

# Call for Papers

## 9th SUERF/UniCredit Foundation Research Prize

**Deadline for Submissions: 31 October 2021**

***Post-COVID non-performing loans:  
effectiveness and efficiency of government intervention, implications for banks,  
role of financial regulation and supervision***

### Motivation

The COVID-19 crisis has, among many other things, caused a rise in non-performing loans. A combination of government measures has been helping to cushion the effects from COVID and COVID containment measures on firm and household finances, thus mitigating the immediate effects on firm failures and household bankruptcies. As these measures are phased out, non-performing loans may further rise. How severely will this affect bank balance sheets and profitability? What do bank stress tests tell us, where are their limits? What are the implications for banks' business strategies including loan provisioning, and for financial regulation and supervision?

### Content of submissions

This call for papers invites **original research – theoretical or empirical, academic or policy-oriented** – which studies the interaction of COVID, government measures aiming to mitigate firm and household bankruptcies, and the development of non-performing loans; how banks have so far dealt with them; and the role of financial regulation and supervision in smoothing out failures and the impact on banks' balance sheets while minimizing unjustified delays in bankruptcy proceedings and undue distortions in loan valuations. Some examples for fields of research are:

#### ***Impact of government measures so far to mitigate firm and household bankruptcies***

- Systematic collection and classification of measures adopted
- Theoretical and empirical research on the effects, effectiveness and efficiency of the various measures
- Research on side effects of governments' mitigation measures, such as protraction of bankruptcies and the preservation of "zombie" firms with non-viable business models
- How to optimally phase measures out (experience so far, how to go forward)

#### ***Impact on banks' NPLs and banks' related behaviour***

- How well prepared were banks to such a shock before the onset of COVID? To what extent have measures taken in the wake of the financial crisis helped mitigate the effects of COVID?
- How has COVID affected firms' and households' loan servicing behaviour? Which role did (and will) government measures related to COVID (e.g., moratoria and loan guarantees) play?
- Analysis of COVID-related changes in NPLs and of banks' responses to them
- How does COVID influence forbearance and the renegotiation of credit contracts? Has COVID encouraged the creation and continuation of "zombie firms"?

- How have loan loss provisions developed? Are they sufficient? How much more will be needed? Or are there in some cases even signs of over-provisioning?
- Have government mitigation measures facilitated or encouraged overly optimistic misrepresentation of loan values in bank balance sheets?
- How should banks' construct provisioning strategies in the face of unprecedented risk and uncertainty?
- How do banks deal with the extraordinary combination of highly expansionary fiscal support, ultra-low interest rates, and large fundamental uncertainty given potentially far-reaching sectoral adjustment needs (temporary or lasting demand for various types of tourism services etc.) in assessing the viability of firms and their future ability to service loans?
- How is interest rate risk taken into account in the case of variable rate loans with longer duration?
- How have accounting rules influenced banks' NPL (non-performing loan) and loan provisioning policies during the COVID crisis? Do banks apply these policies to smoothen their income?
- What factors can explain the large variation in stage 1 and 2 provisions in anticipation of the crisis across bank and country level?

### **Role of, and lessons for, financial regulation and supervision**

- What regulatory and supervisory measures have been taken?
- How are they being phased out/should they be phased out?
- What further regulatory/supervisory measures might yet be needed to address NPLs going forward?
- Are there lessons to be drawn about banks' provisioning strategies from the 2007-9 global banking crisis?
- What might stay as a legacy of the COVID crisis in terms of regulation and supervision of loan risk provisions?
- Interplay with other policy fields (from monetary policy to insolvency regimes)

This list is non-exhaustive, other contributions fitting into the overall topic of the call for papers are welcome.

#### **Formal Requirements and Procedure for Submissions**

The SUERF/UniCredit Foundation Research Prize is open to authors and co-authors who are **citizens or residents/students in the EEA, Switzerland, and other countries in which UniCredit is present** (in addition to EEA countries, the latter also include Bosnia and Herzegovina, Russia, Serbia) and **born after 30 September 1981**. Prizes of **EUR 2,500** gross will be awarded to up to two outstanding papers on topics related to the call for papers. The winning authors agree to present their papers at a SUERF/UniCredit Foundation Conference to be held in Milano (or in a webinar/e-conference) in February 2022. Winning authors agree to provide a non-technical 5-10 page policy-oriented summary of their research findings for publication as a [SUERF Policy Note](#).

Applications should be submitted in **English** through the online submission form on the UniCredit Foundation website at <https://www.unicreditgroup.eu/it/unicreditfoundation.html> in PDF format by **31 October 2021**. Applications should be accompanied by a brief **curriculum vitae** including the candidate's/candidates' date of birth and a copy of current identity documents that confirm the author's/authors' date(s) of birth and eligibility. The prize is open to **papers that have been finalised within the last 12 months** prior to the deadline for submissions. Full terms and conditions of entry can be downloaded from the SUERF and UniCredit Foundation websites.

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