



International Monetary Fund
Vienna Initiative

Current Home-Host Issues in CESE

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Current Home-Host Issues in CESE

Topics

Monitoring

Liquidity

Capital needs

Other



Current Home-Host Issues in CESE

Monitoring

Interbank claims roll-over

- by host central bank/supervisor

Cross-border lending

- by home central bank/supervisor

Loan losses

- jointly by home and host supervisors



Current Home-Host Issues in CESE

Liquidity

Parent bank commitments

- Country by country
- How to prevent beggar-thy-neighbor?
- Limited eligible collateral

Home support measures

- Non-discriminatory

Avoid liquidity hoarding



Current Home-Host Issues in CESE

Liquidity

Local currency liquidity

- Widening eligible collateral
 - Quasi-fiscal risk
- Lower reserve requirements

Role of IFIs' support

- How much roll-over needed for credibility?
- How large a buffer is needed?



Current Home-Host Issues in CESE

Capital needs

Stress testing

- Comparable methodology
- Comparable scenarios

Task allocation

- IMF and hosts do top down
- EBRD and home do bank by bank

How to accommodate confidentiality?



Current Home-Host Issues in CESE

Capital needs

How much capital needed?

- Recognize current losses up front
- Build buffers
 - Stress testing
- How much for groups, how much for subsidiaries?



Current Home-Host Issues in CESE

Capital needs

Who provides?

- Parent groups
- Home authorities
- Host authorities
 - Local banks
 - Banks of systemic importance to host



Current Home-Host Issues in CESE

Capital needs

Conditions

- How coercive?
- Government representation
 - Role of hosts
- Losses for shareholders
- Governance
- Form of capital
- Exit strategy



Current Home-Host Issues in CESE

Other Issues

Loan work out approach

Support for borrowers

- Non-protectionist, non-credit diverting

Asset management corporation

Government debt management