The Impact Of Non Performing Loans And Bank Performance In | afa7d632dd5c9bdae92acadcf33340d

A Strategy for Resolving Europe's Problem Loans

Negative Monetary Policy Rates and Portfolio Rebalancing: Evidence from Credit Register Data

Problem Loans in the Caribbean: Determinants, Impact and Strategies for Resolution

Effects of Bank Capital on Lending

The Dynamics of Non-Performing Loans during Banking Crises: A New Database

Factors Affecting Non-Performing Loan in the Case of the Development Bank of Ethiopia

We provide new firm-level evidence on the effects of capital account liberalization. Based on corporate foreign-currency credit ratings data and a novel capital account restrictions index, we find that capital
controls can substantially limit access to, and raise the cost of, foreign currency debt, especially for firms without foreign currency revenues. As an identification strategy, we exploit, via a difference-in-difference approach, within-country variation in firms’ access to foreign currency, measured by whether or not a firm belongs to the nontradables sector. Nontradables firms benefit substantially more from capital account liberalization than others, a finding that is robust to a broad range of alternative specifications.

**Effect of Credit Reference Bureau Services on Non-Performing Loan Portfolios in Kenya**

Master's Thesis from the year 2016 in the subject Business economics - Investment and Finance, , course: Masters of Business Administration, language: English, abstract: The research project sought to examine the effect of listing with Credit Reference Bureau service on non-performing loans of deposit taking microfinance institutions in Kenya. The specific objectives were to assess how loan recoveries as a result of listing with credit reference bureau affects non-performing loans by deposit taking microfinance institutions in Kenya and to assess how write offs as a result of listing with credit reference bureau affect non-performing loans by deposit taking microfinance in Kenya. Furthermore, to examine how loan quality as a result of listing with credit reference bureau affect non-performing loan in deposit taking microfinance in Kenya and what effect does listing with credit reference bureau has on non-performing loans levels in Deposit Taking Microfinance in Kenya. This research study adopted a descriptive survey approach on effect of listing with Credit Reference Bureau Service on non-performing loans of deposit taking microfinance institutions in Kenya. Further, this study targeted all registered deposit taking microfinance institutions by the Central Bank of Kenya (CBK). Target population was 12 registered Deposit taking microfinance institutions that have listed with Credit Reference Bureaus in Kenya. This study used primary data that was collected by use of a questionnaire. The data was analyzed by use of Descriptive and inferential statistics to measure interrelationships between the variables. Tables were used to display the information to improve presentation of the analyzed results for ease of interpretation. Regression analysis was used to test the relationship between dependent and independent variable. In light of the research findings, the regression model could only explain 52% in variance of non-performing loans. The study results revealed that there was a statistically significant relationship between loan recoveries and non-performance of loans (p=0.000); there was a statistically significant relationship between write offs and non-performance of loans (p=0.000) and that there was a statistically significant relationship between quality loan portfolio and non-performance of loans (p=0.000). Hence, credit information sharing and level of nonperforming loans are indeed related meaning there is a direct relationship between the number of credit checks done by the CRBs and the level of NPLs.

**Banking and Economic Rent in Asia**

The IMF has had extensive involvement in the stress testing of financial systems in its member countries. This book presents the methods and models that have been developed by IMF staff over the years that can be applied to the gamut of financial systems. An added resource for readers is the companion CD-Rom, which makes available the toolkit with some of the models presented in the book (also located at elibrary.imf.org/page/stress-test-toolkit).

**Non-Performing Loans and Resolving Private Sector Insolvency**

**The Impact of Nonperforming Loans on Cross-Border Bank Lending**

**The Dark Side of Bank Wholesale Funding**

**Non-Performing Loans**

**The Regulation and Supervision of Banks Around the World**

**Finance and Its Reform**

**Non-performing loans between 2015 and 2017. The impact of economic indicators**


**Acces to Long Term Debt and Effects on Firms' Performance:**

Research Paper (undergraduate) from the year 2018 in the subject Business economics - Banking, Stock Exchanges, Insurance, Accounting, , language: English, abstract: This study is attempted to examine...
Management of Non-Performing Assets in Banking Sector

The appropriate level of bank capital and, more generally, a bank's capacity to absorb losses, has been at the core of the post-crisis policy debate. This paper contributes to the debate by focusing on how much capital would have been needed to avoid imposing losses on bank creditors or resorting to public recapitalizations of banks in past banking crises. The paper also looks at the welfare costs of tighter capital regulation by reviewing the evidence on its potential impact on bank credit and lending rates. Its findings broadly support the range of loss absorbency suggested by the Financial Stability Board (FSB) and the Basel Committee for systemically important banks.

Management of Non-performing Advances

Banks increasingly use short-term wholesale funds to supplement traditional retail deposits. Existing literature mainly points to the "bright side" of wholesale funding: sophisticated financiers can monitor banks, disciplining bad but refinancing good ones. This paper models a "dark side" of wholesale funding. In an environment with a costless but noisy public signal on bank project quality, short-term wholesale financiers have lower incentives to conduct costly monitoring, and instead may withdraw based on negative public signals, triggering inefficient liquidations. Comparative statics suggest that such distortions of incentives are smaller when public signals are less relevant and project liquidation costs are higher, e.g., when banks hold mostly relationship-based small business loans.

Financial Structure and Bank Profitability

Impact of Non-performing Loans (NPLs) on Lending Behavior of Banks

This paper investigates macro-financial linkages in Egypt using two complementary methods, assessing the interaction between different macroeconomic aggregates and loan portfolio quality in a multivariate framework as well as through a panel vector autoregressive method that controls for bank-level characteristics. Using a panel of banks over 1993-2010, the authors find that a positive shock to capital inflows and growth in gross domestic product improves banks' loan portfolio quality, and that the effect is fairly similar in magnitude using the multivariate and panel vector autoregressive frameworks. In contrast, higher lending rates may lead to adverse selection problems and hence to a drop in portfolio quality. The paper also reports that a larger market share of foreign banks in the industry improves loan quality.

Principles of Household Debt Restructuring

This paper reviews empirical and theoretical work on the links between banks and their governments (the bank-sovereign nexus). How significant is this nexus? What do we know about it? To what extent is it a source of concern? What is the role of policy intervention? The paper concludes with a review of recent policy proposals.

Non-Performing Loans in CESEE

We study negative interest rate policy (NIRP) exploiting ECB’s NIRP introduction and administrative data from Italy, severely hit by the Eurozone crisis. NIRP has expansionary effects on credit supply— and hence the real economy—through a portfolio rebalancing channel. NIRP affects banks with higher ex-ante net short-term interbank positions or, more broadly, more liquid balance-sheets, not with higher retail deposits. NIRP-affected banks rebalance their portfolios from liquid assets to credit—especially to riskier and smaller firms—and cut loan rates, inducing sizable real effects. By shifting the entire yield curve downwards, NIRP differs from rate cuts just above the ZLB.

Nonperforming Loans in Sub-saharan Africa: Causal Analysis and Macroeconomic Implications

The high level of nonperforming loans (NPLs) in the Caribbean has been, in large part, a legacy of the global financial crisis, but their persistence owes much to the weak economic recovery in the region, as well as to structural obstacles to their resolution. A comprehensive strategy is needed to address these impediments to sever the adverse feedback loops between weak economic activity and weak asset quality. This paper finds that NPLs are a drag on Caribbean growth and macro-financial links are strong: a deterioration in asset quality hinders bank lending and dampens economic activity, undermining, in turn, efforts to resolve problem loans. A multifaceted approach is needed, involving a combination of macro-economic policies to support growth and employment; strong supervisory frameworks to ensure macro-financial stability and create incentives for resolution; efforts to address informational gaps and deficiencies in insolvency and debt-enforcement frameworks; and development of markets for distressed loans. The institutional capacity constraints require coordination of reforms within the region and support from international organizations through capacity-building.

Non-Performing Loans in the ECCU
Managing the Sovereign-Bank Nexus

An asset of a bank (such as a loan given by the bank) turns into a Nonperforming asset (NPA) when it ceases to generate regular income such as interest etc for the bank. In other words, when a bank which lends a loan does not get back its principal and interest on time, the loan is said to have turned into an NPA. While NPAs are a natural fall-out of undertaking banking business and hence cannot be completely avoided, high levels of NPAs can severely erode the bank's profits, its capital and ultimately its ability to lend further funds to potential borrowers. Similarly, at the macro level, a high level of Nonperforming Assets means choking off credit to potential borrowers, thus lowering capital formation and economic activity. So the challenge is to keep the growth of NPAs under control. Clearly, it is important to have a robust appraisal of loans, which can reduce the chances of loan turning into an NPA. Also, once a loan starts facing difficulties, it is important for the bank to take remedial action. The study focus on Asset classification and trends of NPAs, compare sector wise NPAs during branch expansion, predict and analyze NPAs by Markov's transition matrix and its application to loan tracking, impact of NPAs on the profitability and productivity of banks, Recovery methods, loan administration activities and factors influencing NPAs from Banker's & Borrower's perspective in selected banks.

Bank Insolvencies Cross-country Experience


A stable and sound financial system plays a critical role in mediating funds from surplus units to investors, making it a prerequisite for economic development. Financial intermediaries have been vulnerable to adverse changes in the local and global economy and experienced frequent bubble-and-bust episodes historically. Analyses of financial crises reveal that the incentive created by neo-liberal financial principles is inconsistent with stable financial systems, and viable solutions require structuring institutions in a way that incentives are well aligned with the fundamental principles of financial systems. By drawing on the theoretical framework of the financial restraint model, this book analyses financial sectors' rents or bank rents and their effects on banks' performance and stability, and presents evidence on the relationship between rent and incentive through case studies of both developed and developing countries.

Macro-Financial Linkages in Egypt

This paper assesses the vulnerability of emerging markets and their banks to aggregate shocks. We find significant links between banks' asset quality, credit and macroeconomic aggregates. Lower economic growth, an exchange rate depreciation, weaker terms of trade and a fall in debt-creating capital inflows reduce credit growth while loan quality deteriorates. Particularly noteworthy is the sharp deterioration of balance sheets following a reversal of portfolio inflows. We also find evidence of feedback effects from the financial sector on the wider economy. GDP growth falls after shocks that drive non-performing loans higher or generate a contraction in credit. This analysis was used in chapter 1 of the Global Financial Stability Report (September 2011) to help evaluate the sensitivity of banks' capital adequacy ratios to macroeconomic and funding cost shocks.

Nonperforming Loans in the GCC Banking System and their Macroeconomic Effects

The paper investigates the non-performing loans (NPLs) in Central, Eastern and South-Eastern Europe (CESEE) in the period of 1998-2011. The paper finds that the level of NPLs can be attributed to both macroeconomic conditions and banks' specific factors, though the latter set of factors was found to have a relatively low explanatory power. The examination of the feedback effects broadly confirms the strong macro-financial linkages in the region. While NPLs were found to respond to macroeconomic conditions, such as GDP growth, unemployment, and inflation, the analysis also indicates that there are strong feedback effects from the banking system to the real economy, thus suggesting that the high NPLs that many CESEE countries currently face adversely affect the pace economic recovery.

EDIS, NPLs, Sovereign Debt and Safe Assets

This book provides a historical evaluation of banking reforms and structural changes in India over the past 25 years. Chapters cover issues in consolidation and restructuring, competition and concentration, performance evaluation in terms of cost efficiency and productivity, profitability, non-performing assets and technology use. The authors use specific regression models to measure the impact of these reforms on bank performance during this period and assess whether or not the consolidation phase is now complete. This volume will be of interest to researchers and academicians interested in the financial history of Indian Banking reforms.

Bank Asset Quality in Emerging Markets

Banking Reforms in India

This new and comprehensive database on the regulation and supervision of banks in 107 countries should better inform advice about bank regulation and supervision and lower the marginal cost of empirical research.

Finance India

This paper assesses the determinants of NPLs in the Eastern Caribbean Currency Union (ECCU) and whether a deterioration in asset quality may result in negative feedback effects from the banking system to economic activity. The results suggest that the deterioration in asset quality can be attributed to both macroeconomic and bank-specific factors. Banks with stronger profitability and lower exposure to the
construction sector and household loans tend to have lower NPLs. Further, some evidence indicates that foreign owned banks systematically have lower NPLs than domestic banks, pointing to the presence of important differences across bank practices with an impact on asset quality. Finally, the results emphasize the strength of macrofinancial feedback loops in the ECCU.

Banking in the 1990s

This book explores the issue of private sector over-indebtedness following the recent financial crisis. It addresses the various challenges for policymakers, investors and economic agents affected by applied remedial policies as the private non-financial sector in Europe continues to face increased challenges in servicing its debt, with the problem mainly concentrated in several countries in the EU periphery and Eastern Europe. Chapters from expert contributors address reduced investment as firms concentrate on deleveraging and repairing their balance sheets, curtailed consumer spending, depressed collateral values and weak credit creation. They examine effective policies to facilitate private sector debt restructuring which may involve significant upfront costs in terms of time to implement and committed budgetary resources, as well as necessary reforms required to improve the broader institutional framework and judicial capacity. The book also explores the issue of over indebtedness in the household sector, contributing to the literature in establishing best practice principles for household debt.

Valuing Nonperforming Investment Real Estate

Systemic Banking Crises

A Guide to IMF Stress Testing

The book deals with the problem of Non-Performing Advances (NPAs) in public sector banks and its impact on the banks’ books, banking and financial system of the economy. Recognizing the inevitable and festering nature of the problem, the author has come out, inter alia, with a statistical model as an innovative, simple and practical solution to contain NPA formation to ensure a strong balance sheet for banks and improved image of the borrowers. The author claims that the solution will prove to be a win-win situation for all stakeholders of banks including the economy, and its constituents Government, shareholders, depositors, borrowers, employees and others. Salient Features Changes brought about in banks under Banking Sector Reforms. • Emergence of NPAs in banks. • Problem of NPAs: Its causes and effects. • Performance of Public sector banks on management of NPAs. • Impact of NPAs on the economy, banks’ balance sheets and profit and loss accounts. • Suggestions to contain NPAs from the angles of banks, borrowers, Government, Regulator and others. • A Statistical Model developed to contain formation of NPAs, strengthen banks’ balance sheets and develop an emotional rapport between banks and borrowers.

Corporation Annual Reports to Shareholders

Benefits and Costs of Bank Capital

A STUDY ON THE IMPACT OF NON-PERFORMING LOAN ON THE FINANCIAL PERFORMANCE OF BANKS IN MAURITIUS

According to a dynamic panel estimated over 1995 - 2008 on around 80 banks in the GCC region, the NPL ratio worsens as economic growth becomes lower and interest rates and risk aversion increase. Our model implies that the cumulative effect of macroeconomic shocks over a three year horizon is indeed large. Firm-specific factors related to risk-taking and efficiency are also related to future NPLs. The paper finally investigates the feedback effect of increasing NPLs on growth using a VAR model. According to the panel VAR, there could be a strong, albeit short-lived feedback effect from losses in banks’ balance sheets on economic activity, with a semi-elasticity of around 0.4.

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