

Convergence Romania Financial Sector Modernization Special Projects Public-Private Initiative Steering Committee



Lending Databases (Mortgage Loan Servicing and Loss Given Default Databases) <http://www.spi-romania.eu/program-2007/mortgage-and-lgd-databases/>

SPI Committee Meeting July 25, 2007

Project Objective:

To prepare a set of recommendations on the consensus-building, practical and technical steps that the banking system will need to take in order to set up databases that address mortgage loan servicing and loss given default information requirements.

Project Working Group Activities

PWG members: 8

PWG meetings: 1

Public stakeholders

- National Bank of Romania.

Private stakeholders

- Banking sector (6 banks).

Project Main Steps

Dec. 2006: Convergence appoints the project technical anchor (Italian Banking Association)

Dec. 19, 2006: Technical workshop on the “International Experience with Lending Databases”, with the participation of the Italian Banking Association

Feb. 1, 2007: Project strategy meeting defining the project objective and the guiding principles, based on the technical anchor recommendations

Apr. 19, 2007: SPI Secretariat submits to the SPI Committee members from NBR and RBA and to the project owner the project status report and a “rescue” strategy for their endorsement and action;

May-June, 2007: Following the SPI Secretariat actions, three additional banks and the NBR Supervision Department have designated representatives in the PWG.

Summary of Impact Assessment:

X: First full year, **Y**: 5-year NPV - (Mln RON)

- **Government**: tax revenues (1.2, 12.1);
- **Banks**: Lending increase (59, 658);

For more information, please contact:

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2. Project Management Group: Mr. Arion Negrila, BCR, tel: +40 21 312 14 75; e-mail: arion.negrila@bcr.ro

Lending Databases

Project Team

Project Management Group

Project Owner (PO): Nicolae Danila, CEO, BCR

Project Managers (PM): Arion Negrila and Dragos Stoian, Director, BCR

Deputy Project Manager (DPM): Beatrice Popescu, Alpha Bank

Project Working Group

Angela Margarit, National Bank of Romania

Bogdana Grigoroiu, Raiffeisen Locuinte

Alexandru Berea, BCR

George Simion, Unicredit

SPI Project Technical Anchor

Italian Banking Association

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Lending Databases Progress Report

Prepared by the SPI Secretariat
Oana Nedelescu, SPI Director of Analytics and Policy

I. Summary of actions undertaken in April-June 2007

Following the SPI Committee endorsement of the proposed project rescue strategy, the SPI Secretariat has:

- requested the RBA to increase the number of banks represented in the PWG and to diversify the profile of the project team so as to have more banks involved in the project and to achieve a balanced mix of experts with risk management, business development, legal, and IT background. As a result of this action, the following banks have nominated persons in the PWG: Banc Post, Raiffeisen, and Credit Europe Bank (nominations sent in April-June);
- requested the NRB Supervision Department to get involved in the project given the relevance of the two databases for the application of the Basel II requirements and the future involvement of the NBR in analyzing and approving the banks methodologies. As a result of this action, one person was designated to participate in the PWG on behalf of the Supervision Department (nomination sent in June);
- provided the new PWG members with relevant documentation (TORs, project strategy meeting minutes, minutes of the technical workshop, LGD information requirements document, etc.);
- started preparing a discussion document aimed at raising awareness within the banking community regarding the potential benefits from setting up industry-wide lending databases; outlining the international experience on setting up industry-wide databases; and outlining the possible solutions for setting up the industry-wide lending databases, together with the implementation steps and criticalities.

II. Proposed next steps

The following measures are proposed in order to speed up the work on the lending databases project:

1. **the expanded working group will prepare a concrete action plan for the project for the endorsement of the SPI Committee** by mid-September. The action plan will be designed by the expanded project team, with the support of the SPI Secretariat and the project technical anchor (Italian Banking Association) and will be sent in due time to SPI Committee members for their endorsement by the next SPI Committee meeting.
2. **the NBR and the RBA will start together, with SPI Secretariat help, an awareness-raising campaign** on the importance of the two databases for the further development of the banking sector. This campaign would be important for getting the support of the banking community in implementing this initiative.

II. Proposed SPI Committee decision

The SPI Committee notes the lack of progress with this project and asks the project management team and the SPI Secretariat to undertake the necessary measures to put the project on track so as to achieve the project objective by the end of 2007.