

## THE CHAIRPERSON

John Berrigan  
Director-General  
Directorate-General Financial Stability, Financial Services  
and Capital Markets Union  
European Commission  
Rue de Spa 2  
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Belgium

18 November 2020

### **Submission of the Call for Advice for the purposes of a benchmarking of national loan enforcements**

Dear Mr Berrigan,

On 7 January 2019 the EBA received from the Commission Services a Call for Advice on the Benchmarking of National Loan Enforcement Frameworks. The EBA was invited to conduct an ad hoc data collection from a sample of institutions, covering all EU Member States and analyse the obtained data, by presenting EU benchmarks on recovery outcomes regarding bank loans and by studying the characteristics of country-level loan enforcement procedures in terms of recovery rates and times to recovery.

It is my pleasure to submit to you today the final report on the Call for Advice. The present report now includes EU Benchmarks for the main variables, namely Recovery Rate, Time to Recovery and Judicial Cost to Recovery, per asset class (Corporate and SME, Commercial Real Estate, Residential Real Estate, Credit Cards and Other Consumer Credit) as well as an econometric analysis of the characteristics of country-level loan enforcement procedures in terms of recovery rates and times to recovery.

The EBA and the NCAs collected data on loans under insolvency proceedings from more than 160 banks located in 27 Member States. The ratio of total assets of the banks participating in the exercise over the total assets of the respective banking sector is, on average, above 30% for all asset classes considered. Despite the relatively high number of participating banks and the good coverage ratio in terms of total assets, as well as the consistency of the results, it should be stressed that this is the first time that individual loan level information has been collected on voluntary basis by the EBA across the EU. Against this backdrop, some remaining data quality issues suggest that the results and possible policy considerations should be drawn with appropriate caution.

All in all, the final report provides a very rich and unique set of benchmarks, based on loan-by-loan data, showing averages and dispersion of the recovery outcomes across the 27 EU Member States. In addition, the report discusses characteristics in insolvency regimes across the EU that are



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associated with more efficient outcomes and identifies areas where the divergence in the effectiveness of the national insolvency regimes is widest, by analysing a number of variables that help to explain the observed differences in the benchmarks. The EBA will publish the report on its website shortly.

I look forward to continuing the fruitful cooperation with your services in the area of analysis of the national loan enforcement processes across the EU Member States.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jose Manuel Campa', is positioned below the text 'Yours sincerely,'.

Jose Manuel Campa

CC: Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs (ECON), European Parliament  
Claudia Lindemann, Head of ECON Secretariat, European Parliament  
Olaf Scholz, ECOFIN Chair, Council of the European Union  
Tuomas Saarenheimo, Chair of Economic and Finance Committee, Council of the European Union  
Jeppe Tranholm-Mikkelsen, Secretary-General, Council of the European Union  
Martin Merlin, Director Dir D, Regulation and prudential supervision of financial Institutions, DG FISMA  
Sebastijan Hvrovatn, DG FISMA, Deputy Head of Unit D1, Bank Regulation and Supervision  
Nathalie Berger, Head of Unit D1, Bank regulation and supervision, DG FISMA  
Dominique Thienpont, Legal Counsellor to Dir D, DG FISMA  
Marcel Haag, DG Financial Stability, Financial Services and Capital Markets Union, Director Dir B  
Tatyana Panova, DG Financial Stability, Financial Services and Capital Markets Union, Head of Unit B1  
Miriam Parmentier, DG Financial Stability, Financial Services and Capital Markets Union, Unit B1

Encl: Final Report on the Call for Advice for the purposes of a benchmarking of national loan enforcements