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## A GOOD MORTGAGE CREDIT SYSTEM WITH ROOM FOR IMPROVEMENT

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Today, the Danish Competition Council has published an analysis that looks at some important competition issues in the market for mortgage credit.

The mortgage credit system is a vital part of the Danish financial system. It gives borrowers access to property financing on capital market terms, while also giving investors access to secure and liquid bonds.

Danmarks Nationalbank finds it positive that the Competition Council's analysis brings into focus the question of how a basis for enhanced competition can best be achieved. Overall, Danmarks Nationalbank agrees with the Competition Council's recommendations for potential amendments to financial regulation.

For example, Danmarks Nationalbank agrees that mortgage banks should be subject to the same resolution rules as banks. This would require an adjustment of Danish legislation to the effect that mortgage banks – like other large credit institutions in the EU – must have a sufficient volume of eligible liabilities (MREL).

"An MREL requirement on mortgage banks is necessary in order to ensure that mortgage banks can ultimately be resolved without major negative implications for financial stability. At the same time, such a requirement would increase comparability and transparency in the market. This would benefit competition between Danish banks and mortgage banks and between Danish and foreign institutions," says Governor Lars Rohde, Danmarks Nationalbank.

Read Danmarks Nationalbank's full comment on the Danish Competition Council's analysis of the market for mortgage credit at [www.nationalbanken.dk](http://www.nationalbanken.dk).