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Harmonised principles for issuing and monitoring loans started to apply for banks in the European Union at the end of June, having been set out jointly by financial supervisors in the guidelines of the European Banking Authority (EBA). Finantsinspeksioon issued the EBA guidelines as advisory guidelines in November last year.

The new guidelines take a comprehensive approach to measuring and monitoring credit and help harmonise the actions of issuing and monitoring loans across banks and creditors in Europe, while also taking account of borrower protection requirements. The guidelines specify the requirements for the internal governance arrangements, procedures and mechanisms of financial institutions and for the credit risk and counterparty risk of a consumer in the assessment of creditworthiness. They also promote environmental protection and prioritise the calculation of the possible impact of climate change. The new guidelines also harmonise the approach to the principles of responsible lending in the European Union.

The new guidelines started to apply for banks and other creditors, and also for investment firms, from 30 June this year.