

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.	FIN-FSA
1.2	Name of the macroprudential measure that is notified.	Loan-to-collateral, LTC
2. Description of the measure		
2.1	Description of the measure.	Maximum loan-to-collateral (LTC) ratio, as referred to in chapter 15, section 11 of the Credit Institutions Act. The statutory standard level of the LTC ratio is 90% for residential mortgage loans other than first-home loans. The level may be lowered by 10 % based on a decision by the FIN-FSA Board. With the decision of 19 March 2018, the Board lowered the maximum LTC ratio for residential mortgage loans other than first-home loans by 5 percentage points. <i>On 29 June 2020, The FIN-FSA Board decided that the LTC ratio will be adjusted and brought back to the statutory standard level of 90%.</i>
2.2	Legal basis and process of implementation of the measure.	Chapter 15, section 11 of the Credit Institutions Act.

2.3	Coverage	Mortgages to households provided by credit institutions
2.4	Any other relevant information.	The aim of the FIN-FSA Board decision was to promote the functioning of the housing and mortgage market during the stressed situation due to the pandemic.
3. Timing		
3.1	Timing of the decision	29 June 2020
3.2	Timing of the publication	29 June 2020
3.3	Disclosure	Press release: https://www.finanssivalvonta.fi/en/publications-and-press-releases/Press-release/2020/macprudential-decision-residential-mortgage-loan-cap-to-be-relaxed-countercyclical-capital-buffer-rate-remains-unchanged-at-0.0-percent/
3.4	Timing of the application	The decision entered into force on 29 June 2020
3.5	End date (if applicable)	n.a.
4. Reason for the activation of the measure		

4.1	Description of the macroprudential risk to be addressed.	Bringing the maximum LTC ratio for residential mortgage loans other than first-home loans back to the base level was done in order to support the housing market and the real economy in the current exceptional circumstances. Over the past year, about three quarters of the euro volume of new residential mortgage loans have been housing loans other than first-home loans. Relaxing the LTC ratio for these loans could increase housing demand and total demand compared with a situation where the tighter LTC ratio would continue to apply. Supporting demand can contribute to offsetting the contraction in house sales and the economy and thus alleviate the threat of an exceptional build-up of risks to financial stability. As a whole, however, the impact of the measure will be fairly limited in the current situation.
4.2	Description of the indicators on the basis of which the measure is activated.	Estimated development of mortgage demand
4.3	Effects of the measure.	See 4.1.
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)	The measure applies to all domestic and foreign mortgage providing credit institutions in Finland. The market share of mortgage providers other than banks is insignificant taking into account the objective of the measure.

5.2	Assessment of leakages and regulatory arbitrage within the notifying Member State	n.a.
5.3	Request for reciprocation	n.a.
6. Miscellaneous		
6.1	Contact person(s) at notifying authority.	Peik Granlund, peik.granlund@fiva.fi , tel.+358-9-1835236
6.2	Any other relevant information.	