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Central Bank of Ireland

Eurosystem

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Mr Pearse Doherty TD
Dáil Éireann
Kildare Street
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19th March 2020

Dear Deputy Doherty,

I refer to your email dated 18th March 2020 in relation to supports for borrowers whose mortgages are held by retail credit or credit servicing firms and who are affected by COVID-19.

The Central Bank of Ireland (the Central Bank) recognises that this is an uncertain and worrying time for people who may be facing financial difficulty as a result of COVID-19. Our role is to protect and maintain financial stability now and into the future. We need to make sure that the financial system works well for everyone, and that consumers are protected, particularly those who may experience financial difficulties at this time.

Recent decisions by the Central Bank, also as part of the Eurosystem and Single Supervisory Mechanisms, are designed to ensure monetary and financial stability and that the financial system operates in the best interests of consumers and the wider economy. These include wide ranging measures such as the launch of a €750bn Pandemic Emergency Purchase Programme yesterday, temporary capital and operational relief to banks across the Eurozone, and the release the Counter Cyclical Capital Buffer (CCyB) from 1% to 0%.

In order to ensure that the benefits of these measures are passed on to households and businesses, the Central Bank today met with the Banking & Payments Federation Ireland (BPMFI) and five retail banks. During this constructive meeting, both the Central Bank and the BPMFI agreed that there is no impediment to the banks introducing a 3-month Covid-19 payment break for those affected by the pandemic.

The Central Bank also emphasised the provisions of the existing consumer protection framework, which is designed to ensure that consumers' best interests are protected, particularly in times of financial difficulties. People who may be experiencing particular vulnerabilities as a result of the impact of COVID-19, for example, illness or loss of income, must be provided with whatever reasonable arrangements and/or assistance may be necessary in dealings with regulated entities.

Banks will introduce three-month payment moratoria on mortgages, and personal and business loans for some business and personal customers affected by COVID-19. The Central Bank



understands that all BPFIs including non-banks will introduce this measure for affected customers. We expect all regulated firms, including banks, retail credit and credit servicing firms to take a consumer-focused approach and to act in their customers' best interests.

Any customer facing potential difficulties in making loan repayments as a result of COVID-19, is advised to contact their bank or credit servicer as early as possible. All of the existing protections for customers who face actual or potential financial difficulties continue to apply.

The Central Bank will continue to monitor this situation closely, as part of the continued assessment of the impact of COVID-19 on the economy, businesses and households. We are working constructively with all the sectors we regulate, recognising the challenges they face to maintain continuity of business and provision of service to customers. We will also maintain appropriate regulatory oversight throughout this period. The resilience of banks has been built up over the last decade. We want to ensure they remain resilient through this challenging environment in order to safeguard the financial system in the public interest.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Sharon Donnery".

Sharon Donnery
Deputy Governor (Central Banking)