



In 2018, Danmarks Nationalbank will be celebrating its 200th anniversary. Danmarks Nationalbank's overall objective has been more or less unchanged during its 200-year life – to “maintain a safe and secure currency system” and “facilitate and regulate the traffic in money and the extension of credit”, as the Danmarks Nationalbank Act says.

One of Danmarks Nationalbank's objectives is thus to contribute to the stability of the financial system. Danmarks Nationalbank began publishing financial stability analyses in 2002. These analyses are part of Danmarks Nationalbank's assessment of the financial system in Denmark.

Why Danmarks Nationalbank monitors financial stability

Danmarks Nationalbank must identify in a timely manner whether financial sector developments could pose risks for the stability of the financial system. This is why Danmarks Nationalbank prepares financial stability analyses.

These analyses support one of Danmarks Nationalbank's most important tasks: that of contributing to financial stability in Denmark. A well-functioning financial sector is essential for the economy, as it provides a necessary platform for borrowers and lenders to meet.

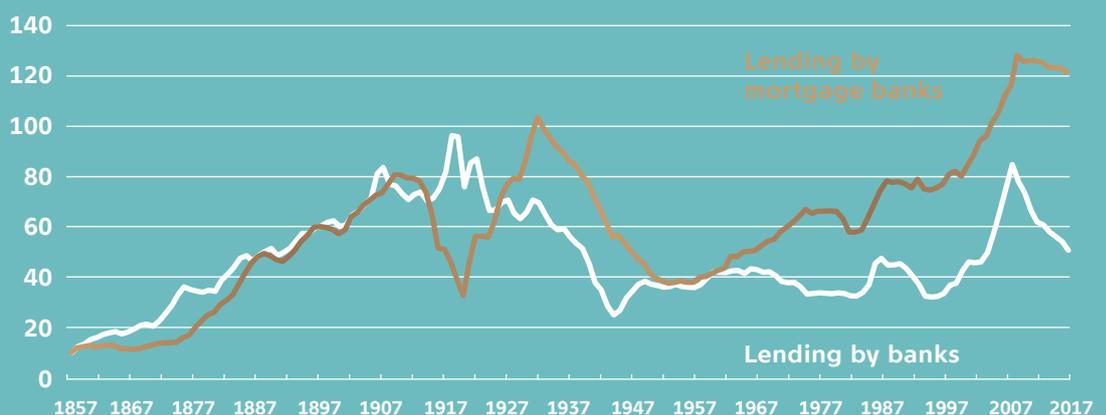
Citizens may need access to loans in order to buy a home or a car, while firms tend to borrow for investments to expand, thereby creating more jobs. Conversely, citizens may wish to place their savings in a secure manner.

That way, banks and mortgage banks are key to a society such as Denmark. Experience from previous financial crises shows that financial instability may have serious economic consequences. Therefore, it is vital to prevent and mitigate the risk of periods of financial instability. In the wake of the financial crisis, Danmarks Nationalbank has also been working to enable the resolution of distressed banks without the use of government funds.

Danmarks Nationalbank defines financial stability as a condition with an overall financial system that is robust enough for any problems in the sector not to spread and prevent the system from functioning. Financial instability may occur, for example, if a single large institution experiences difficulties. Or if problems in a single institution spread to the rest of the system.

Lending in Denmark, 1857-2017

Per cent of GDP



Note: Domestic lending by banks and mortgage banks.
Source: Danmarks Nationalbank.