



# Roadmap for the Development of an NPL Trading Platform – Background

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**RCI-POD # 19 – Strengthening Asia’s NPL Markets Through Transaction Platforms**

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# Background: Roadmap for the Development of an NPL Trading Platform

- Previous crisis experiences have illustrated negative and persistent macrofinancial effects NPLs can have on the real economy, underlining the importance of swift resolution measures
- A sharp increase in NPLs could destabilize regional financial systems and compromise post-pandemic economic recovery
- A developed market for NPL trading can be an effective measure to relieve banks of their NPLs
- While the development and deepening of NPL markets was on the policy agenda prior to COVID-19, the current pandemic underscores its relevance to facilitate the swift resolution of banks' NPLs
  - Against this backdrop, this knowledge project seeks to examine the feasibility of establishing an NPL transaction platform for the Asia and the Pacific region



# Background: Roadmap for the Development of an NPL Trading Platform

- Objective: to help design NPL resolution strategies to strengthen NPL resolution mechanisms through the development of secondary NPL markets
- Knowledge project: a feasibility study assessing country-specific circumstances, opportunities, and challenges in the development of NPL markets (domestically and regionally) and a roadmap of the building blocks of an NPL trading platform including:
  1. *A review of the NPL market ecosystems in benchmark and target countries*
  2. *An assessment of the feasibility of establishing an online NPL trading platform*
- External partners: Deloitte and selected public asset management companies in the region



# RCI-POD: Strengthening Asia's NPL Markets Through Transaction Platforms – Overview & Objectives

**1. Background of the study** *(5 minutes)*

**2. Overview and first findings of the study** *(15 minutes)*

**3. NPL Transaction Platforms: Experience from the PRC**  
*(10 minutes)*

**4. NPL Transaction Platforms: Experience from Europe** *(10 minutes)*

**5. Lead discussants from RDs**  
*(20 minutes)*

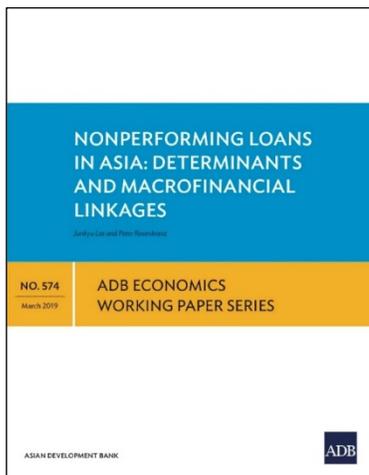
**6. Q & A and Discussion** *(25 min)*

- (i) Provide background, overview and first findings of the study, discuss experiences from existing NPL transaction platforms
- (ii) Offer a venue for fruitful discussions on this topic, incl. with RD colleagues to share their views on opportunities and challenges to strengthen NPL markets through transaction platforms

# Thank you very much!

## ADB Economics Working Paper

### Nonperforming Loans in Asia: Determinants and Macrofinancial Linkages



## ADB Brief

### The Impact of Nonperforming Loans on Cross-Border Bank Lending: Implications for Emerging Market Economies



### ADB-ECB Workshop on NPL Resolution in Asia and Europe 10-11 February 2020



Questions / Comments / Feedback?

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