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21.12.2021

Press release on the return to pre-pandemic requirements for the capital conservation buffer for banks

At its meeting of 16.12.2021, the Executive Board of the NBM decided to repeal the temporary measures related to the requirements for the capital conservation buffer for banks, introduced in April 2020, and to return to the pre-pandemic requirements for the capital conservation buffer.

Temporary buffer relief measures have been in place since April 2020, taking into account the difficult epidemiological situation created by COVID-19 and in order to ensure the stability of the banking sector, being in line with international supportive practices adopted at EU level. The measure aimed to maintain the trend of financing companies and the population by banks, ensuring a firm and smooth economic recovery.

The decision of 16.12.2021 was taken in the context in which the conditions that led to the temporary relaxation of the requirements for the capital buffer (high risk of significant decline in economic activity, considerable deterioration in the quality of banks' assets with a major impact on own funds, the sudden reduction in the supply of credit by banks) have been overcome, and the epidemiological situation in the country generated by COVID-19 does not present risks capable of affecting the critical functions of banks.

In view of the above, it was concluded that the necessary conditions for the revocation of the temporary permit granted to the banks are met.

As a result, banks will have to comply with the requirements for the level of the capital conservation buffer and maintain a common equity Tier 1 capital buffer equal to 2.5% of the total amount of risk exposure. Currently, all banks comply with own capital requirements, including the combined buffer requirement.

See also

Tags

capital buffers; capital buffer; macroprudential tools; rate of the anticyclical capital buffer; capital requirement; financial stability [1]

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