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Olivier Guersent
Director General
Directorate-General for Financial Stability
Financial Services and Capital Markets Union (FISMA)
European Commission
Rue de Spa 2
1000 Brussels
Belgium

5 March 2019

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

Dear Mr Guersent,

Thank you for your letter dated 7 January 2019 on a Call for Advice (CfA) for the purposes of benchmarking national loan enforcement frameworks (including insolvency frameworks) from a bank creditor perspective.

Let me reassure you that the EBA considers this project as an important exercise in the context of the Council's Action Plan for tackling non-performing loans and achieving further risk reduction in the Banking Union. The EBA shares the view that the benchmarking of national loan enforcement frameworks would give useful insights on the formal loan enforcement procedures, both by creditors individually and in the context of collective proceedings in insolvency.

The CfA asks the EBA to conduct an ad hoc data collection and analysis, using a representative sample of institutions and covering all EU Member States and the following asset classes: consumer credit, residential and commercial real estate, SMEs and intermediate size firms. For the exercise, the CfA proposes the following concrete timeline:

- April 30, 2019, EBA to propose a sample of banks for review by Commission services;
- June 30, 2019, EBA to deliver preliminary analysis of the data gathered;
- December 31, 2019, EBA to deliver the final analysis and report.

The proposed timeline, and in particular the intermediate reporting stage set for June 2019, came somewhat as a surprise to the EBA. To recall, in the occasions when the project had been discussed at official committees and fora, the EBA representatives had consistently stressed that a minimum timeline for a project that includes extensive data collection should be 18 months from the date of receiving the CfA.

After receiving the CfA, and after some further consultations with the Commission staff, the EBA staff designed a simplified data collection template using the sample of the ongoing QIS exercise. This proposed sample was known to have serious deficiencies in terms of representativeness for the purposes of the CfA but it was seen as the only possibility to gather some information given the very ambitious timeline. The EBA staff subsequently prepared the necessary technical documentation for the consultation of the EBA Board of Supervisors (BoS) on their meeting on 19-20 February 2019, to gain support for the proposed data collection.

The BoS discussion on 20 February 2019 provided several aspects that I would like to bring to your attention. Most BoS Members consider the topic of high importance. At the same time, the BoS also agreed that the suggested timeline of the exercise was extremely challenging against the background of several constraints. These included the need to specify the appropriate sample of institutions, the specific nature of the non-supervisory type of data to be collected, the ongoing already heavy EBA workload, and the complications related to the forthcoming EBA relocation to Paris. Given the concerns raised by the BoS members, the Chair concluded that it would not be feasible to fulfil the ambitions of the CfA within the proposed timeframe.

That said, and given the importance of the topic for the progress towards the Capital Market Union, the EBA would like to suggest a revised timetable for the exercise. Such a schedule would see (i) A collection and a preliminary analysis of the data by December 2019; and (ii) The delivery of the complete analysis and report by July 2020. Under this revised timeline the EBA would continue the preparatory tasks and technical discussions regarding the representative sample of banks and the data collection templates, to be submitted for review by the BoS before June 2019. In parallel, a stock-taking exercise of all relevant work already carried out in the areas of the CfA would be prepared in cooperation with the Commission Services, also to be delivered by June 2019.

Accordingly, the EBA would like to request the Commission to amend the timeline of the Call for Advice to better suit the proposed data collection and analysis, taking into account the concerns expressed by the EBA Board of Supervisors.

We hope these explanations will prove useful and remain available should you require any further information.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Jo Swyngedouw', with a stylized flourish extending to the right.

Jo Swyngedouw
EBA Interim Chairperson