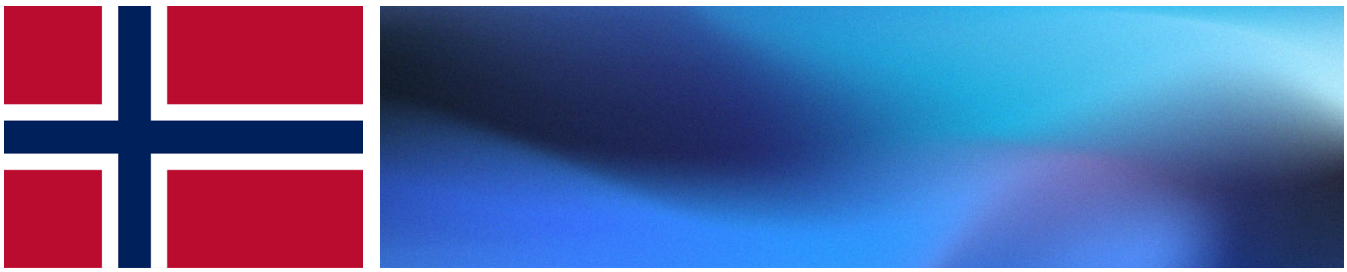
NEW FINANCIAL
Rethinking capital markets



THE FUTURE OF CAPITAL MARKETS IN NORWAY

ANALYSIS OF THE SIZE AND DEPTH OF BANKING, FINANCE, AND CAPITAL MARKETS IN NORWAY AND ITS NORDIC NEIGHBOURS

March 2026

by Maximilian Bierbaum

In partnership with:

FINANS FORBUNDET

> *Norway is home to the world's largest sovereign wealth fund - but Norway's capital markets are less developed than in other Nordic countries. This report benchmarks the size and depth of Norwegian capital markets against peer economies and outlines key directional recommendations to encourage the development of bigger and better capital markets that help support investment, jobs, and economic growth in Norway.*

INTRODUCTION

Time to catch up

Norway has very interesting capital markets: it is home to the largest sovereign wealth fund in the world with over $2 trillion in assets, but Norwegian capital markets overall are less developed than they are in other Nordic countries. Ahead of the Norwegian government review of financial markets this year, this report benchmarks the size and depth of capital markets in Norway against peer economies to find out why they are smaller than in other Nordic countries, and what decision-makers from government, regulation, and the Norwegian banking and finance industry can do about it.

Our approach looks at whether and how Norway's capital markets are succeeding in supporting Norwegian's economy. We ask: how much money are Norwegian companies raising in the capital markets through equity and bond issuance? How much venture capital funding do start-ups in Norway attract? And how does Norway compare with Denmark, Finland, and Sweden?

Norway has the least developed domestic capital markets in the Nordic region, and its capital markets are just over half as deep relative to GDP as the Nordic average. Capital markets in Sweden are nearly two-and-a-half times as deep as Norway's. More developed capital markets can bring many benefits to the Norwegian economy and citizens in terms of investment, jobs, and growth - and decision-makers in Norway are in a good position to introduce measures and reforms to build bigger and better capital markets.

The first section of this paper is a short version of the report in five pages. The second part for more motivated readers (and policymakers) analyses in more detail the size, depth, and development of capital markets in Norway relative to Norway's peer economies; measures the growth potential for capital markets in Norway if they were as developed as they already are today in other Nordic economies; and makes five directional recommendations to encourage the development of bigger and better capital markets in Norway.

The aim of this analysis is not to have all the answers but to inform the debate in Norway with data-backed evidence and key takeaways from reforms and measures that were successfully implemented in other Nordic economies.

We hope our research provides relevant insights and are always interested in your feedback. Thank you to Christopher Breen for collecting and analysing the wealth of data that underpins this report, William Wright for his guidance and feedback, Dealogic and Preqin for providing access to their data, the individual contributors and organisations who shared their insights on capital markets in Norway with us, and Finansforbundet for partnering with New Financial and supporting this fascinating project.

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Rethinking capital markets

New Financial is a think tank that believes Europe needs bigger and better capital markets to help drive growth and prosperity.

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We work with market participants and policymakers to help make a more positive and constructive case for capital markets around four main themes: rebooting UK capital markets; reforming EU capital markets; driving sustainability; and driving diversity.

We are a social enterprise funded by institutional membership from different sectors of the capital markets industry.

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EXECUTIVE SUMMARY

Here is a 10-point summary of this report on the future of capital markets in Norway:

1. **The starting point:** Norway is home to the world's largest sovereign wealth fund with over $2 trillion in assets, but Norway's domestic capital markets are less developed than in other Nordic countries. This report benchmarks the size and depth of Norwegian capital markets against peer economies.

2. **Why decision-makers in Norway should care:** bigger and better capital markets can bring many benefits to the Norwegian economy and citizens in terms of investment, jobs, and growth. They play a vital role in supporting and growing the Norwegian (and wider Nordic) economy.

3. **Room for growth:** Norway has the least developed domestic capital markets in the Nordic region, and its capital markets are just over half as deep relative to GDP as the weighted Nordic average. Capital markets in Sweden are nearly two-and-a-half times as deep as Norway's.

4. **Heading in the right direction?** Norway's capital markets overall grew by 16% relative to GDP from 2014 to 2024. The not-so-good news is that the value of activity in some key sectors of the capital markets has decreased: for example, Norway is the only European country in our model in which the value of venture capital investment relative to GDP significantly declined (-65%) over those 10 years.

5. **How companies in Norway are funded:** because of an overall lower level of equity financing, non-financial corporates in Norway overall rely a little more on bank financing than the Nordic economy on average. Deeper equity and debt capital markets in Norway could help diversify the funding of Norwegian companies.

6. **How Norway saves and invests:** without taking into account Norway's sovereign wealth fund (which does not invest in Norway), the size of pools of long-term capital relative to GDP in Norway is much smaller than in other Nordic economies. The good news is that Norway has seen a significant increase in retail investment from 2014 to 2024, with the value of retail investment in Norway more than doubling relative to GDP.

7. **The Norwegian pensions system:** Norway does not need structural reforms to improve the long-term sustainability of its pensions system, but larger 'classic' pension funds could give capital markets and the wider economy in Norway a boost. For reference, pension funds in Denmark and Sweden (which are much larger relative to GDP than in Norway) invest between 25% and 40% of their assets in the domestic economy.

8. **Norway as an international financial centre:** high-yield bond issuance plays a significant role in Norway's overall corporate bond markets (31% of all issuance by value) and is an attractive market for foreign issuers due to a supportive ecosystem of investors and a light-touch regulatory regime. At the same time, the share that foreign listed companies make up of the total value of the Oslo stock exchange has virtually halved in the last 10 years - from 23% in the two years to 2014 to 12% in 2024.

9. **The growth potential:** we estimate that capital markets financing in Norway could grow by more than half and see an increase of between 20 to 50 billion Norwegian kroner every year if Norway's capital markets were as developed as they already are in other Nordic economies today.

10. **For discussion:** we outline five key directional recommendations to encourage the development of bigger and better capital markets in Norway: i) removing disincentives and creating a level playing field for example in the tax system to encourage more investment and capital markets financing in Norway; ii) building an equity and investment culture in Norway; iii) building on Norway's strengths for example in the high-yield bond market; iv) creating a broader financial ecosystem; and v) encouraging more political ambition.

KEY TAKEAWAYS

The future of capital markets in Norway

This infographic provides five key takeaways on the size and depth of the domestic capital markets in Norway relative to other economies in the Nordics, and on the growth potential of Norwegian capital markets:

1. ROOM FOR GROWTH

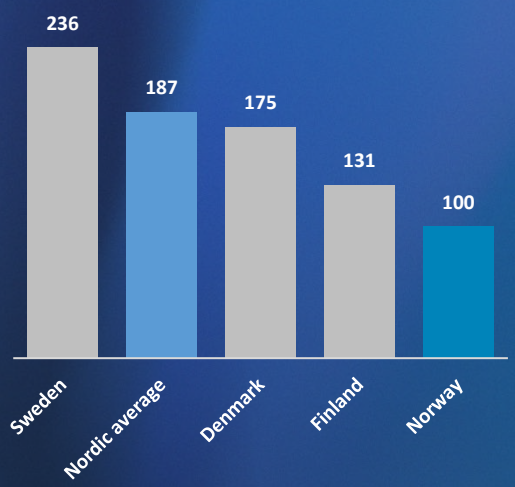
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Norway's capital markets are just over half as deep relative to GDP as they are across the Nordics on average

Norway has the least developed capital markets in the Nordic region, and its capital markets are just over half as deep as the weighted Nordic average.

Our data captures domestic activity in the capital markets. This allows us to measure to what extent each country's capital markets are helping finance their domestic economies. Based on this approach, Sweden is the Nordic economy with the most developed capital markets. Sweden's depth is driven by strong activity in virtually all sectors that our model looks at. Denmark's depth is primarily based on deep pools of long-term capital across pensions, insurance, and retail investment. The depth of Finland's capital markets is closer to Norway's but is underpinned by stronger domestic equity markets.

The overall depth of capital markets in the Nordics in the two years to 2024, relative to GDP and rebased to the Norwegian average = 100



Source: New Financial

2. HEADING IN THE RIGHT DIRECTION?

+16%

The growth of capital markets in Norway relative to GDP from 2014 to 2024

Activity in Norway's capital markets overall is growing relative to GDP, but the value of activity in some key sectors of the capital markets such as venture capital investment declined significantly from 2014 to 2024.

3. HOW NORWAY SAVES AND INVESTS

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The share of household savings in Norway that is held in cash

Despite a growing number of retail investors in Norway, households in Norway on average still hold more of their savings in cash and bank accounts than their neighbours in Denmark and Sweden.

4. NORWAY'S INTERNATIONAL STRENGTHS

41%

The share of foreign issuance in Norway's high-yield bond market

High-yield bond issuance plays a significant role in Norway's overall bond markets (31% of all issuance by value) and is an attractive market for foreign issuers due to a supportive ecosystem of investors and a light-touch regulatory regime.

5. NORWAY'S GROWTH POTENTIAL

+50bn

The potential increase in the value of capital markets financing in Norway per year in Norwegian kroner

We estimate that capital markets financing could grow by more than half and see an increase of between 20 to 50 billion Norwegian kroner every year if Norway's capital markets were as developed as they already are in other Nordic economies today.

FOREWORD BY FINANSFORBUNDET



Vigdis Mathisen
President
Finansforbundet

Norway is home to the world's largest sovereign wealth fund and a highly developed financial system. Yet, as this report demonstrates, Norway's domestic capital markets remain less developed than those of our Nordic neighbours. This gap matters, not just for today's economy, but for Norway's capacity to transition successfully towards new industries, new technologies, and new sources of sustainable value creation.

The purpose of this report is to contribute constructively to the debate on financial-sector reform. It offers an independent, external benchmark, and a systematic, data-driven assessment placing Norway in a broader Nordic and European context. From within Norway, the debate often highlights individual strengths or recent improvements. What has been missing is the outside perspective this report provides.

The findings are clear. Norway has the least developed domestic capital markets in the Nordic region - markets that are just over half as deep as the Nordic average. Yet this gap also reveals substantial untapped potential, both within the financial sector and across the wider economy. Progress is possible: retail investment has grown, and Norway has developed internationally recognised strengths, particularly in high-yield bond markets. The question is whether these strengths are being translated into a broader, deeper financial system capable of supporting long-term structural change.

For Finansforbundet, deeper capital markets are not only the foundation of a stronger financial sector with more and higher-value jobs, but also a key enabler of economic transformation. Well-functioning capital markets finance innovation, support the scaling of new businesses, help reallocate capital, build household wealth, and enhance economic resilience.

For policymakers, these findings should serve as a call to move beyond incremental adjustments and adopt a more ambitious, long-term approach. Priority areas include strengthening investment culture, building on Norway's existing market strengths, developing a broader financial ecosystem, and enhancing financial inclusion.

For the financial sector itself, there is significant value in building a stronger industry cluster around Norway's unique combination of sovereign wealth funds and strong private sector players. Following the example of Sweden and Denmark, coordinated efforts to foster research and innovation, strengthen professional networks, and attract international talent could accelerate this ambition.

Taking the right actions now could generate thousands of new jobs and drive growth both in the finance sector and across the wider economy. A stronger, more inclusive capital market is not an end in itself, it is a necessary tool for securing Norway's economic transition and long-term prosperity.

Why should decision-makers in Norway care about the capital markets?

Bigger and deeper capital markets can bring many benefits to the Norwegian economy and citizens in terms of investment, jobs, and growth. They play a vital role in supporting and growing the Norwegian (and wider Nordic) economy. Here is a selection of some of the potential benefits of more developed capital markets in Norway:

1. **A wider range of funding:** capital markets provide a valuable additional and more responsive source of financing for Norwegian companies that complements traditional bank lending and provides companies with a wider range of sources of potential funding. This reduces the economy's reliance on bank lending and enables companies to diversify both the sources of capital they use and the terms on which they use it.

2. **Economic resilience:** capital markets help increase the 'shock absorption' capacity of the wider economy. The impact of an economic downturn is transmitted less quickly to individuals in economies with more developed capital markets than those that rely more on bank lending, and they tend to recover quicker.

3. **Access to capital:** capital markets offer the right companies the ability to raise a larger amount of capital at a lower cost and for a longer period than borrowing from their bank. Through equity financing they provide start-ups and high-potential companies with risk capital that banks are not designed to provide.

4. **Increase bank lending capacity to SMEs:** capital markets are not a realistic option for most SMEs, but wider use of capital markets by companies that are large enough to access them can help free up bank balance sheets and enable banks to focus on lending to smaller companies that need it the most.

5. **Better corporate governance:** capital markets improve the 'allocative efficiency' of capital by effectively crowdsourcing funding to a wide range of investors and channelling investment to those companies that can make the best use of it. The need to compete for capital and be accountable to investors can help improve discipline, operational standards, corporate governance, performance, and transparency.

6. **More flexible:** while capital raising can come to an abrupt halt in the wake of market disruption, capital markets rebound faster than bank lending. For example, while the flow of gross new bank lending in the EU still has not recovered to 2008 levels, corporate bond issuance grew by two-thirds relative to GDP.

7. **Long-term returns:** markets can be volatile in the short term but investing in capital markets across a range of assets over the longer term generates higher returns than keeping savings in the bank. Long-term pension savings also reduce the future economic burden on taxpayers and government budgets and help address the demographic time bomb faced by many countries in Europe.

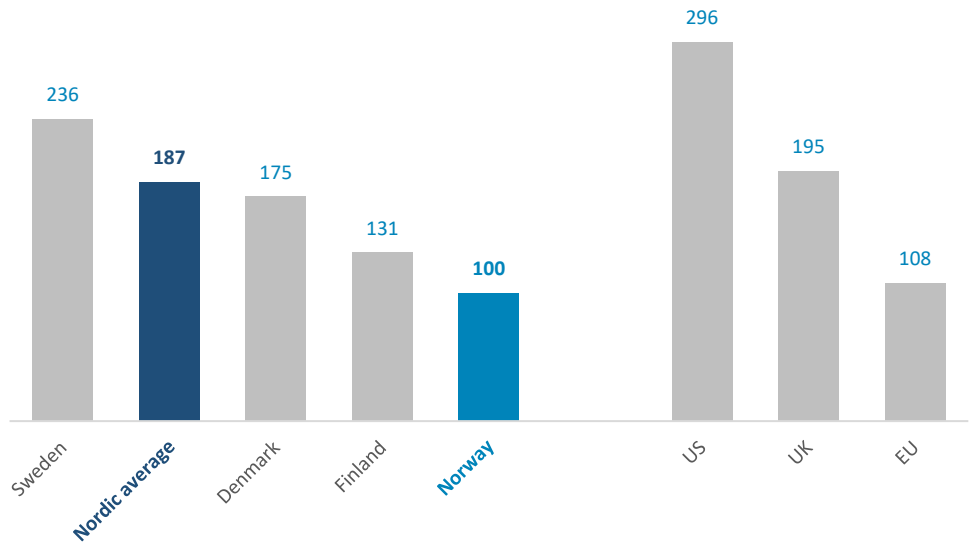
8. **Longer-term investing:** capital markets provide long-term investors such as pension funds and insurers with a wider range of Norwegian assets to invest in that better match their liabilities. Annual pension contributions by employers and employees add up to a substantial amount of money every year that can be put to work supporting the economy in much needed areas such as infrastructure and innovation.

9. **Wealth creation:** capital markets democratise wealth creation by enabling a wider range of people to invest in high-growth and successful companies through their investments and pensions.

10. **Political priorities:** Europe needs to invest a lot of money to address the many challenges the continent is facing - from defence and security to net zero and demographic shifts. Bank lending and taxation are not enough: capital markets can close this gap by providing capital at scale through a range of instruments.

Fig.1 The overall depth of capital markets in Norway and other Nordic and international economies

This chart shows the overall average depth of the domestic capital markets (measured as size relative to GDP) across 23 different sectors of activity over the two years to 2024 in Norway and in other Nordic and international economies.
Note: rebased to the Norwegian average = 100. 'Nordic average' shows the weighted average depth of capital markets in Denmark, Finland, Norway, and Sweden



Source: New Financial

Room for growth

Norway has the least developed capital markets in the Nordic region, and its domestic capital markets are just over half as deep as the weighted Nordic average. Fig.1 shows the overall average depth of capital markets (measured as the value of activity in 23 sectors of activity relative to GDP) in Norway and in peer economies rebased to the Norwegian average at 100. This means, for example, that capital markets in Denmark (at 175) are 1.75 times as deep relative to GDP as they are in Norway. Or in other words, that Danish capital markets have more capacity to support their wider domestic economy than the capital markets in Norway.

Our data captures domestic activity in the capital markets: equity issuance by Norwegian (or Danish, Swedish…) companies, bond issuance by Norwegian companies, venture capital investment in Norwegian companies, and so on. This allows us to measure to what extent each country's capital markets are helping finance their domestic economy. Based on this approach, Sweden - perhaps unsurprisingly - is the Nordic country with the most developed capital markets. (It is of course tough for Norway to be compared to Sweden which is practically the poster child for capital markets in Europe.) Sweden's capital markets depth is driven by strong activity in virtually all sectors that our model looks at (please also see Fig.2 on the next page). Denmark's depth is primarily based on deep pools of long-term capital across pensions, insurance, and retail investment. The depth of Finland's capital markets is closer to Norway's but is underpinned by stronger domestic equity markets.

Even the EU on average has capital markets that are a little deeper than Norway - and the EU itself has much less developed capital markets than the UK or the US. For reference, the difference in depth between capital markets in the EU and the UK is roughly comparable to the difference between Norway and the Nordic average.

Fig.2 The depth of Norwegian, Danish, Finnish, and Swedish capital markets

This chart shows the depth of domestic capital markets activity relative to GDP in different sectors in Denmark, Finland, and Sweden compared to the Norwegian average at 100, with the Nordic average in **dark blue** (two years to 2024 across 19 sectors). This means, for example, that the value of venture capital investment in the Nordic region relative to the size of the economy in the Nordics overall (at 452) is 4.5 times as large as it is in Norway. The depth of funded pension assets in Denmark (at 2,168), Sweden (at 1,184), and Finland (at 663) as well as the Nordic average (at 1,023) relative to Norway is literally off the charts.



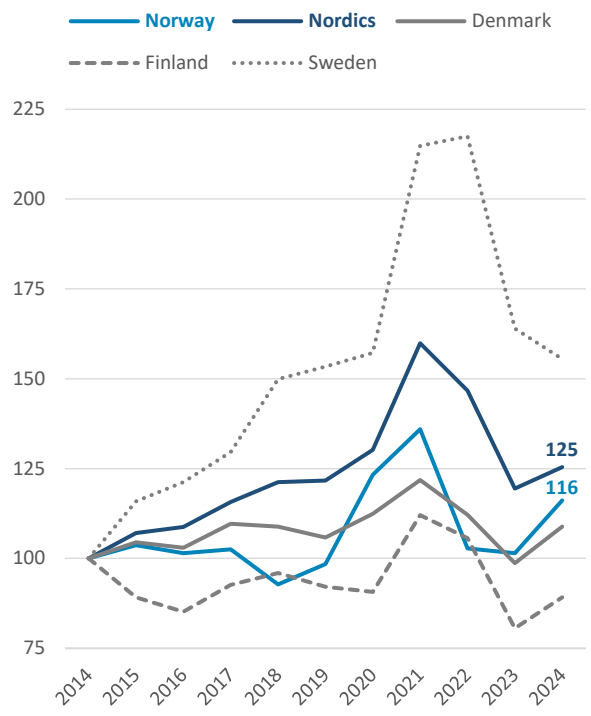
Source: New Financial. Note: 'funded pension assets' excludes public pension reserve funds and sovereign wealth funds

Fig.3 The development of Norwegian and Nordic capital markets over the last 10 years

These charts show the change in the depth of domestic capital markets relative to GDP in Norway, Denmark, Finland, and Sweden, as well as the Nordic average from 2014 to 2024 (two-year average, rebased to 2014 = 100 in each economy and region).

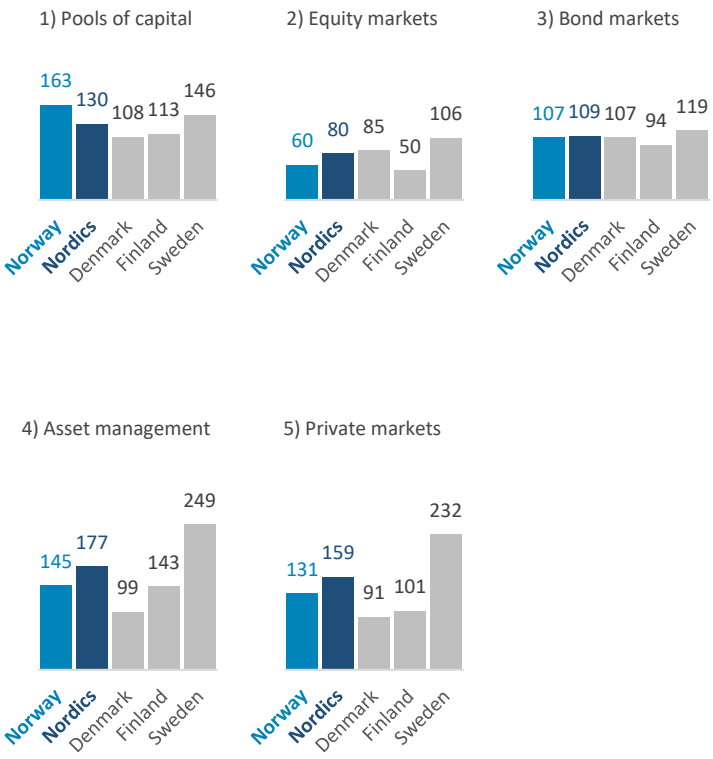
i) Change in overall capital markets depth

Note: rebased to 2014 = 100 in each economy and region



ii) The change in depth in different segments of the capital markets

Note: rebased to 2014 = 100 in each economy and segment



Source: New Financial

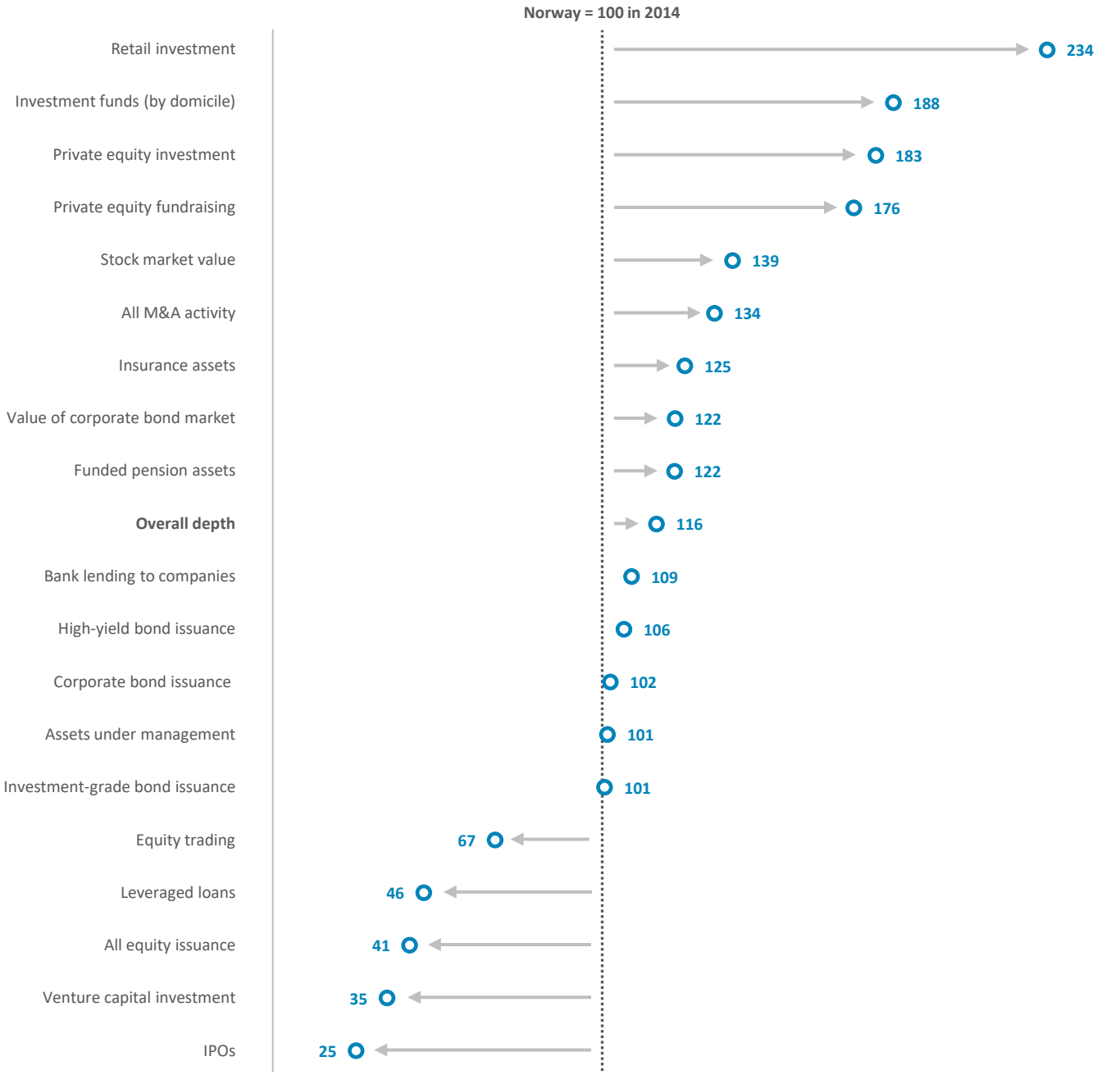
Heading in the right direction?

Relative to GDP, Norway's capital markets grew by 16% from 2014 to 2024. This means that today there is more capacity in the capital markets in Norway to support the Norwegian economy than there was 10 years ago. This is good news: while Norway's capital markets are still less developed than in other Nordic economies, they are slowly catching up; and after a slump in 2022 and 2023 they have started growing again. The not-so-good news is that Norway has been outpaced by Sweden, where capital markets relative to GDP grew by 56% from 2014 to 2024.

Fig.3 ii) shows the drivers behind the increase of capital markets depth in Norway. Pools of long-term capital in Norway have grown faster relative to the size of the economy than in other Nordic economy. Their growth has been particularly driven by an increase in retail investment in Norway (see Fig.4 on the next page). Norway's asset management sector has grown by nearly half, and private markets are nearly a third deeper than they were in 2014. The overall growth in the private markets in Norway has been driven by an increase in private equity activity, whereas venture capital investment collapsed. Norway's public equity markets have gone backwards. This is a trend that is being mirrored across much of Europe - with Sweden's capital markets being the exception.

Fig.4 Norwegian capital markets since 2014

This chart shows the change in the depth of individual sectors of the domestic capital markets in Norway relative to GDP from 2014 to 2024 (two-year average). This means, for example, that the value of retail investment assets in Norway (at 234) is nearly two-and-a-half times larger relative to GDP than it was in 2014. It is good news that all three indicators of pools of long-term capital (retail investment, funded pension assets, and insurance assets) are more developed relative to Norwegian GDP than they were in 2014. The value of investment funds domiciled in Norway relative to GDP has significantly increased too. It is not a good sign that equity issuance by Norwegian companies has gone backwards, although this is a trend that is happening across Europe. And it is striking to see that the value of venture capital investment relative to GDP in Norway has decreased by around two-thirds: this is a sector that has seen significant growth in most other corners of Europe.



Source: New Financial. Note: 'funded pension assets' excludes public pension reserve funds and sovereign wealth funds

Financing the Norwegian economy

At first glance, the real economy in Norway is making progress in reducing its reliance on bank financing (which is a key indicator for how developed capital markets are in an economy). Overall, however, companies in Norway are still a little more dependent on banks to finance their activities than their peers in other Nordic economies on average.

Fig.5 shows bank lending and corporate bonds as a share of corporate borrowing in Norway, Denmark, Finland, and Sweden. The real economy in Norway makes less use of bank lending to borrow money than other Nordic economies. This indicates that deeper capital markets in Norway (and more significant uptick in corporate bond issuance in the next few years - see Fig.4 on the previous page) could have a direct, positive impact on the Norwegian economy and help finance investment and economic growth.

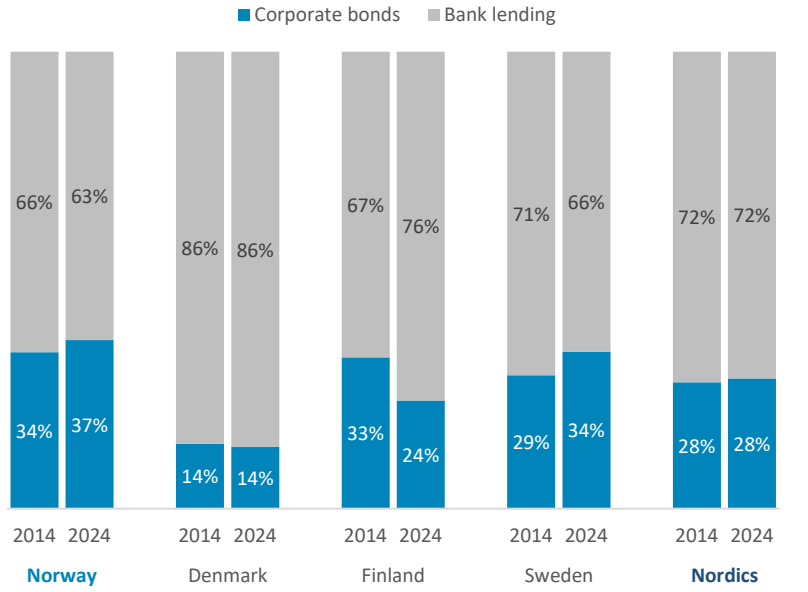
(For reference, in the EU overall bank lending accounts for three-quarters of total EU corporate borrowing, whereas in the US bank lending accounts for only around a quarter of corporate borrowing.)

Fig.6 shows that Norwegian companies use less equity financing than their Nordic peers: listed shares, unlisted shares, and other equity combined account for just over half of total liabilities of non-financial corporations in Norway, but for 60% in Finland and around two-thirds of company financing in Denmark and Sweden.

Compared with the rest of Europe, Norway has a positive ratio between bank lending and corporate bonds when it comes to corporate borrowing. But because of a lower level of equity financing, companies in Norway overall rely a little more on bank financing than the Nordic economy on average. Deeper equity and debt capital markets in Norway could help diversify the funding of companies.

Fig.5 How companies in Norway borrow money

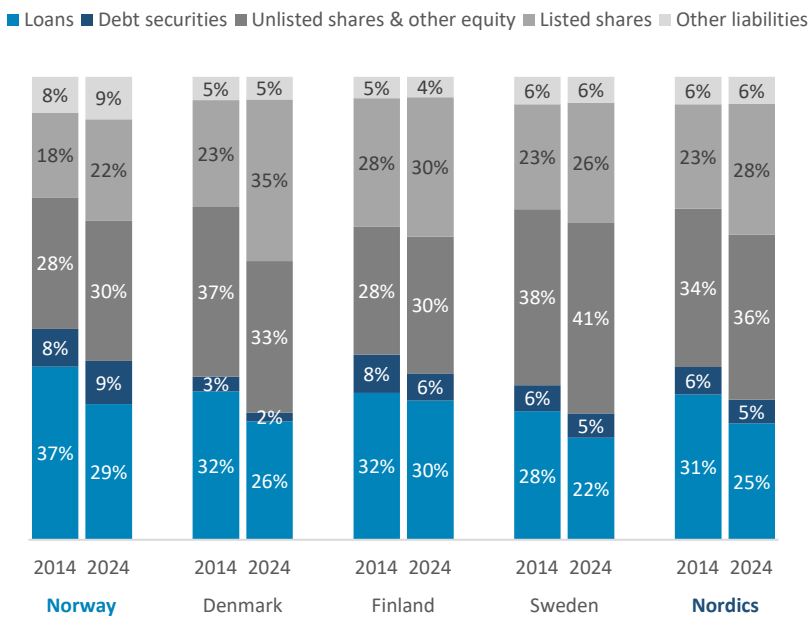
Bank lending and corporate bonds as a % of corporate borrowing in the two years to 2014 and 2024 in Norway, Denmark, Finland, Sweden, and the Nordics overall



Source: ECB, BIS, Dealogic, New Financial

Fig.6 How companies in Norway are funded

The distribution of total liabilities of non-financial corporations in the two years to 2014 and 2024 in Norway, Denmark, Finland, Sweden, and the Nordics overall



Source: Eurostat, New Financial

The starting point

Deep pools of long-term capital are the starting point for deep, efficient, and liquid capital markets - but pools of long-term capital in Norway relative to the size of the Norwegian economy are (much) smaller than in other Nordic economies.

Norway is in a unique position: it has the largest sovereign wealth fund in the world - but the fund does not invest in Norway, and despite its name ('Government Pension Fund Global'), it is not a traditional pension fund. We explore this oddity on page 14.

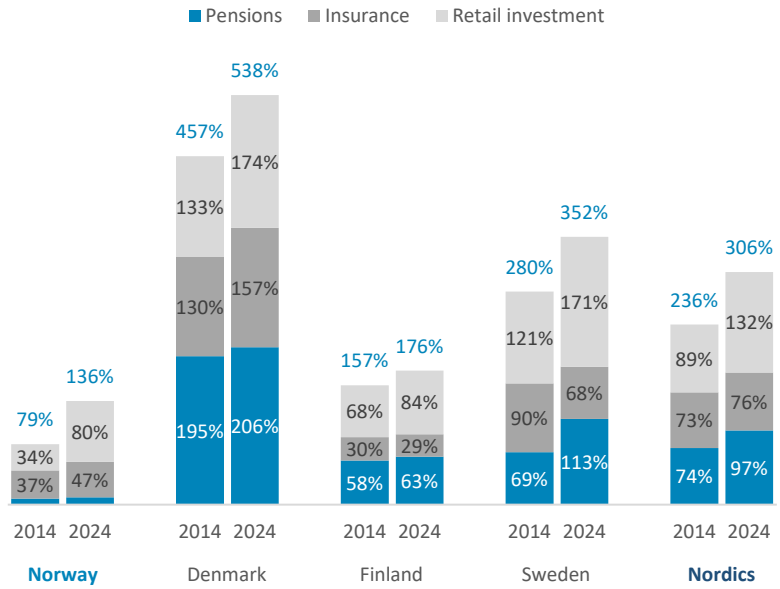
There are three main takeaways from Fig.7. First, the size of pools of long-term capital relative to GDP in Norway is smaller than in other Nordic economies. Second, the biggest difference between Norway and other Nordic economies is the size of funded occupational and private pensions assets.

Third, Norway has seen a significant increase in retail investment over the last decade, with the value of retail investment assets more than doubling relative to GDP. While Fig.8 shows that households in Norway on average still hold more of their savings in cash and bank accounts than their neighbours in Denmark and Sweden, any change that Norway has seen in how households save and invest has been driven by an increase in retail investment.

At least a part of this increase in retail investment can be explained by the Aksjesparekonto (ASK), Norway's relatively successful savings and investment account that was introduced in 2017 (see next page). Further tweaks to the ASK to make it more attractive for people on lower incomes, paired with more ambitious reforms of Norway's pensions system (see page 14), could help build an equity and investment culture and drive a further shift in how Norwegians engage with their money.

Fig.7 The size of pools of long-term capital in Norway

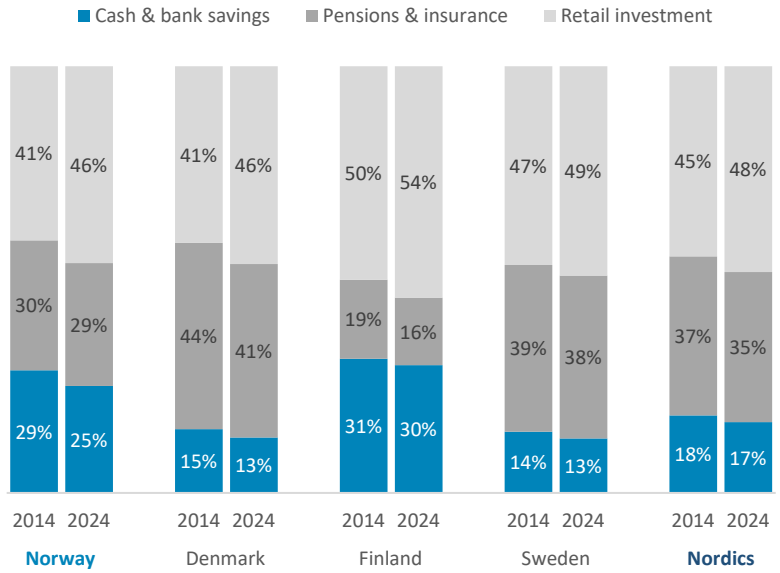
The size of long-term capital in % of GDP in the two years to 2014 and 2024 in Norway, Denmark, Finland, Sweden, and the Nordics overall, with the number in blue showing total size



Source: ECB, OECD, Insurance Europe, EIOPA, New Financial
Note: this analysis does not include Norway's oil fund ('Government Pension Fund Global'), or countries' public pension reserve funds - see Fig.11 on page 14

Fig.8 How households in Norway invest their assets

The allocation of household financial assets (excluding property) in the two years to 2014 and 2024 in Norway, Denmark, Finland, Sweden, and the Nordics overall



Source: Eurostat, New Financial

Fig.9 An overview of savings and investment accounts in the Nordics

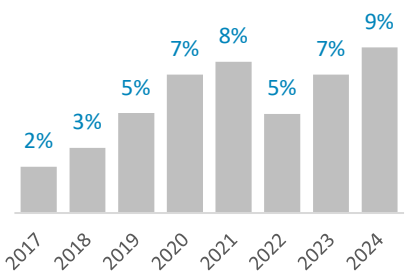
Note: T = taxed, E = exempt under 'tax treatment'. For example, 'TET' means contributions to the account are taxed (i.e. they are made from people's net income); capital gains, dividends, and interest within the account are exempt from tax; withdrawals from the account are taxed

Country	Name	Launch	Deposit limit	Tax treatment of: (i) contributions (ii) capital gains, dividends, interest (iii) withdrawals	Key investment restrictions	Assets, % of GDP
Norway	ASK	2017	-	**TET:** trading within the ASK is not taxed but withdrawals of profits from the ASK are taxed at standard capital gains tax rates	Stocks and funds (min 80% equity allocation) domiciled in the EEA	**9%** (2024)
Denmark	ASK	2019	DKK 174,200 (NOK 260,500)	**TTE:** flat annual tax of 17% on (unrealised) gains	Listed equities and funds (min 50% equity allocation)	**1%** (2024)
Finland	OST	2020	€100,000 (NOK 1,117,600)	**TET:** trading within the OST is not taxed but withdrawals of profits from the OST are taxed at standard capital gains tax rates	Listed stocks and shares only	**1%** (2024)
Sweden	ISK	2012	-	**TTE:** the first SEK 300,000 (NOK 311,300) held in an ISK are tax free. Flat annual tax based on Swedish government borrowing rate applies to holdings above this level (1.065% in 2026)	Listed securities (including bonds, UCITS funds, and Swedish special funds)	**31%** (2024)

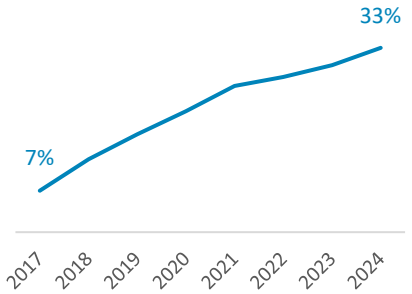
Source: Finance Denmark, Finnish tax administration, Statistics Norway, Swedish tax administration, New Financial

Fig.10 The size, take-up, and development of the ASK in Norway

i) The size and growth of assets held in ASKs from 2017 to 2024 as a % of GDP, end-of-year figures



ii) The share of households in Norway with ASKs from 2017 to 2024, end-of-year figures



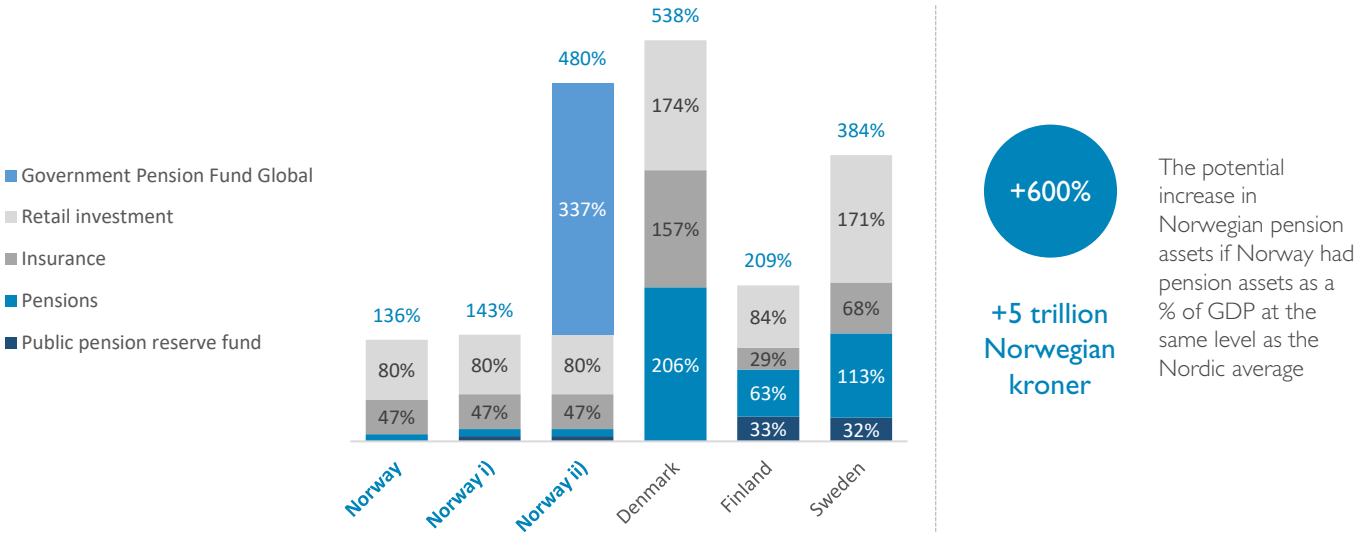
Source: New Financial analysis of data from Statistics Norway and the IMF

Ahead of the curve

Savings and investment accounts are wrappers that aim to incentivise people to invest more of their money by making it easier to access the capital markets and, usually, offering some form of tax benefit or incentive. Norway, Denmark, Finland, and Sweden all have a savings and investment account with different deposit limits, tax treatments, and investment restrictions (see the table in Fig.9 above). The ASK in Norway is the only account with a direct geographic investment mandate and only has an indirect tax benefit (realised gains are tax free while still held within the ASK but profits are taxed at standard capital gains tax rates at the point of withdrawal from the ASK). Still, the ASK in Norway is relatively popular: by the end of 2024, the value of assets in ASKs had reached around 9% of Norwegian GDP (just over 480 billion Norwegian kroner), with a third of households in Norway having an ASK. The value of assets relative to GDP held in Swedish ISKs is more than three times as large as in Norwegian ASKs. *For a more detailed analysis please see our report on 'Designing savings and investment accounts in the EU' from last year.)*

Fig.11 Pools of long-term capital in Norway including Government Pension Fund Norway & Global

This chart shows the size of long-term capital in % of GDP in the two years to 2024 in Norway, Denmark, Finland, and Sweden including i) public pension reserve funds (in Norway: Government Pension Fund Norway) and ii) Norway's oil fund (Government Pension Fund Global), with the number in blue showing total size



Source: ECB, OECD, Insurance Europe, EIOPA, NBIM, New Financial. Note: the value of Norway's Government Pension Fund Global increased significantly from 2023 to 2024 and by the end of 2024 had reached a total value equal to 361% of (total) Norwegian GDP.

A European oddity

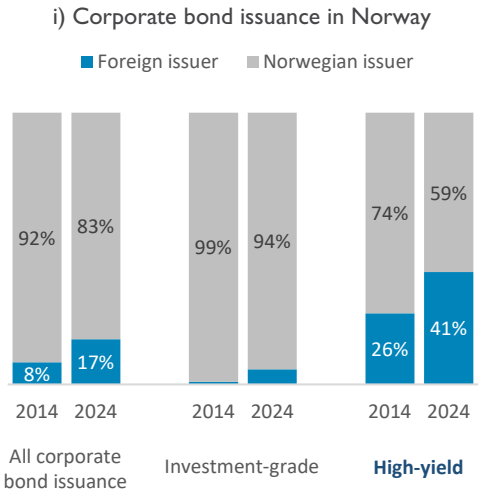
From an outside perspective, Norwegian's pensions system is an oddity. Unlike many countries, Norway does not really need to worry about the long-term affordability of its pensions. The $2 trillion Government Pension Fund Global can, in principle, finance Norway's pillar 1 state pension system in perpetuity. But despite its name, the fund is not a pension fund, it is not funded through pension contributions, and it does not invest in Norway.

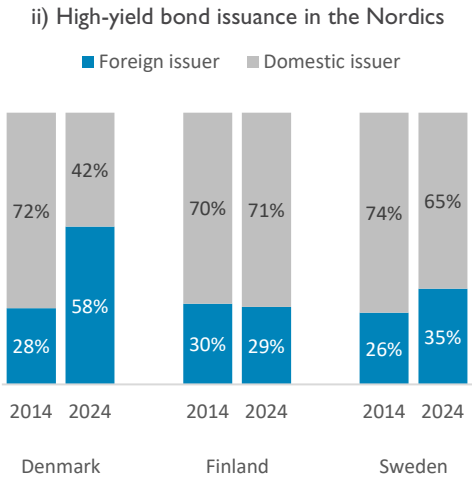
Fig.11 shows that Norway's pools of long-term capital relative to GDP are small compared to its neighbours even when we include the Government Pension Fund Norway, Norway's $40bn public pension reserve fund (at just 17% of GDP compared with a Nordic average of around 115%). This is mainly because the pension system in Norway is predominantly unfunded and pay-as-you-go, and contributions to funded workplace pensions are very low (just 2% for employers). The picture changes when we include the global fund, but even though it is the largest sovereign wealth fund in the world, it still does not lift Norway's pools of long-term capital to Denmark's levels relative to GDP.

Norway spends less today on its state pension than its Nordic neighbours (9% of GDP versus an average of 11%) but this is forecast to increase to over 12% by 2050 as the average for its neighbours falls to 9%. Norway can afford this and does not necessarily need a structural reform of its pensions system to improve its long-term sustainability (although it would free up money for other priorities), but larger 'classic' pension funds could give capital markets and the wider economy in Norway a boost. For reference, pension funds in Denmark and Sweden (which both have set much higher contribution rates to their occupational pensions than Norway) on average invest between 25% and 40% of their assets in the domestic economy. If Norway's pensions assets (including its public pension reserve fund) were at the same level relative to GDP as the Nordic average, they would increase by 600% and unlock an additional five trillion Norwegian kroner. If only a quarter of this additional capital would be invested domestically, this would mean an additional 1.25 trillion Norwegian kroner to support jobs, innovation, and economic growth in Norway.

Fig.12 The international attractiveness of Norway's high-yield bond market

These charts show the split by value between domestic and foreign issuance in the Nordic bond markets in the two years to 2014 and 2024. Fig.12 i) shows the split in each segment of the bond market in Norway; Fig.12 ii) shows the split in the Danish, Finnish, and Swedish high-yield bond markets. (The large majority of foreign issuance in each of the Nordic countries comes from outside the Nordics.) While Denmark's high-yield bond market is even more international than Norway's, the market for high-yield plays a more significant role in Norway's bond markets (31% of all issuance) than it does in Denmark's (11%). This is not necessarily a zero-sum game: for many market participants there is only one *Nordic* high-yield market, and a growing high-yield market in one Nordic country can attract more issuance in another too.

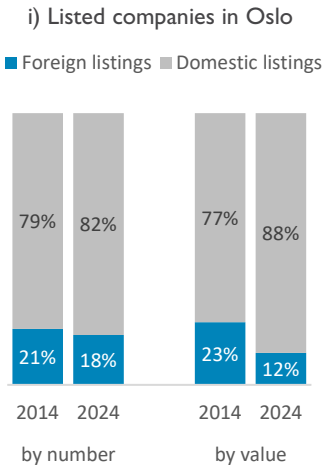


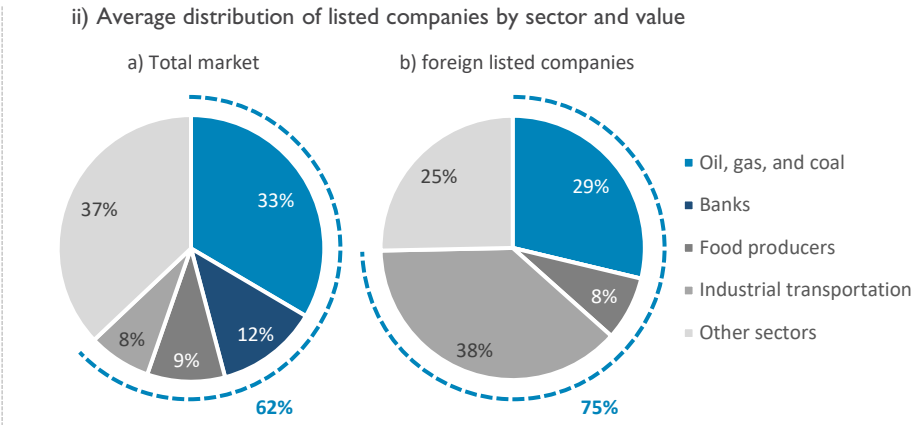


Source: New Financial analysis of data from Dealogic

Fig.13 The international attractiveness of the Oslo stock exchange

Fig.13 i) shows the split by number and by value of domestic and foreign listed companies on the Oslo stock exchange in the two years to 2014 and 2024; Fig.13 ii) shows a) the sector split of all listed companies and b) of foreign listed companies by value in the two years to 2024. In terms of numbers, the international attractiveness of the Oslo stock exchange remained relatively stable from 2014 to 2024, but in terms of market capitalisation nearly 90% of the Norwegian stock market is now made up of domestic companies (up from less than 80% in the two years to 2014). Energy companies make up around one-third of the total value of the stock market and over a quarter of the value of foreign listed companies. Overall, the value of the Oslo stock exchange is concentrated in just four sectors that make up nearly two-thirds of the total value of the stock exchange, and around three-quarters of the value of all foreign listed companies.





Source: New Financial analysis of data from Euronext

What if…?

We estimate that capital markets financing in Norway could grow by more than half and see an increase of between 20 to 50 billion Norwegian kroner every year if Norway's capital markets were as developed as they already are in other Nordic economies today.

To calculate the growth potential for Norwegian capital markets we ask two simple questions: What if the value of capital markets activity relative to GDP in Norway was at the same level as it is today in the most developed capital market in each sector in the Nordics (Fig.14 i)? And what if the value of activity relative to GDP in Norway was at the average level of capital markets in the Nordics (Fig.14 ii)? After all, there is (virtually) no reason why Norway should not look more like Denmark, Finland, or Sweden.

For example, annual venture capital (VC) investment in Norway in the two years to 2024 was at 0.1% of Norwegian GDP (roughly two billion Norwegian kroner per year). In Sweden, VC investment in the two years to 2024 stood at 1% of Swedish GDP. If Norwegian VC investment was at 1% of Norwegian GDP, it would increase to around 18 billion Norwegian kroner per year - an increase of about 16 billion kroner.

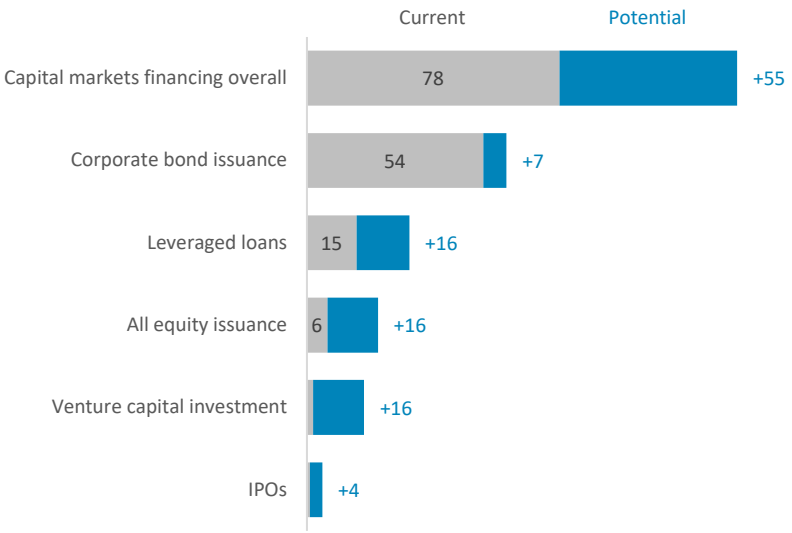
And likewise, equity issuance by Norwegian companies stood at just under 0.4% of GDP in the two years to 2024 (roughly six billion kroner per year). If equity issuance in Norway was at the same level as the Nordic average at 0.8% of Nordic GDP, there would be an additional eight billion kroner in equity issuance by Norwegian issuers every year.

There is no perfect way to estimate growth potential in capital markets. Our approach is not a forecast and has obvious limitations. But we think it creates a simple, realistic, and achievable indicator of what capital markets in Norway could look like.

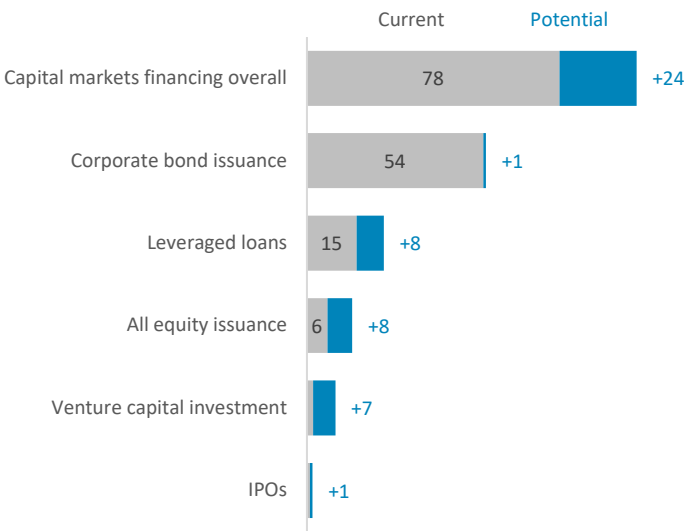
Fig.14 The growth potential in key areas of capital markets activity

i) The potential growth in key areas of Norwegian capital markets if they were as developed relative to GDP as the most developed Nordic economy in each sector, with the number in blue showing the potential additional annual value of activity in NOK bn

Note: 'capital markets financing overall' measures the combined value of corporate bonds, equity issuance, leveraged loans, and venture capital investment



ii) The potential growth in key areas of Norwegian capital markets if they were as developed relative to GDP as the Nordic average in each sector, with the number in blue showing the potential additional annual value of activity in NOK bn



Source: New Financial analysis of data from Dealogic and Preqin

For discussion

Norway's domestic capital markets are less developed than they are in the Nordic region on average, but Norway has many of the right building blocks in place to develop bigger capital markets that can better support its economy and help drive jobs, innovation, growth, and prosperity. Here are five directional recommendations based on our research, discussions with market participants, and reforms and measures that were successfully implemented in peer economies that could encourage the development of bigger and better capital markets in Norway:

i) Removing disincentives and creating a level playing field: there are a number of elements in Norway's framework for the financial sector (and the wider economy) that disincentivise firms and investors from engaging more with Norway's markets. A focus area for policymakers in Norway that are interested in creating bigger capital markets should be to identify and remove these disincentives.

'Gold-plating', or the introduction and adoption of EU financial regulation with higher or stricter requirements in Norway than elsewhere in the EEA, is one way in which Norway has created disincentives. Examples include higher bank capital requirements or stricter rules for some parts of the asset management sector. A good moment to kick off a comprehensive review of lingering disincentives in Norway's framework for the financial markets could be the national adoption and implementation of the EU's simplification agenda. With a growing focus on where European financial regulation may have gone too far in terms of volume, detail, and complexity, and on the implications that a complex rulebook has for competitiveness and economic growth, policymakers in Norway could use this opportunity to also investigate and update the more substantial elements of its framework that put the financial markets in Norway at a relative disadvantage.

The taxation of savings and investments is another example. Effective tax rates on capital gains and dividends on shares at 37.8% are higher than on capital income from other investments such as property (capital gains on real estate and rental income are taxed at 22%), thereby discouraging new investment in the capital markets. This stands in stark contrast with Sweden, which has emphasised asset neutrality and offers entrepreneurs lower tax rates on dividends and capital gains to encourage start-ups and investment.

ii) Building an equity and investment culture: without capital, you cannot have deep and liquid capital markets. One of the key building blocks for Sweden's capital markets (and any other well-developed capital markets) is deep pools of long-term capital that are driven by households channelling their savings into productive investments. More people in Norway investing more of their money could have positive knock-on effects not just on their own individual financial wellbeing (in almost all cases, investments deliver higher returns over the longer term than leaving savings in bank accounts with low interest rates) but also on Norway's financial ecosystem and its wider economy.

There is no single measure to achieve an equity and investment culture in Norway that looks more like Sweden's, but Norway is coming from a relatively good starting point. For example, Norway already has an investment account - the ASK - which policymakers could simplify and make more attractive by introducing a small tax-free allowance (like Sweden did with its ISK recently) or by broadening eligible assets that can be held in ASKs. An additional 'junior ASK' modelled after junior investment accounts in other markets (such as the UK, the US, or Germany) could encourage parents to build an investment pot for their children. Gradually increasing the minimum contribution rates that employers and employees pay into defined contribution workplace pensions (up from 2% and 0% respectively today) could bring Norway more in line with Sweden and Denmark (where pension contribution rates are typically closer to 15%) and, over time, generate a significant amount of investment every year that could be put to work supporting the wider economy.

Finally, financial literacy and awareness could be improved by more engaged initiatives, organisations, and networks across Norway. A good example is 'Unga aktiesparare' in Sweden that reaches more than 30,000 pupils and students across Sweden every year with its 'young personal finance project'.

iii) Building on Norway's strengths: there is no need to re-invent the wheel to support the development of bigger Norwegian capital markets. Decision-makers can build on existing strengths and take inspiration from pockets of the capital markets in Norway that already work well, such as the market for high-yield bond issuance: with an ecosystem of experienced investors and supported by (relatively) light-touch regulation and documentation rules it is not only helping finance SMEs across the Nordics but increasingly attracts foreign issuers. Learnings from this segment could be applied to other areas of the capital markets and paired with takeaways and best practice from other Nordic economies. We think reforms should initially focus on how Norway's capital markets could better support their domestic economy - but as the high-yield bond market in Norway shows, domestic strengths can boost Norway's attractiveness as an international financial centre too.

iv) Creating a broader financial ecosystem: the financial ecosystem in Norway has many of the building blocks it needs in place (such as engaged investment banks, family offices, and high-net-worth investors), but market participants have told us that overall the ecosystem might be too small and narrow. Better conditions and a better framework for the financial sector could encourage new entrants at both ends of the spectrum: new, more digital and technology-focused firms that can disrupt the existing market; and major international players like globally leading investment banks that can deliver more capacity and expertise at the top. A national research centre for finance in Norway, inspired by the Swedish House of Finance or the Danish Finance Institute, could convene stakeholders from the private and public sectors as well as academia and help explore how Norway can build a stronger financial sector and financial system in the future.

As part of this, decision-makers in Norway would benefit from keeping an eye on the full funding escalator. There is trouble brewing in Norway's start-up scene with implications for its wider capital markets. Norway is one of only four European countries where the value of VC investment relative to GDP decreased between 2014 and 2024, and the only country in which VC investment *significantly* decreased (Finland -7%, Ireland -13%, Hungary -37%, but Norway -65%). In absolute terms, VC investment in Norway decreased by more than two thirds from 2022 to 2024. This decline has likely been driven by measures such as the recent tightening of exit tax rules. Fewer start-ups mean fewer scale-ups, fewer scale-ups mean fewer exits (for example through IPOs in Oslo), and over time this means fewer investment opportunities and a smaller financial sector in Norway.

v) Encouraging more political ambition: it is good to see an increase in political attention in Norway, but this is still a bit off from the political will to make sustained, structural commitments to capital markets development that countries like Sweden show. *Now* is the time to change this: with an increased focus across Europe on how capital markets can help in supporting the economy and help finance and address challenges and priorities ranging from defence and security to climate change (see the EU's savings and investments union or the UK's Edinburgh and Leeds reforms), decision-makers in Norway from government, regulation, and industry can use the momentum to start developing and implementing the reforms that Norway's capital markets need to grow.

A good starting point could be to refer to the paper published by the Swedish government in 2025 on Sweden's capital markets journey. The four components that the paper from Sweden outlines could be used as a test to sense-check whether Norway is on the right track: i) Does Norway have sufficient incentives for retail investment? ii) Does Norway have a funded pension system that encourages institutional investment in equities and other assets? iii) Does Norway have a tax regime that supports entrepreneurs and wealth accumulation? And iv), does Norway's framework for the financial markets promote openness and adaption? Based on what market participants told us during our research for this paper, the answers are probably: i) yes but can be improved; ii) not really; iii) no; and iv) perhaps in parts…

NEW FINANCIAL
Rethinking capital markets

Lead author



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How to boost investment in UK equities by UK pensions

Designing savings and investment accounts in the EU

A reality check on international listings

APPENDIX: METHODOLOGY

The New Financial European capital markets model:

New Financial's unique model analyses the size (value of activity) and depth (value of activity relative to GDP) of European capital markets in the following 27 different sectors of activity (subject to data availability) in all 27 EU member states as well as additional European and international economies:

- **Pools of capital:** funded pensions assets, insurance assets, household retail investments (excluding pensions, insurance, cash deposits, and unlisted equity)
- **Equity markets:** stock market value, initial public offerings, secondary equity issuance, convertible bonds, value of SME growth markets, equity trading values
- **Bond markets:** corporate bond market value, overall bond market value, investment-grade bond issuance, high-yield bond issuance, bank lending relative to corporate bonds
- **Loans & securitisation:** value of outstanding securitisation, securitisation issuance, leveraged loan issuance
- **Assets under management:** assets under management, all investment funds by domicile, domestic investment funds by domicile
- **Corporate activity:** M&A by target nationality, M&A by acquiror nationality, domestic M&A
- **Private markets:** private equity investment activity, venture capital investment activity, private equity fundraising, private debt activity

We are measuring activity on a locational basis: this means, for example, that we are counting IPOs by companies domiciled in Norway towards the overall value of 'Norwegian IPOs' irrespective of whether these companies choose to list in Norway or on an exchange outside of Norway.

Measuring depth:

In each sector and country we measure the value of activity as a percentage of GDP on a two-year rolling basis from 2004 to 2024 to iron out the annual volatility in capital markets. To enable a comparison in depth between different sectors, we rebase these percentages in each sector to the Norwegian average. For example, the value of the stock market in Norway in the two years to 2024 is 67% of Norwegian GDP. We rebase this to 100, meaning that a country with a score of 50 has a stock market that is half as deep relative to GDP as the Norwegian average, and a country with a score of 200 is twice as deep. The only exception is equity trading, where we calculate the depth of equity trading in any given economy as a percentage of market capitalisation.

While this methodology has the advantage of simplicity, in a handful of countries with a particularly large sector relative to GDP - for example, funded pension assets in Denmark - it can distort the overall ranking. To reduce these distortions, we cap each metric at two standard deviations from the mean for every country when we calculate a country's overall depth. This reduces the distortion of a few outsize sectors more fairly than not including the outlying metrics at all.

Wherever we refer to the 'Nordics' or the Nordic region in this report we are calculating the weighted average activity in each sector of the capital markets across Denmark, Finland, Norway, and Sweden.

To keep our data consistent and comparable across all economies, we use total GDP in Norway in our calculations, not mainland GDP. Please see pages 21-23 for further analysis using mainland GDP.

APPENDIX: ANALYSIS USING MAINLAND GDP (1)

Fig.15 The overall depth of capital markets in Norway and other Nordic and international economies

This chart redraws the depth chart in Fig.1 on page 7. Using mainland GDP, the overall depth of Norway's domestic capital markets increases: Nordic capital markets overall on average are now 'only' a little more than 50% deeper than Norway (as opposed to being just under twice as deep); Norway's capital markets are in line with Finland's; and Norway has noticeably deeper capital markets than the EU on average.

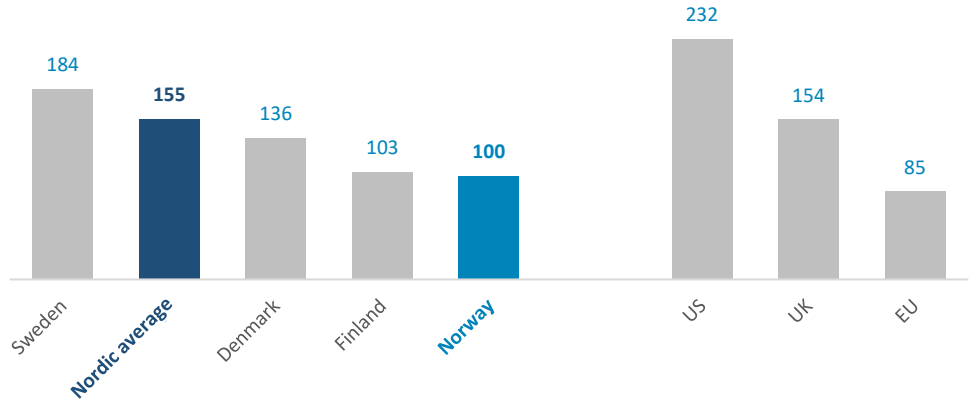
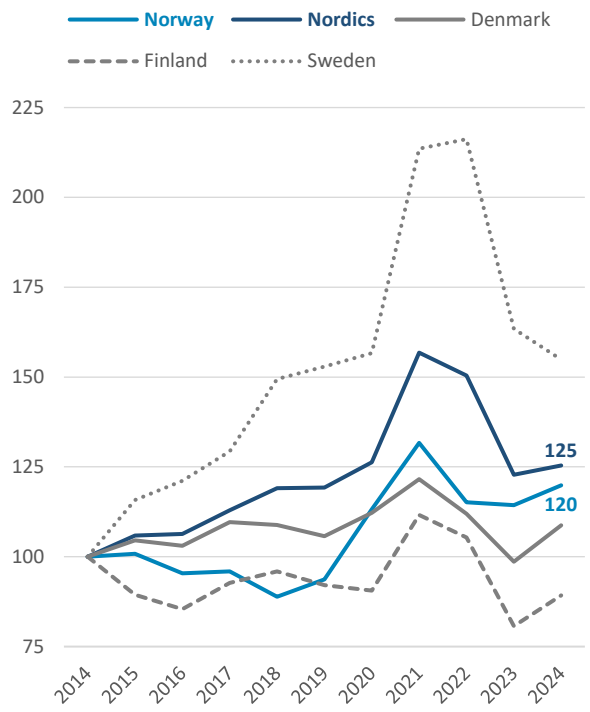


Fig.16 The development of Norwegian and Nordic capital markets over the last 10 years

These charts redraw the charts in Fig.3 on page 9. Using mainland GDP, Norway's capital markets were 20% deeper relative to GDP in the two years to 2024 than they were in the two years to 2014.

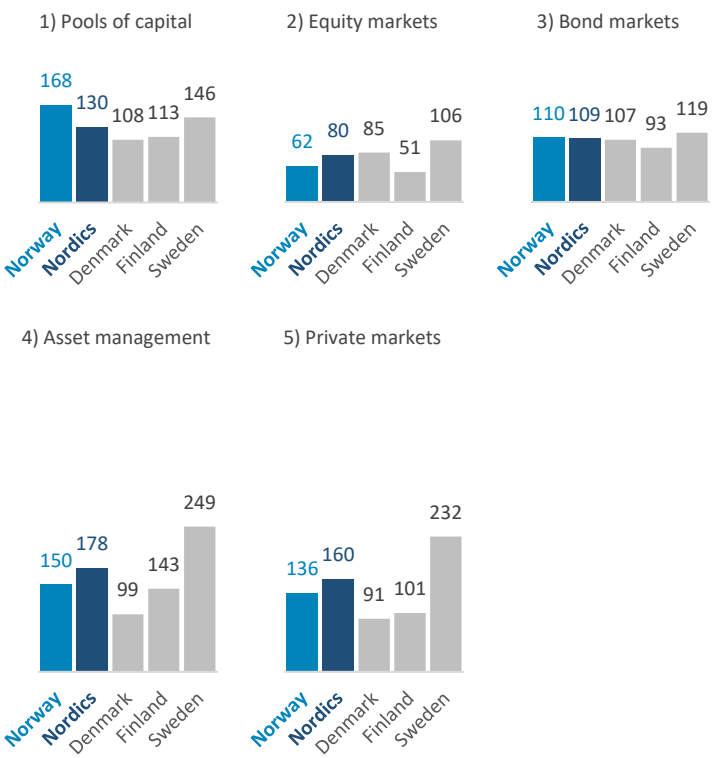
i) Change in overall capital markets depth

Note: rebased to 2014 = 100 in each economy and region



ii) The change in depth in different segments of the capital markets

Note: rebased to 2014 = 100 in each economy and segment



Source: New Financial

Fig.17 The depth of Norwegian, Danish, Finnish, and Swedish capital markets

This chart redraws the chart in Fig.2 on page 8. Using mainland GDP, the difference between Norway and the other Nordic economies is less dramatic in some of the sectors (although the depth of funded pension assets in Denmark, Sweden, and Finland is still off the charts). Norway now has capital markets that are deeper relative to GDP than the Nordic average in six sectors instead of four.



Source: New Financial. Note: 'funded pension assets' excludes public pension reserve funds and sovereign wealth funds

Fig.18 The size of pools of long-term capital in Norway

This chart redraws the chart in Fig.7 on page 12. Using mainland GDP, the value of pools of long-term capital in Norway (excluding Government Pension Fund Global and Government Pension Fund Norway) increases to 177% of GDP and is just above Finland's level.

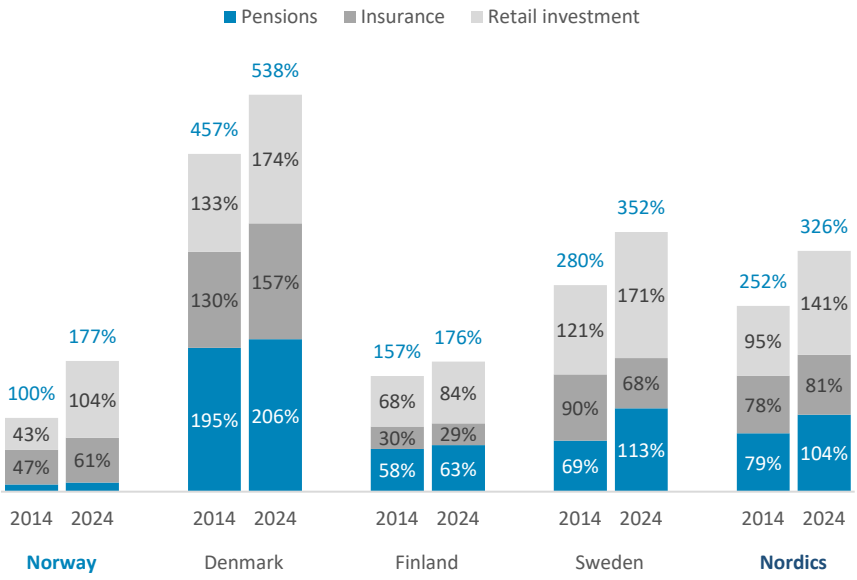
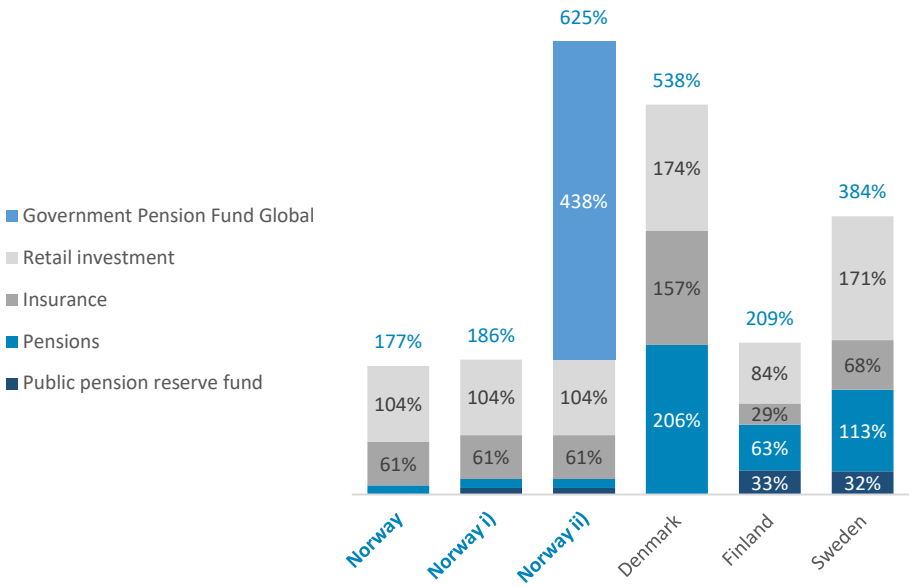


Fig.19 Pools of long-term capital in Norway including Government Pension Fund Norway & Global

This chart redraws the chart in Fig.11 on page 14. Using mainland GDP, pools of long-term capital including Norway's Government Pension Fund Global are significantly larger relative to GDP than in any other Nordic economy.



Source: ECB, OECD, Insurance Europe, EIOPA, NBIM, New Financial. Note: the value of Norway's Government Pension Fund Global increased significantly from 2023 to 2024 and by the end of 2024 had reached a total value equal to 463% of mainland Norwegian GDP.