

Notification template for borrower-based measures

Please send/upload this template to:

- macropru.notifications@ecb.europa.eu when notifying the European Central Bank (ECB);
- [DARWIN/ASTRA](#) when notifying the European Systemic Risk Board (ESRB).

This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure¹.

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. In order to facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.

1. Notifying national authority and scope of the notification		
1.1	Name of the notifying authority	FIN-FSA
1.2	Country of the notifying authority	Finland
1.3	Type of borrower-based measure	<p>Please select one of the measures listed below:</p> <p><input type="checkbox"/> Debt-service-to-income (DSTI)</p> <p><input type="checkbox"/> Loan-to-income (LTI)</p> <p><input checked="" type="checkbox"/> Loan-to-value (LTV)</p> <p><input type="checkbox"/> Debt-to-income (DTI)</p> <p><input type="checkbox"/> Loan maturity</p> <p><input type="checkbox"/> Other (please provide a short, name-like description here and provide more details in Section 2)</p>
1.4	Type of notification	<p>What do you intend to notify?</p> <p><input type="checkbox"/> Activation of a new measure</p> <p><input checked="" type="checkbox"/> Change to an existing measure</p> <p><input type="checkbox"/> Extension of an existing measure</p> <p><input type="checkbox"/> Termination of an existing measure</p>

¹ On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

2. Description of the measure		
2.1	Description of the measure	<ul style="list-style-type: none"> - At its meeting on 19 December 2023, the Board of the Financial Supervisory Authority (FIN-FSA) decided that the maximum loan-to-collateral (LTC) ratio, as referred to in chapter 15, section 11 of the Act on Credit Institutions and section 14 of the Act on the Registration of Certain Credit Providers and Credit Intermediaries will be adjusted so that the LTC ratio applicable to non-first home buyers is restored to its statutory baseline level of 90%. The decision enters into force immediately. The maximum LTC ratio for non-first home buyers was lowered by 5% by a decision of 28 June 2021 on the maximum LTC ratio.
2.2	Definition of the measure	<ul style="list-style-type: none"> - Collateral covers both pledges and certain guarantees.
2.3	Legal basis and process of implementation of the measure	Chapter 15, section 11 of the Act on Credit Institutions and section 14 of the Act on the Registration of Certain Credit Providers and Credit Intermediaries. The change will enter into force immediately.
2.4	Coverage	Credit institutions (including local branches of foreign credit providers), certain other credit providers and credit intermediaries.

		Households
		Mortgage loans
2.5	Calibration	Provide information on how the measure was calibrated, including the main assumptions used therefor. The legislation entitles the FIN-FSA to tighten the LTC cap by a maximum of 10%.
3. Timing for the measure		
3.1	Timing for the decision	What is the date of the official decision of the notified measure? 19/12/2023
3.2	Timing for publication	What is the date of publication of the notified measure? 20/12/2023
3.3	Disclosure	Provide information about the strategy for communicating the notified measure to the market. https://www.finanssivalvonta.fi/en/financial-market-stability/macroprudential/macroprudential-decisions-and-appendices/macroprudential-decisions-2023/macroprudential-decision-19-december-2023/
3.4	Timing for the application	What is the intended date for application of the measure? What is the intended timeline for phase-in of the measure, if relevant? 20/12/2023

3.5	End date (if applicable)	Until when is it presumed that the measure will be in place? If applicable, please give an end date. n.a. Click here to enter a date.
4. Reason for activation of the measure		
4.1	Description of the macroprudential risk	Describe the macroprudential risk to be addressed by the proposed macroprudential measure. Due to the downturn of the housing market and the housing loan market, realised and anticipated reduction in household indebtedness as well as the implementation of other macroprudential instruments that limit the growth of household indebtedness, it is warranted to amend the FIN-FSA Board's decision taken June 2021 and in force since October, and its decision of September 2023 concerning other lenders than credit institutions to the effect that the maximum LTC ratio for non-first home buyers is restored to its statutory baseline level of 90%.
4.2	Indicators used for activation of the measure	Provide the indicators triggering activation of the measure. Provide the data on which the decision is based if possible (preferably in an Excel file). See above
4.3	Effects of the measure	Provide your assessment of the effects of the measure on your domestic banking system, other parts of the financial system, the real economy and financial stability in your country. See above
5. Sufficiency, consistency and non-overlap of the policy response		

5.1	Sufficiency of the policy response	<p>For a macroprudential policy to be 'sufficient', the policy responses must be deemed to significantly mitigate, or reduce the build-up of, risks over an appropriate time horizon with a limited unintended impact on the general economy.</p> <p>Note that the ESRB will use this assessment of the macroprudential stance as relevant input in assessing the sufficiency of the macroprudential policy in the Member State.</p> <p>Please provide any additional information that the ESRB should consider in assessing the sufficiency of the policy response.</p> <p>See above</p>
5.2	Consistency of application of the policy response	<p>For a macroprudential policy to be 'consistent', the policy instruments must be deemed to meet their respective objectives, as outlined in ESRB/2013/1², and they must be implemented in accordance with the common principles set out in the relevant legal texts.</p> <p>Note that the ESRB assessment of consistency will consider whether the same systemic risks are addressed in a similar way across and within the Member States over time.</p> <p>Please provide any additional information that the ESRB should consider in assessing the consistency of the policy response.</p> <p>See above</p>
5.3	Non-overlap of the policy response	<p>For a policy instrument to be 'non-overlapping', it should aim to address a systemic risk that either differs from the risk addressed by other active tools in the same Member State, or to be complementary to another tool in that Member State which addresses the same systemic risk.</p> <ul style="list-style-type: none"> - Are other policy instruments used to address the <u>same</u> systemic risk? - If yes, please explain the need for more than one instrument to address the same systemic risk and

² Recommendation of the European Systemic Risk Board of 4 April 2013 on intermediate objectives and instruments of macro-prudential policy (ESRB/2013/1) (OJ C 170, 15.6.2013, p. 1).

		<p>how the different instruments interact with each other.</p> <p>- See above</p>
6. Cross-border and cross-sector impact of the measure		
6.1	<p>Assessment of cross-border effects and the likely impact on the Internal Market (Recommendation ESRB/2015/2³)</p>	<p>Assessment of the cross-border effects of implementation of the measure.</p> <p>a. Assessment of the spillover channels operating via risk adjustment and regulatory arbitrage. The relevant indicators provided in Chapter 11 of the ESRB Handbook on Operationalising Macprudential Policy in the Banking Sector⁴ and the Framework to assess cross-border spillover effects of macroprudential policies of the ECB Task Force on cross-border spillover effects of macroprudential measures can be used.</p> <p>b. Assessment of the:</p> <ul style="list-style-type: none"> ○ cross-border effects of implementation of the measure in your own jurisdiction (inward spillovers); ○ cross-border effects on other Member States and on the Single Market of the measure (outward spillovers); ○ overall impact on the Single Market of implementation of the measure. <p>The measure covers credit institutions (including local branches of foreign credit providers), certain other credit providers and credit intermediaries. No significant spillovers have been anticipated nor identified when loosening the measure.</p>
6.2	<p>Assessment of leakages and regulatory arbitrage within the notifying Member State</p>	<p>.No significant leakages or regulatory arbitrage have been anticipated nor identified when loosening the measure.</p>

³ Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

⁴ Available on the ESRB's website at www.esrb.europa.eu.

6.3	Request for reciprocation	<p>Do you intend to ask the ESRB to issue a recommendation to other Member States to reciprocate the measure?</p> <p>Choose an item.</p> <p>- If yes, please provide in Section 6.4 the justification for that reciprocity.</p> <p>- If no, what are the reasons for not requesting reciprocation? No, n.a.</p>
6.4	Justification for the request for reciprocation	<p>To request reciprocation, please provide the following:</p> <ol style="list-style-type: none"> a. a concise description of the measure to be reciprocated; b. the financial stability considerations underlying the reciprocity request, including the reasons why the reciprocity of the activated measure is deemed necessary for its effectiveness; c. the proposed materiality threshold and justification for that level. <p>If the ESRB deems the request for reciprocation to be justified, the description provided will form the basis for translation into all EU official languages for the purposes of an update of ESRB Recommendation 2015/2.</p>
7. Miscellaneous		
7.1	Contact person(s)/mailbox at notifying authority	<p>Contact person(s) (name, phone number and e-mail address) and mailbox for further inquiries.</p> <p>Peik Granlund, peik.granlund@fiva.fi, tel. +35891835236</p>
7.2	Any other relevant information	
7.3	Date of the notification	<p>Please provide the date on which this notification was uploaded/sent.</p> <p>21/12/2023</p>