



Министарство финансија

WORKING GROUP FOR THE PREPARATION OF THE NPL STRATEGY

April 2015



FORMATION OF THE WORKING GROUP

- Formal reason – part of the IMF arrangement
- Essential reason – fostering growth and credit activity
- **Credit stagnation due to, inter alia, NPLs**
- To be formed by a Government act, on the MoF proposal
- (Core) members:
 - Representatives of the three ministries (finance, economy, justice)
 - Representatives of the NBS
 - Representatives of the Serbian Banking Association and the DIA
 - If needed, line Ministers and the Governor could participate in the work of the working group
- WG will actively cooperate with international financial organizations
- WG can invite:
 - Financial experts in this field
 - Lawyers...
- Administrative and technical support will be provided by the MoF



TASKS OF THE WG

- (1) To develop a Strategy for NPL resolution based on the preceding analysis of existing regulatory framework – deadline 30.6.2015.
 - Capacity of banks to resolve NPL problem autonomously
 - Removal of impediments for write-off or sale of NPLs –tax, legal, regulatory...
 - Improvements of the insolvency framework (bankruptcy/reorganization) and consideration of conditions for the introduction of personal insolvency framework
 - Review effectiveness and promote voluntary financial restructuring framework
 - Other elements established in the interaction with aforementioned members of the WG and professional community
- (2) Determine priorities in these activities
- (3) Monitoring of the Strategy realization and further proposals



EXPECTATIONS

- To create conditions for private sectors solution
- No fiscal space for Government intervention- no public owned bad bank
- A number of incentives provided already but, in most cases, used inadequately
- Yet, we are committed to remove remaining objective impediments
- Strong support of the Governments, NBS and other relevant institutions