

# EBCI | Vienna Initiative



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## **Vienna Initiative in drive to tackle bad loans in emerging Europe**

Partners in the Vienna Initiative, a private-public platform set up to resolve systemic problems in the central and south-eastern European banking sector, met in Vienna on 26 June to assess progress in their latest drive to tackle the persistent regional economic challenge of non-performing loans (NPLs), loans that have been defaulted on or are close to being defaulted on.

Participants in the meeting included high level representatives from the region, the Governor of the Bank of Albania; the Governor of the Central Bank of Macedonia; the Deputy Governor of the Croatian National Bank, and senior representatives of the Central Bank of Hungary, the National Bank of Romania and of the Serbian Ministry of Finance and central bank.

The Vienna conference was an opportunity to hear how country plans are progressing, to discuss best practices and also to take stock about NPL resolution responses in other regions. Countries are now proceeding with NPL action plans and the exchange of ideas and solutions, including those from the euro area, should help propel efficient solutions.

The representatives underlined the importance of linking NPL resolution efforts in central and south-eastern Europe to those in the euro area, given the strong presence of euro area-based parent banks in central and south-eastern Europe. They also endorsed the idea of regular public monitoring of NPL resolution progress, the methods of which will be worked out in the coming months.

NPLs are a legacy of the global financial crisis and are a major factor holding back the growth of credit, economic expansion and job creation in several countries of central and south-eastern Europe. The Vienna Initiative is now applying its pan-regional approach to the NPL issue while at the same time ensuring that appropriate individual country solutions are sought and delivered for each of the countries involved. Recent work has included in-depth

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sessions in individual countries such as Albania, Croatia, Hungary and Serbia where the participating international financial institutions have worked together with local authorities, banks and potential investors on NPLs to analyse individual problems and develop responses.

## **Background:**

The Vienna Initiative was set up in 2009, successfully working initially to maintain the presence of western banks in the region and subsequently to oversee an orderly process of deleveraging and a balanced restructuring of the region's banking sectors. The Initiative brings together together relevant public and private sector stakeholders of EU-based cross-border banks active in central and south-eastern Europe. These include authorities and regulators from eastern and western Europe including the European Commission, and the European Central Bank as an observer, officials from the private banking sector as well as the international financial institutions and other international organisations. Each of the international financial institutions is supporting individual countries' own efforts with their particular area of expertise, fully coordinating their help for maximum impact.

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For additional information and the latest publications visit: [www.vienna-initiative.com](http://www.vienna-initiative.com)

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