

Rome, 30 March 2018

Decision not to reciprocate a macroprudential measure adopted by Finland concerning bank exposures to its residential real estate market, pursuant to Recommendation ESRB/2018/1 of the European Systemic Risk Board (ESRB)

Recommendation ESRB/2018/1 of the European Systemic Risk Board (ESRB) recommends that the relevant authorities of the Member States reciprocate a macroprudential measure adopted by Finland's Financial Supervisory Authority. The purpose of the measure, in force since January 2018, is to reduce the risks related to exposures secured by Finnish residential properties, and it calls for the imposition of a minimum of fifteen percentage points on the average of the risk weights applied by IRB credit institutions to the exposures secured by housing units located in Finland.

The ESRB Recommendation asks the national macroprudential authorities to reciprocate the Finnish measure by applying a similar requirement to Finnish mortgage loans issued by IRB credit institutions established in their respective jurisdictions. However, the Recommendation allows the national authorities to exempt those IRB credit institutions with exposures of less than €1 billion and to not reciprocate the measure at all if all the banks have exposures below that threshold.

Italian banks have no branches in Finland and their cross-border exposures to the Finnish housing market are negligible. The Bank of Italy has therefore decided not to reciprocate the Finnish measure, although it will continue to periodically review the exposures of Italian banks to Finland and will change its decision if circumstances so require.