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Briefing note on application of moratoria established by law and by the banking sector up to 31 July 2020

To address the economic and social impact of the COVID-19 pandemic, several support measures have been approved for workers, households and vulnerable groups. These measures include the introduction of legislative moratoria on mortgage debts¹ and the temporary suspension of payment obligations under non-mortgage loan agreements for individuals who are economically vulnerable as a consequence of the health crisis caused by COVID-19, in accordance with the criteria established in the regulations.² Further, with the intention of allowing loan repayment deferrals on a broader scale, and in addition to the deferral measures initially envisaged in the legislative moratoria, a special system has been established for moratoria agreements between lenders and their customers through the banking sector associations.³ These banking sector moratoria relate to both mortgage and non-mortgage loans. Lastly, two new legislative moratoria were approved in early July relating to the tourism sector and the public transport of goods and discretionary transport of passengers by bus.⁴

This briefing note updates that published a month ago⁵ and presents the information available on the application of the moratoria established by law and by the banking sector, with the data submitted by institutions to the Banco de España. The information may be summarised as follows (see tables attached):

¹ Initially, the moratoria only affected main residence mortgages, but the measures were subsequently extended to include property used by self-employed entrepreneurs and professionals for their economic activity, as well as rented housing other than the main residence in cases in which the mortgagor/lessor ceased to receive rent payments by application of the measures introduced to assist tenants as a consequence of the state of alert.

² See, respectively, Royal Decree-Law 8/2020 of 17 March 2020 (last update, 8 July 2020) and Royal Decree-Law 11/2020 of 31 March 2020. The definition of economic vulnerability includes conditions prior to the pandemic (for example, having in general a level of income that is three times less than the IPREM, a Spanish public income indicator), and other conditions ensuing from the pandemic (for example, becoming unemployed).

³ Royal Decree 19/2020 of 26 May 2020 includes special moratoria measures under a sectoral framework agreement, broadening the range of persons eligible for debt deferrals beyond the economically vulnerable and allowing the latter to extend their deferrals when the legislative moratoria come to an end.

⁴ The moratorium relating to the tourism sector is regulated by Royal Decree-Law 25/2020 of 3 July 2020 on urgent measures to support economic recovery and employment, whereas the moratorium relating to transport is regulated by Royal Decree-Law 26/2020 of 7 July 2020 on economic recovery measures to address the impact of COVID-19 on transport and housing. In contrast with the previous three moratoria, which relate only to natural persons, these two new moratoria also apply to legal persons.

⁵ Briefing note on application of legislative moratoria on mortgage and non-mortgage loans up to 30 June 2020.

- A total of 267,763 applications for legislative moratoria on mortgage loan payments had been received, of which 221,053 had been granted.⁶ The outstanding balance of loan payments suspended amounted to nearly €20 billion.
- A total of 438,496 applications for legislative moratoria on non-mortgage loan payments had been received, of which 374,962 had been granted. The outstanding balance of loan payments suspended amounted to €2,790 million.
- A total of 674,334 applications for banking sector moratoria had been received, of which 594,780 had been granted. The outstanding balance of loan payments suspended amounted to €22,256 million.
- For all three types of moratorium, the vast majority of borrowers and guarantors benefiting from these measures (over 70%) are wage and salaried workers.
- In the case of self-employed workers, the breakdown by sector of activity shows that, for all three types of moratorium, the main sectors benefiting from the measures are wholesale and retail trade, accommodation and food service activities, and other services, followed at some distance by professional, scientific and technical activities, transport and construction. Together these sectors of activity account for more than 75% of the total moratoria for self-employed workers granted to date.
- For the two most recently approved types of moratorium, related to the tourism and transport sectors, the number of moratoria applied for and granted is much lower. Specifically, a total of 96 applications for legislative moratoria had been received from the tourism sector, 22 of which had been granted (representing an outstanding balance of €8.4 million). In turn, a total of 123 applications for legislative moratoria had been received from the transport sector, 90 of which had been granted (representing an outstanding balance of €9.8 million).

⁶ The number of applications for moratoria on mortgage loan payments received and granted has fallen slightly compared with the previous briefing note because institutions have eliminated from their reported balances the applications withdrawn by their customers.

Table 1. Information on legislative mortgage debt moratoria, total system

APPLICATIONS	Number	
Moratoria applications submitted	267,763	
Moratoria applications granted	221,053	
LOANS SUSPENDED	€m	Total system loans (€m)
Balance outstanding of loans suspended	19,957	474,009
BORROWERS BENEFITING FROM MORATORIA MEASURES**	Number	Percentage
Wage and salaried workers	267,304	72.1
Self-employed (entrepreneurs or professionals)	103,293	27.9
GUARANTORS	Number	Percentage
Wage and salaried workers	70,894	91.0
Self-employed (entrepreneurs or professionals)	7,020	9.0
BREAKDOWN OF SELF-EMPLOYED BORROWERS BY CNAE (Spanish National Classification of Economic Activities)	Number	Percentage
A Agriculture, forestry and fishing	1,682	1.6
B Mining and quarrying	63	0.1
C Manufacturing	4,810	4.7
D Electricity, gas, steam and air conditioning supply	151	0.1
E Water supply	87	0.1
F Construction	5,731	5.5
G Wholesale and retail trade	19,939	19.3
H Transportation and storage	6,961	6.7
I Accommodation and food service activities	20,086	19.4
J Information and communication	1,035	1.0
K Financial and insurance activities	473	0.5
L Real estate activities	1,559	1.5
M Professional, scientific and technical activities	8,152	7.9
N Administrative and support service activities	2,888	2.8
O Public administration and defence; compulsory social security	44	0.0
P Education	2,177	2.1
Q Human health and social work activities	2,734	2.6
R Arts, entertainment and recreation	2,769	2.7
S Other service activities	21,953	21.3

* The number of borrowers benefiting from the suspension measures does not coincide with the number of moratoria applications granted because one loan may include more than one borrower. Similarly, the number of guarantors benefiting from the suspension measures does not coincide with the number of moratoria applications granted because they do not all include a guarantor.

Table 2. Information on legislative suspension of payment obligations under non-mortgage loan agreements, total system

APPLICATIONS	Number	
Payment suspension applications submitted	438,496	
Payment suspension applications granted	374,962	
LOANS SUSPENDED	€m	Total system loans (€m)
Balance outstanding of loans suspended	2,790	181,211
BORROWERS BENEFITING FROM MORATORIA MEASURES**	Number	Percentage
Wage and salaried workers	323,318	74.6
Self-employed (entrepreneurs or professionals)	110,007	25.4
GUARANTORS	Number	Percentage
Wage and salaried workers	12,671	80.1
Self-employed (entrepreneurs or professionals)	3,144	19.9
BREAKDOWN OF SELF-EMPLOYED BORROWERS BY CNAE (Spanish National Classification of Economic Activities)	Number	Percentage
A Agriculture, forestry and fishing	1,695	1.5
B Mining and quarrying	70	0.1
C Manufacturing	4,010	3.6
D Electricity, gas, steam and air conditioning supply	119	0.1
E Water supply	98	0.1
F Construction	4,903	4.5
G Wholesale and retail trade	19,615	17.8
H Transportation and storage	10,391	9.4
I Accommodation and food service activities	21,247	19.3
J Information and communication	1,237	1.1
K Financial and insurance activities	681	0.6
L Real estate activities	1,224	1.1
M Professional, scientific and technical activities	8,731	7.9
N Administrative and support service activities	2,699	2.5
O Public administration and defence; compulsory social security	50	0.0
P Education	2,202	2.0
Q Human health and social work activities	2,296	2.1
R Arts, entertainment and recreation	3,057	2.8
S Other service activities	25,682	23.3

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Table 3. Information on banking sector moratoria, total system

APPLICATIONS	Number	
Payment suspension applications submitted	674,334	
Payment suspension applications granted	594,780	
LOANS SUSPENDED	€m	Total system loans (€m)
Balance outstanding of loans suspended	22,256	655,220
BORROWERS BENEFITING FROM MORATORIA MEASURES**	Number	Percentage
Wage and salaried workers	637,092	80.4
Self-employed (entrepreneurs or professionals)	155,753	19.6
GUARANTORS	Number	Percentage
Wage and salaried workers	51,175	89.1
Self-employed (entrepreneurs or professionals)	6,258	10.9
BREAKDOWN OF SELF-EMPLOYED BORROWERS BY CNAE (Spanish National Classification of Economic Activities)	Number	Percentage
A Agriculture, forestry and fishing	5,176	3.3
B Mining and quarrying	271	0.2
C Manufacturing	7,154	4.6
D Electricity, gas, steam and air conditioning supply	230	0.1
E Water supply	156	0.1
F Construction	8,944	5.7
G Wholesale and retail trade	29,631	19.0
H Transportation and storage	12,124	7.8
I Accommodation and food service activities	26,710	17.1
J Information and communication	2,131	1.4
K Financial and insurance activities	1,557	1.0
L Real estate activities	2,824	1.8
M Professional, scientific and technical activities	16,758	10.8
N Administrative and support service activities	4,209	2.7
O Public administration and defence; compulsory social security	168	0.1
P Education	3,146	2.0
Q Human health and social work activities	4,556	2.9
R Arts, entertainment and recreation	4,023	2.6
S Other service activities	25,985	16.7

* The number of borrowers benefiting from the suspension measures does not coincide with the number of moratoria applications granted because one loan may include more than one borrower. Similarly, the number of guarantors benefiting from the suspension measures does not coincide with the number of moratoria applications granted because they do not all include a guarantor.