



EUROPEAN CENTRAL BANK

EUROSYSTEM

Dimitris Laskos
DGS/MOE/MONS

Session II: Stock taking of development banks in the EU

***Outcome of the WG MFS fact-finding
questionnaire on the classification of public
development banks***

CMFB Workshop

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Overview

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Introduction

- Our motivation for conducting the questionnaire: current statistical treatment of certain credit institutions with **public policy objectives** raised by Eurostat with NSIs of some member states
 - Including some **SSM significant institutions** and **systemically important** banks
- Initial results of the **fact-finding on the classification of public development banks** are presented to provide an overview

Types of activity of public credit institutions

Public credit institutions described in the 1998 EC report on the Amsterdam Declaration

Types of activity and examples of public credit institutions

The provision of a basic financial infrastructure, which covers in full a certain territory

- savings banks organisation with the task of providing a comprehensive financial infrastructure
- provision of a nation-wide payment service network or branches in sparsely populated areas

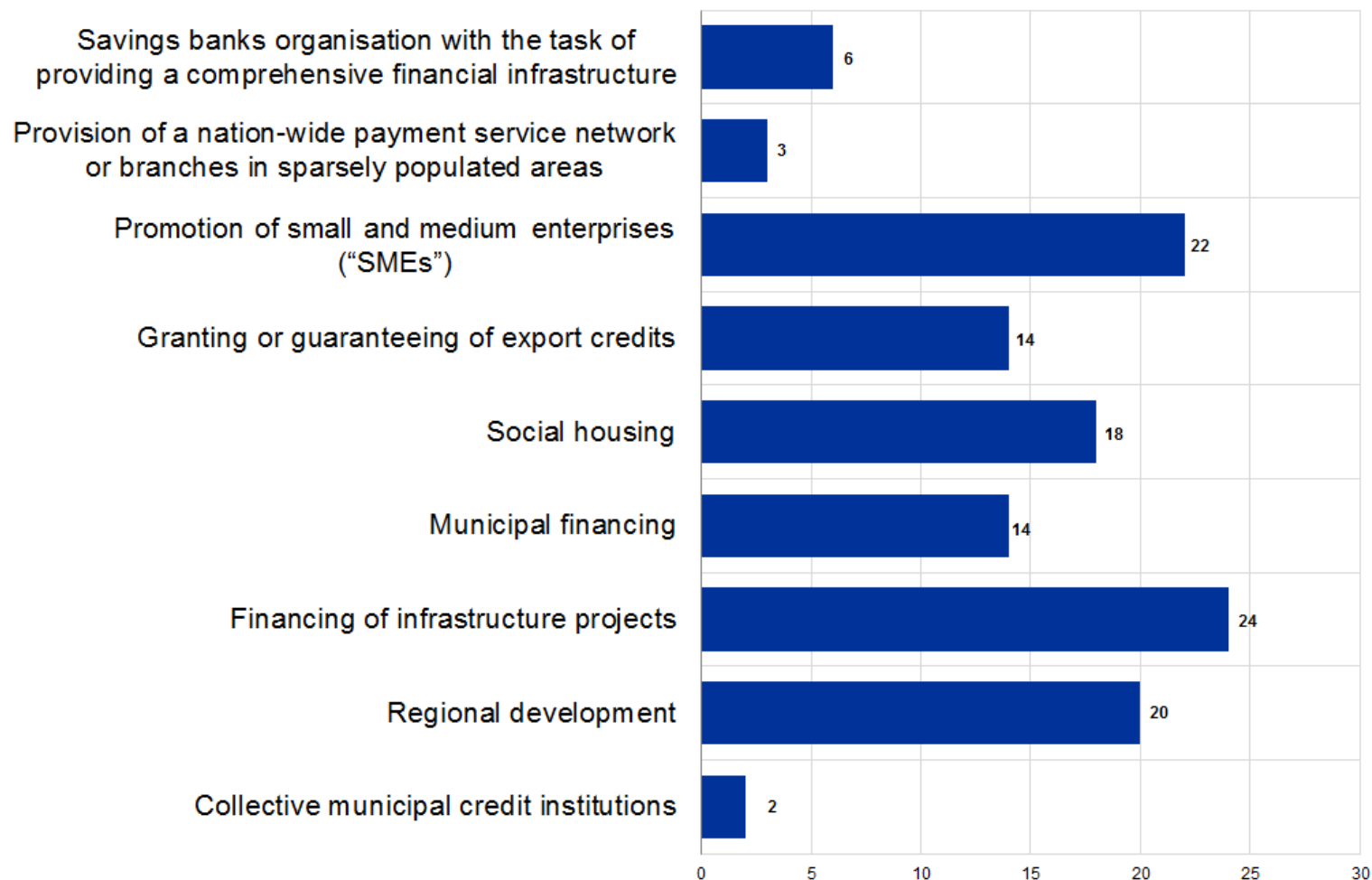
The execution of certain specific tasks by credit institutions on behalf of a Member State

- promotion of small and medium sized enterprises ("SMEs")
- granting or guaranteeing of export credits
- social housing loans
- municipal financing
- financing of infrastructure projects
- regional development

The raising of funds exclusively for a Member State

- collective municipal credit institutions
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Type of activity for EU public development banks (in a sample of 65 banks – several types are possible per bank)

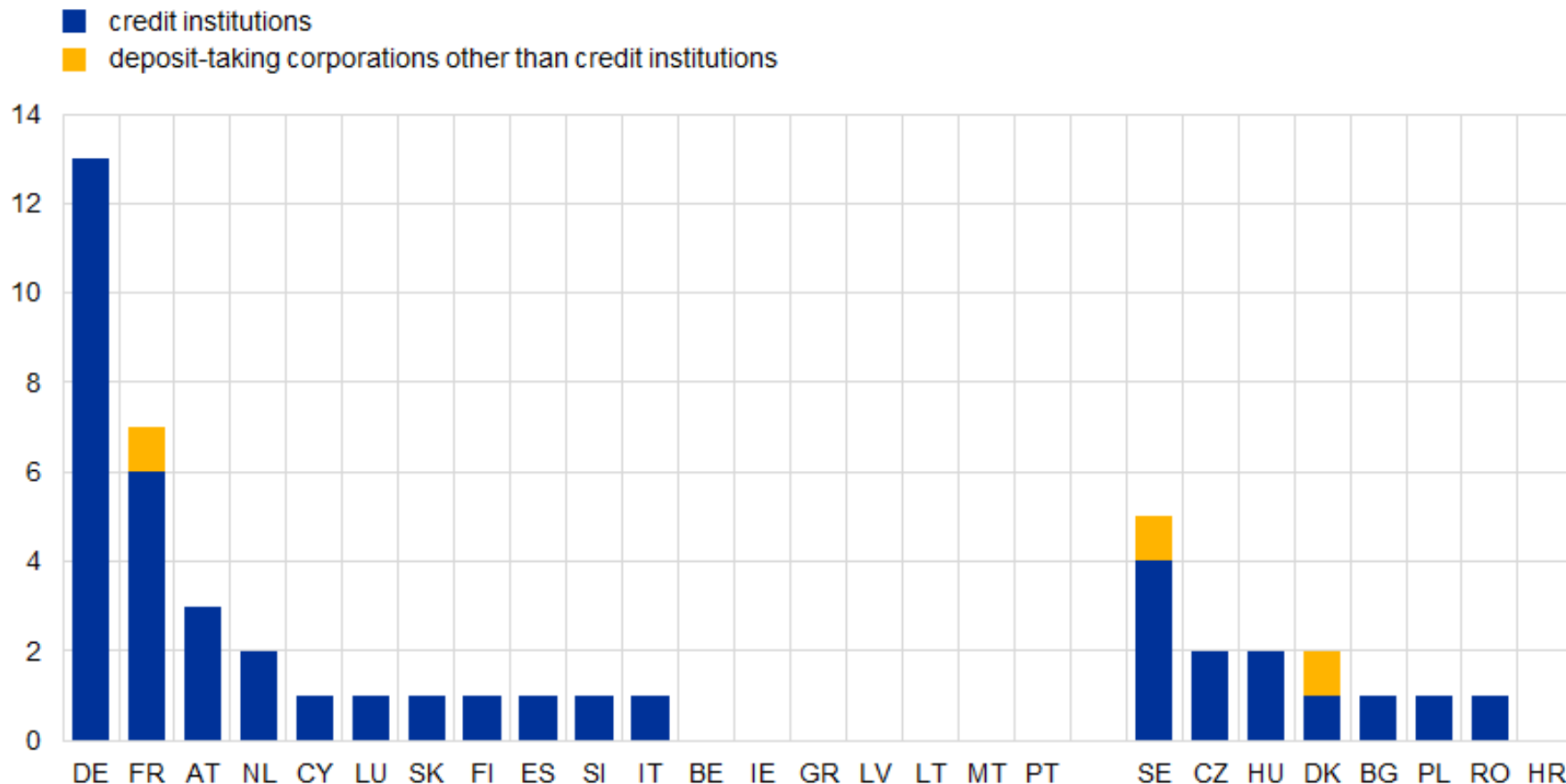


Note: The latest observations refer to end-2017

Fact-finding results (2/5)

- Responses were received from all **euro area** NCBs except EE covering **32 MFIs** and from all **non-euro area** NCBs except GB covering **14 MFIs**

Number of MFIs covered by the fact-finding

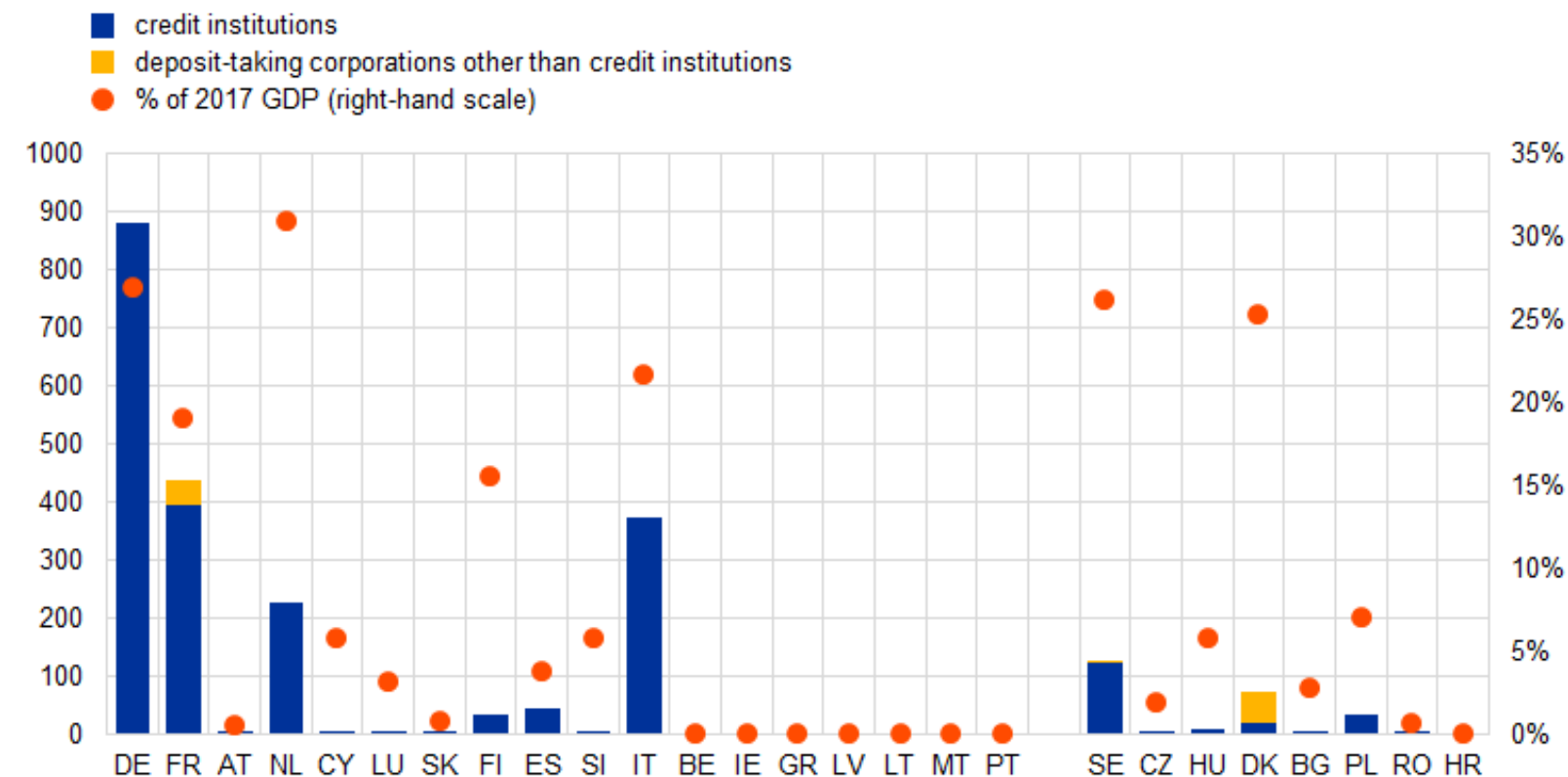


Note: The latest observations refer to end-2017

Fact-finding results (3/5)

- ... and **€2.2 trillion in total assets** (assets information mainly from RIAD)

Total assets of MFIs covered by the fact-finding by country (EUR billion and per cent of GDP)

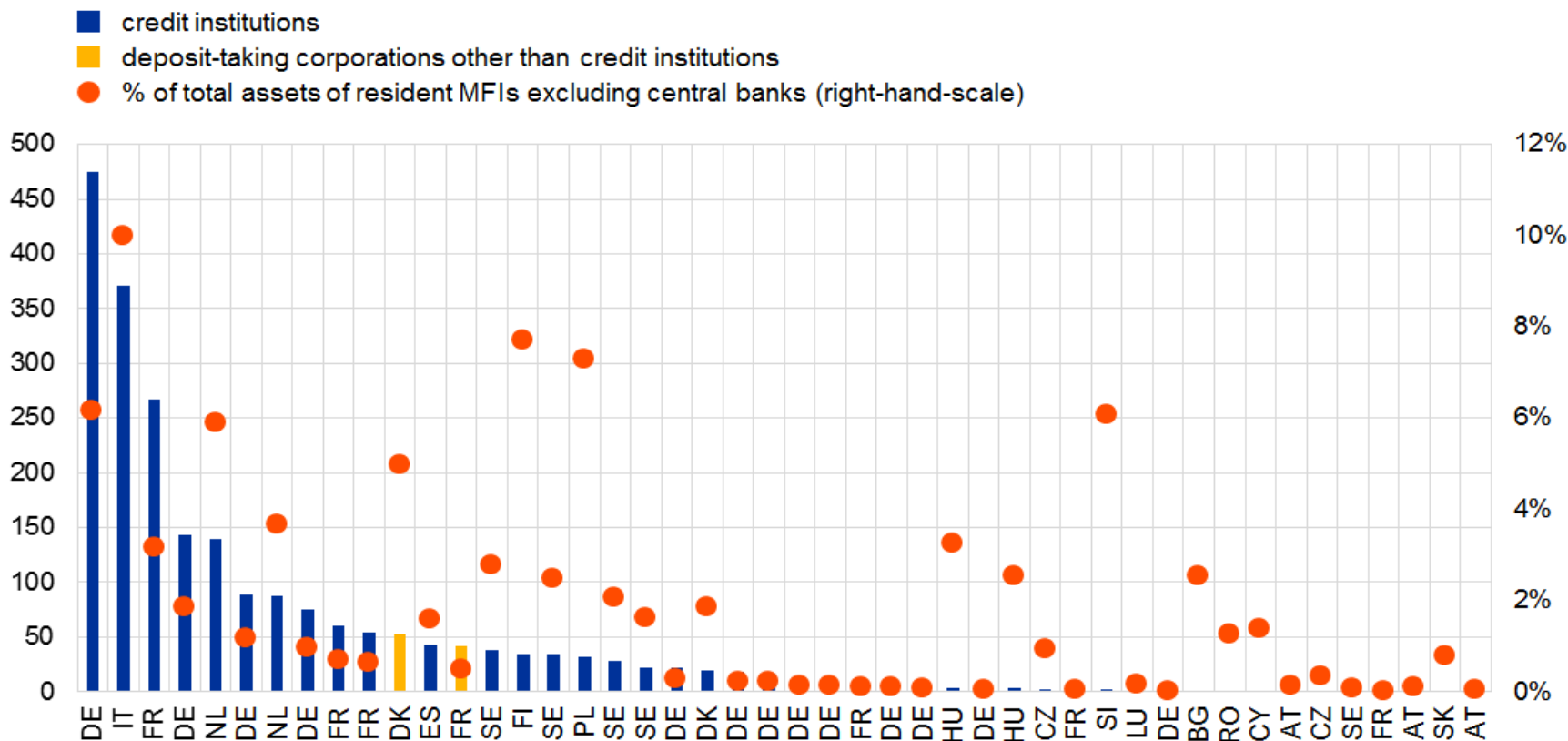


Note: The latest observations refer to end-2017

Fact-finding results (4/5)

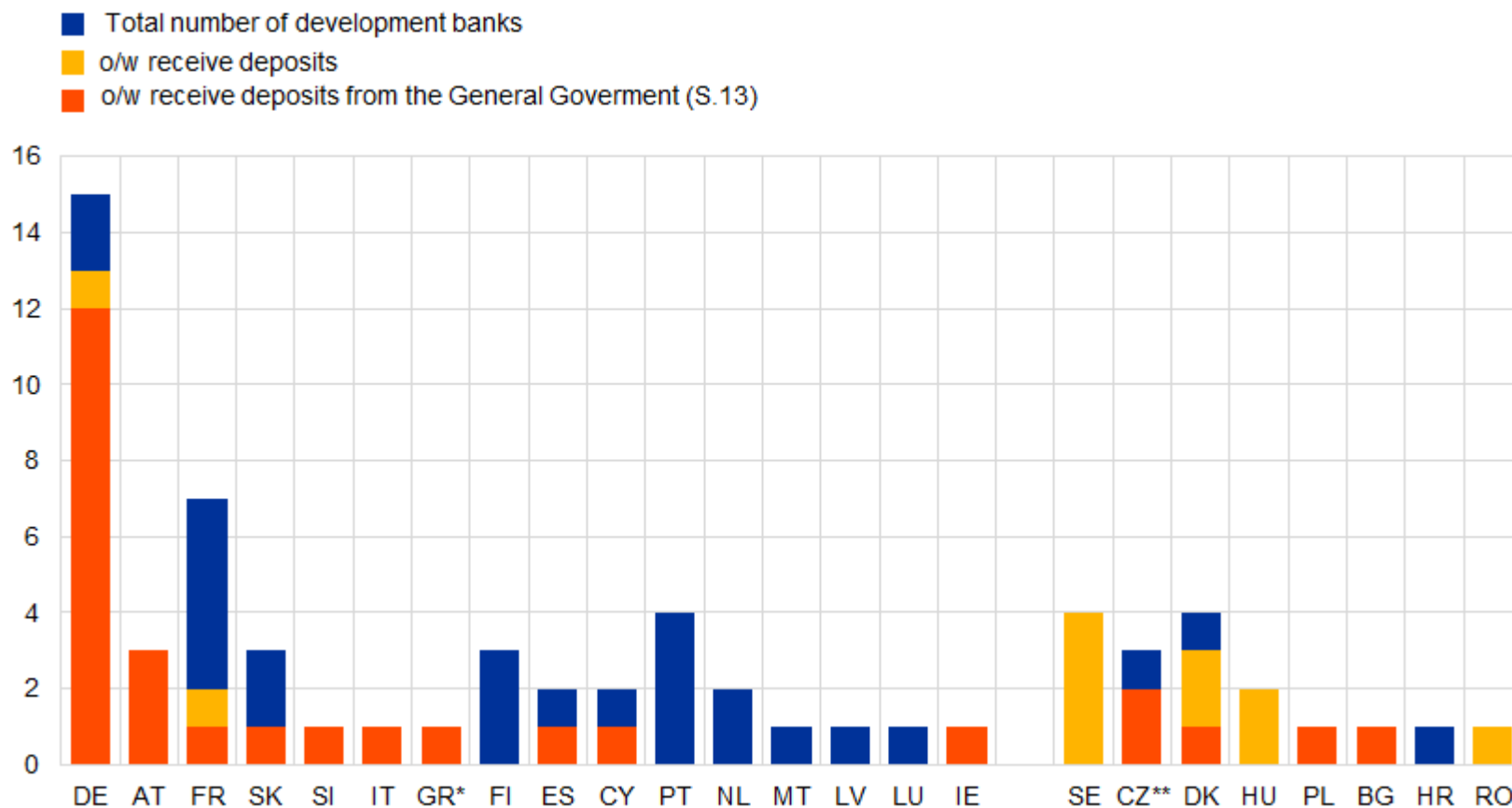
- ... and **€2.2 trillion in total assets** (assets information mainly from RIAD)

Total assets of individual MFIs covered by the fact-finding (EUR billion and per cent)



Note: The latest observations refer to end-2017

Total number of development banks of which receive deposits also from the General Government sector (S.13) (number of entities)



*) As of 2014 not allowed to take new deposits

***) Only non-resident S.13 as of 31.12.2017

Note: The latest observations refer to end-2017

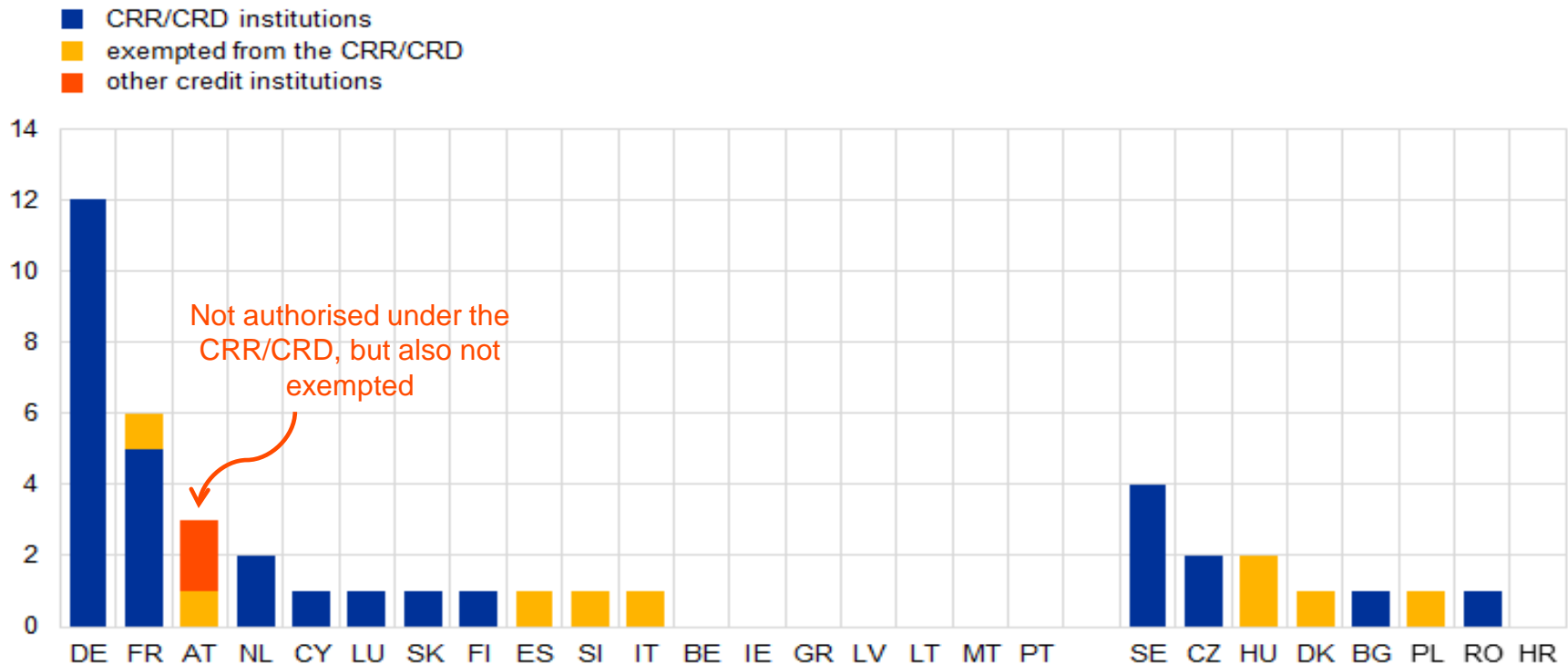
A. Credit institutions (1/2)

- Capital Requirements Regulation (CRR) Article 4(1)(1):
 - *'credit institution' means an undertaking the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account*
- Credit institutions may be divided between:
 - Institutions **authorised under the CRR/CRD**, and hence supervised under this framework (i.e. **SSM** for the euro area)
 - Institutions meeting the definition of credit institution but which are **excluded from the scope of CRR/CRD** through CRD Article 2(5)
- The latter require an assessment against the definition of credit institutions to determine if they **carry out the business** of credit institutions

A. Credit institutions (2/2)

- Credit institutions **not** authorised under the CRR/CRD
 - **9 MFIs are exempted** under Article 2(5) of the CRD
 - **2 MFIs are not exempt**

Public development banks classified as credit institutions



Note: The latest observations refer to end-2017

B. DTCs other than credit institutions

- **Deposit-taking corporations other than credit institutions** are part of the MFI sector as defined in the BSI Regulation Article 1(a):
 - *other financial institutions which are **principally engaged in financial intermediation** and whose business is to receive deposits and/or close substitutes for deposits from institutional units, not only from MFIs [...]; and for their own account, at least in economic terms, to grant loans and/or make investments in securities*
- This requires an assessment of whether or not the institution is principally engaged in **financial intermediation** ... however the criteria for implementing such an assessment are not very clear
- According to ESA 2.56 and 2.61, this requires transactions on the ‘**market**’ with the ‘**general public**’, however with exceptions for **municipal credit institutions**, where they act **independently** (ESA 2.62)

C. Public financial corporations not classified as MFIs

- 8 entities are classified in the **financial sector** (mostly OFIs S.125)
 - Including 1 bank (in DE) which is not authorized to take deposits, only to grant loans
 - 1 entity in DK (an export credit agency) which is classified as an insurance corporation (S.128)
- 10 entities classified in the **government sector** (S.13)
- 1 entity in CZ (export insurance company) and 1 entity in HU with **double classification**
 - EGAP (CZ): S.128 according to the NCB and S.1311 according to the NSI
 - EXIMBANK (HU): as government for Excessive Deficit Procedure (EDP) and as MFI for other statistical purposes

- Heterogeneity observed in the development banks landscape across the EU, e.g. NL 31% of the GDP vs PT \approx 0% the GDP
- EU development banks amount appx. **€2.2 trillion in total assets** and mainly serve financing of infrastructure projects, supporting of social housing and promoting SMEs
- **46** of them are classified as **MFIs** of which **31** are **CRR/CRD authorized** credit institutions and **9 exempted**
- **39** receive **deposits** of which **28** receive deposits from the **general government**
- **53** grant **loans** with **17** of them having **government guarantees**

Annex: Public institutions excluded from scope of the CRD

Country	Name	RIAD identifier	Takes deposits or other repayable funds from the public	Grants loans	Subject to minimum reserves (Eurosystem)
Euro area					
DE	Kreditanstalt für Wiederaufbau	DE03467	✓	✓	✓
GR	Tamio Parakatathikon kai Danion (Consignment Deposits and Loans Fund)	GR097	✓ (existing clients only)	✓ (existing clients only)	-
ES	Instituto de Crédito Oficial	ES1000	✓	✓	✓
FR	the 'Caisse des dépôts et consignations'	FR00006/FR40031	✓	✓	✓
IT	the 'Cassa depositi e prestiti'	IT0000106355634	✓	✓	✓
NL	Nederlandse Investeringsbank voor Ontwikkelingslanden NV	-	✗	✓	-
	NV Noordelijke Ontwikkelingsmaatschappij	-	✗	✓	-
	NV Industriebank Limburgs Instituut voor Ontwikkeling en Financiering	-	✗	✓	-
	Overijsselse Ontwikkelingsmaatschappij NV	-	✗	✓	-
AT	Österreichische Kontrollbank AG	AT10000	✓	✓	✓
SI	SID-Slovenska izvozna in razvojna banka, d.d. Ljubljana	SI5665493	✓	✓	✓
FI	Teollisen yhteistyön rahasto Oyj/Fonden för industriellt samarbete AB	FI03568806	✗	✓	-
	Finnvera Oyj/Finnvera Abp	FI14843324	✗	✓	-
Non-euro area					
DK	Eksport Kredit Fonden A/S	DK30763777	✓	✓	-
	Danmarks Skibskredit A/S	DK27492649	✓	✓	-
	KommuneKredit	DK22128612	✓	✓	-
HR	Hrvatska banka za obnovu i razvitak ('Croatian Bank for Reconstruction and Development')	HR26702280390	✓	✓	-
HU	MFB Magyar Fejlesztési Bank Zártkörűen Működő Részvénytársaság	HU10644371	✓	✓	-
	Magyar Export-Import Bank Zártkörűen Működő Részvénytársaság ('Eximbank')	HU10949638	✓	✓	-
PL	Bank Gospodarstwa Krajowego	PL00113	✓	✓	-
SE	Svenska Skeppshypotekskassan	SE33007	✓	✓	-
UK	National Savings Bank	-	✓	✗	-
	Commonwealth Development Finance Company Ltd (successor: 'CDC Group')	-	✗	✗	-
	Municipal banks	-	✓	✓	-

Notes: S.122.A refers to 'credit institutions' and S.122.B refers to 'deposit-taking corporations other than credit institutions and central banks' on the MFI list.

Information on the deposit-taking or loan-granting activity is based on publicly available information, including the EBA's Report to the European Commission on the perimeter of credit institutions established in the Member States (November 2014) for which a survey of NCAs was undertaken.