Managing Non-Performing Loans
for the banking sector supervisor

The Commission supported national authorities in their efforts to reduce the large volume of non-performing loans (NPLs) in the small-and medium-size-enterprise (SME) sector and to improve the functioning of the national banking system.

Context
The high level of non-performing loans (NPLs), in the SME sector in particular, limits banks’ ability to provide credit. In order to reduce the volume of NPLs in the country’s SME sector, the national banking sector supervisor decided to develop a comprehensive strategy to restructure these types of NPLs.

Support delivered
The support provided by the SRSS and the World Bank was delivered over 9 months in the form of expert missions and data analysis.

The support measures consisted of:
• developing a toolkit for SMEs on how to deal with NPLs, while also laying out restructuring options for each loan category;
• providing guidance on how to organise loan restructuring processes within a bank; and
• training professionals dealing with NPLs.

Results achieved
The SRSS support delivered the following results:
• guidelines and a handbook on how to deal with NPLs; and
• a workshop on NPLs for banking professionals.

And had the following impact:
• strengthened both the supervisor’s and banks’ ability to deal with NPLs in the SME sector.