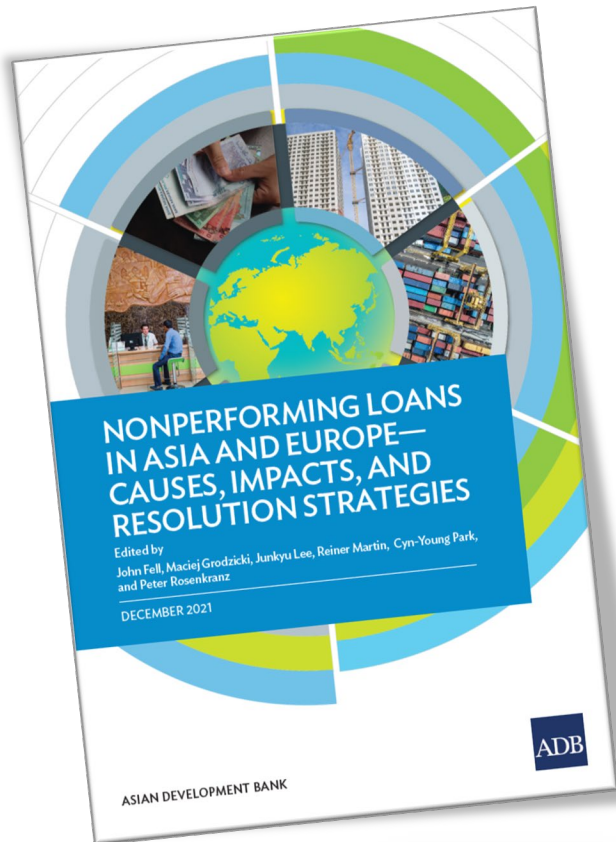


Nonperforming Loans in Asia and Europe: Causes, Impacts, and Resolution Strategies



- European Central Bank and ADB
- Traces NPL trends, examines economic impact of high NPLs, compares effectiveness of NPL resolution strategies, and offers policy considerations to strengthen NPL resolution mechanisms in Asia and Europe
- Mid-term ADB-ECB Workshop on NPL Resolution in Asia and Europe in February 2020, Manila

Book structure:

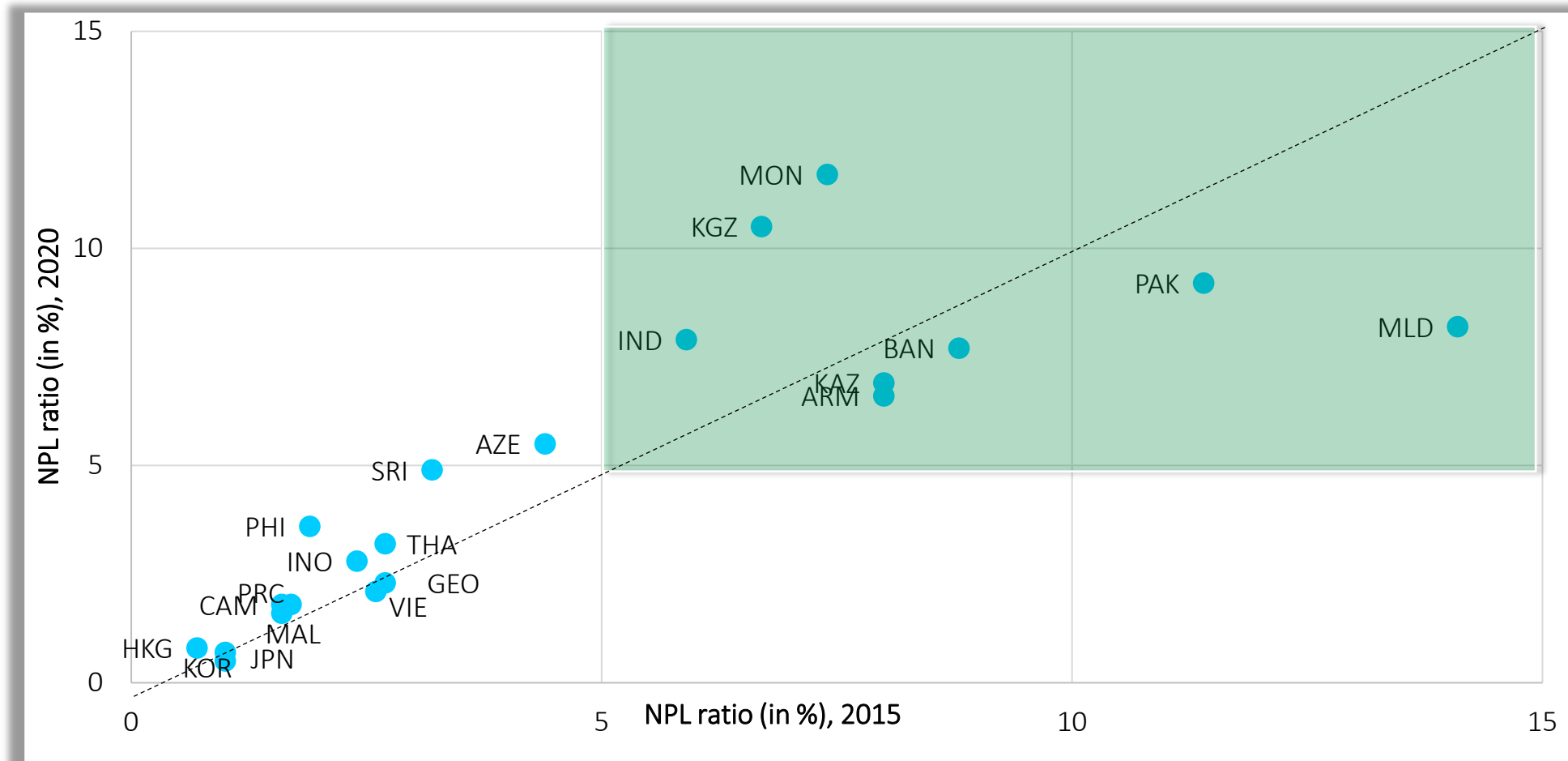
- ❑ Part 1: Summary of NPL Trends and Lessons from Three Decades of Crisis Resolution
- ❑ Part 2: Empirical Analyses of the Macrofinancial Implications of NPLs
- ❑ Part 3: Country Case Studies on NPL Resolution
- ❑ Part 4: Policy Strategies for NPL Resolution and Market Development

Download 



High NPLs in some Asian economies amid the pandemic call for close monitoring

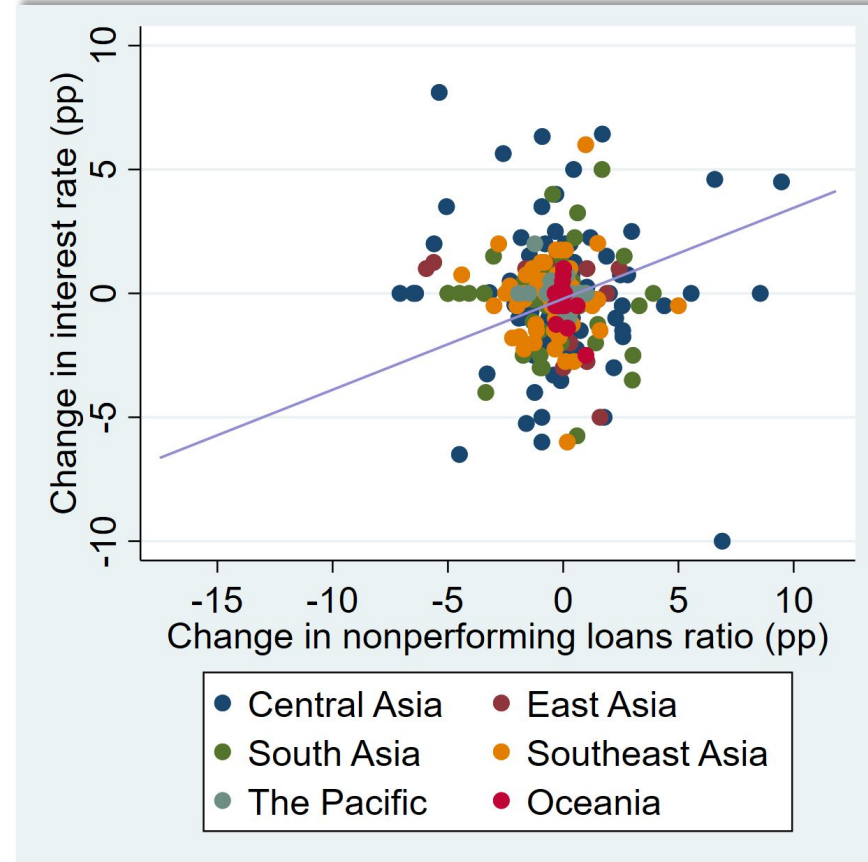
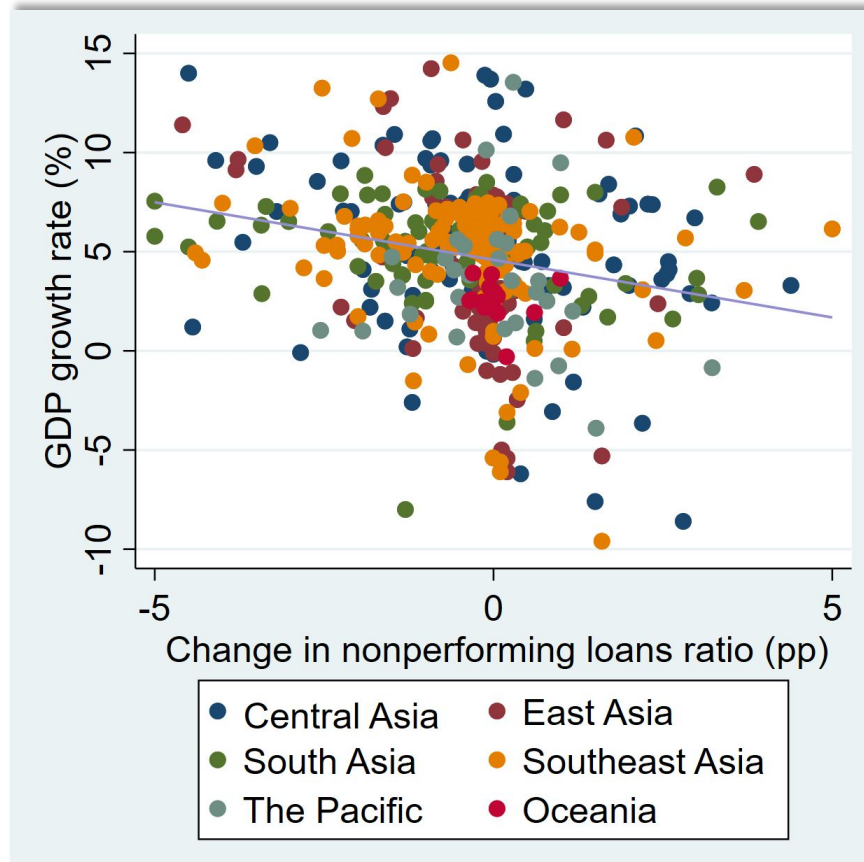
NPL Ratios in Asia, 2015 and 2020



Source: ADB calculations using data from Bank of Mongolia; CEIC Database; International Monetary Fund Financial Soundness Indicators.; and World Bank World Development Indicators.(accessed November 2021).

NPL ratios are negatively correlated with GDP growth; and tend to increase in tandem with interest rates

NPL ratios, GDP growth, and interest rates in Asia, 1997–2020



GDP = gross domestic product; pp = percentage points.

Note: Interest rates refer to central bank policy rates.

Sources: Asian Development Bank calculations using data from the Bank of Mongolia; CEIC Database; International Monetary Fund Financial Soundness Indicators. (accessed Dec. 2021).

Key Recommendations



Pandemic leads to substantial rise in debt, which was already quite elevated



Credit conditions and quality could deteriorate when temporary financial relief is lifted, and regulatory forbearance phased out



A sharp increase in NPLs could compromise swift post-pandemic economic recovery



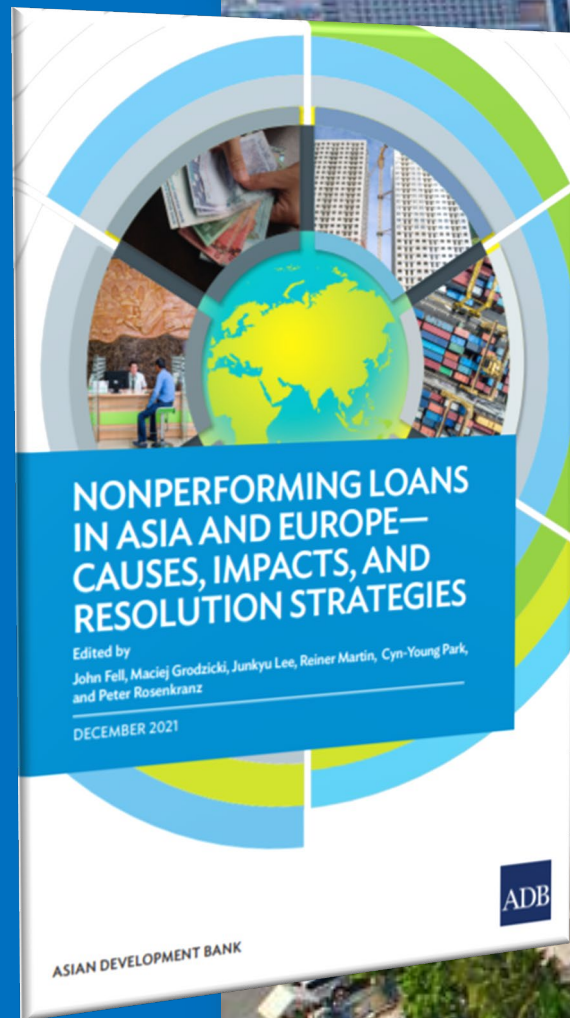
Need to strengthen the region's NPL resolution mechanisms



Policies need to support NPL market development for swift NPL disposal



Past crises taught us we need stronger regional financial cooperation



For free downloads and access to ADB knowledge products, reports, data and information please visit the following sites:

**Thank
You!**

