FIN-FSA Board decision on the application of a countercyclical capital buffer requirement and other macroprudential tools

At its meeting on 22 March 2016, the Board of the Financial Supervisory Authority (FIN-FSA) decided not to impose a countercyclical capital buffer requirement (variable capital add-on) as referred to in chapter 10, section 4 of the Credit Institutions Act (610/2014) and decided to continue preparations for raising housing loan risk weights.

Justifications for the decision

Overall, the cyclical systemic risks to the Finnish financial system have remained unchanged, and the observed credit-to-GDP gap has declined. Supplementary risk indicators are not signalling such an increase in financial system vulnerabilities as would require a higher countercyclical capital buffer requirement.

The decision was based on an assessment of the need to use macroprudential tools conducted jointly by experts from FIN-FSA, the Bank of Finland and the Ministry of Finance, and on opinions received from the Bank of Finland, the Ministry of Finance and the Ministry of Social Affairs and Health.

In accordance with the regulations governing the Single Supervisory Mechanism, the European Central Bank was notified of the upcoming decision. According to its announcement, the European Central Bank had no objections to the decision.