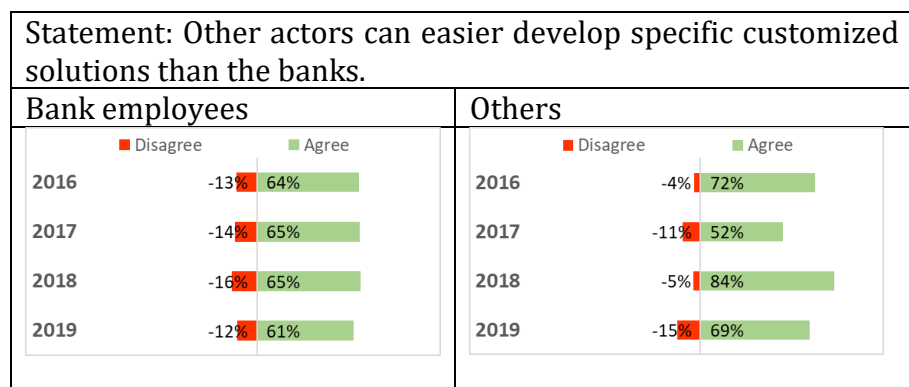


Figure 33 - Other actors, development capacity



## Banks processes and leadership

Figure 34 - Unique processes

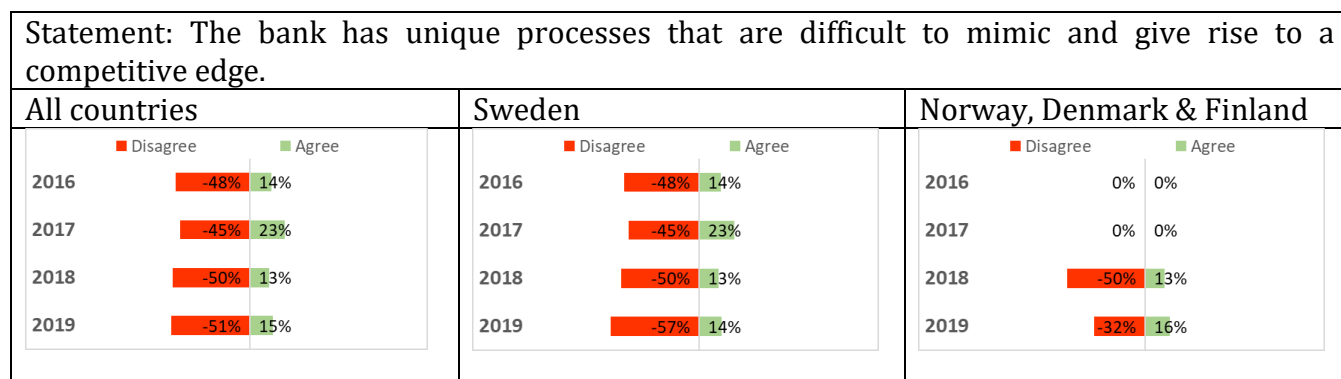


Figure 35 – Regulatory change is positive for clear and systematic processes

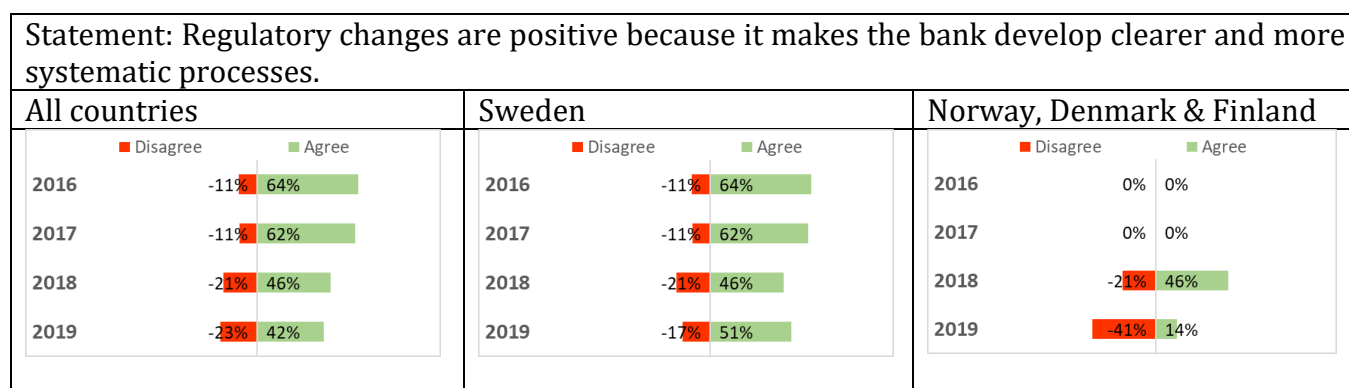


Figure 36 - More difficult to recruit managers

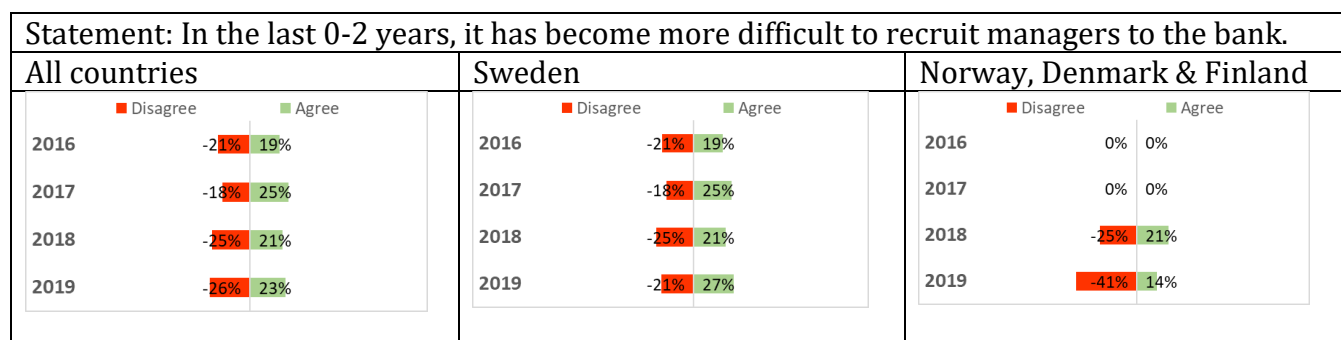


Figure 37 - More difficult for managers recruited outside the banks

