Template for notifying national macroprudential measures not covered by CRR/CRD

Please send this template to

- notifications@esrb.europa.eu when notifying the ESRB;
- macropru.notifications@ecb.europa.eu when notifying the ECB.

Emailing this template to the above-mentioned addresses constitutes an 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 electronically copying the information.

1. Notifying national authority and scope of the notification		
1.1	Name of the notifying authority.	Bank of Slovenia
1.2	Name of the macroprudential measure that is notified.	Macroprudential restrictions on household lending *Note: This is an extension and renaming of the existing recommendations for housing lending (description herein below).*
2. Description of the measure		
2.1	Description of the measure.	In 2016, Bank of Slovenia introduced DSTI and LTV recommendations for housing loans. In October 2018, it extended the DSTI recommendation to consumer loans. For consumer loans, it also recommended that their maturity does not exceed 120 months. In September 2019, Bank of Slovenia decided to make the DSTI cap and maturity limits (for consumer loans) binding. The DSTI cap depends on the borrower's annual net income and is: (a) 50% for net income of no more than twice the minimum gross wage, and (b) 67% for the portion of the net income that exceeds twice the minimum gross wage. (c) Notwithstanding the income level, an amount of at least 76% of the minimum gross wage must remain for

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		the consumer each month after the payment of all instalments under credit agreements. If the consumer is supporting a family member or another person that he/she is required to support by law, the amount of income stipulated for the person that he/she is supporting according to the criteria for allocating cash social assistance set out by the law governing social security benefits must also remain for the consumer. Up to 10% of consumer loans and 10% of housing loans (relative to the amount of loans that comply with the limit on maturity and the cap on DSTI) approved by a bank each quarter may have a DSTI that exceeds the prescribed cap on DSTI. DSTI may not exceed 67%, and the loans must also comply with the limits on maturity. Furthermore, the exemptions do not apply to loans that do not comply with point (c). The regulation sets out the maximum maturity of consumer loans that are not secured by residential real estate. This may not exceed 84 months (seven years). Up to 15% of consumer loans (relative to the amount of loans that comply with the limit on maturity and the cap on DSTI) approved by a bank each quarter may have a maturity of more that seven years. The maturity of such loans may not exceed 120 months (10 years), and must also comply with the cap on DSTI. For loans secured by RRE, it is still recommended that LTV does not exceed 80 %.
2.2	Legal basis and process of implementation of the measure.	The Bank of Slovenia issued the macroprudential restrictions pursuant to Articles 4, 17 and 19 of the Macroprudential Supervision of the Financial System Act (Official Gazette of the Republic of Slovenia, No. 100/13).
2.3	Coverage	These restrictions are addressed to banks, savings banks, branches of Member State banks and branches of Member state and third-country banks in Slovenia. It applies to new housing and/or consumer loans (depending on the instrument).

2.4	Any other relevant information.	Banks must still assess the creditworthiness of the borrower, and are responsible for the risks associated with the newly approved loans.
3. Timing		
3.1	Timing of the decision	The Governing Board of the Bank of Slovenia extended the macroprudential recommendation at its 628th meeting held on 3 September 2019.
3.2	Timing of the publication	The restrictions on household lending were published in the Official Gazette of the Republic of Slovenia, No. 64/19 that was issued on the 25 October 2019. The information about the restrictions was published on the Bank of Slovenia's website on 28 October 2019.
3.3	Disclosure	Banks were informed about the measure in September. Bank of Slovenia hosted both the technical and board level meeting with the bank representatives to communicate the content and the reasons for the introduction of a binding measure. On the 9 October, the measure was presented to the media. Bank of Slovenia issued a press release on its home page and published detailed information about the restrictions on its website (including a Q&A document).
3.4	Timing of the application	The restrictions on household lending entered into force on 1 November 2019. Banks are expected to comply immediately. The Bank of Slovenia will continue to closely monitor lending to households.
3.5	End date (if applicable)	/
4. Reason for the activation of the measure		

4.1	Description of the macroprudential risk to be addressed.	The intermediate objective of macroprudential measures is to mitigate and prevent excessive credit growth and leverage.
4.2	Description of the indicators on the basis of which the measure is activated.	The measure was activated due to the excessive credit growth in the consumer loan segment. In the last two years the growth rates exceeded 10% y-o-y. The maturities and average amount of consumer loans were also increasing. The introduction of the recommendation did not to moderate the consumer loan growth rates. Hence, Bank of Slovenia decided to make DSTI cap and maturity limits binding. The DSTI cap was made binding for housing loans to prevent leakages.
4.3	Effects of the measure.	The purpose of the measure is to curb the excessive credit growth and to introduce minimum credit standards. Bank of Slovenia will closely monitor the effect of the measure.
5. Cross-border and cross-sector impact of the measure		
5.1	Assessment of cross-border effects and the likely impact on the internal market (Article 133(11)(d) of the CRD IV and Recommendation ESRB/2015/2)	Cross-border effects are not expected.
5.2	Assessment of leakages and regulatory arbitrage within the notifying Member State	Potential for regulatory arbitrage and leakages for housing loans is rather small, since banks are their main providers. Potential for regulatory arbitrage and leakages is larger for consumer loans. The Bank of Slovenia will monitor potential circumventions of macroprudential measures.

5.3	Request for reciprocation	No.
6. Miscellaneous		
6.1	Contact person(s) at notifying authority.	Mark Požlep, tel: +386 1 47 19 351 e-mail: mark.pozlep@bsi.si Miha Pučnik, tel: + 386 1 47 19 588, e-mail: miha.pucnik@bsi.si.
6.2	Any other relevant information.	Please visit the following webpage for more information on the macroprudential restrictions and its full text: https://www.bsi.si/en/financial-stability/macroprudential-supervision/macroprudential-instruments/macroprudential-restrictions-on-household-lending.