



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Template for comments

Public consultation on the draft ECB Regulation on the definition of the materiality threshold for credit obligations past due pursuant to Commission Delegated Regulation (EU) 2018/171

Institution/Company

European Savings and Retail Banking Group (ESBG)

Contact person

Mr/Ms

Mr

First name

Roberto

Surname

Timpano

Email address

roberto.timpano@wsbi-esbg.org

Telephone number

3222111166

Please tick here if you do not wish your personal data to be published.

General comments

ESBG represents the locally focused European banking sector, helping savings and retail banks in 20 European countries strengthen their unique approach that focuses on providing service to local communities and boosting SMEs. An advocate for a proportionate approach to banking rules, ESBG unites at EU level some 1,000 banks, which together employ 780,000 people driven to innovate at 56,000 outlets ESBG members have total assets of €6.2 trillion, provide €500 billion in SME loans, and serve 150 million Europeans seeking retail banking services. ESBG members are committed to further unleash the promise of .sustainable, responsible 21st century banking

Template for comments

Public consultation on the draft ECB Regulation on the definition of the materiality threshold for credit obligations past due pursuant to Commission Delegated Regulation (EU) 2018/171

Please enter all your feedback in this list.

When entering feedback, please make sure that:

- each comment deals with a single issue only;
- you indicate whether your comment is a proposed amendment, clarification or deletion.

Deadline: 17 August 2018

ID	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board	Name of commenter	Personal data
1	Clarification	<p>Article 4 of the Regulation says that “it shall apply from 31 December 2020”. The ECB repeatedly stated, last time in their letter of June 26 2018, regarding the launch of the process for the implementation of the new definition of default, that institutions shall “finalize the effective implementation of the revised IRBA framework by the end of 2020, as required by the EBA.” The envisaged approach, called “Two-Step Approach” proposes two sequential steps:</p> <ol style="list-style-type: none">1. Implementation of the new definition of default;2. Adjustments to risk parameters to take into account the new definition of default. <p>The implementation of the new materiality thresholds is part of step 1. As already acknowledged by the ECB, for step 2, the institutions have to start building historical data based on the new default definition and use it for adjusting their rating systems and risk parameters.</p>	<p>ESBG would like to stress that if the Regulation applies from 31 December 2020 there would be no time left to gather data based on the new default definition for step 2. Therefore, we would ask the ECB to clarify whether there will be time after 31 December 2020 to fulfil step 2.</p>	Timpano, Roberto	Publish