



EUROPEAN COMMISSION

Directorate-General for Financial Stability, Financial Services and Capital Markets Union

Director General

Brussels,
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Sent by email only

Subject: Call for Advice to the EBA for the purposes of gathering data for a benchmarking of national loan enforcement frameworks (including insolvency frameworks) from a bank creditor perspective

Dear Mr Farkas,

As part of the ongoing work on the benchmarking of national loan enforcement and non-bank insolvency frameworks, the Commission services are seeking technical advice from the European Banking Authority (EBA) to collect data on the recovery rate and speed which banks experience in practice when trying to enforce non-performing loans in EU Member States.

I cannot stress enough the significance of this exercise and would like to recall the importance attached to the benchmarking by the Commission, most recently in the Third Progress Report on the reduction of non-performing loans and further risk reduction in the Banking Union of 28 November 2018, following up on the July 2017 Council Action Plan to tackle non-performing loans. Several Member States consider a meaningful benchmarking of national insolvency frameworks a prerequisite to completing the Banking Union. Data on the efficiency of insolvency regimes and loan enforcement more in general are not presently gathered either at national or at EU level in a manner that would permit to source comparable data. Because of the broad scope of the exercise and the substantial amount of work which will be needed in order to prepare the EBA's advice, my services have already contacted the EBA's staff to discuss the content of the Call for Advice. My services (DG FISMA Unit 'Capital Markets Union', Ms Tatyana Panova, Head of Unit, tel. +32-2-29-60361 and Mr Jung-Duk Lichtenberger, Deputy

Head of Unit, tel. +32-2-29-90066) stand ready to support the EBA in completing this advice as efficiently as possible. The invaluable input from the EBA will be instrumental to the Commission services' benchmarking exercise.

The EBA has already performed extensive work on NPLs and is encouraged to draw on existing work to the extent possible, in particular in framing the parameters.

To this end, I would ask the EBA to deliver its analysis to the Commission services by 31 December 2019. The EBA should deliver a preliminary analysis of the data gathered for a representative sample by 30 June 2019.

In 2018, we started the qualitative analysis on the basis of a survey sent to MS through the Financial Services Committee. You will find attached the responses received so far from Member States and which, maybe on the basis of input which the EBA might seek from the remaining Member States, we hope could form a useful additional basis to help the EBA to finesse the parameters for its quantitative data gathering.

I would like to suggest a meeting at operative level in January to analyse together how this exercise can be taken forward in the time constraints to which we are subjected. I would also propose to put this Call for Advice and the benchmarking exercise up for discussion at the next available EBA Board of Supervisors meeting.

Thank you in advance for your cooperation. I am looking forward to receiving the EBA's advice.

Yours sincerely,

Olivier GUERSENT

Cc: J. Berrigan, U. Bassi, M. Nava, M. Merlin, A. Schaedle, M. Spolc, T. Panova, J. Lichtenberger, D. Thienpoint, M. Donnay, E. Tornese, M. Parmentier, P. Pontuch, R. Maran, K. Wynands (CAB-DOMBROVSKIS), J. Ceyskens (CAB-DOMBROVSKIS)

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