Credit institutions: solvency ratio (amend. Directive 89/647/EEC)

1996/0003(COD) - 22/07/1996

The committee on legal affairs and citizens rights has supported a Commission proposal to reduce the credit risk weighting applied by financial institutions to certain commercial mortgage loans. The proposal takes the form of am amendment to the 1989 solvency ratio directive for credit institutions and was approved in committee without amendment. It should enable financial institutions to lend previously tied-up capital for commercial property mortgages. The newly available funds are not intended for speculative investment by property developers. The Commission hopes that the new provisions may also result in lower interest rates on commercial mortgages. According to the rapporteur, the proposal is justified on the grounds that safeguards against risk exposure are satisfactory and "it raises no problems as regards competition rules". as regards competition rules".