The Systemic Risk Council in Denmark: Assessing Strengths and Weaknesses*

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Abstract: Like similar bodies in several other countries, the Systemic Risk Council in Denmark was established in response to the global financial crisis. In this article we first outline the Council’s design and performance, and then we discuss the need for changes to the Council's remit, governance, powers and communication with the public. While the design of systemic risk councils varies a lot across countries, and without a consensus on what constitutes an optimal design of a macroprudential policy framework, the Danish experience contributes to a literature on what works and what doesn’t in relation to managing systemic risks.

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1. Introduction

In the aftermath of the 2008 financial crisis, a number of countries considered how their supervision of the financial sector could be better organised. As an early initiative, the European Systemic Risk Board (ESRB) was formed in January 2010 and provided with a broad mandate to prevent and mitigate the build-up of systemic financial risks within the EU. In December 2011, the ESRB recommended that all member states establish authorities responsible for managing systemic risks.

The background for ESRB’s recommendation was a perceived need for an adequate institutional framework in EU member states for managing systemic risks, as the tools for countering such risks are conducted at the national rather than the supranational level. In the context of this EU-wide discussion, an act passed in December 2012 established the Systemic Risk Council (SRC) in Denmark to serve as the country’s macroprudential authority.

The aim of this paper is to discuss what can be learned from the Danish experience with respect to handling systemic risks. We first assess the SRC’s design and achievements so far, and then we discuss whether there is a need for changes to the SRC’s remit, powers, governance and communication with the public.

2. The legal framework for the SRC

The legislation defines the SRC as an advisory body whose tasks are to 1) identify and monitor systemic financial risks in Denmark; 2) express opinions through observations on systemic financial risks; 3) issue warnings about the build-up of systemic financial risks; 4) make recommendations on initiatives in the financial area that can reduce or prevent the build-up of systemic financial risks; and 5) be consulted about warnings and recommendations from the ESRB.

Being advisory means that despite the SRC is the appointed macroprudential authority, it does not have the authority to make independent decisions on macroprudential policy. It can only seek to influence other players through observations, warnings and recommendations, see Table 1. However, the recipient of a recommendation must respond according to a ‘comply-or-explain’ principle. This means that within a period of three months the recipient must either comply with the recommendation or present a statement explaining and arguing why the recommendation has not been complied with. If the recipient chooses the latter, the SRC must publish an assessment of the consequences of such non-compliance for the systemic risks which the recommendation was intended to limit or prevent.

The SRC is assigned the task of identifying and monitoring systemic financial risks in a broad sense. This also includes areas that are subject to limited financial regulation or none at all – the so-called shadow banking sector. In addition, the SRC must be forward-looking in the sense that it is important to identify systemic risks at an early stage so that initiatives can be taken to counter development of such risks before they reach a level where it becomes impossible to avoid significant adverse effects on the financial system and the real economy.
### Table 1. Framework for observations, warnings and recommendations

<table>
<thead>
<tr>
<th>Observation</th>
<th>Description</th>
<th>Contents</th>
<th>Publication</th>
<th>Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Risk of build-up of systemic financial risks which should be monitored more closely.</td>
<td>Reasoned description of the systemic risks that the observation concerns.</td>
<td>Is always published.</td>
<td>Does not trigger an obligation for the recipients to take action.</td>
</tr>
<tr>
<td></td>
<td>Not necessarily addressed to specific public authorities. May be addressed to relevant authorities, the Government and to the public.</td>
<td>Observations addressed to the Government must include statements from the representatives of the ministries.</td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Warning</th>
<th>Clear signs of build-up of systemic financial risks that it should be considered countering.</th>
<th>Reasoned description of the systemic risks that the warning concerns.</th>
<th>Will, as a general rule, be published unless the warning must be kept confidential for reasons of, for example, financial stability.</th>
<th>The recipient is obliged to submit a statement within three months, in which the warning is dealt with, including whether it gives rise to further assessments, the implementation of measures or the like. In special cases, however, the SRC may decide that the statement must be submitted earlier.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not necessarily addressed to specific public authorities. May be addressed to one or more authorities, the Government and the public.</td>
<td>Warnings addressed to the Government must include statements from the representatives of the ministries.</td>
<td>Will, as a general rule, be published unless the warning must be kept confidential for reasons of, for example, financial stability.</td>
<td>The recipient is obliged to submit a statement within three months, in which the warning is dealt with, including whether it gives rise to further assessments, the implementation of measures or the like. In special cases, however, the SRC may decide that the statement must be submitted earlier.</td>
</tr>
</tbody>
</table>

| Recommendation | A specific proposal for the implementation of an initiative that will be expedient for limiting or countering identified systemic financial risks. | Reasoned description of the systemic risks that the recommendation concerns. If the recommendation contains specific proposals for amended legislation etc., reasons must also be given for why the proposal is regarded as suitable and proportionate in relation to countering the systemic risks that the recommendation concerns. | Will, as a general rule, be published unless the recommendation must be kept confidential for reasons of, for example, financial stability. | The recipient is obliged within three months either to comply with the recommendation or to present a statement explaining why the recommendation has not been complied with. In special cases, however, the SRC may decide that the statement must be presented earlier. |
|               | May be addressed to one or more authorities. | Recommendations addressed to the Government must include statements from the representatives of the ministries. | | The recipient is obliged within three months either to comply with the recommendation or to present a statement explaining why the recommendation has not been complied with. In special cases, however, the SRC may decide that the statement must be presented earlier. |

Source: The Systemic Risk SRC

The SRC’s warnings and recommendations may be addressed to the Danish Financial Supervisory Agency (FSA) and, if they concern legislation, to the Government. In practice, however, the SRC has addressed all its warnings and recommendations to the Government. This primarily reflects that, after the establishment of the SRC, the competence to decide on the macroprudential instruments has been placed with the Minister for Industry, Business and Financial Affairs. In relation to the housing market, where the FSA may have had the instruments to comply with the SRC’s recommendations, the SRC has assessed that it was important to have clear political support for any measures. The SRC has therefore also addressed its housing market recommendations to the Government.
The legislation also sets limits on the activities of the SRC. For example, it has been prevented from commenting on housing taxation in its work on financial stability issues stemming from the housing market, which has taken up a large share of the SRC’s activities.

3. **The SRC's members and secretariat**

The SRC consists of ten members: Two members from the Danish Central Bank (Danmarks Nationalbank), one of whom must be the Chairman of the central bank’s Board of Governors, who also chairs the SRC; two members from the FSA; three members from the economic ministries; and three independent members, with sufficiently broad financial insight, either via research or from employment in the financial sector.

The SRC makes decisions on observations, warnings and recommendations by a simple majority of votes, with the Chairman having the casting vote in the event of equality of votes. However, the representatives of the economic ministries and the FSA do not have voting rights for observations, warnings and recommendations addressed to the Government. In practice, this has meant that the central bank’s representatives and the independent experts have made the decisions on the SRC’s recommendations.

However, the legislation also stipulates that the SRC shall strive for consensus. Specifically, the Chairman should strive to ensure that the recommendations of the SRC can be supported by the Government. In fact, observations, warnings and recommendations addressed to the Government must also contain statements from the representatives of the ministries, to ensure that the public acquires knowledge of the Government's views.

A secretariat hosted by the central bank has been set up to assist the SRC in its work and to prepare the material that forms the basis of the (minimum) four annual meetings held by the SRC. The economic ministries and the FSA participate in the secretariat, thereby ensuring that a broad set of analytical competences and financial insights are represented in the secretariat's work.

4. **International comparison of the institutional framework**

Across Europe, countries have chosen a wide range of different institutional designs for their decisions on the macroprudential instruments in the EU’s Capital Requirements Regulation and Directive (CRR/CRD IV), i.e. the countercyclical capital buffer, the systemic risk buffer and the SIFI buffer.

Overall, the EU countries can be divided into two groups, see Figure 1. In the first group (left-hand side) the macroprudential authority has direct control over the macroprudential instruments. In this group, the most widespread system is that the central bank has been allocated the role of macroprudential authority as part of its mandate (twelve countries).
In the second group (right-hand side), the macroprudential authority does not have direct control over the macroprudential instruments, but must instead seek to convince another authority how the instruments are to be applied. In this group, the macroprudential authority is an SRC in nine out of eleven countries. In relation to the authority that decides the macroprudential instruments, this is the central bank (five countries) or the FSA (two countries). In two countries (Denmark and Poland), however, this role has been assigned to the government.

The Danish model, in which a SRC has the task of convincing the Government of the need for a certain macroprudential policy, thus stands out and is only shared with Poland within the EU. Among Denmark’s neighbouring countries the same setup can also be found to a certain extent in Norway (a non-EU country). From September 2021, however, the Norwegian Government has given the central bank a mandate to independently determine the countercyclical capital buffer, while the other instruments will still be set by the Government.

5. The SRC’s use of its instruments

Since the SRC was established, it has used its instruments a total of 14 times, 11 of which have been recommendations, all of which have been addressed to the Government, see Table 2. In the following, we will review the recommendations with a focus on the extent to which the incumbent governments have followed the SRC’s recommendations.

5.1. Phasing in of legislation on capital adequacy requirements

In June 2013, the SRC recommended to the Government in favour of implementing the recommendations from the Committee on Systemically Important Financial Institutions (SIFIs) and implementing the capital adequacy and liquidity requirements of the EU’s capital requirements legislation. The SRC also considered the
speed at which the framework for the countercyclical capital buffer should be implemented, being in favour of a full implementation of the framework by 2015, as opposed to the gradual implementation prescribed by CRR/CRD IV. The view of the SRC was that, should the need arise, this would make it possible to use the entire buffer, although the SRC also recommended it to be set at zero at the time of commencement.

Table 2. The SRC’s use of its instruments

<table>
<thead>
<tr>
<th>Date</th>
<th>Instrument</th>
<th>Area</th>
<th>Addressed to</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2013</td>
<td>Recommendation</td>
<td>Phasing in of legislation on capital adequacy requirements in Denmark</td>
<td>The Government</td>
</tr>
<tr>
<td>September 2014</td>
<td>Recommendation</td>
<td>Limitation of deferred amortisation on mortgage loans</td>
<td>The Government</td>
</tr>
<tr>
<td>September 2014</td>
<td>Observation</td>
<td>Low interest rates and build-up of systemic risks</td>
<td>No specific recipient</td>
</tr>
<tr>
<td>March 2015</td>
<td>Observation</td>
<td>Low interest rates and build-up of systemic risks</td>
<td>No specific recipient</td>
</tr>
<tr>
<td>March 2017</td>
<td>Recommendation</td>
<td>Limitation of risky loan types at high levels of indebtedness</td>
<td>The Government</td>
</tr>
<tr>
<td>December 2017</td>
<td>Recommendation</td>
<td>Activation of the countercyclical capital buffer</td>
<td>The Government</td>
</tr>
<tr>
<td>September 2018</td>
<td>Recommendation</td>
<td>Increase in the countercyclical capital buffer rate</td>
<td>The Government</td>
</tr>
<tr>
<td>March 2019</td>
<td>Recommendation</td>
<td>Increase in the countercyclical capital buffer rate</td>
<td>The Government</td>
</tr>
<tr>
<td>October 2019</td>
<td>Recommendation</td>
<td>Increase in the countercyclical capital buffer rate</td>
<td>The Government</td>
</tr>
<tr>
<td>June 2021</td>
<td>Recommendation</td>
<td>Reactivation of the countercyclical capital buffer</td>
<td>The Government</td>
</tr>
<tr>
<td>June 2021</td>
<td>Recommendation</td>
<td>Limitation of access to deferred amortisation for highly indebted borrowers</td>
<td>The Government</td>
</tr>
<tr>
<td>December 2021</td>
<td>Recommendation</td>
<td>Reactivation of the countercyclical capital buffer</td>
<td>The Government</td>
</tr>
<tr>
<td>March 2022</td>
<td>Recommendation</td>
<td>Reactivation of the countercyclical capital buffer</td>
<td>The Government</td>
</tr>
<tr>
<td>September 2022</td>
<td>Observation</td>
<td>The growing prevalence of variable-rate mortgages with deferred amortisation contributes to the build-up of risk</td>
<td>No specific recipient</td>
</tr>
</tbody>
</table>

Source: The Systemic Risk Council
However, the Government chose to implement the framework for the countercyclical capital buffer only gradually from 2015 to 2019. Already with the SRC’s first recommendation, it was thus clear that the Government did not intend simply to follow the SRC's recommendations uncritically. In practice, however, the gradual phasing in of the framework for the countercyclical capital buffer never became a real problem in relation to the SRC's wishes for the build-up of the buffer.

5.2. Limitation of risky housing loans

The Government’s intention not to comply uncritically with the SRC’s recommendations has been particularly evident in relation to loans with deferred amortisation. In September 2014, the SRC made its first recommendation towards limiting loans with deferred amortisation. The Government did implement measures targeting the riskiness of lending made by mortgage credit institutions. However, these measures did not go as far as the SRC had recommended, thus leading the SRC to conclude that there were still unaddressed systemic risks associated with mortgage credit institutions' option of granting loans with deferred amortisation at high loan-to-value ratios.

In March 2017, the SRC made its second attempt to limit deferred amortisation in the form of a new recommendation. Prior to the recommendation, the SRC had held a conference on the housing market in 2016 and published a discussion paper on which stakeholders with housing market expertise were invited to submit written comments. In 2017, the SRC recommended that the Government move to limit housing loans with variable interest rate and/or deferred amortisation where the borrower's total debt exceeds 400 per cent of pre-tax income by imposing a maximum limit of 15 per cent of this type of loan from mortgage credit institutions for homes located in the country’s two biggest cities – or that the Government implement a similar initiative with corresponding effects on the housing market and lending.

In response to the recommendation, the Government chose to introduce rules stipulating that if a household's debt exceeds 400 per cent of its income and the household exceeds a loan-to-value ratio of 60 per cent, a variable-rate loan cannot be granted with a shorter fixed-interest period than five years with or without deferred amortisation nor can a variable rate loan with a fixed-interest period of five years or more with deferred amortisation be granted. However, again it demonstrated clearly that the Government was not prepared to go as far as the SRC wanted.

The SRC’s latest attempt at limiting deferred amortisation is expressed in a recommendation in June 2021, in which the SRC recommends to the Government that it restricts Danish homeowners' access to loans with deferred amortisation secured by mortgage on real property, so that Danish home owners cannot raise mortgage loans with deferred amortisation (or mortgage-like bank loans) secured by mortgage on real property if the loan-to-value ratio of the home exceeds 60 per cent. However, again the Government came out with no appetite for a measure that limits loans with deferred amortisation, and this time the Government did not implement any measure in response to the SCR’s recommendation.
5.3. Countercyclical capital buffer

The countercyclical capital buffer is one of the SRC's most important macroprudential instruments. The intention is that the buffer be built up when cyclical financial risk is increasing, and then released during periods of financial stress so that credit institutions can use the released capital to maintain an appropriate level of credit allocation.

The Government has chosen to follow all the SRC's recommendations for the countercyclical capital buffer. Even though it may thus seem irrelevant whether the SRC can set the buffer itself or whether it is to recommend to the Government to make changes to the buffer rate, the reality is probably that the outcome could easily have been different, especially during the first build-up of the buffer starting in 2017, and that a situation could have arisen in which the Government would not comply with the SRC's recommendation. Prior to the initial build-up of the buffer, the SRC had conducted a dialogue with the sector, in which the sector expressed a wish that the SRC should indicate its expectations for future changes to the buffer in its communication about the buffer, which would facilitate the banks' capital planning.

The SRC's first recommendation on activation of the countercyclical capital buffer of 0.5 percentage points from December 2017 thus indicated that the SRC expected to recommend an increase of the buffer by a further 0.5 percentage points within the coming year. However, this prompted the Government to state in its reply to the SRC that it was not immediately prepared to comply with a recommendation to increase the buffer further. The likely reason why the Government nevertheless chose to comply with the second recommendation (September 2018) is that, in the meantime, the money laundering case in Danske Bank had increased the political appetite for making the sector more resilient.

6. Is there a need to change the framework for the SRC?

Having focused on the SRC's history, remit and operational part, we next discuss whether there is a need for changes to how the SRC operates. We single out two areas: the SRC's (1) institutional framework and (2) communication with the outside world.

6.1. How to overcome an “inaction bias”?

We find that the quality of the discussion of financial risks and macroprudential policies has been raised as a result of the establishment of the SRC. It is nevertheless an open question whether the institutional framework for the SRC can adequately ensure that potentially unpopular decisions are made in time or whether the SRC's clout is weakened as a result of a so-called 'inaction bias'. This term is used consistently by the IMF (2020a and 2020b) and refers to the way in which the SRC makes its decisions. As examples of inaction bias, the IMF refers to inertia in the build-up of the countercyclical capital buffer and the absence of intervention in relation to the household sector's indebtedness.
The point is that the SRC's work is subject to an objective of striving for consensus. Specifically, the IMF assesses that, prior to the quarterly meetings in the SRC, the SRC's secretariat is, effectively, obliged to prepare material, including proposals for macroprudential policy, which has already been 'tweaked' so much before being discussed by the SRC's members that they are only suitable for reaching a consensus. In the view of the IMF, this *de facto* gives each member of the SRC a right of veto, although there are also benefits associated with a consensus model. As an alternative to this set-up, the IMF recommends a model that maintains the objective of consensus without this blocking a more effective decision-making procedure (see section 6.2 for more details).

The IMF also emphasises that it can be difficult for the SRC to obtain the most expedient decisions on financial stability, as not all members of the SRC necessarily have financial stability as their top priority. In this way, other (perhaps conflicting) priorities may delay the implementation of the 'right' macroprudential policy. This 'inaction bias' is amplified in cases in which the costs of implementing macroprudential measures make themselves felt earlier and are more easily observable than the potential benefits.

This phenomenon is also well known from other policy areas, for example labour market reforms, where important decisions are postponed – or not implemented at all – because the costs show up earlier than the benefits. Conversely, it may be argued that precisely by bringing people with different interests and priorities together, it becomes possible to make decisions that cater to broad considerations.

6.2. Soft law vs. hard power

The problem with inaction bias can also be viewed from another angle, namely that recommendations from the SRC are 'soft law', i.e. not actual legislation. In the SRC's activities to date, this has been pronounced in relation to the SRC's recommendations on risky housing loans. In this area, the Government has rejected or only partially complied with the SRC's recommendations three times: first in 2014, again in 2017 and most recently in 2021.

This limited scope for action has resulted in inaction bias, where, as in the case of loans with deferred amortisation, the enacted policies are very limited. The result may also be that the macroprudential initiative is taken with considerable delay or that, when action is finally taken, the intervention is an expression of a 'second best' measure because the 'consensus clause' may have deprived the initiative of the necessary impact.

One change of the institutional framework aimed at reducing the problem of inaction bias, which is also highlighted by the IMF, could be to give the Chairman of the SRC an explicit legal mandate to propose recommendations which are presented in the SRC, without first seeking consensus. This obviously does not exclude that the Chairman of the SRC may choose to involve other SRC members before presenting proposed recommendations in the SRC, but it could limit the phase of consensus building before the secretariat begins preparing proposals for specific recommendations.
Another change in the framework that could also help reduce the inaction bias is to give the SRC 'hard' powers over macroprudential instruments. One model would be to designate the SRC as the authority responsible for macroprudential instruments. Such a model does not have to be 'all or nothing'. For example, instruments with clear distributional implications could remain with the Government, and the SRC's role could still be to make recommendations in accordance with a comply-or-explain mechanism. Conversely, the direct control of instruments such as the countercyclical capital buffer could be transferred to the SRC.

However, the SRC has found it especially difficult to convince the Government of the necessity of the recommended measures in the housing market, where there are clear distributional implications. This challenge could perhaps be reduced by giving the Minister for Industry, Business and Financial Affairs direct legal authority to implement measures in the housing market based on macroprudential considerations. This would make it clear in the legislation that macroprudential considerations are, in fact, intended to play a role in regulating the housing market. In such case, the Minister would not have to find a way to implement the SRC's recommendations for the housing market through consumer protection legislation.

6.3. Accountability and transparency

A less extensive, but potentially important, initiative, which has also been proposed by the IMF, and which could be implemented with immediate effect, is to strengthen the SRC's accountability and transparency. This could be done by including an overview of the SRC's recommendations in the Ministry of Industry, Business and Financial Affairs' annual report to the Danish Parliament (Folketinget). This addresses a more general point, namely the need for communication, and thus the need for actual reporting, especially in view of the fact that the Chairman of the SRC is not available to the media, more on this below.

To conclude this issue, it is worth noting that there has been an intense international debate on the delegation of decision-making powers to independent bodies other than central banks. This applies not least in relation to fiscal policy advice. The big picture is that, especially because of the distributional issues, it is very difficult to delegate decision-making authority to bodies far removed from the democratically elected institutions. Another question is whether it is desirable based on a democratic principle. In that sense, the organisational structure with the SRC is quite interesting, as this is a structure with clear expert signalling.

The actual decision is made by the Government, and it is thus a political decision where the Government may choose whether or not to comply with a recommendation. And as a key element: if it does not comply with a recommendation, it must explain itself. There is consequently visibility and greater political costs connected with non-compliance compared with a diffuse structure without correspondingly clear signalling. This is a significant step forward and a good structure in many ways. However, it is not without costs to the SRC when its recommendations are not complied with. It challenges the relevance of the SRC each time. And if it is repeated often, the SRC risks becoming irrelevant. In a worst-case scenario, this dynamic may lead to a “self-imposed” inaction bias on the SRC.
6.4. Visibility

A key issue concerns the SRC's public visibility, including the extent to which material from the SRC’s work is published. The thorough and extensive material presented at the quarterly meetings of the SRC, and prepared by the Secretariat, are not published.

It would probably strengthen the awareness of the work done by the SRC if material on selected subjects, for example in relation to the housing market, was published to a greater extent. This could also be done more systematically by the reports prepared for the SRC’s quarterly meetings being divided into confidential sections and sections suitable for publication.

Finally, there is the question of who represents the SRC externally. The Chairman of the SRC is not available to the media and others who would like an elaboration on the SRC’s activities (recommendations, observations, warnings, analyses etc.). This is necessary to avoid ambiguity about the central bank’s position since it is crucial for the central bank to ensure a high degree of credibility about its activities, and this status would be challenged if the general public could experience a difference of opinion between the Chairman of the Central Bank’s Board of Governors and the Chairman of the SRC (who is the very same person).

The absence of a public spokesperson on behalf of the SRC is especially noticeable when the SRC submits recommendations to the Government. Here, the media try hard to get statements from both the Chairman of the SRC and the other SRC members. To the extent that the media obtain a comment, it is, however, on the person's own behalf and not on behalf of the SRC. This problem also illustrates that it would not necessarily solve the challenge of the SRC's public visibility if more material from the SRC were published. Increased visibility ultimately depends on the media, and they will naturally want a dialogue with the sender.

7. Concluding remarks

The SRC has contributed to improve the monitoring of financial risks in Denmark, and it has managed to act as a catalyst for a number of expedient decisions within the area of macroprudential policy. Also, not least thanks to the SRC's secretariat, a high level of knowledge has been created. Furthermore, by bringing together public decision-makers and independent experts in the financial and macroeconomic areas, the specialist basis for timely decisions in the financial area has been strengthened.

With the financial crisis as the background for the establishment of the SRC, the incumbent government at any given time runs a significant reputational risk when choosing not to comply with the SRC's recommendations. Until now, it is more the rule than the exception that successive governments comply with the SRC's recommendations. However, measures aimed at the housing market are the clear exception to this pattern.

There may nevertheless be reasons to point out some areas in which a strengthening of the SRC's work may be required. First and foremost, the SRC only has 'soft powers' and must therefore convince the Government
that actions are necessary. Secondly, the SRC must strive for consensus, which entails a risk that recommendations are diluted even before they are dealt with in the political process. And, thirdly, the SRC has no voice in the public debate, as the only communication from the SRC is via its website and the issue of press releases.

Seen in this light, our assessment is that a structure in which the SRC had greater direct control over macroprudential instruments – especially instruments without major distributional consequences – and with a downgrading or modification of the 'consensus clause' could increase the likelihood that the necessary, but potentially unpopular, decisions in the macroprudential field will continue to be made. A statutory authority for the ministry responsible to implement measures in the housing market based on macroprudential considerations could also contribute to this.

However, we find that the recommendations put forward by the IMF about consensus may go a little too far. First, there is clearly not such broad consensus in the SRC that it only submits recommendations that are complied with by the Government. So the 'challenge' of reaching a consensus is certainly valid, even if one could wish that more recommendations were complied with. Second, consensus among those entitled to vote in relation to recommendations is crucial – the message is much stronger when there is a consensus, see the above, in relation to the division of responsibilities between expert signals/assessments and political decisions. If there is no agreement, it will be easy for politicians to say that when there is no agreement among the experts, there is no reason to do anything.

Finally, it is clear to us that the structure of the tax system may affect financial risks, and it should therefore be reconsidered whether it is expedient for the SRC to be cut off completely from this area. In the legislation, the SRC is explicitly barred from commenting on tax legislation, despite the fact that the structure of the tax system can clearly have an impact on risk build-up in the financial area, for example via the housing market.

**References**


