
Press release

AFME welcomes EBA statement on forbearance, default and IFRS9

25 March 2020

Responding to the EBA's statement [on the application of the prudential framework regarding Default, Forbearance and IFRS9 in light of COVID19 measures](#), **Michael Lever, Head of Prudential Regulation at AFME**, said:

"The EBA's statement brings helpful clarifications on how banks should approach provisioning requirements in cases where customers have received forbearance in respect of their obligations under public or private moratoria. The EBA's guidance on appropriate measures concerning the protection of consumers and the orderly function of payments services across the EU is also welcome as is the delayed timetable for open consultations and public hearings.

"However, it would also be helpful to receive advice on how firms are expected to deal with the procyclicality effect on the prudent valuations of assets and clarification of the EBA's timetable regarding its internal model repair programme.

"This proactive approach by the EBA in providing useful clarifications on a number of important practical matters will help banks to confidently and speedily provide the relief their customers need. It will also ensure that valuable operational resources are not unnecessarily diverted away from meeting this key objective."

-ENDS-

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About AFME:

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu. Follow us on Twitter @AFME_EU