

Flash Note
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Banks - ECB to tighten rules on NPLs

ECB's supervisors want lenders to be fully covered against losses from new loans that have gone sour, in a move that could hurt credit creation in weaker economies in the region and hit profitability.

FT cited an ECB document, which said the central bank was launching a public consultation on a new rule which would force banks to hold collateral against the entirety of a loan that becomes non-performing.

Rules would only apply to loans declared non-performing after January 2018 — and not to the large stock of non-performing loans that are a legacy of the region's financial and economic troubles.

Best regards,

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