

Sweden

The Swedish banks are important to the Swedish economy and employ 2% of the workforce, account for 5% of GDP and pay 10% of the corporate taxes.

In December 2023, Sweden had a total of 124 banks, comprising 42 Swedish commercial banks, 36 foreign banks, 44 savings banks and two co-operative banks. The number of commercial banks and foreign bank branches in Sweden has increased from 67 in 2013 to 78 in 2023. The increase is largely explained by credit-market companies that have transformed into commercial banks and foreign banks starting operations in Sweden. Among the commercial banks 36 are foreign banks.

There were 959 bank branches in Sweden in 2023 compared to 1,781 bank branches in 2013. The number of branch offices has diminished slowly in the last ten years due mainly to changing customer behaviour. Most of the bank branches are cashless. The banking sector has 44,500 employees in Sweden compared to 106,000 in the whole financial sector.

The banking market in the Baltic States is important for the major Swedish banks as well as the market in the other Nordic countries. One of the largest banks in Sweden is the branch to the Finnish bank Nordea.

The payment market in Sweden is highly digitalised. Normal bank services are almost exclusively performed through mobile phones, tablets and computers. Bank services like mobile payment services, Bank e-ID, e-invoices, etc have become the new normal. Swedes use non-cash payments to a large extent and the use of cash is declining rapidly.

The most common means of payment in Sweden are the various charge cards and electronic giro systems. Most payments are linked to bank transaction accounts, which facilitate salary deposits, ATM withdrawals, credit and charge card purchases and automatic transfers and instant payments.

Paper-based payments such as giro forms, cheques and cash payments have mostly been replaced by electronic alternatives. As an example, the use of different kinds of cards has increased from 2,190 million transactions in 2012 to 3,865 million transactions in 2022.

According to the Riksbank, the Swedish central bank, 80% of Swedish citizens have used a debit card in the past month and 20% have used a card in their mobile phone (Apple Pay and Samsung Pay). The past month 80% have used the Swish mobile payment service. Swish, which was introduced twelve years ago and offers real-time account-to-account transfers, has 8.5 million users, corresponding to around 80 % of the Swedish population.

Deposits account for 36% of the household financial assets in 2023 and is the most common household financial asset, followed by mutual funds, 24%, and shares, 20%. It is common for individual customers to have bank accounts and other financial assets in more than one bank.

Residential lending is important on the Swedish lending market and 91% of the household loans are to residential property. Household lending increased by 0.2% on an annual basis in December 2023 compared to 3.7% previous year. The slowdown in the housing market, with decreasing demand on mortgage loans, is an important explanation to the decrease.

Lending to Swedish non-financial companies increased by 0.2% in December 2023 compared to an increase by 13,5% previous year.

Sustainable finance is a high priority in Sweden and Swedish banks are focused on financing the increasing number of new planned green projects in Sweden. Initiatives in the area have started by both banks and their clients. Swedish banks also offer specific green financial products, for example green mortgages.

The Riksbank increased the policy rate to 4% in 2023. In 2024 the Riksbank have started lower the policy rate again. The high interest rates have put pressure on the Swedish economy for both households and companies. Despite challenging times for households and companies, the Swedish banks' non-performing loan ratio is the lowest in Europe and have been so since several years.

The Swedish economy continues to be characterised by weak growth during the first half of 2024 and according to Statistics Sweden's GDP indicator Sweden is still in a recession during the first half year. For the full year 2023, GDP decreased by 0.2 % compared to an increase in GDP by 1.0 % in 2022.

According to the financial stability report from Finansinspektionen, the resilience among the major banks in Sweden is satisfactory because of among other things high capital buffers and the major banks' strong profitability. This means that the banks are able to continue to issue loans and handle credit losses even if the economy were to worsen.