



EBA extends deadline for the application of its Guidelines on payment moratoria to 30 September

18 June 2020

The European Banking Authority (EBA) has decided today to extend the application date of its Guidelines on legislative and non-legislative moratoria to 30 September 2020. With EU economies not yet fully opened, this extension shows the importance of a continued support to the measures taken by banks to extend loans in response to the extraordinary nature of the current situation. This extension would ensure that adequate treatment for borrowers is available across the EU, considering that the Covid-19 crisis has been affecting EU countries in a different way and at a different pace.

Acknowledging the crucial role played by banks in providing financing to European businesses and citizens during the ongoing COVID-19 pandemic, the EBA has decided to legally extend the application date of the Guidelines by three months. In granting this extension, the EBA is highly aware of the trade-off faced in making the extension, as persistent liquidity shortages under the current circumstances may develop into solvency issues that need to be properly assessed by banks on a case-by-case basis. .

In addition, the EBA highlights that the implementation timeline envisaged in the EBA's IRB roadmap to repair internal models remains overall unchanged. The EBA, nonetheless, also recognises that there may be institution-specific circumstances requiring more flexibility. Consequently, the EBA notes that supervisors may want to use their supervisory discretion in line with Article 146 of the Capital Requirements Regulation (CRR).

Background

The COVID-19 pandemic has raised a significant number of policy challenges, both at the EU and national level. One of the main decisive EBA actions to apply the flexibility embedded in the regulatory framework, was the publication of the Guidelines on legislative and non-legislative moratoria on loan repayments (EBA/GL/2020/02, GLs on moratoria) on the 2 April 2020. This ensured that banks, while maintaining comparable metrics, would also be able to grant payment holidays to customers, under either legislative or non-legislative moratoria.

LINKS

- › [Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis](#)
- › [Our response to Coronavirus \(Covid-19\)](#)

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