



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Philip Lane *Governor*

T +353 1 224 6001 F +353 1 671 5550

Bosca OP 559, Sráid Wapping Nua, Cé an Phoirt Thuaidh,
Baile Átha Cliath 1, Éire.

*Po Box No. 559, New Wapping Street, North Wall Quay,
Dublin 1, Ireland.*

www.centralbank.ie

Deputy Pearse Doherty TD
Leinster House
Kildare Street
Dublin 2

08 April 2019

Re: Query concerning data on loan sales

Dear Deputy Doherty,

Thank you for your expression of support and for your query.

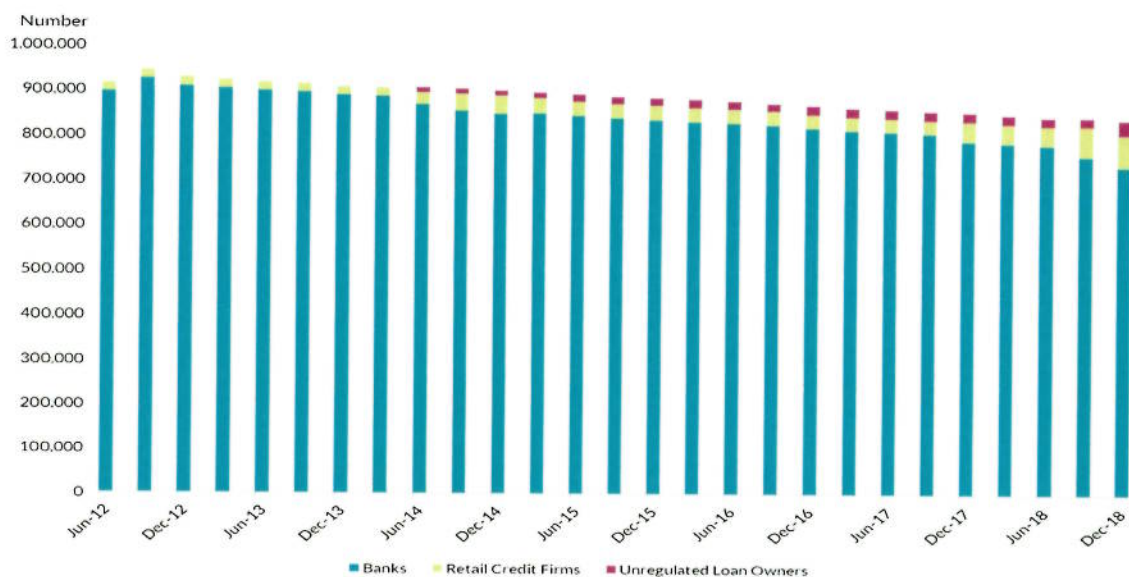
The Central Bank of Ireland (the Central Bank) publishes a wide variety of statistics on mortgage arrears in Ireland. These data include number of accounts¹ and loans held by both bank and non-bank loan owners. A key feature of this dataset is that all mortgages continue to be recorded even if they are sold/transferred to new loan owners. As a result, the Central Bank is able to publish harmonised and consistent data, accurately reflecting the ownership of mortgage loans.

¹ The Mortgage Arrears and Repossession Statistics are collected on the basis of the number of mortgage accounts, rather than on a household basis.



As the Chart 1 shows, the percentage of both principal dwelling house (PDH) and buy-to-let (BTL) accounts held by retail credit firms and unregulated loan owners² increased from 5 per cent and 1 per cent respectively in December 2014 to 9 per cent and 4 per cent respectively at end-December 2018. The Central Bank proactively monitors loan sales to ensure that the coverage of the mortgage arrears and repossessions statistics remains extremely high. When a loan sale takes place, the accounts move out of the sector selling the loans and into the sector that has purchased the loans.

Chart 1: PDH and BTL Mortgage Accounts by entity type (June 2012-December 2018)



As at end-December 2018 (see Table 1), non-bank entities held almost 12 per cent of all PDH mortgage accounts in arrears up from 6 per cent in 2014. Regulated retail credit firms held 8.1 per cent, with the remaining 3.5 per cent held by unregulated loan owners. The Central Bank also publishes data on the number of days past due in arrears across the various loan owners. For example, 23 per cent of the unregulated loan owner book is over 720 days in arrears, compared with 4 per cent for PDH mortgage accounts as a whole.

² Following from the amendment to Part V of the Central Bank Act 1997 by the Consumer Protection (Regulation of Credit Servicing Firms) Act 2018 (the “Act”), such loan owners now require to be authorised by the Central Bank as “credit servicers”. As the data in this letter refers to end-December 2018, prior to the introduction of the Act, the data includes the category of ‘unregulated loan owners’ for the purposes of accuracy.



Table 1: Principal Dwelling House Mortgages Accounts by entity type, and by length of time in arrears (December 2018)

Arrears Rates	All Institutions		Banks		Non-Bank Entities			
	Number	Value (€m)	Number	Value (€m)	Retail Credit Firms		Unregulated Loan Owners	
					Number	Value (€m)	Number	Value (€m)
Total PDH Loans	728,168	98,133	643,510	84,214	59,189	9,783	25,469	4,136
Ownership percentages			88.4%	86%	8.1%	10%	3.5%	4%
In Arrears	63,246	11,313	46,367	7,399	8,144	1,701	8,735	2,214
% of entity	9%	12%	7%	9%	14%	17%	34%	54%
In arrears over 90 days	44,009	8,657	30,804	5,337	5,776	1,296	7,429	2,023
% of entity	6%	9%	5%	6%	10%	13%	29%	49%
In arrears over 720 days	27,551	6,040	18,386	3,459	3,239	855	5,926	1,726
% of entity	4%	6%	3%	4%	5%	9%	23%	42%

At end-December 2018, non-bank entities held 19 per cent of all BTL mortgage accounts (Table 2). While unregulated loan owners held 7 per cent of all BTL mortgage accounts, 52 per cent of these accounts are classified as over 720 days past due.

Table 2: Buy-to-Let Mortgages Accounts by entity type, and by length of time in arrears (December 2018)

Arrears Rates	All Institutions		Banks		Non-Bank Entities			
	Number	Value (€m)	Number	Value (€m)	Retail Credit Firms		Unregulated Loan Owners	
					Number	Value (€m)	Number	Value (€m)
Total BTL Loans	111,141	19,064	90,443	14,349	12,788	2,519	7,910	2,197
Ownership percentages			81%	75%	12%	13%	7%	12%
In Arrears	18,999	4,888	10,119	2,355	2,768	719	6,112	1,814
% of entity	17%	26%	11%	16%	22%	29%	77%	83%
In arrears over 90 days	15,608	4,253	7,824	1,931	2,284	636	5,500	1,685
% of entity	14%	22%	9%	13%	18%	25%	70%	77%
In arrears over 720 days	11,240	3,259	5,229	1,361	1,866	551	4,145	1,347
% of entity	10%	17%	6%	9%	15%	22%	52%	61%

The Central Bank does not publish data on an individual entity basis, however, the Central Bank publishes detailed quarterly data on mortgage arrears and repossession statistics.³

³ See <https://www.centralbank.ie/statistics/data-and-analysis/credit-and-banking-statistics/mortgage-arrears> including data broken down by loan and loan owner type.



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The Central Bank seeks to publish statistics on mortgage arrears that are in line with user needs subject to confidentiality constraints. The Central Bank is currently undertaking a regular enhancement to the Mortgage Arrears and Repossession Statistics, and would welcome any suggestions you may have.

Yours sincerely,

Philip Lane