Question for written answer E-004762/2016
to the Commission
Rule 130
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Subject: Changing role of 'bad banks' and the consequential potential distortion of competition on the EU market

In dealing with the effects of the economic recession, several Member States have had to make use of so-called ‘bad banks’ in order to strengthen their banking sector by cleaning up their banks’ balance sheets. One of the largest bad bank models, the National Asset Management Agency (NAMA), was employed in Ireland.

A feature of such bad bank models is that their role is defined for a limited period of time. Recent reports have highlighted that NAMA has been mandated with additional powers. In dealing with a housing crisis in Ireland, the Irish Government has tasked NAMA with the provision of 20 000 housing units, which changes NAMA’s role into a de facto property developer. This sets a precedent in the EU whereby bad banks in other Member States could be utilised for a similar purpose.

What is the Commission’s view of the evolving remit of bad banks in dealing with legacy issues relating to the financial crisis? Does the Commission agree that the NAMA case sets a precedent for other EU bad banks to follow?

Given that NAMA’s debt is government-guaranteed, and that NAMA has access to funding at below market rates, has the Commission considered the likely distortion of competition on the EU market as a result?