

Credit servicers and credit purchasers (Non-performing loans Directive)

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OPINION of the European Central Bank on a proposal for a directive on credit servicers, credit purchasers and the recovery of collateral.

The ECB recalls that it has been a strong proponent of the development of secondary markets for bank assets, particularly non-performing loans (NPLs). It believes that the development of secondary markets may contribute to reducing NPLs, and that, well-functioning secondary markets may also prevent stocks of NPLs from building up in the future. The ECB considers it essential that the legal framework applicable to secondary markets enables the efficient transfer of NPLs off the balance sheet of credit institutions.

It makes the following observations:

Reporting requirements

The proposed directive establishes a number of reporting requirements for credit servicers, credit purchasers and credit institutions. The Union legislators should carefully consider whether these reporting requirements would impede the efficient functioning of the secondary market for NPLs, since a significant reporting burden could deter new entrants to the market or result in duplication of data for competent authorities.

Technical standards for NPL data

The proposed directive gives the European Banking Authority (EBA) a mandate to develop draft implementing technical standards that specify the formats to be used by creditors that are credit institutions for the provision of detailed information on their credit exposures in the banking book to credit purchasers for the screening, financial due diligence and the valuation of the credit agreement.

In the light of the new regulatory developments flowing from Regulation (EU) 2016/867, it is important that any data templates developed by the EBA should take into account the collection of granular credit and credit risk data or any other relevant initiatives to ensure that there is no duplication of efforts and to minimise reporting requirements for credit institutions.

Data collection by competent authorities in the context of an accelerated extrajudicial collateral enforcement mechanism

Since the collection of this information relates to the efficacy of the accelerated extrajudicial collateral enforcement mechanism rather than the prudential supervision of credit institutions, the Union legislators would need to clarify that the task to collect such information should not be conferred on the ECB.