

The adaptable survives #9

- The effects of increased regulation of banks

Report on the 2023 survey

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Foreword

This is the ninth 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 in the Nordic countries.

I want to give a special thanks to the Bankers Associations in Finland, and Sweden, as well as the Swedish Savings Bank Association (*"Sparbankernas Riksförbund"*), 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, Ph.D. Senior Lecturer, at the School of Business, Law and Economics at University of Gothenburg for all cooperation and support.

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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 25 years. He has been an active member of several Swedish Bankers Association committees. That has given him a broad experience and knowledge about banks conditions, regulations, 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, board member of Loomis Digital Solutions, co-founder and CEO of FinTech Africa/Mtaji Wetu Finance Tanzania, and within his own consultancy firm. He has also previously worked as CRO at Avida Finans 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 a finalist of the Swedish award GRC profile of the year 2016.

Executive summery

Our annual survey delves into the impacts of regulatory shifts within the Nordic banking sector, focusing on three key areas: regulation, competition, and processes & leadership. The primary objective of this survey and its associated studies is to gain insights into the evolving regulatory landscape and its ramifications for the banking industry. Additionally, the survey explores aspects related to digitalization and ESG considerations.

In our ninth annual report, the response rate saw a notable increase, reaching 13 percent, with a slight decrease in the number of respondents, totalling nearly 200 participants. This robust response rate provides a comprehensive overview of the industry.

The survey adapts to current global circumstances, addressing pertinent issues and external events of significance for the banking industry. During 2020 to 2022 questions regarding Covid-19 effects was added. In 2022 questions related to the Ukraine war was added. Respondents have identified cyber risks as the most significant growing concern. In the latest edition, we introduced inquiries about changing inflation levels and their impact on risks, with liquidity, market, and capital risks topping the list of concerns.

Amidst the prominence of changing inflation rates and geopolitical conflicts, climate change and sustainability have somewhat receded from the spotlight. However, financial markets are increasingly expected to shoulder responsibility in these areas, with stringent requirements gradually taking effect. Over the past four surveys, we have included questions about the alignment of bank processes with ESG requirements. The 2023 results echo the trend observed in 2022: bank employees are becoming more knowledgeable but less optimistic about the alignment of processes with ESG standards.

Notably, the survey has recorded a significant decline in perceptions of regulatory clarity, particularly among mid-sized and large banks. In contrast, small banks continue to exhibit incremental improvements, aligning with the long-term trend.

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1. Introduction

This report maintains its focus on heightened regulatory impacts and the risk of bank¹ myopia. Myopia, in this context, denotes a failure to recognize significant shifts in the external environment, leading to a failure to adapt the business model in response to evolving customer behaviour. The study encompasses three primary areas of concentration:

- 1. How the regulation is interpreted, implemented, and adapted in banks.*
- 2. Competition between banks and other financial actors² not subject to the same regulation.*
- 3. Influence of regulation on banks' processes and leadership.*

The findings are juxtaposed with the outcomes of previous years' surveys for comparative analysis.

1.1. Banks and its regulation

For readers not actively involved in the banking sector, it is recommended to read the author's thesis "Den anpassningsbare överlever" (The adaptable survives) (2015) for background information that will aid in comprehending this report. The complete thesis, along with an executive summary, can be accessed at www.jacobsson.se. Please note that the thesis is available exclusively in Swedish.

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

1.2. Limitations

The report:

- Provides only a brief overview of bank regulation, primarily within the scope of risk management.
- Does not delve into the impact of regulation on other financial entities, including finance companies and shadow banks, collectively referred to as 'other financial actors.'
- Omits an analysis of the repercussions stemming from regulatory non-compliance and the subsequent regulatory actions.
- Omits an analysis of the repercussions stemming from regulatory non-compliance and the subsequent regulatory actions.

These limitations are attributed to the proximity of these areas to the core analysis but are deemed non-essential.

Moreover, unlike the thesis, this report does not include a theoretical review.

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

² 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 employs qualitative methods to investigate these inquiries. In 2023, the questions related to Covid-19 were omitted. The survey is distributed to a diverse range of professionals actively engaged in the banking industry. It encompasses both predefined response choices and open-ended questions.



2.1. Survey formation

Data collection is conducted through an empirical study employing a survey that has been validated by an expert panel (2015), a survey design specialist (2016), and a researcher affiliated with the School of Business, Economics, and Law at the University of Gothenburg (2018-2023). The web-based surveys comprise two versions: one tailored for bank employees and another for other professionals within the banking sector. Both surveys feature identical questions, with variations in the wording of these questions. This empirical study relies on the author's and respondents' collective knowledge of banks and banking regulations.

2.2. Identifying recipients

The survey recipients primarily include individuals who are members of committees within the Swedish Bankers Association, focusing on areas such as capital adequacy, liquidity, legal matters, compliance, or operational risks. This also extends to equivalent committees within the Swedish Savings Bank Association and Finance Finland. Additional recipients are added from the author's professional network. Finance Norway actively participated in the survey from 2018 to 2020 but shifted to a passive role starting in 2021 due to resource constraints. Similarly, Finance Denmark was part of the survey from 2018 to 2022 but adopted a passive role from 2023 onward. Nevertheless, this year's survey still includes some respondents from Norway and Denmark. The selection of recipients is based on their expected ability to offer a comprehensive perspective from within the banking sector. The recipients are categorized into two groups: Bank Employees and Others. The 'Others' category encompasses individuals employed at consultancy firms, universities, government authorities, or serving as independent board members.

2.3. Distribution

The survey is administered online, with recipients receiving an email containing a survey link. The email provides information about the survey, including its purpose, scope, voluntary participation, and assurance of anonymity. Since 2019, the associations in each respective country have been responsible for distributing the email to their members.

2.4. Analysis

The data collected is analysed by comparing the current year's results with those from previous years. This analysis involves examining both predefined answer options and open-response answers. Utilizing the background information provided, comparisons are made between larger and smaller banks, as well as between respondents who possess

in-depth knowledge of the regulation and those who are less involved. Additionally, response pattern differences are assessed among various respondent categories, including committee members and non-members, as well as individuals with and without employee responsibilities.

3. Result and analysis

The 2023 survey achieved a response rate of 13 percent, with a total of 193 replies. This report primarily focuses on the examination of long-term trends observed. Notably, this year witnessed an increase in responses from Sweden, while Denmark saw a decrease, and Finland/Norway remained stable in terms of participation. Please refer to Table 1 - Respondents by country and year.

Some key new findings from this year's survey include:

- Changes in inflation levels have had the most significant impact on the risk levels of liquidity, market, and capital risk.
- The second year of the Ukraine war has elevated the risk level for cyber risk.
- Respondents indicate that banks are not making notable improvements in meeting ESG requirements, marking a departure from the previous year.
- Large and mid-sized banks have reverted to less favourable views regarding the clarity of regulations, compared to the temporary shift observed in 2022.

It is worth noting that the results of the 2023 survey may be influenced by a decrease in both the number of recipients (-8%) and respondents (-2%). The decline in recipients is primarily attributed to Danish banks (-92%). Detailed response rates for all surveys can be found in Table 1 - Respondents by country and year. Despite the survey being conducted outside of Sweden for the sixth consecutive year, the majority of respondents remain from Sweden, accounting for most recipients (87 percent) and respondents (96 percent).

Table 1 - Respondents by country and year

Country	2023			2022			2021			2020		
	Received	Answer	Rate	Received	Answer	Rate	Received	Answer	Rate	Received	Answer	Rate
Sweden	1283	185	14%	1228	182	15%	1007	171	17%	995	243	24%
Norway	51	2	4%	51	1	2%	47	5	11%	59	6	10%
Finland	123	6	5%	53	7	13%	105	3	3%	66	2	3%
Denmark	23	0	0%	281	7	2%	268	8	3%	24	3	13%
Total	1480	193	13%	1613	197	12%	1427	187	13%	1144	254	22%

Appendix 2 – Respondents, contains a 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.

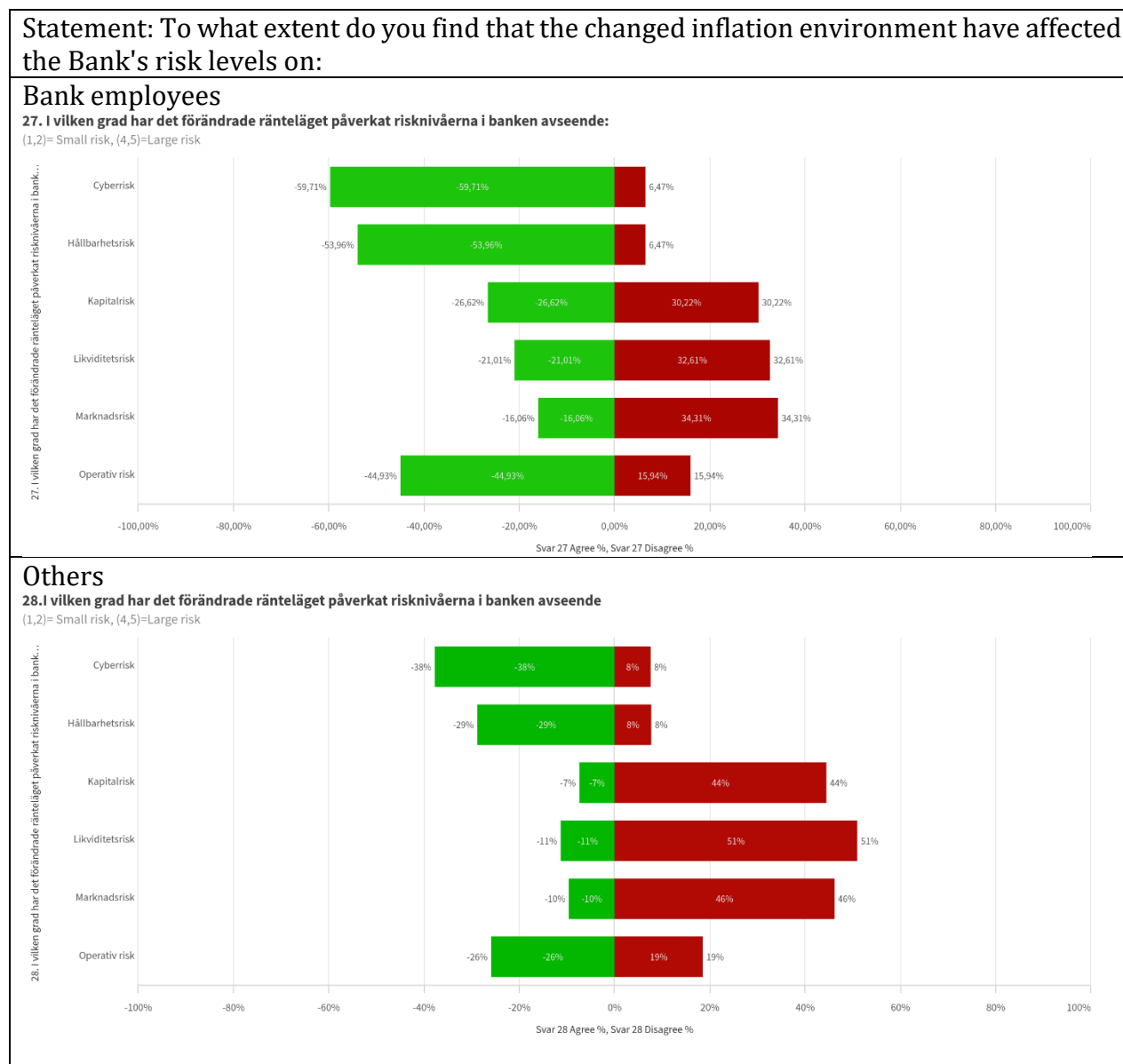
Appendix 3 – Comparison 2023 with 2018-2023 various graphics illustrating relatively consistent results up to 2023, providing readers with the opportunity for in-depth analysis of these figures. Conversely, our focus in this section is to highlight the 'what's new' aspects. This includes discernible trends, significant disparities between countries, or variations between bank employees and the 'Others' group.

3.1. The impact of inflation

In the initial survey conducted following the shift in inflation levels, we introduced a query regarding the altered risk levels associated with the new economic landscape.

As illustrated in Figure 2 both the Bank employees and Others indicate that liquidity, market and capital risks have seen the most significant increase.

Figure 1 – Effects on risk levels



3.2. Implications of the Ukraine war

In 2022 we introduced a question regarding changes in risk levels due to sanctions and other regulatory measures implemented in response to the war, which we kept intact in 2023.

Figure 2 illustrates that both bank employees and others identify an increase in cyber risk during the second year of the war. Bank employees, however, rate all other risks lower than in the first year. In contrast, for the group of others, all risks have increased during the second year.

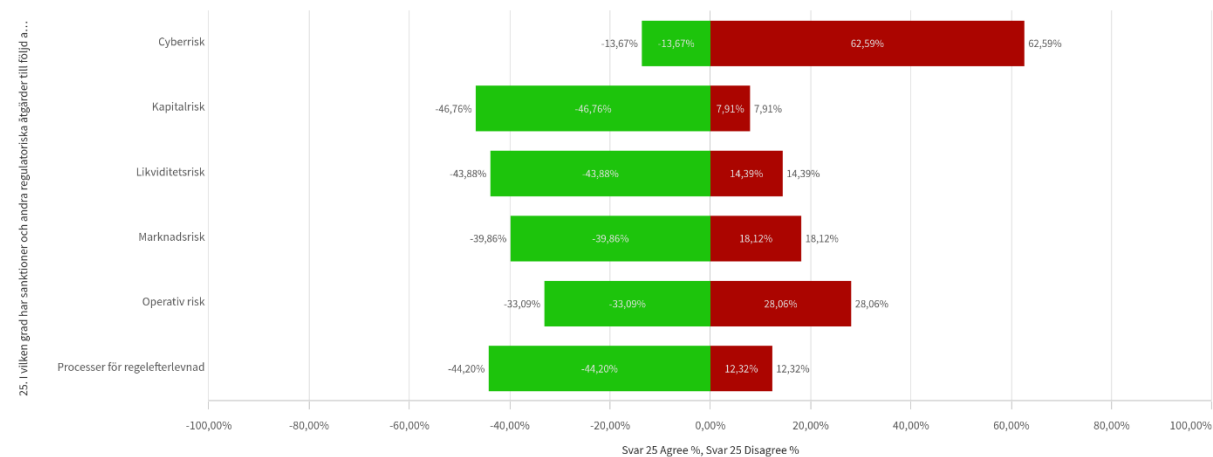
Figure 2 – Risk level effects on risk levels

Statement: To what extent do you find that the sanctions and other regulatory measures because of the war in Ukraine have affected the Bank's risk levels on:

Bank employees

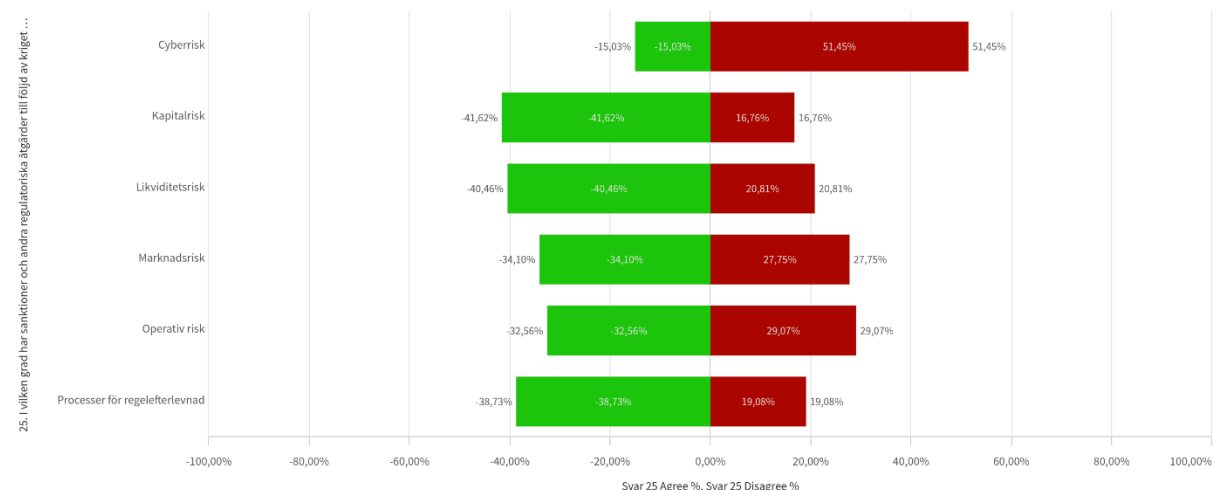
2023:

25. I vilken grad har sanktioner och andra regulatoriska åtgärder till följd av kriget i Ukraina påverkat risknivåerna i banken avseende:
 (1,2)= Small risk, (4,5)=Large risk



2022:

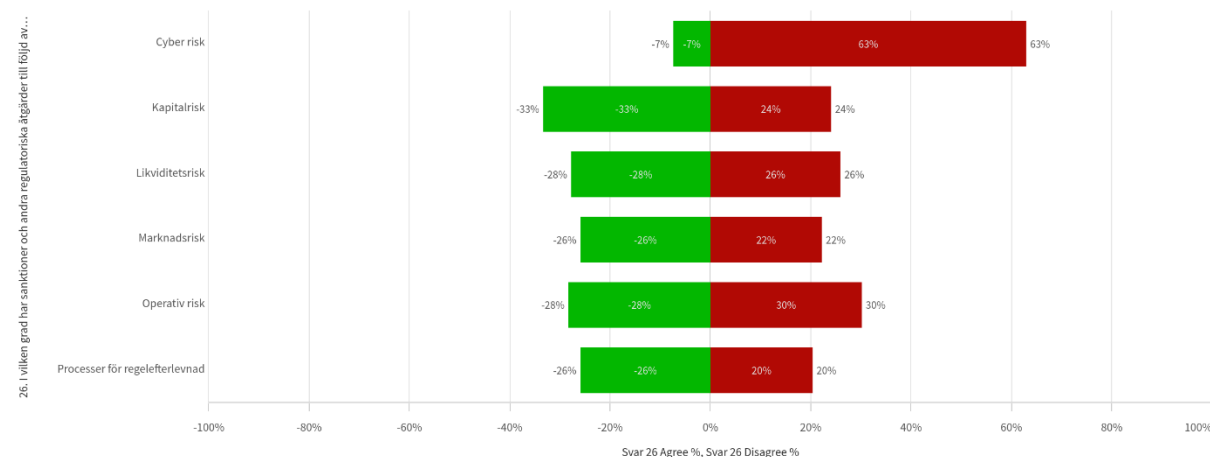
25. I vilken grad har sanktioner och andra regulatoriska åtgärder till följd av kriget i Ukraina påverkat risknivåerna i banken avseende:
 (1,2)= Small risk, (4,5)=Large risk



Others

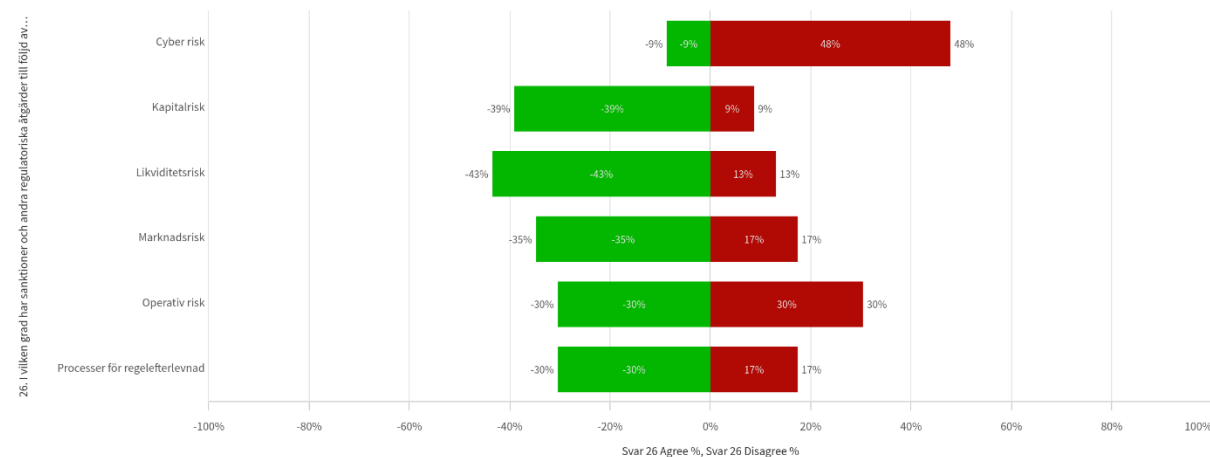
2023:

26. I vilken grad har sanktioner och andra regulatoriska åtgärder till följd av kriget i Ukraina påverkat risknivåerna i banken avseende: Här söker vi din uppfat...
(1,2)= Small risk, (4,5)=Large risk



2022:

26. I vilken grad har sanktioner och andra regulatoriska åtgärder till följd av kriget i Ukraina påverkat risknivåerna i banken avseende: Här söker vi din uppfat...
(1,2)= Small risk, (4,5)=Large risk



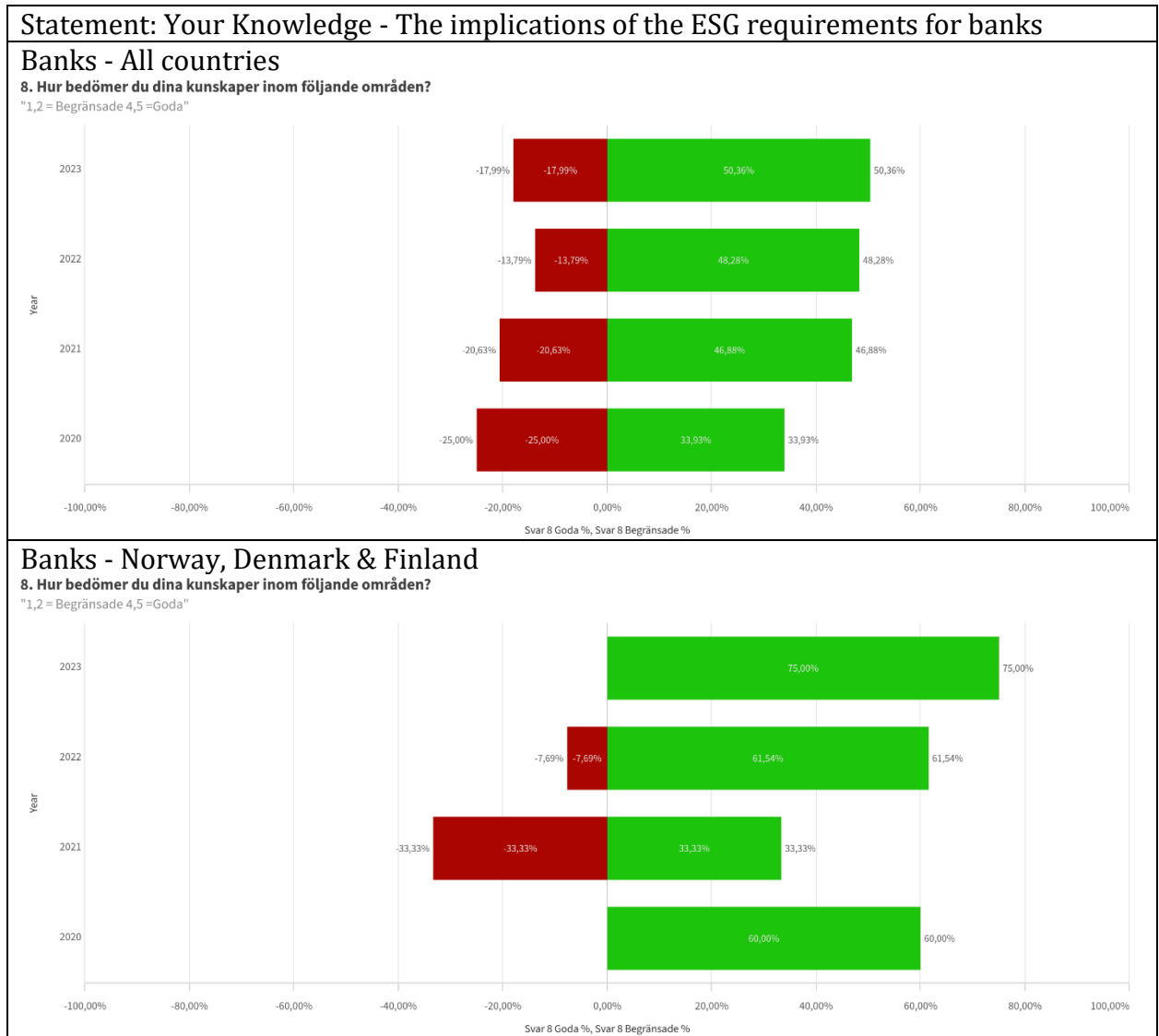
3.3. ESG risks

The responses indicate that banks continue to make progress in complying with ESG requirements, with improved results also in 2023. However, there is a setback in terms of how well these requirements have been integrated into the banks' processes. Notably, the 'Other' group remains more critical than bank employee respondents regarding the alignment of bank processes with ESG requirements. Interestingly, the two groups have converged somewhat in 2023, with bank employees rating their processes less favourably than in previous years.

This question was introduced in the 2020 survey to gain deeper insights into how respondents perceive ESG (Environmental, Social & Governance) risks. Given the significant role that the financial industry, including banks, plays in the transition towards more sustainable societies from both regulatory and political standpoints, these questions have taken centre stage. They were included to provide a better understanding of how banks are positioning themselves in this context.

The 2023 results indicate a consistent trend in terms of knowledge. Respondents from other countries continue to rate their knowledge higher than those in Sweden.

Figure 3 - Knowledge on implications of the ESG requirements for banks



In terms of the adoption of processes to meet ESG requirements, the trend in responses has been more negative compared to previous years. This applies to both bank employees and others.

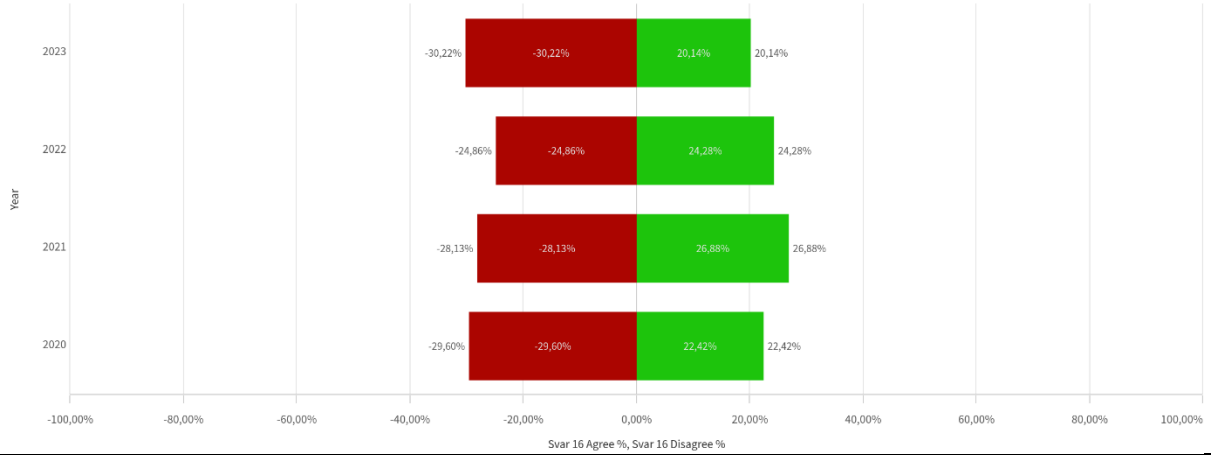
Figure 4 – Well-adapted processes to ESG requirements

Statement: The bank's processes are well-adapted to the ESG (Environmental, Social, Governance) requirements.

Banks - All countries

16. I vilken grad instämmer du i följande påståenden?

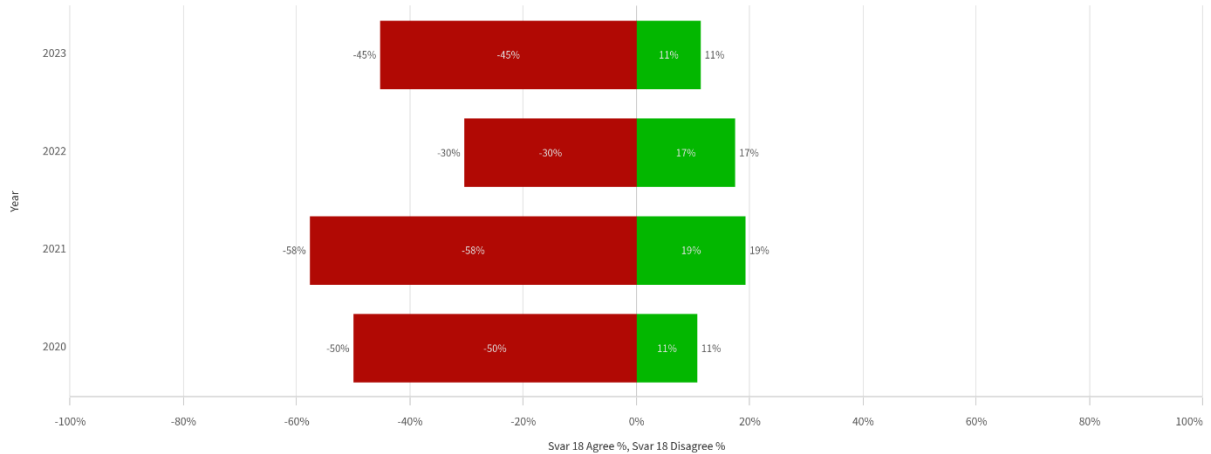
(1,2)= Disagree, (4,5)=Agree



Others (non-bank employees)

18. I vilken grad instämmer du i följande påståenden?

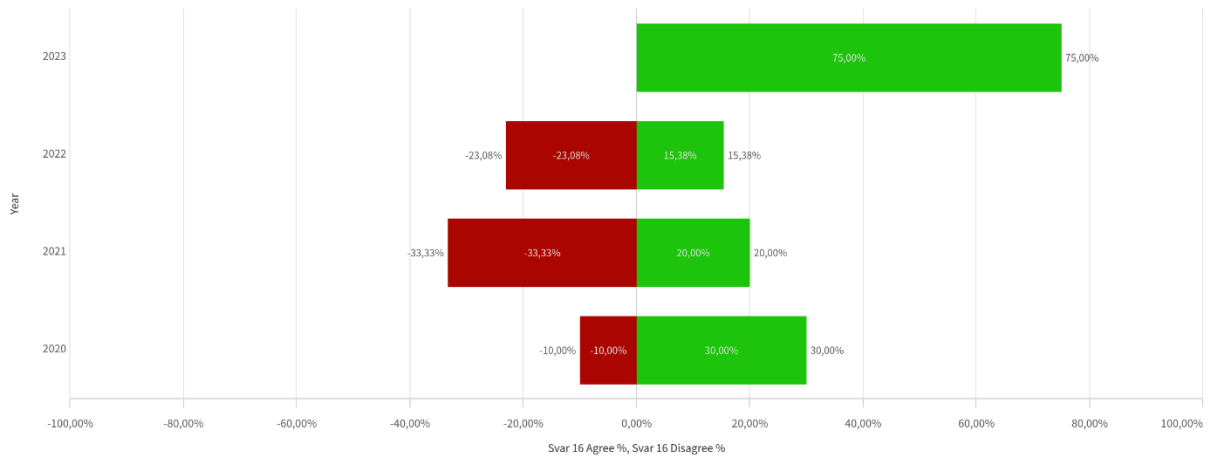
(1,2)= Disagree, (4,5)=Agree



Banks - Norway, Denmark & Finland

16. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



3.4. Communication with the national Financial Supervisory Authority (FSA)

Over an eight-year period, we observe some improvements in how regulations are perceived. However, the significant improvement seen in 2022 has regressed in 2023. The responses still reflect a general critique of the regulatory framework, but this criticism is primarily voiced by smaller banks. This marks a shift from a positive trend to a negative one from a regulator's perspective.

Throughout the years of the survey, approximately 40% of bank employees have consistently reported that the regulations are unclear, and over 50% have noted that regulators do not provide sufficiently clear instructions. Except for the responses in 2022, these percentages have remained relatively stable.

The improvement regarding the clarity of regulations observed in 2022 has regressed in 2023, returning almost to the same level as in 2021, as illustrated in Figure 5 and

Figure 6 below. In 2022, it was primarily the responses from large and mid-sized banks that deviated from previous years, and this trend continues into the current year. Small banks, while showing a slight improvement in 2022, remain critical of the lack of regulatory clarity.

Furthermore, in response to the question about the adequacy of regulatory clarity and instructions from regulators, employees in mid-sized and large banks displayed significantly more positivity in 2022 compared to previous years (see

Figure 6 and Figure 7).

In terms of proportionality (as shown in Figure 8 below), bank employees in both small and large banks expressed greater disagreement in 2023 than in 2016. However, employees in mid-sized banks showed a higher level of agreement compared to 2016.

The questions regarding FSA communications, as depicted in Figure 9 below, were introduced in the 2019 survey to gain insights into respondents' perceptions of communication with/from the FSA. Over the past four years, there has been no significant improvement in the results, unlike the notable shift observed between 2019 and 2020. The trend remains relatively neutral, with responses falling neither strongly positive nor negative.

Figure 5 - The rules are clear

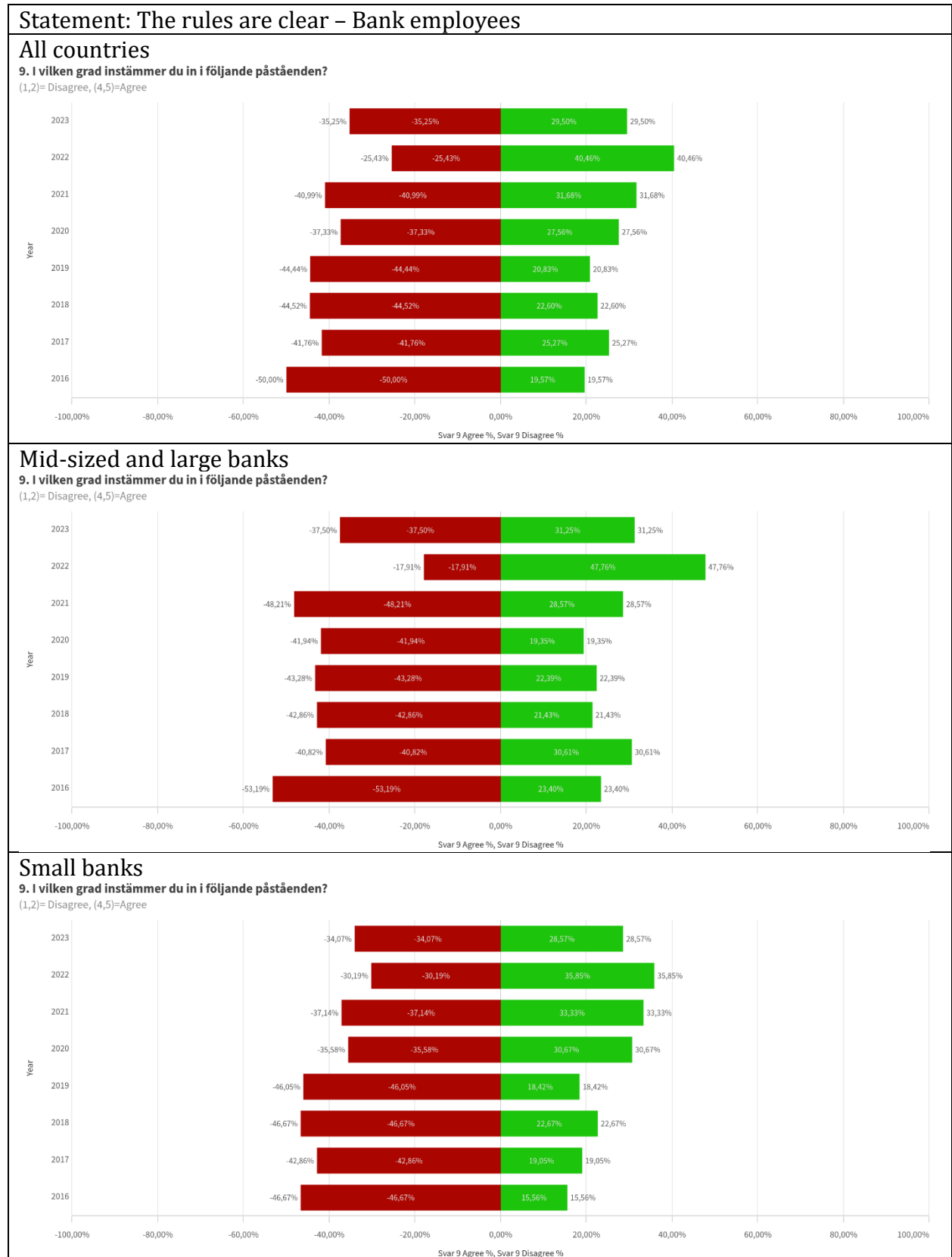


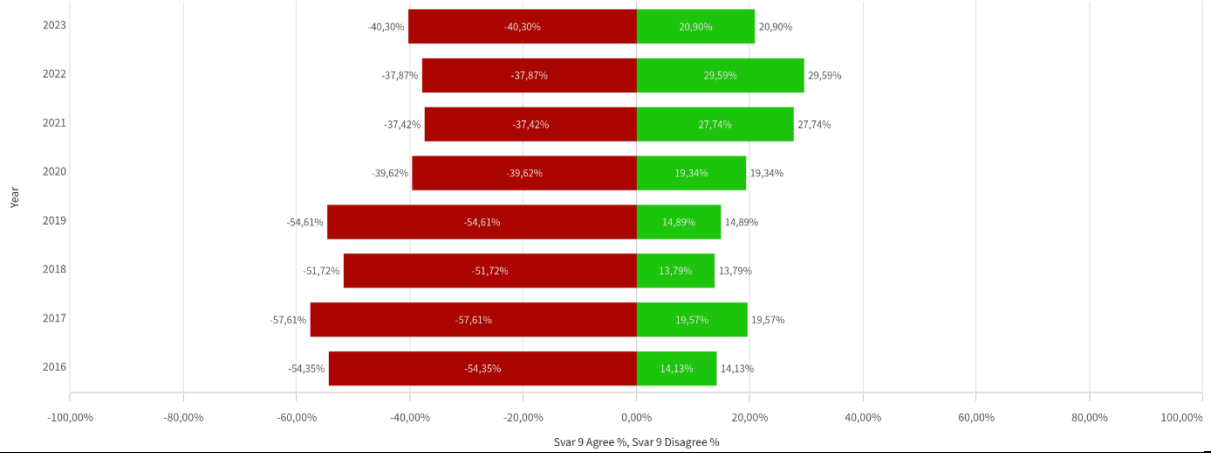
Figure 6 - Regulators are sufficiently clear...

Statement: Regulators are sufficiently clear in their regulations and instructions – Bank employees

All countries

9. I vilken grad instämmer du in i följande påståenden?

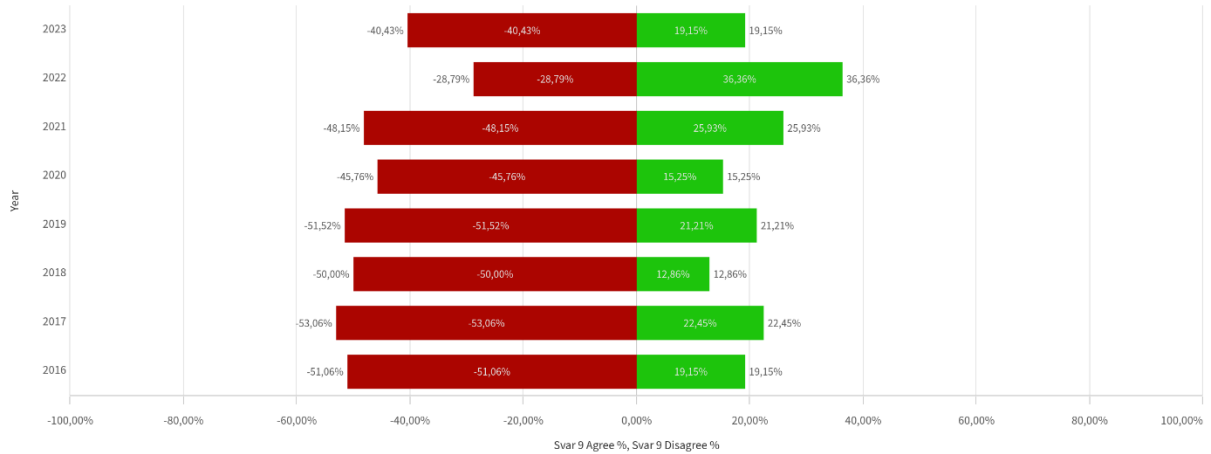
(1,2)= Disagree, (4,5)=Agree



Mid-sized and large banks

9. I vilken grad instämmer du in i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



Small banks

9. I vilken grad instämmer du in i följande påståenden?

(1,2)= Disagree, (4,5)=Agree

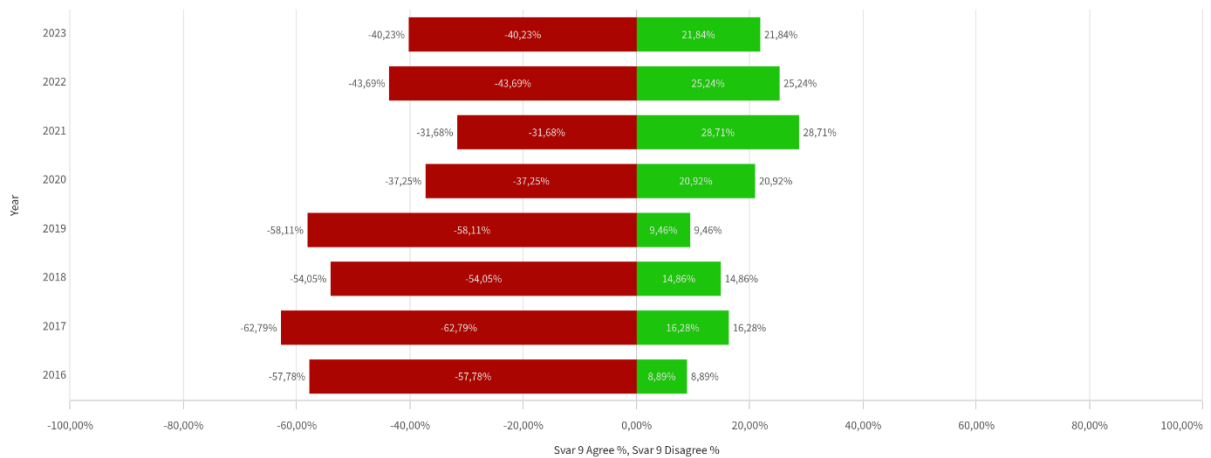


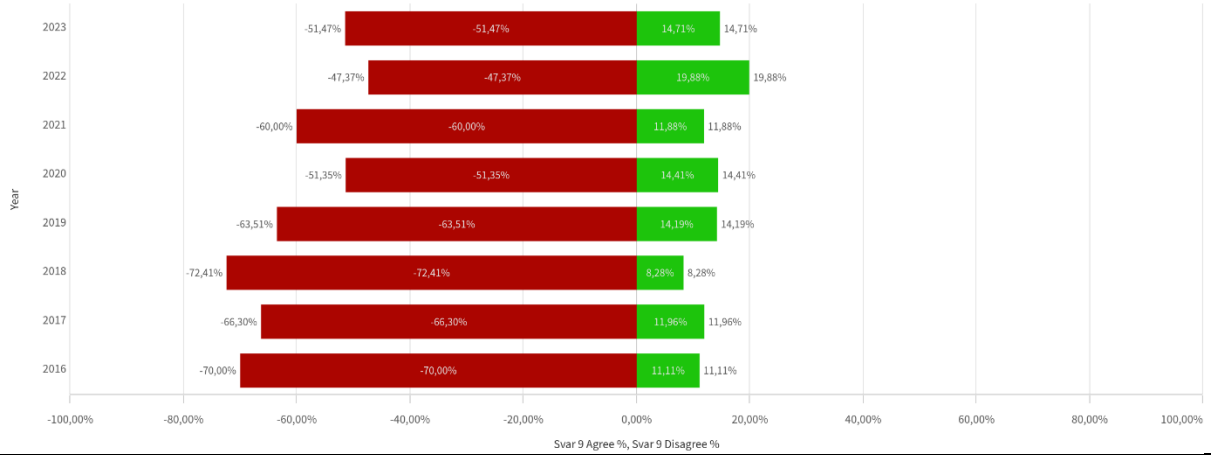
Figure 7 – There is no uncertainty...

Statement: There is no uncertainty about how the regulators will follow up the application of the regulations and instructions – Bank employees

All countries

9. I vilken grad instämmer du in i följande påståenden?

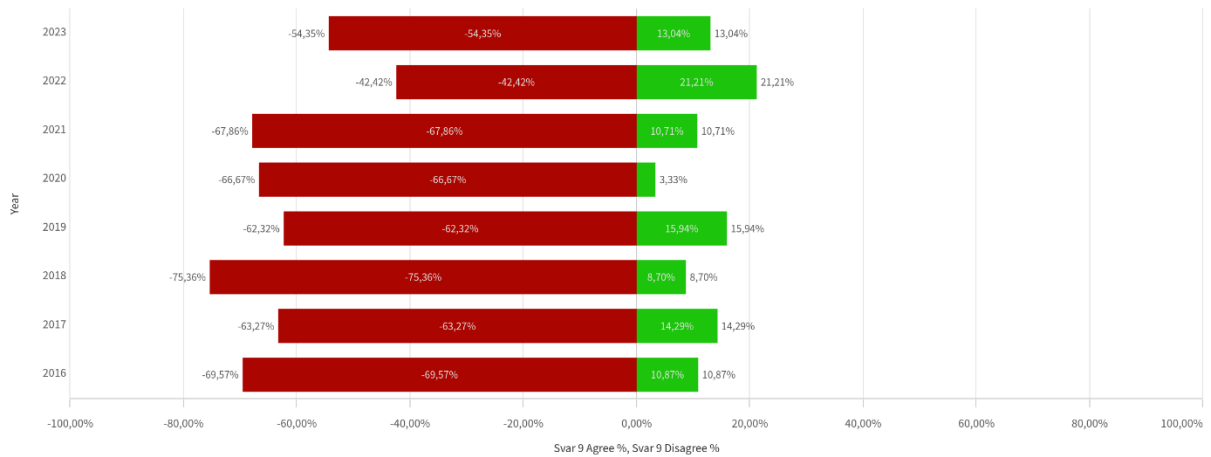
(1,2)= Disagree, (4,5)=Agree



Mid-size and large banks

9. I vilken grad instämmer du in i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



Small banks

9. I vilken grad instämmer du in i följande påståenden?

(1,2)= Disagree, (4,5)=Agree

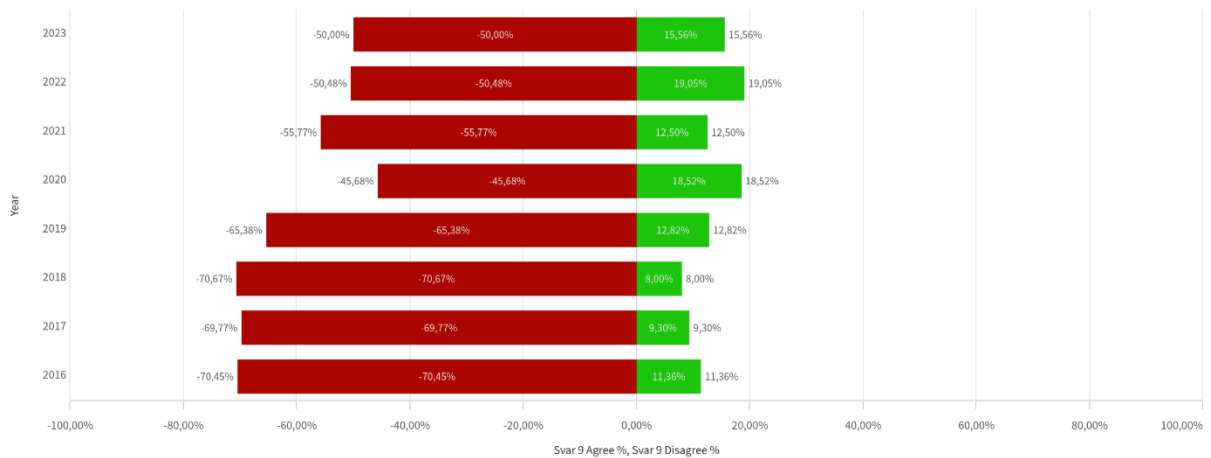


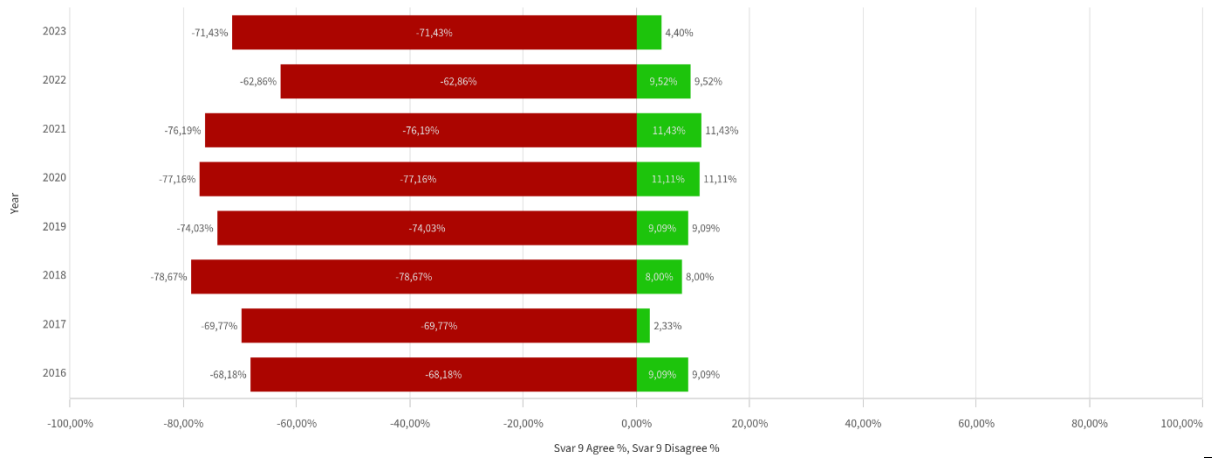
Figure 8 - Proportionality

Statement: There is sufficient proportionality in the rules between large and small banks – Bank employees

Small banks

9. I vilken grad instämmer du in i följande påståenden?

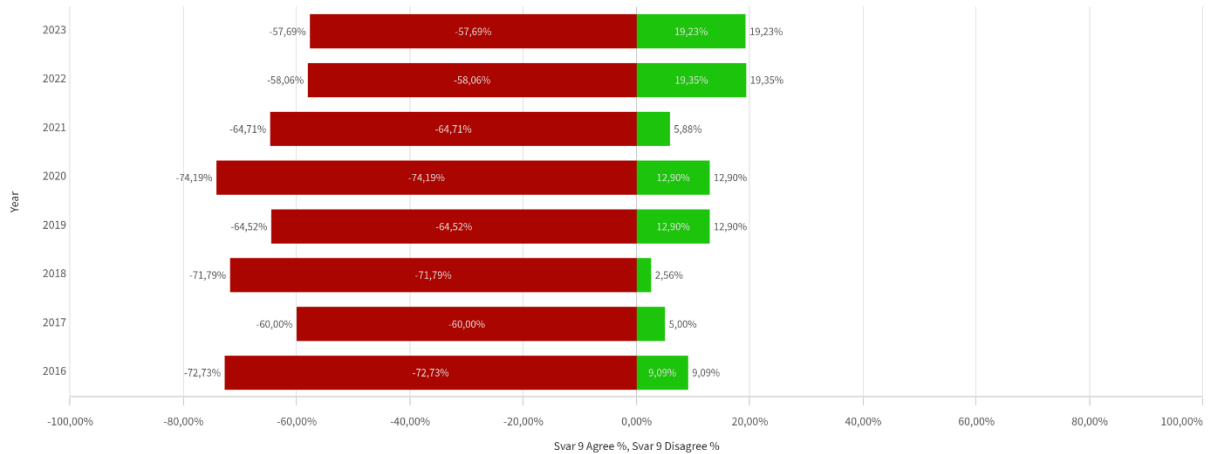
(1,2)= Disagree, (4,5)=Agree



Mid-sized banks

9. I vilken grad instämmer du in i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



Large banks

9. I vilken grad instämmer du in i följande påståenden?

(1,2)= Disagree, (4,5)=Agree

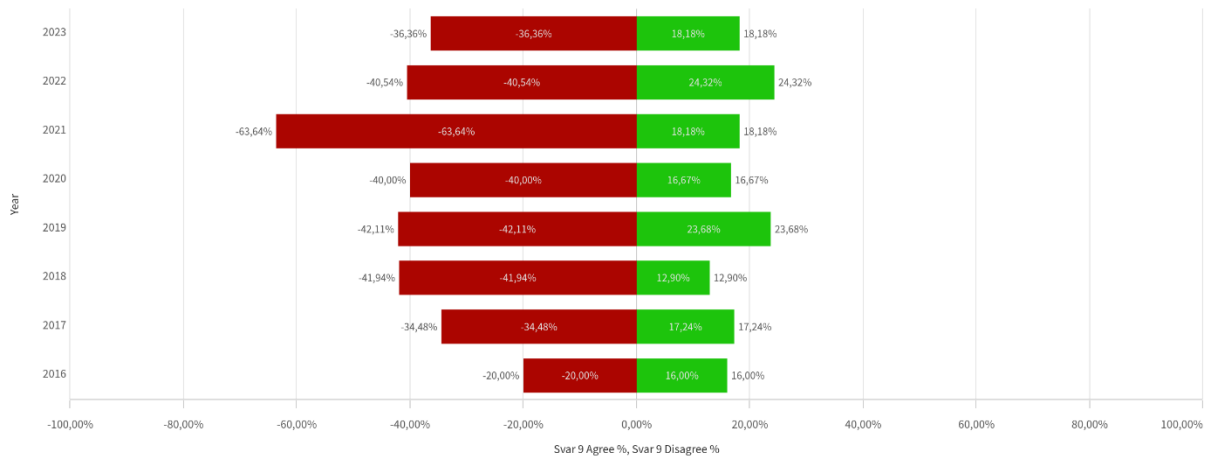


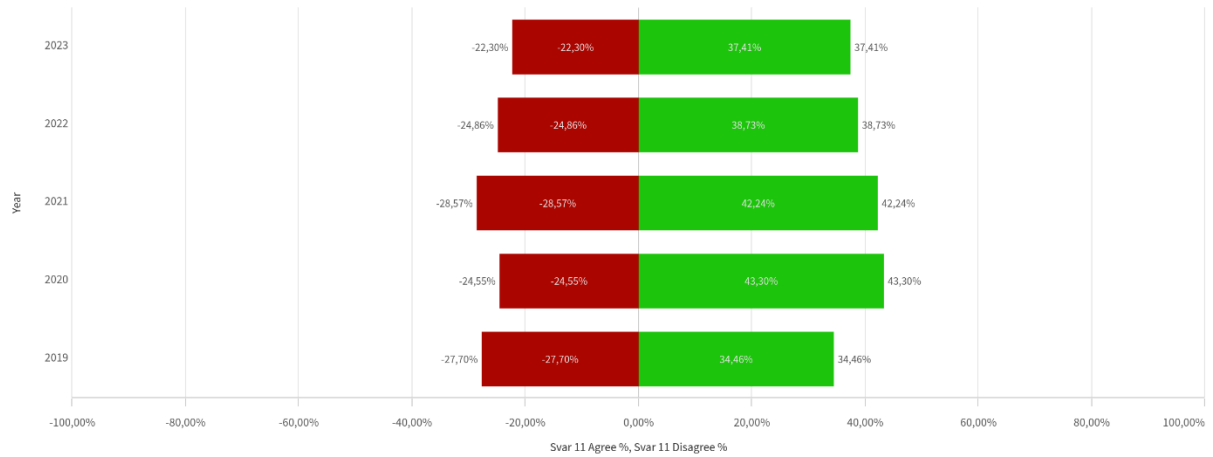
Figure 9 - Guidelines from the FSA

Statement: The regulatory guidelines from the FSA facilitate the compliance process

Banks – All countries

11. Kommunikation från/med nationell tillsynsmyndighet (Finansinspektionen)

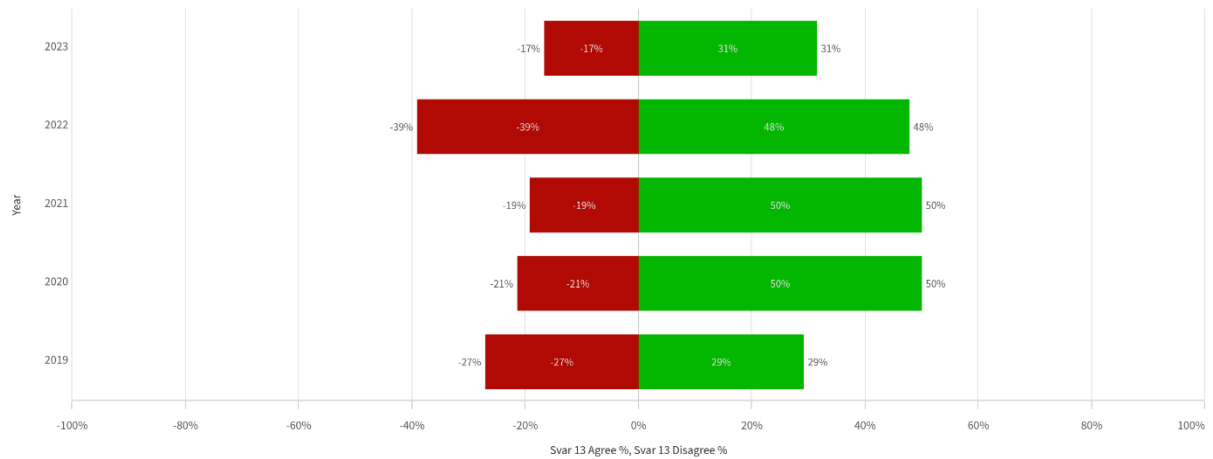
(1,2)= Disagree, (4,5)=Agree



Others – All countries

13. Kommunikation från/med nationell tillsynsmyndighet (Finansinspektionen)

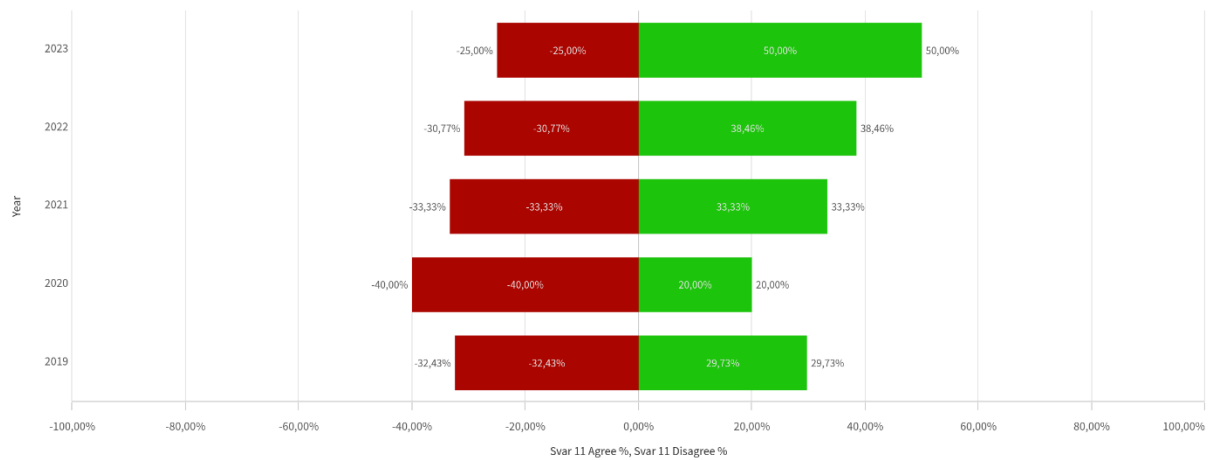
(1,2)= Disagree, (4,5)=Agree



Banks – Norway, Denmark & Finland

11. Kommunikation från/med nationell tillsynsmyndighet (Finansinspektionen)

(1,2)= Disagree, (4,5)=Agree

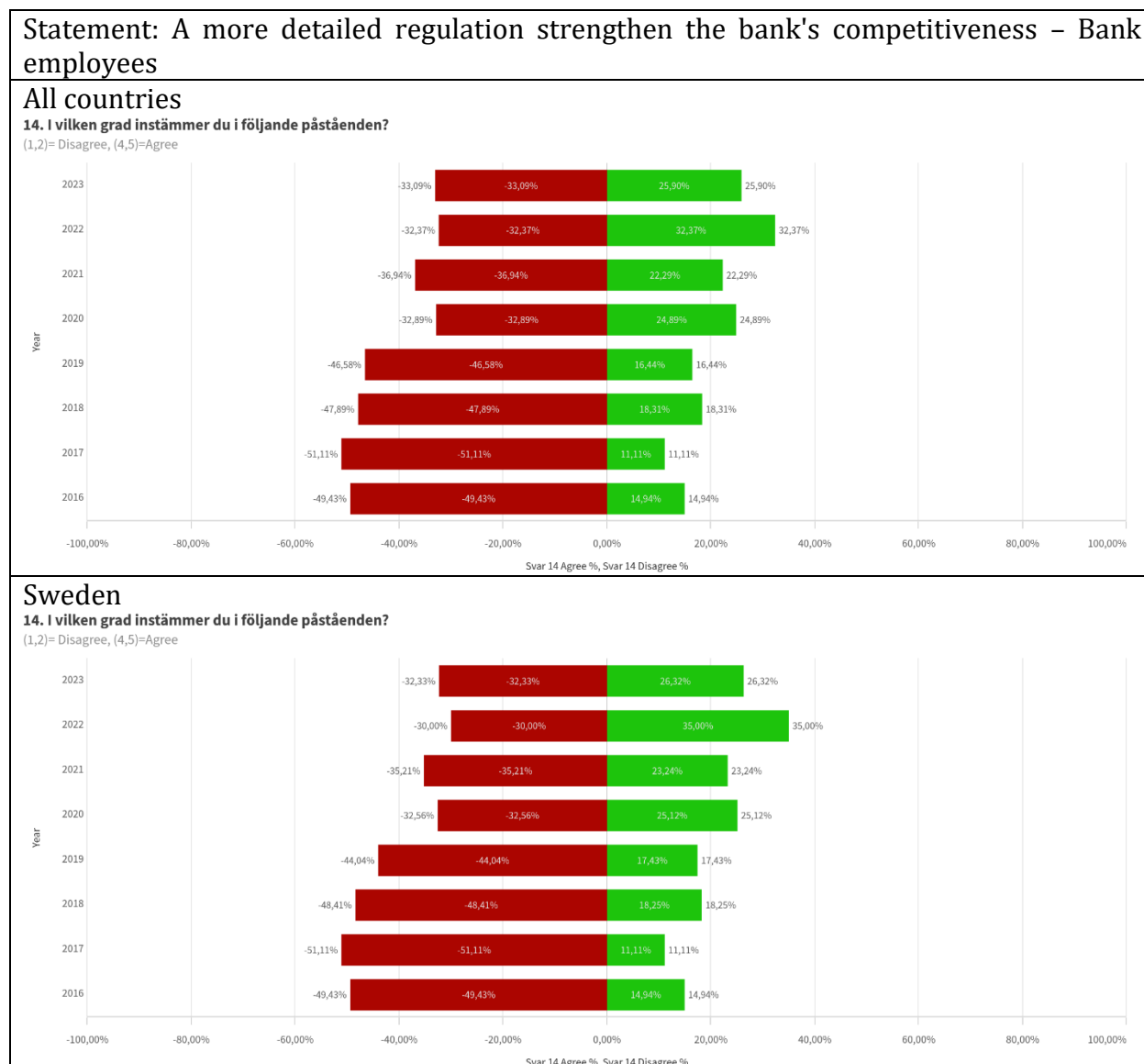


3.5. Effects on banks – products and processes

The trend observed in the previous year, where respondents were gradually adapting to the regulation and indicating fewer issues related to it, continues. However, there has been a setback from the significant improvement seen in 2022.

Among the figures below, the one regarding 'A more detailed regulation strengthens the bank's competitiveness' stands out due to a significant change back to previous levels.

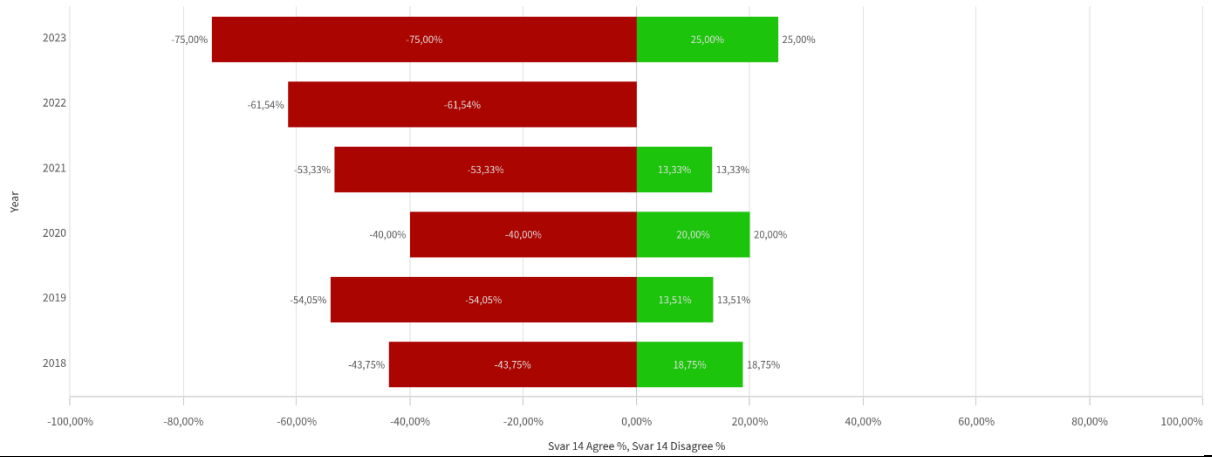
Figure 10 – Detailed regulation – strengthen competitiveness



Norway, Denmark & Finland

14. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



4. Conclusions

The conclusions remain consistent year by year: 'the effects of increased regulation on Nordic banks are still extensive.' No direct improvements have been made this year; instead, there is more of a setback from the small improvements observed in 2022.

The changed inflation levels have affected the risk levels for liquidity, market, and capital risks. This is a new question, and it will be interesting to follow the development in the coming years.

The Ukraine war, unsurprisingly, has affected Cyber risk levels in banks, with the risk level increasing in 2023. However, other areas of risk management have seen only minor adjustments due to the war, except for Anti-Money Laundering (AML) risk, where frequent changes in sanction lists have posed compliance challenges.

Regarding ESG (Environment, Social, Governance) risk requirements, bank respondents express greater knowledge but report less well-adjusted processes. The group of 'others' confirms these results, as they all provide more similar responses this year.

With this being the eighth year of comparable questions in the survey, some long-term trends can be discerned. One of the main concerns in these surveys has been that respondents find the regulation to be:

- Unclear.
- Difficult to understand.
- Involving significant uncertainty regarding how the Financial Supervisory Authority (FSA) will follow up on the regulation and instructions.
- Lacking sufficient proportionality between small and large banks.

Surprisingly, last year's changed answers among respondents from large and mid-sized banks have reverted to the same trend levels as previous years. Therefore, it is possible to maintain the same negative and critical view of the regulators' work. Why there has been no major improvement after all these years remains a question.

My summary of the analysis of this year's survey, in comparison with all the years performed, remains unchanged. Adoption within the banks is occurring, but it is a very slow process. Respondents have adapted to the operational aspects of the 'new' regulatory environment, but there are still many question marks regarding the FSA and how the regulation is to be followed up.

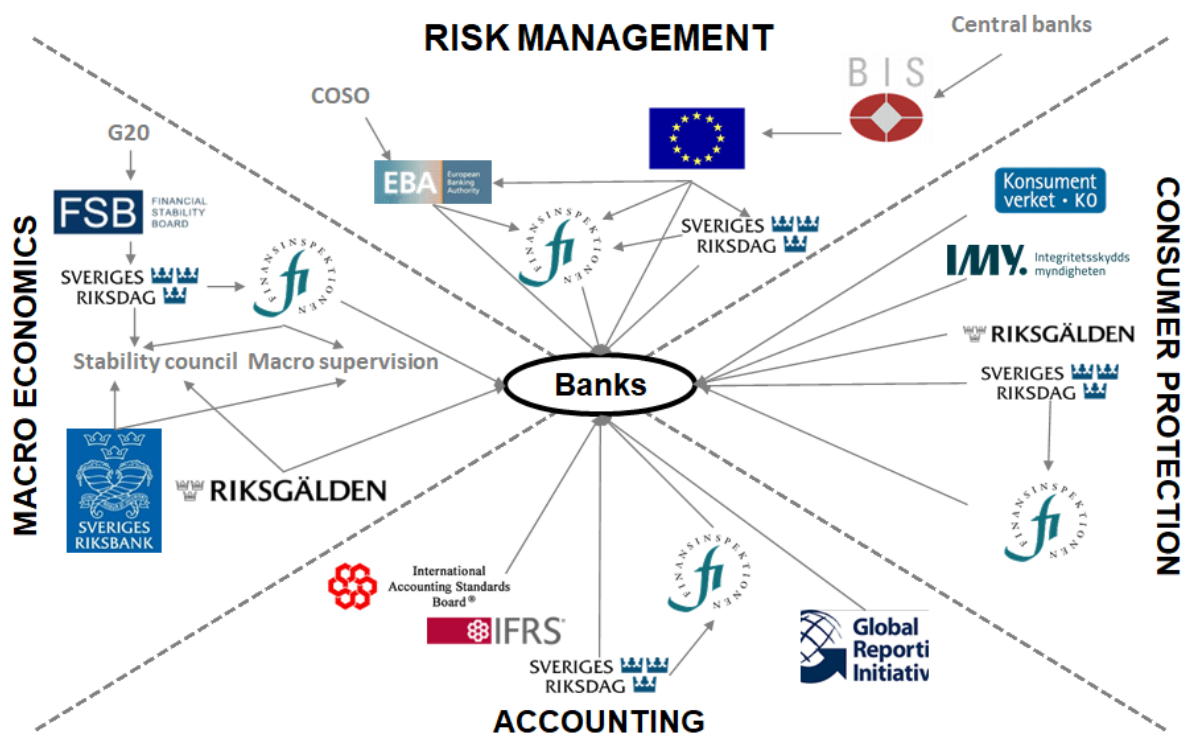
The title of the thesis and the reports, 'the adaptable survives,' is, by this conclusion, as relevant now for Nordic banks as it was in 2015.

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 11 – Swedish regulators.

Figure 11 – 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)

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)

Provides framework and guidelines around ERM (Enterprise Risk Management), internal control and fraud.

EU (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).

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 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

Integritetsskyddsmyndigheten (imy.se)

The Swedish Authority for Privacy Protection 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

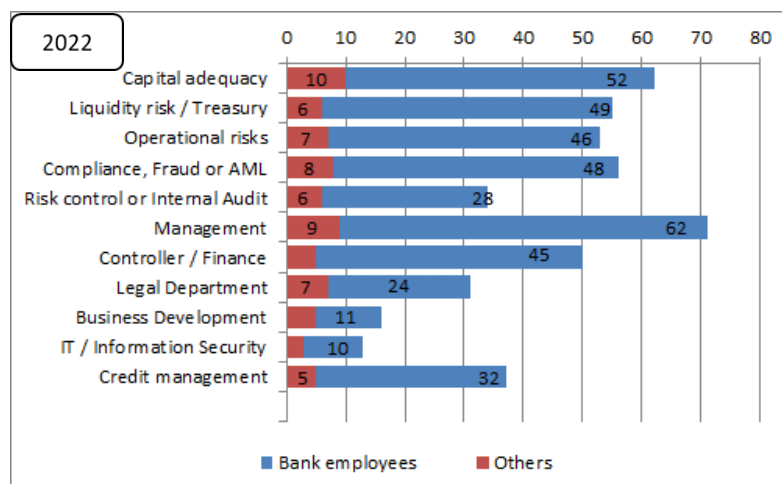
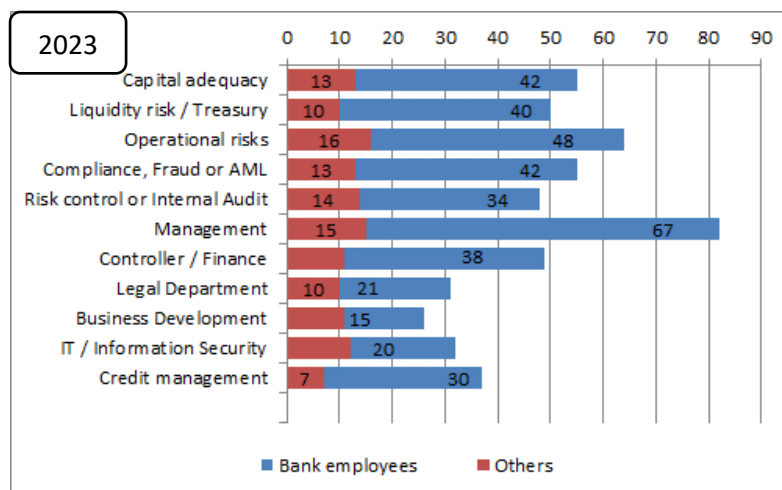
Most of the respondents, 72 percent, is found in banks, see Table 2 - Size of bank and category of respondent. The number in category Others have increased this year. The distribution has an overweight from smaller banks, with large banks being defined as more than SEK 500 billion in total assets, mid-sized 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	
Employees in banks	139	72%	22	16%	26	19%	91	65%	0	0%
Others	54	28%							54	100%
Total	193	100%	22	11%	26	13%	91	47%	54	28%
Survey 2022	197		37	19%	31	16%	106	54%	23	12%
Survey 2021	187		22	12%	34	18%	105	56%	26	14%
Survey 2020	254		31	12%	31	12%	163	64%	29	11%
Survey 2019	196		38	19%	31	16%	78	40%	49	25%
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 12 - Area of activity.

Figure 12 - 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 a quarter 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

Time in the industry	More than 20 years		15 to 20 years		10 to 15 years		5 to 10 years		2 to 5 years		< 2 years	
Employees in banks	139	72 52%	21 15%	20 14%	10 7%	10 7%	4 7%	6 4%				
Others	54	32 59%	7 13%	5 9%	6 11%	4 7%	0 0%					
Total	193	104 54%	28 15%	25 13%	16 8%	14 7%	6 3%					
<i>Survey 2022</i>	197	104 53%	25 13%	33 17%	20 10%	13 7%	2 1%					
<i>Survey 2021</i>	187	101 54%	26 14%	24 13%	25 13%	7 4%	4 2%					
<i>Survey 2020</i>	254	127 50%	46 18%	34 13%	23 9%	16 6%	8 3%					
<i>Survey 2019</i>	196	78 40%	46 23%	40 20%	26 13%	5 3%	1 1%					
<i>Survey 2018</i>	190	74 39%	37 19%	43 23%	29 15%	3 2%	4 2%					
<i>Survey 2017</i>	122	46 38%	28 23%	24 20%	19 16%	4 3%	1 1%					
<i>Survey 2016</i>	125	47 38%	28 22%	22 18%	20 16%	7 6%	1 1%					
<i>Survey 2015</i>	89	n/a	n/a	66 74%	17 19%	5 6%	1 1%					

Time at regulator	More than 20 years		15 to 20 years		10 to 15 years		5 to 10 years		2 to 5 years		< 2 years		No time	
Employees in banks	139	12 9%	3 2%	10 7%	5 4%	8 6%	14 10%	87 63%						
Others	54	9 17%	1 2%	1 2%	6 11%	3 6%	4 7%	30 56%						
Total	193	21 11%	4 2%	11 6%	11 6%	11 6%	18 9%	117 61%						
<i>Survey 2022</i>	197	24 12%	4 2%	29 15%	24 12%	14 7%	12 6%	90 46%						
<i>Survey 2021</i>	187	17 9%	9 5%	15 8%	16 9%	13 7%	20 11%	97 52%						
<i>Survey 2020</i>	254	35 14%	9 4%	32 13%	17 7%	17 7%	25 10%	119 47%						
<i>Survey 2019</i>	196	11 6%	11 6%	22 11%	30 15%	17 9%	18 9%	87 44%						
<i>Survey 2018</i>	190	16 8%	11 6%	18 9%	19 10%	14 7%	20 11%	92 48%						

Personnel responsibility	Yes		Yes, before		No	
Employees in banks	139	74 53%	25 18%	40 29%		
Others	54	16 30%	19 35%	19 35%		
Total	193	90 47%	44 23%	59 31%		
<i>Survey 2022</i>	197	108 55%	28 14%	61 31%		
<i>Survey 2021</i>	187	88 47%	39 21%	60 32%		
<i>Survey 2020</i>	254	127 50%	48 19%	79 31%		
<i>Survey 2019</i>	196	105 54%	33 17%	58 30%		
<i>Survey 2018</i>	190	99 52%	36 19%	55 29%		
<i>Survey 2017</i>	121	61 50%	60 50%			
<i>Survey 2016</i>	124	61 49%	63 51%			
<i>Survey 2015</i>	86	38 44%	48 56%			

Committee member	Yes		Yes, before		No	
Employees in banks	139	26 19%	7 5%	106 76%		
<i>Survey 2022</i>	174	46 26%	11 6%	117 67%		
<i>Survey 2021</i>	161	31 19%	10 6%	120 75%		
<i>Survey 2020</i>	225	44 20%	17 8%	164 73%		
<i>Survey 2019</i>	148	50 34%	18 12%	80 54%		
<i>Survey 2018</i>	146	50 34%	12 8%	84 58%		
<i>Survey 2017</i>	93	42 45%	51 55%			
<i>Survey 2016</i>	98	46 47%	52 53%			

The regulatory knowledge is generally assessed out of position and area of responsibility, both generally and in three specific areas: Governance, Risk and Control³, Operational Risks, Information Security, and IT⁴, and Capital Coverage and Liquidity (CRR⁵). 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				2022	2021	2020	2019		
Regulation in general	1	1%	8	4%	43	23%	91	48%	48	25%	35%	27%	29%	34%
Governance, Risk, control	1	1%	16	9%	38	20%	69	37%	64	34%	33%	34%	32%	35%
Operational risk, IT ...	3	2%	27	14%	55	29%	84	44%	22	12%	13%	14%	14%	12%
Capital adequacy	16	8%	30	16%	45	24%	68	36%	32	17%	22%	20%	20%	25%
Liquidity	18	9%	35	18%	46	24%	65	34%	28	15%	22%	19%	18%	17%

³ Sweden: Finansinspektionens föreskrift FFFS 2014:1

⁴ Sweden: Finansinspektionens föreskrifter FFFS 2014:4 och 2014:5

⁵ 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 2023 with 2018-2022

Here are the figures from the 2018-2022 report that led to the conclusions in the report compared with the same figures for 2023. The results are the same between the years and I have chosen not to comment all of them. Remember that the number of respondents in Norway, Denmark and Finland is limited and vary between the years.

Competition on the banking market

Figure 13 - Other actors increased regulation

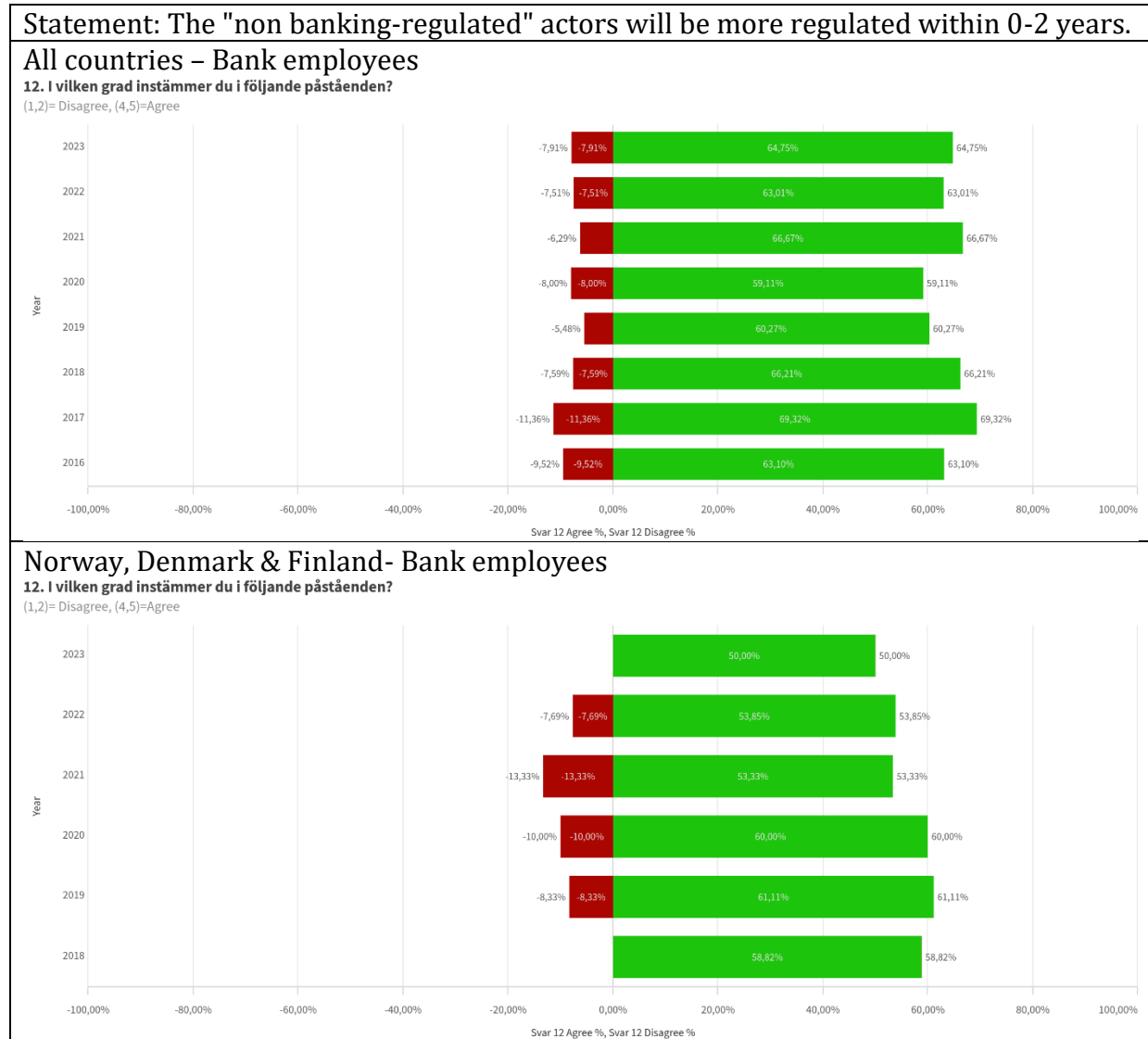


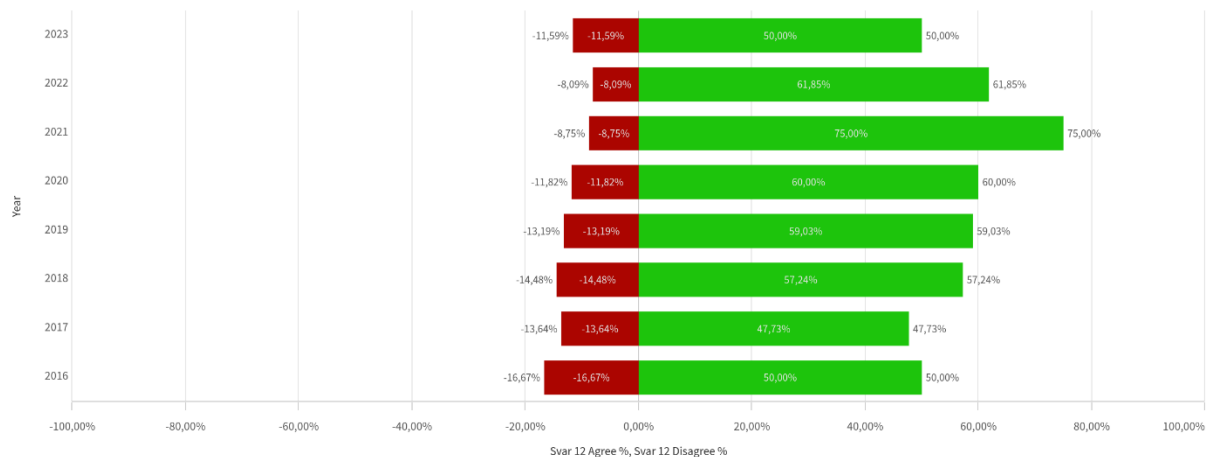
Figure 14 - Difficulty to distinguish products.

Statement: Competition makes it more difficult for banks to distinguish their products from other actors' offers.

All banks

12. I vilken grad instämmer du i följande påståenden?

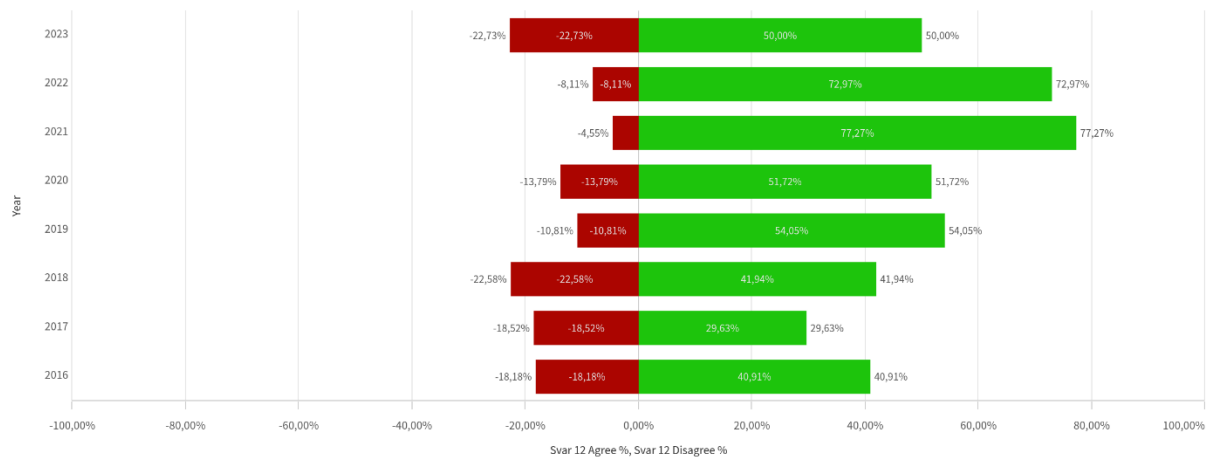
(1,2)= Disagree, (4,5)=Agree



Large banks

12. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



Mid-sized banks

12. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree

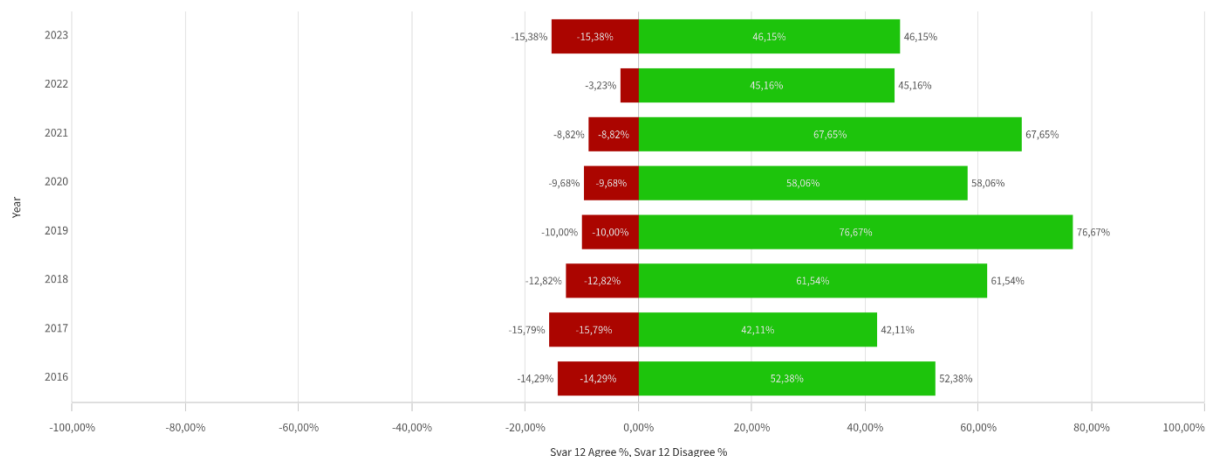


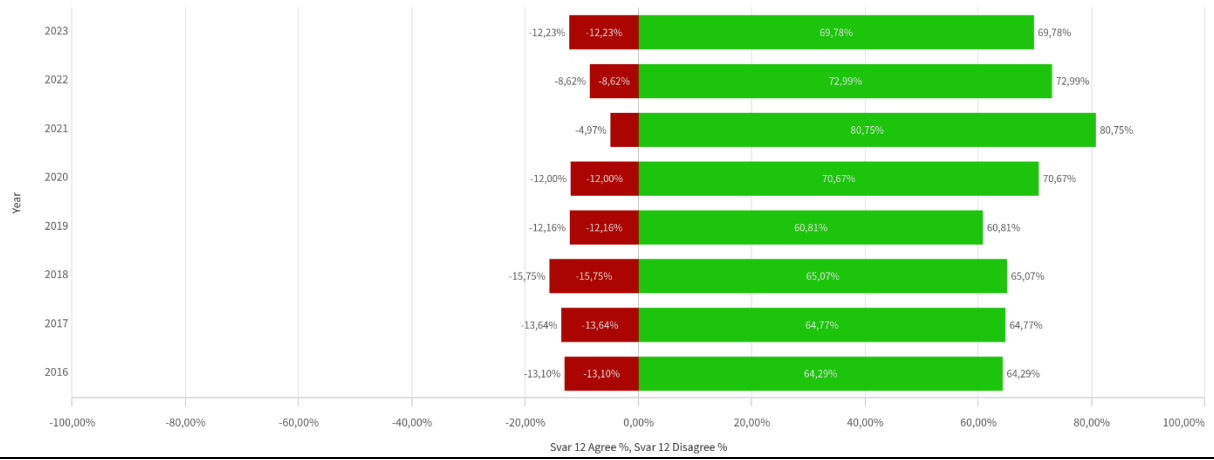
Figure 15 - Other actors, development capacity

Statement: Other actors can easier develop specific customized solutions than the banks.

Bank employees

12. I vilken grad instämmer du i följande påståenden?

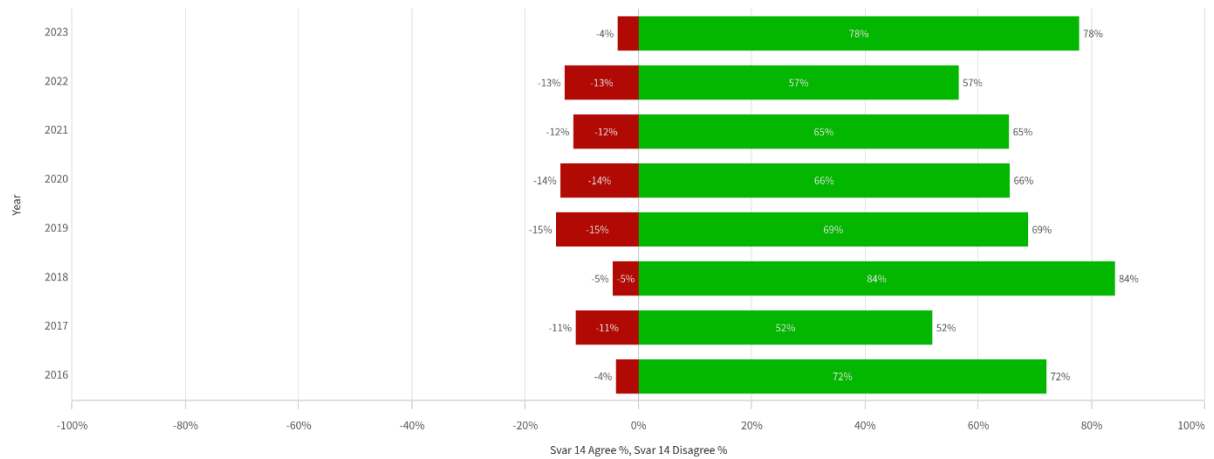
(1,2)= Disagree, (4,5)=Agree



Others

14. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



Effects on banks – product and process

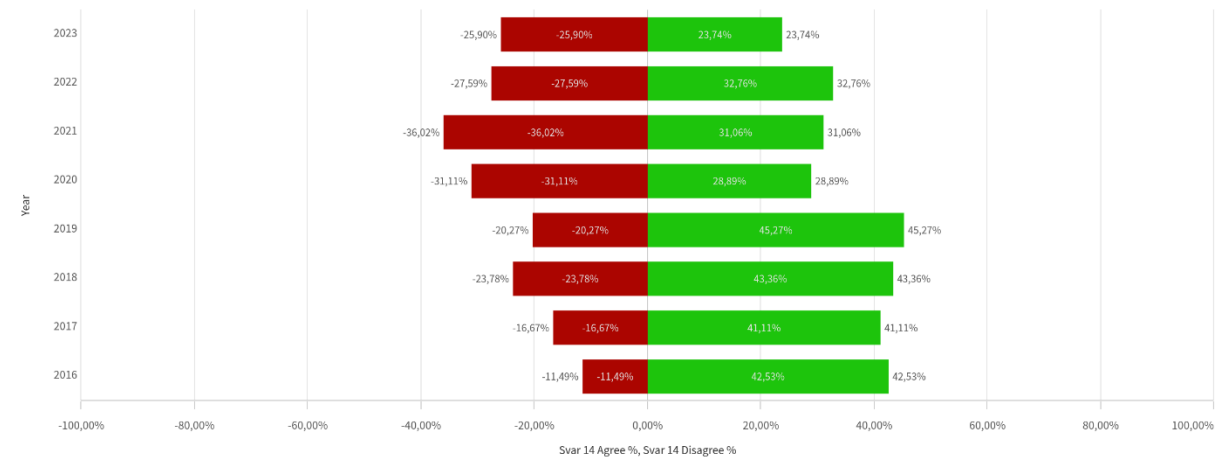
Figure 16 – Restrictions on product offer

Statement: Changes in capital adequacy rules cause restrictions on the products that the bank offer – Bank employees

All countries

14. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



Norway, Denmark & Finland

14. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree

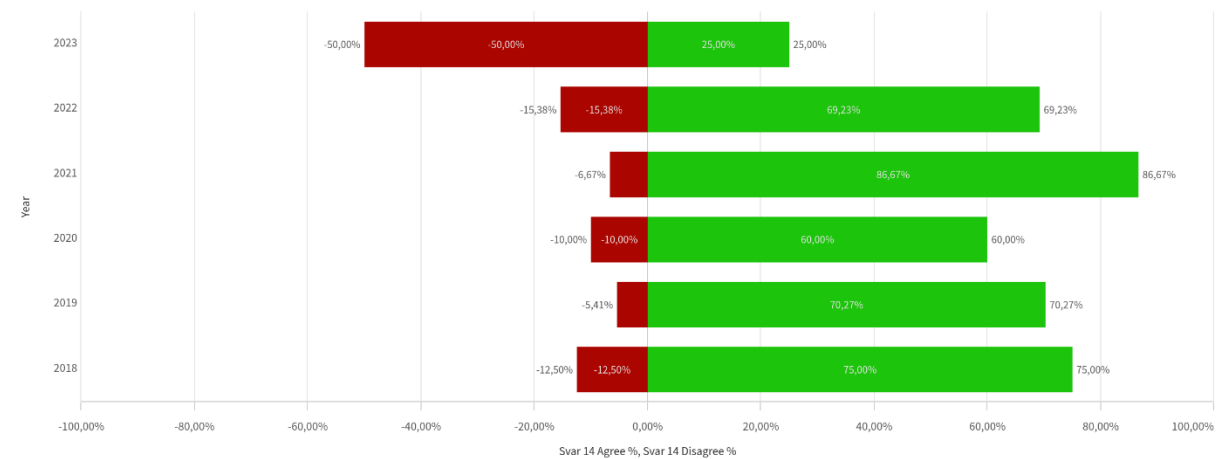


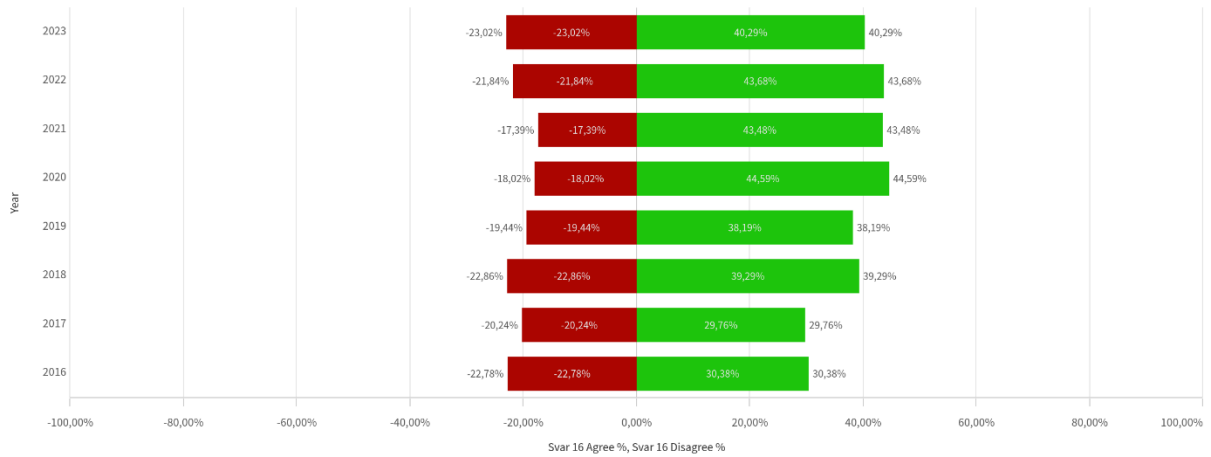
Figure 17 – Organization well aligned

Statement: The bank's organizations is well aligned with the processes

All countries

16. I vilken grad instämmer du i följande påståenden?

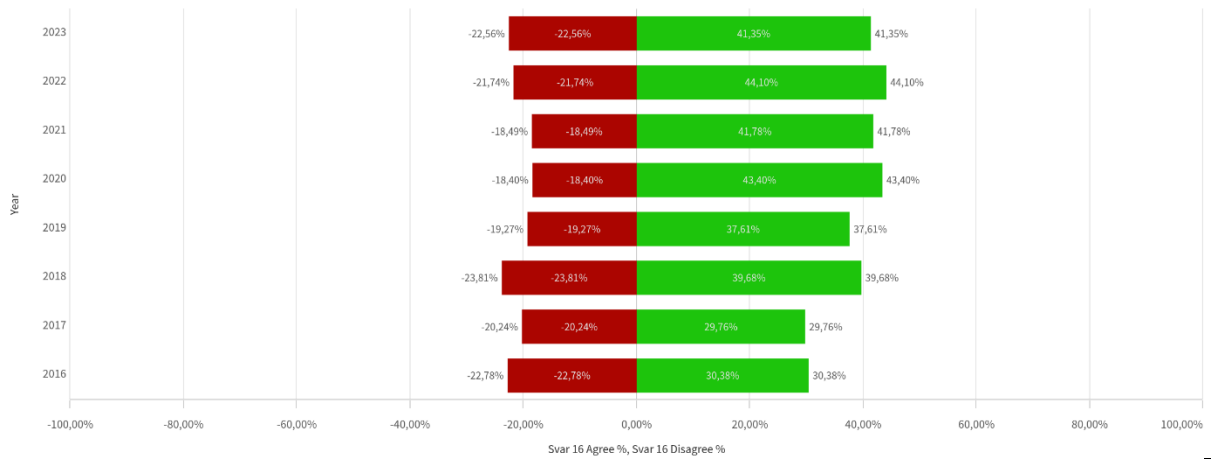
(1,2)= Disagree, (4,5)=Agree



Sweden

16. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



Norway, Denmark & Finland

16. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree

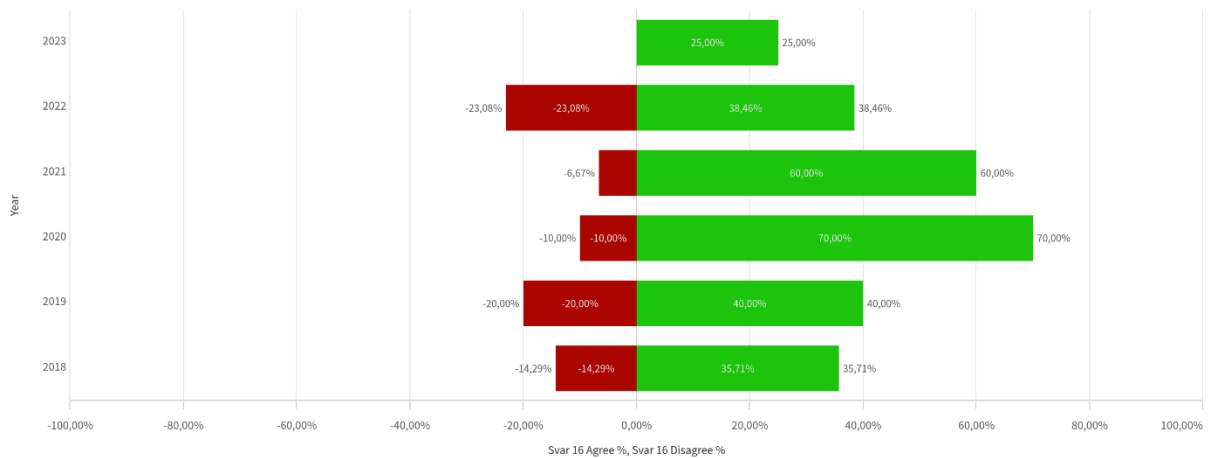


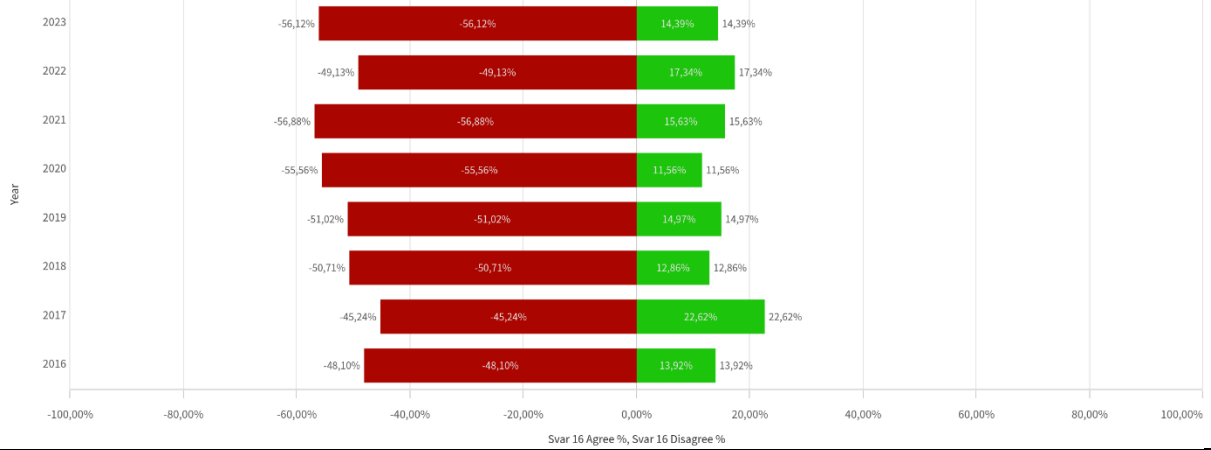
Figure 18 - Unique processes

Statement: The bank has unique processes that are difficult to mimic and give rise to a competitive edge.

All countries

16. I vilken grad instämmer du i följande påståenden?

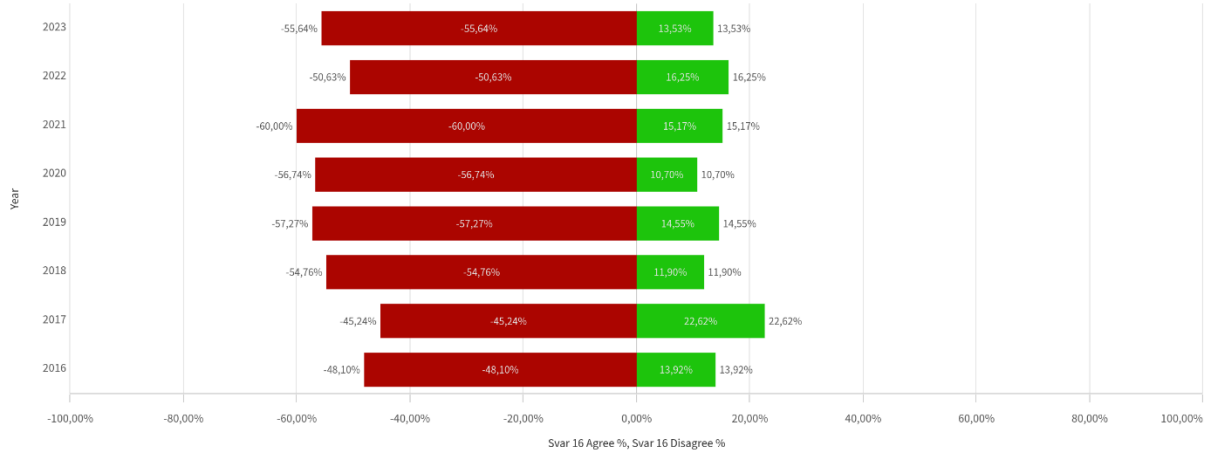
(1,2)= Disagree, (4,5)=Agree



Sweden

16. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



Norway, Denmark & Finland

16. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree

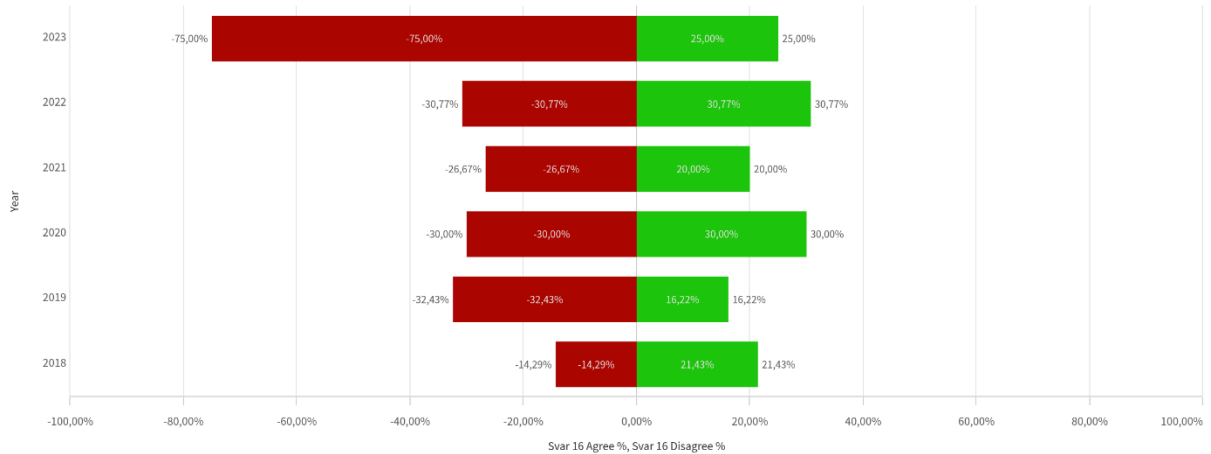


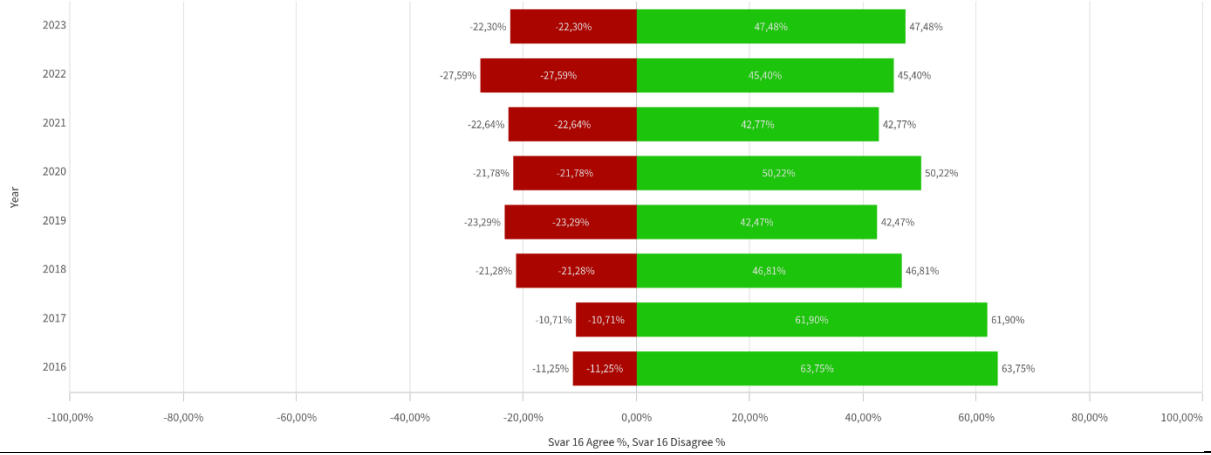
Figure 19 – Regulatory change is positive for clear and systematic processes

Statement: Regulatory changes are positive because it makes the bank develop clearer and more systematic processes.

All countries

16. I vilken grad instämmer du i följande påståenden?

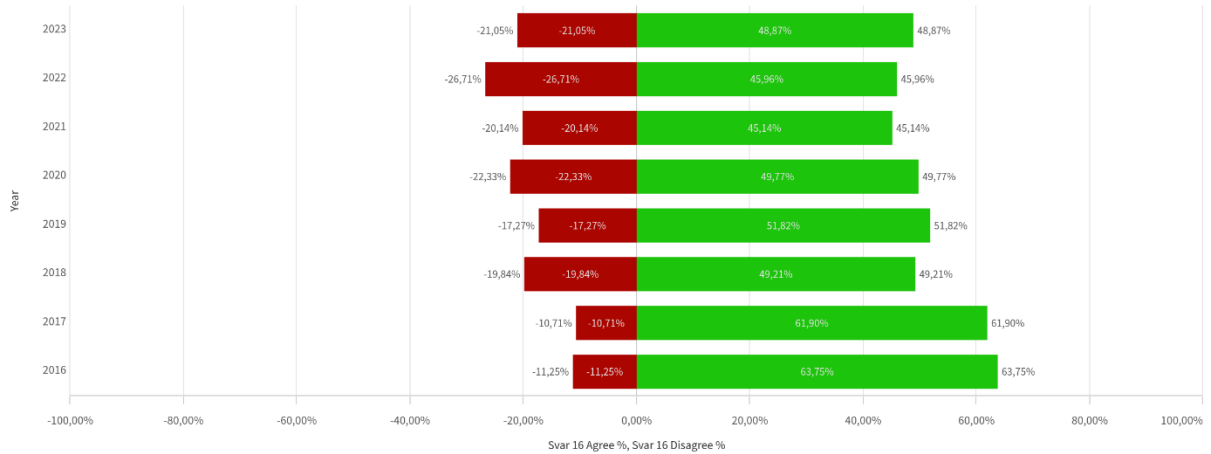
(1,2)= Disagree, (4,5)=Agree



Sweden

16. I vilken grad instämmer du i följande påståenden?

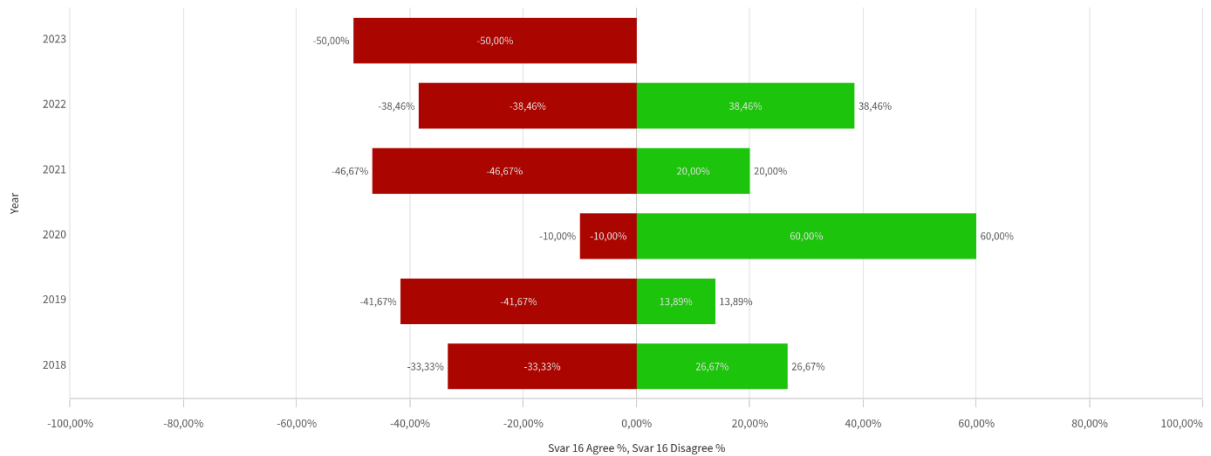
(1,2)= Disagree, (4,5)=Agree



Norway, Denmark & Finland

16. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



Leadership

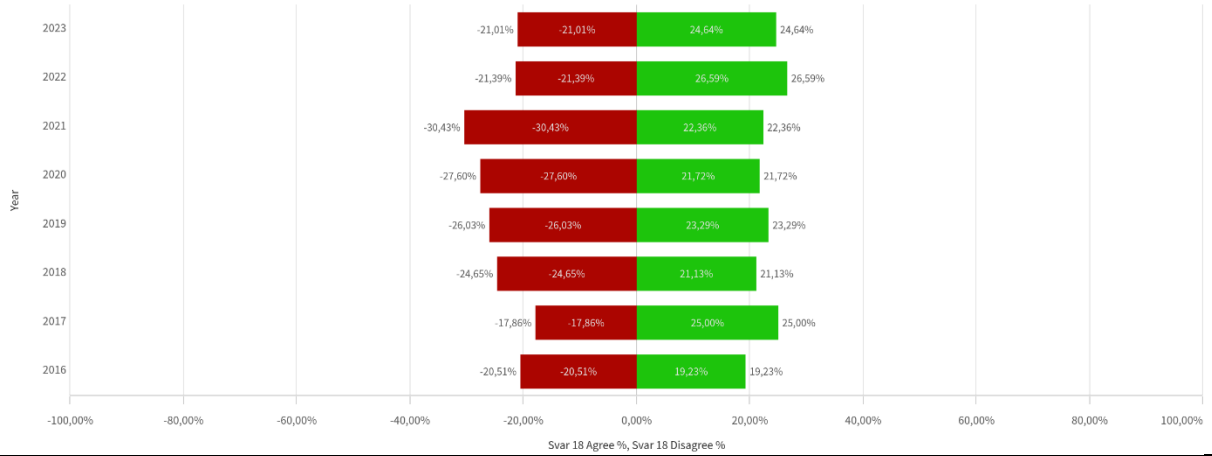
Figure 20 - More difficult to recruit managers

Statement: In the last 0-2 years, it has become more difficult to recruit managers to the bank.

All countries

18. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



Norway, Denmark & Finland

18. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree

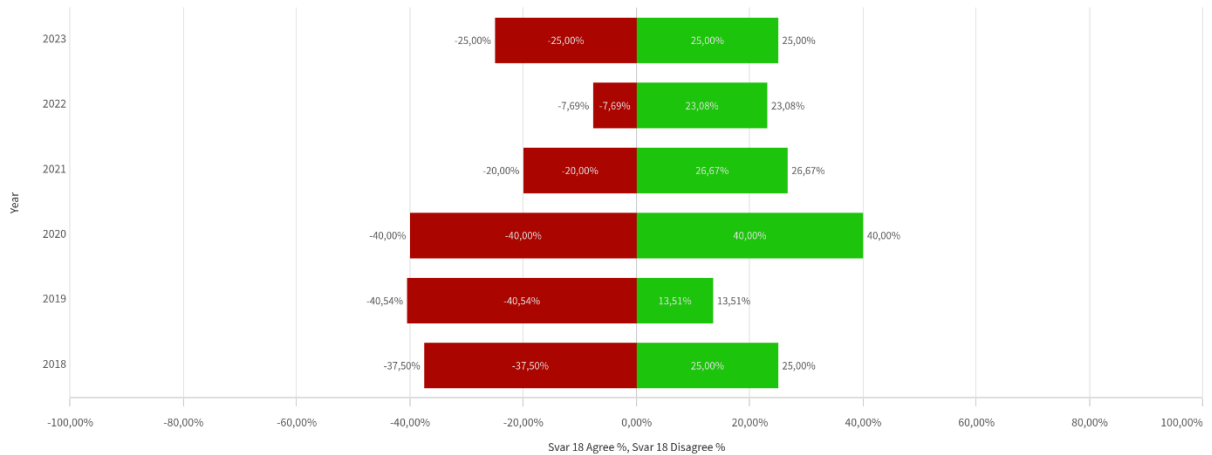


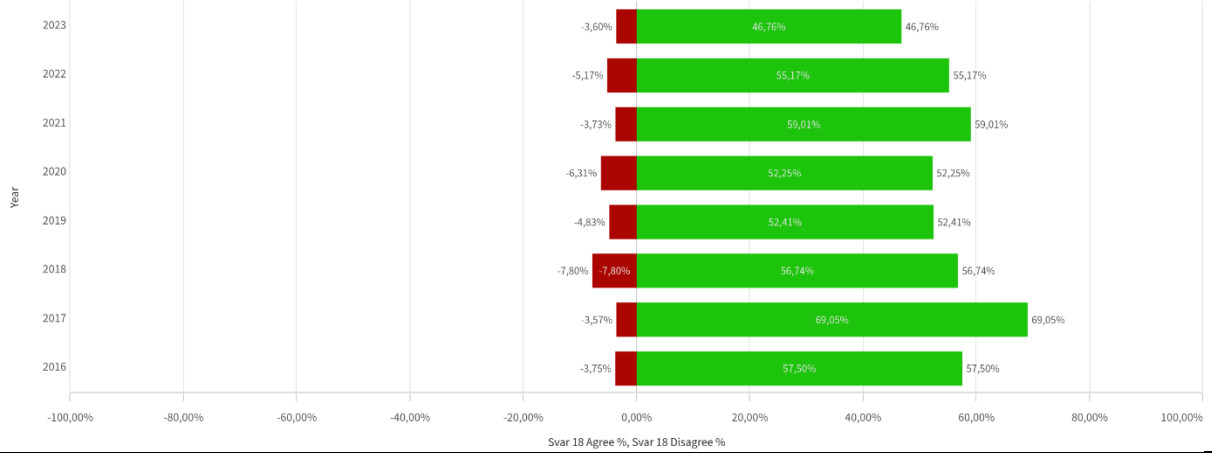
Figure 21 - More difficult for managers recruited outside the banks

Statement: In the past 0-2 years, it has become more difficult for managers recruited outside the banking industry to adapt to regulatory requirements in the bank.

All countries

18. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



Norway, Denmark & Finland

18. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree

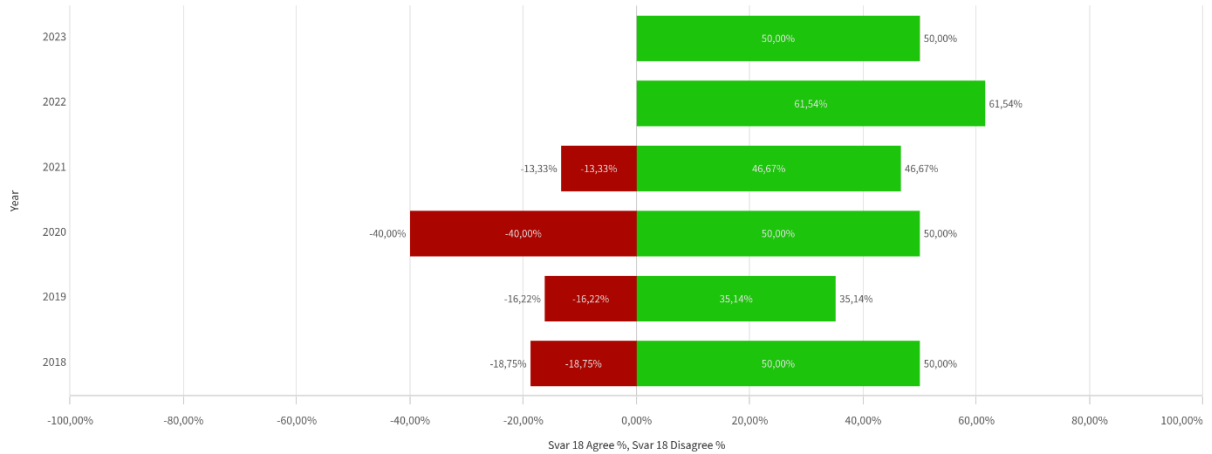


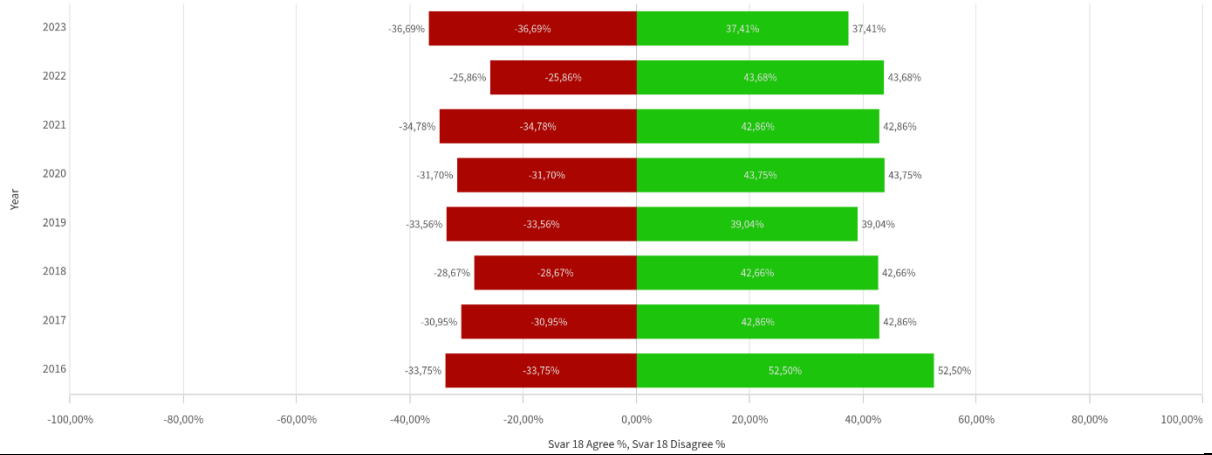
Figure 22 – Managers need to be formalistic

Statement: Leaders and managers in the banking industry need to become more formalistic / bureaucratic to meet the requirements of the regulation.

All countries

18. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree



Norway, Denmark & Finland

18. I vilken grad instämmer du i följande påståenden?

(1,2)= Disagree, (4,5)=Agree

