

## Funding for lending programmes

Insights from a Markets Committee Workshop chaired by Abdul Rasheed Ghaffour (Central Bank of Malaysia)

### Introduction

Funding for lending programmes (FFLs) seek to facilitate the flow of credit to the economy by enabling banks to access low-cost funding from the central bank. The funding often targets credit to specific sectors of the economy (eg businesses and households) and is typically subject to conditions on its use.

FFLs vary considerably in design due to differences in their aims and the circumstances under which they are introduced. They are typically used as unconventional tools to support monetary policy objectives, financial stability objectives or government lending programmes or a combination thereof.

Indeed, a majority of Markets Committee member central banks introduced FFLs for the first time as part of a policy package in response to the Covid-19 shocks. Several central banks (such as the Bank of England and the European Central Bank) were already familiar with FFLs, having deployed them previously.

This note summarises the insights from a Markets Committee workshop on funding for lending programmes that was chaired by Abdul Rasheed Ghaffour (Central Bank of Malaysia) and took place in June 2022. The workshop aimed to facilitate a policy discussion on FFLs, with a particular focus on the design and implementation of such programmes. The note also draws on a background survey based on responses for 27 programmes from 14 central banks (see Annex A).<sup>1</sup>

### 1. Intervention goals and intermediate objectives

Based on participating central banks' past and present experiences, FFLs have supported three different policy goals:<sup>2</sup>

- (i) Monetary policy, by helping monetary transmission to specific segments of the real economy. FFLs can also deliver monetary stimulus, especially at the effective lower bound (ELB) by offering term funding in a targeted manner without compressing banks' net interest margins.<sup>3</sup>

<sup>1</sup> The survey was conducted in Q2 2022. The number of answers vary per question as not all respondents answered all the questions.

<sup>2</sup> "Goals" refer to the ultimate purposes of the policy intervention, while "intermediate objectives" operationalise the goals.

<sup>3</sup> This can avoid some of the negative effects of monetary expansion on the banking sector (eg an increase in banks' risk-seeking behaviour or a decrease in credit supply). For a more detailed

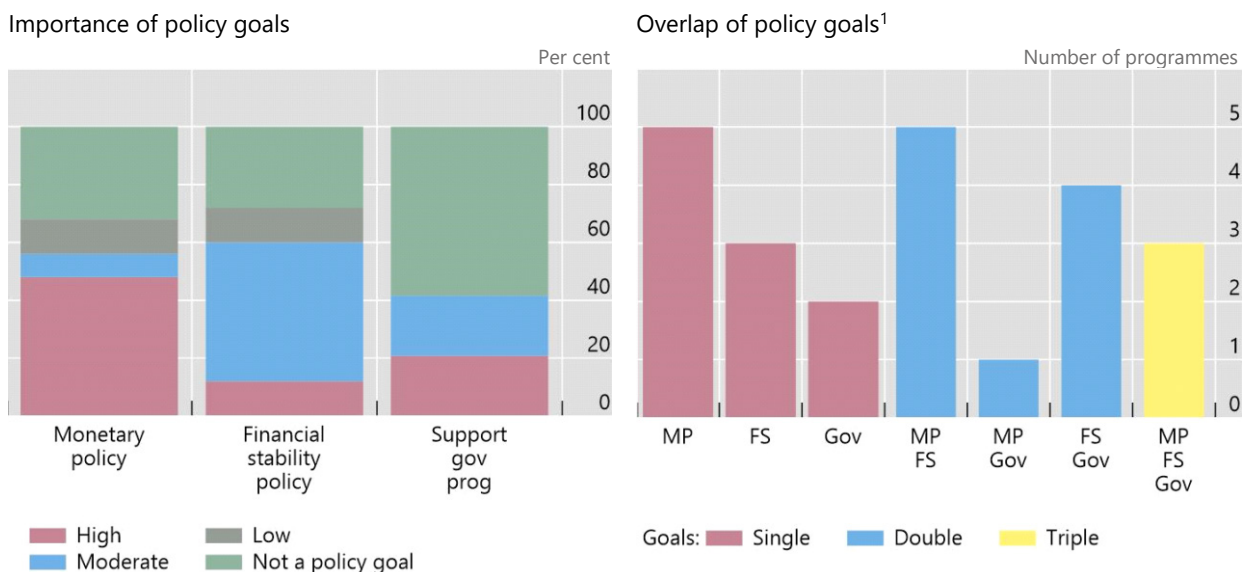
- (ii) Financial stability, via targeted liquidity provision that delivers relief from elevated bank funding costs during periods of market dysfunction, such as the Covid-19 crisis.
- (iii) Government lending programmes, by providing the necessary funding and/or helping to enhance their feasibility. One example is the Swiss Covid-19 refinancing facility, which allowed banks to obtain funding from the SNB secured by loans that were guaranteed under the Covid-19 government programme and similar programmes.<sup>4</sup>

For the FFLs covered by the survey, promoting monetary policy and financial stability were the most important goals, with about 60% of central banks indicating each goal as individually relevant (Graph 1, left-hand panel). In more than 40% of the programmes, supporting a Covid-19 government programme was a goal.

Fewer than half of the programmes targeted a single goal. If a programme had a single goal, this was most often monetary policy (Graph 1, right-hand panel). Typically, the other programmes had dual policy goals that included financial stability (with monetary policy or with supporting a government programme). Three programmes out of 27 targeted all goals.

FFLs policy goals vary and most have multiple goals

Graph 1



<sup>1</sup> To facilitate the analysis, an overlap in policy goals is shown only if policy goals individually were rated "moderate" or "high". MP = Monetary policy; FS = Financial stability; Gov = Support Covid-19 government lending programme.

Source: Markets Committee survey on funding for lending programmes, 2022.

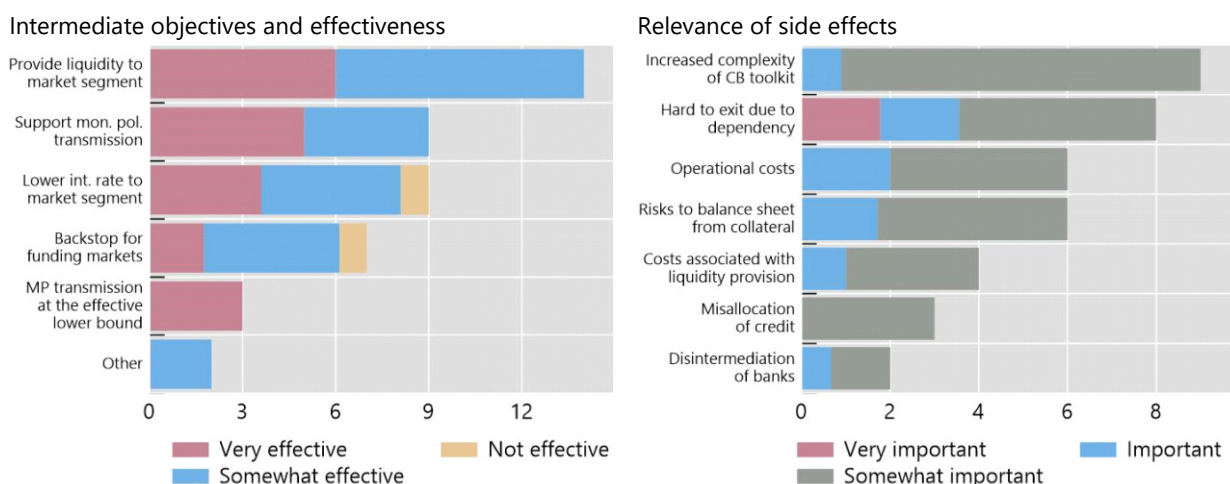
discussion and empirical evidence from a negative rate environment, see eg F Barbiero, L Burlon, M Dimou and J Toczynski, "Targeted monetary policy accommodation and bank risk taking: Evidence from TLTROs", *ECB Working Paper Series*, no 2682, 2022.

<sup>4</sup> All surety and loan guarantee programmes eligible for the SNB COVID-19 refinancing facility are detailed in an [annex](#) to the instruction sheet.

## FFLs are effective but are not without costs<sup>1</sup>

Number of programmes

Graph 2



<sup>1</sup> The height of the bars indicates the number of respondents that identified the question as relevant. The stacked areas are the scaled percentages that selected the shown options.

Source: Markets Committee survey on funding for lending programmes, 2022.

It is often challenging to distinguish between policy goals, especially as there are interactions. For example, supporting monetary policy may be the primary objective but stable funding is also beneficial from a financial stability perspective. Equally, several government programmes helped to prevent widespread defaults in the private sector, thus supporting financial stability. That said, multiple goals may not always align. For example, during tightening episodes, there could be a conflict between monetary policy and financial stability considerations, as discussed further in Section 7.

Despite the different policy goals, there are no major differences in the intermediate objectives. The most important intermediate objectives of FFLs were providing liquidity to a specific market segment, and lowering interest rates in a specific market segment (Graph 2, left-hand panel). Supporting monetary policy transmission was the most important intermediate objective for programmes with a monetary policy goal (Graph A1, Annex B).

## 2. Programme design

The various design features of FFLs differed significantly across programmes, as they were driven by a range of factors such as risk tolerance, legal constraints or programme objectives.

**Size.** Central banks defined the size of FFLs in various ways. Some central banks announced upper limits on the amount of lending. Others chose to tie the programme's size to the stock of loans.

The effective size of FFLs varied widely (Graph 3, left-hand panel). Across all programmes, take-up was on average 3.6% of GDP, ranging at the time of the survey from zero to nearly 20%. Monetary policy-focused FFLs were typically the largest, with take-up close to 7% of GDP on average – eight times larger than the average FFL focused on financial stability, and seven times larger than the average FFL supporting

government programmes. Among programmes with size caps, take-up was typically below the announced upper limit. On average, it was just one third of the cap but ranged from below 5% to close to 100%.

**Pricing.** Respondent central banks priced FFLs at an average spread of 21 basis points above the policy rate (Graph 3, right panel) although there was considerable dispersion. Some schemes that were priced below the policy rate required banks to pass on the funding advantage to the ultimate borrower.

Despite several central banks charging interest above policy rates, pricing was below or at market rates to incentivise take-up. In the one case where this was not the case, the programme was explicitly designed and communicated as a backstop.

Several central banks also implemented additional price incentives by adjusting interest rates (or charging a penalty fee) according to whether specific criteria were met (or not met).

Pricing was much more advantageous when supporting certain Covid-19 programmes, particularly where the central bank was involved in ascertaining the overall pricing of the programme. In these cases, pricing was on average 28 basis points below the policy rate, falling as low as –215 basis points for one FFL. While generous funding rates may incentivize the use of FFLs, there are valid concerns over potential side effects (see Section 3 for a further discussion).

Loan rates were typically fixed for the maturity of the loan. One emerging market economy (EME) central bank reported that they found that offering a fixed rate undermined take-up in the FFL as markets expected further interest rate loosening.

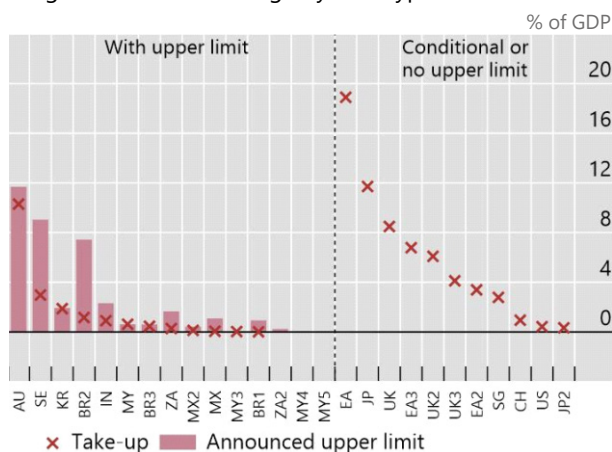
**Maturity of loans.** The average maturity was four years, with a maximum of 10 years and a minimum of one month (Graph 3, right-hand panel).

The maturity choices differed across policy goals (Graph A2 Annex B). Maturities were longest when supporting government programmes featured highly as a goal (average: >five years; maximum: 10 years). Programmes with a financial stability focus on the other hand had the shortest maturities (average: <two years, maximum: three years) with monetary policy-focused programmes falling between the two (average: three years, maximum: seven years).

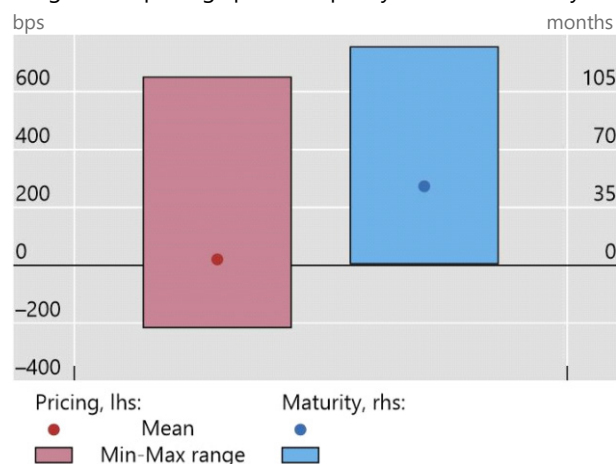
## There is no one-size-fits-all approach to FFLs

Graph 3

Programme size and usage by limit type



Programme pricing spread to policy rate and maturity



Source: Markets Committee survey on funding for lending programmes, 2022.

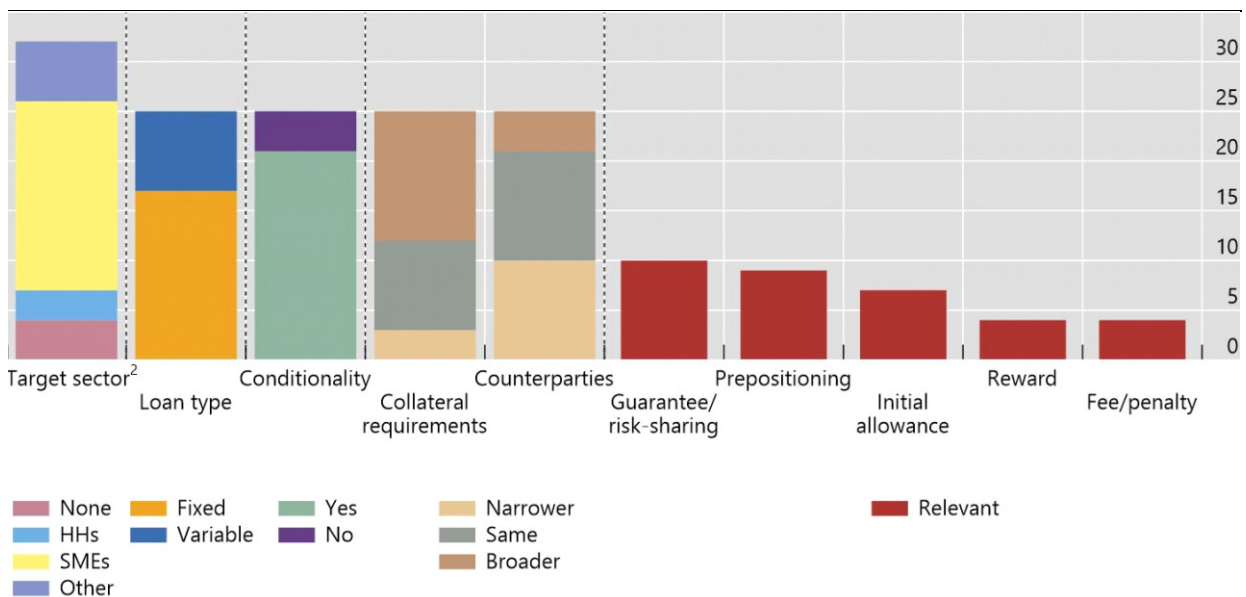
Country-specific factors also played a role in determining the maturity profile of FFLs. For instance, in Brazil, legal restrictions prevent the central bank from lending beyond one year. In Australia, one motivation for the RBA's choice of a three-year maturity was the importance of three-year funding in its financial system. In the case of Sveriges Riksbank, then-existing facilities covered overnight and six-month maturities, so that a complementary one-year maturity (with an option to extend to four years) was chosen.

**Government guarantees.** More than a third of FFLs were covered by government guarantees and/or had risk-sharing arrangements in place (Graph 4, red bars). Some programmes had full government guarantees while others had partial coverage.

### Design features of FFLs vary considerably<sup>1</sup>

Number of programmes

Graph 4



<sup>1</sup> Titles on the X-axis shortened for three sub-questions. Guarantees = Guarantee/Risk-sharing (arrangement with government and financial institutions to alleviate risk of default). Reward = Reward (lower interest if meet certain criteria). Fee = Fee/Penalty (contingent upon lending targets, drawing from the facility exceeds the allowance given). <sup>2</sup> The number of programmes is higher than 27 because some programmes targeted more than one sector.

Source: Markets Committee survey on funding for lending programmes, 2022.

The provision of government guarantees was not necessarily linked to whether supporting a government programme was a policy goal. While a majority of the programmes which featured government support as an objective had guarantees, there were instances where guarantees were extended to programmes that also focused either on monetary policy or financial stability. There were also instances where government support programmes had no guarantees.

Government guarantees can be effective in addressing counterparty credit risk concerns by the central bank. If they extend to the ultimate borrower, they can also support take-up of the programme if counterparty credit risk rather than funding constraints hinder bank lending. Such an extension, though, entails an implicit subsidy from the government.

The extent to which banks had "skin in the game" to incentivise monitoring of underlying exposures differed across programmes. For some Covid-related

programmes, banks had no risk exposures given full government guarantees. Other FFLs implemented a tiered approach, as eg in South Africa. There, losses from defaulting loans were covered first by net interest margins (after costs) that were required to be transferred to special accounts. Next, participating banks would incur losses up to 6% of the total funds advanced. Above this threshold, banks could claim losses back from the central bank, which in turn was covered by government guarantees.

**Counterparties.** The majority of FFL programmes involved the same or a narrower set of eligible counterparties (Graph 4).

Four central banks expanded the set of counterparties but to different degrees. The Riksbank, for example, decided to grant all supervised Swedish credit institutions the opportunity to become temporary monetary policy counterparties. The Bank of Japan (BoJ) gave members of financial cooperatives that had no account at the BoJ access through the respective central organisations of the financial cooperative.<sup>5</sup>

The Fed's counterparties under the Paycheck Protection Program Liquidity Facility (PPPLF) included both depository institutions and some non-banks that were designated PPP lenders by the Small Business Administration. The expansion of counterparties to include this set of non-banks was possible because the programme was initiated under crisis authority. The Federal Reserve was well protected in all its lending to depository institutions and non-banks under the PPPLF programme because the underlying PPP loans pledged as collateral against PPPLF loans were fully guaranteed by the US government.<sup>6</sup> Operationally, the expansion of the PPPLF programme to include non-bank lenders involved significant outreach and education efforts to guide new counterparties in their participation in the programme.

Other central banks did not expand the set of counterparties even though they recognise that FFLs need to have a broad impact. Instead, they tried to incentivise traditional counterparties to intermediate the FFL programme and reach, for instance, non-bank financial institutions. For example, the ECB made use of its already broad access to refinancing operations, which led to strong demand for FFL from many different types of banks. This strengthened the refinancing channel in which central bank liquidity is obtained on the initiative of the counterparty.

**Target sector.** FFLs have typically targeted a particular sector, with small and medium-sized enterprises (SMEs) being the most common choice (Graph 4). Often, financing conditions in these sectors were considered dysfunctional, undermining monetary transmission or raising financial stability issues. To ensure a broad reach across the economy, a few programmes did not target any specific sector.

**Conditionality.** Most FFL loans were subject to conditions on the use of funds (Graph 4). Most often, conditionality was linked to targeting a particular sector, typically SMEs. Some programmes had conditions intended to improve the sector fundamentals (eg improve capital structure, encourage automation and digitalisation, or adopt sustainable practices). Lending in a few programmes was unconditional.

<sup>5</sup> More specifically, the BoJ expanded access via the Shinkin Central Bank, the Shinkumi Federation Bank, the Rokinren Bank, and the Norinchukin Bank.

<sup>6</sup> Non-bank counterparties were not allowed to open a Fed account but were served via correspondent accounts.

**Collateral.** Many central banks broadened their range of acceptable eligible collateral (Graph 4). Some central banks reported that the choice was motivated by a desire not to put pressure on traditional collateral markets given the scale of FFLs. Others allowed banks to pledge government-guaranteed loans as collateral, to further incentivise lending under the loan guarantee schemes. Some programmes had no specific collateral requirements. In general, many central banks design collateral policies such that collateral would not be an obstacle to accessing the FFL.

**Prepositioning.** Requirements for prepositioning collateral was a common design feature (Graph 4).<sup>7</sup> Central banks found this useful as it allowed them to do the required risk management, set haircuts ex ante and gauge the range of possible drawdowns. Prepositioning also gave clarity to banks.

**Other features.** Central banks also implemented a broad range of other design features, such as giving initial allowances, early repayment options or the option of extending maturities.

### 3. Effectiveness and side effects

Central banks assessed FFLs as effective in achieving the different intermediate objectives (Graph 2, left-hand panel). A small number of central banks (3) reported FFLs as being very effective at supporting monetary policy transmission at the effective lower bound.

The effectiveness of a lending programme depends on the programme design. Pricing and maturity were identified as the design elements that matter most for effectiveness, with respondents reporting either high or medium importance (Graph 5). Most respondents also identified size, targeting of a specific sector and counterparty choice as relevant to effectiveness.<sup>8</sup>

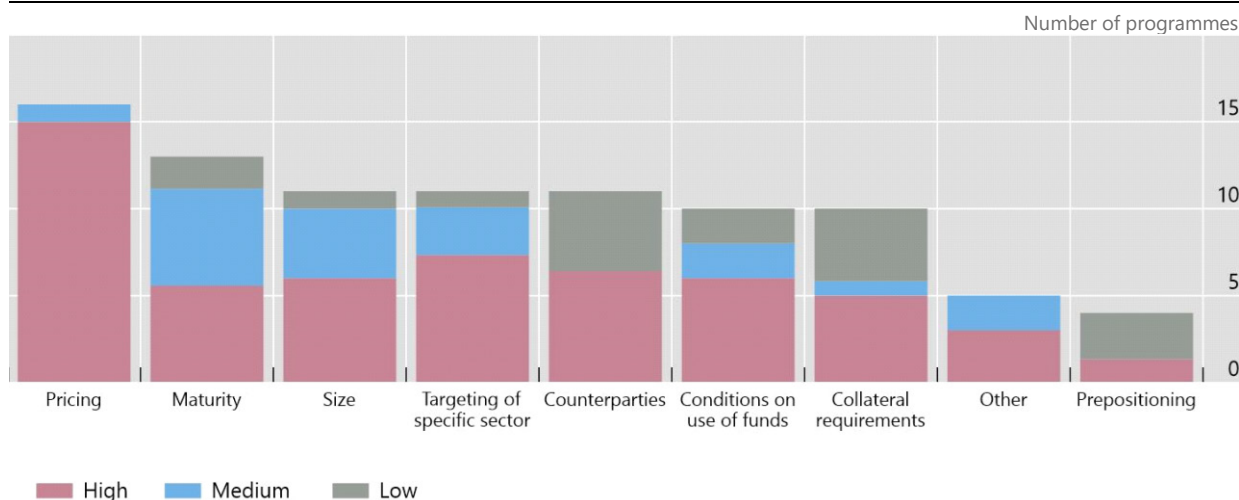
Flexibility is generally seen as critical for the success of FFLs, even though flexibility has some potential downsides. As economic conditions changed, many central banks adapted key design parameters such as pricing to ensure greater take-up or to reduce incentives for participation once market conditions normalised. However, flexibility can increase operational complexity, a key operational challenge. Moreover, some central banks suggested that adapting programmes too frequently could undermine effectiveness by reducing the clarity of communication and certainty regarding when and on what terms funding is available to banks.<sup>9</sup>

<sup>7</sup> As an alternative to prepositioning, the ECB relies on its eligible asset (collateral) database, which lists all marketable eligible assets that are accepted as collateral by the Eurosystem.

<sup>8</sup> Empirical evidence supports the assessment that targeting a specific sector is relevant to the effectiveness of FFLs. In "Impact of targeted credit easing by the ECB: Bank-level evidence", *Netherlands Bank Working Papers*, no. 631, April 2019, the authors J Bats and T Hudepoh find that targeted lending is associated with more total net lending, especially to non-financial corporates.

<sup>9</sup> See Section 7 for a further discussion on balancing flexibility and limiting operational complexity.





<sup>1</sup> The height of the bars indicate the number of respondents that identified the question as relevant. The stacked areas are the scaled percentages that selected the options shown.

Source: Markets Committee survey on funding for lending programmes, 2022.

While generally assessed as effective, central banks also identified some costs of FFLs (Graph 2, right-hand panel).

From an economic perspective, the most important side effect highlighted by respondents of the survey was the risk that specific sectors might become dependent on cheap funding. This could impede the exit from the programme, thus raising concerns about monetary policy effectiveness and financial stability down the line. Programme design may help to manage this risk by specifying clear endpoints at the start, as in India and Mexico.<sup>10</sup>

Other economic risks seem less of a concern. Three central banks worried about credit misallocation somewhat, although one central bank reported that it found very little empirical evidence for it. Even fewer central banks considered financial disintermediation as a possible drawback. The potential for moral hazard was raised, noting that there could be a risk of excessive debt build-up if funding were to be provided too cheaply.

Two risks were highlighted. Operationally, the increased complexity of the central bank toolkit was emphasised, but generally only as “somewhat important”. Increased complexity can undermine central bank communication. And if the FFL programme is in itself complex, this can undermine its effectiveness (see Section 5 for a further discussion). Another risk highlighted by several central banks was the risk to their balance sheets from FFL collateral and the costs of liquidity provision.

Weighing the benefits and costs of FFLs was considered to be very difficult. In particular, most programmes were introduced as part of a broader policy package, which can make it hard, if not even impossible, to disentangle their effects. More

<sup>10</sup> In the case of Mexico, the availability of funds under FFL programmes was originally announced to expire on 30 September 2020, but it was twice modified, to finally expire on a year later.

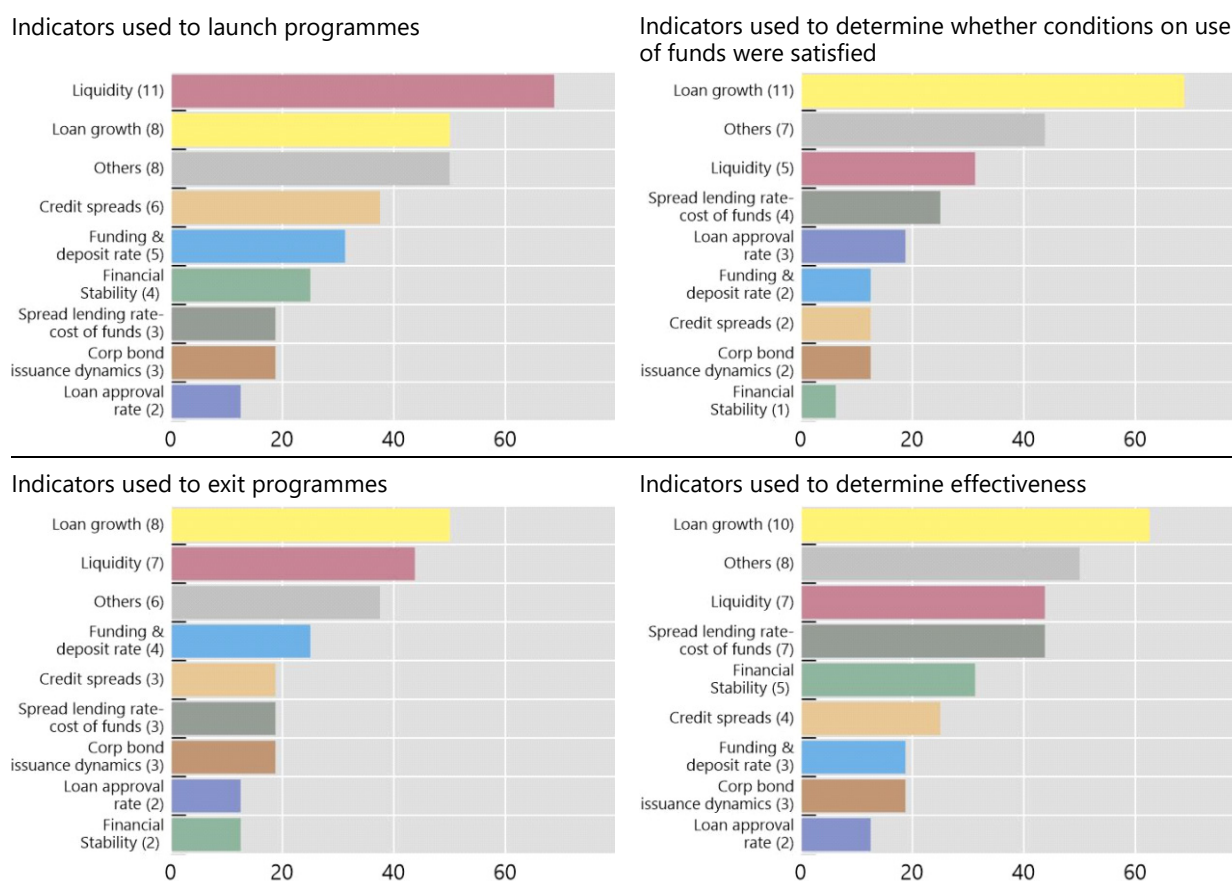


generally, effectiveness can only be assessed relative to goals and intermediate objectives, which is easier in some cases than others.<sup>11</sup>

## Liquidity and loan growth are key indicators for FFLs<sup>1</sup>

In per cent of the number of respondents

Graph 6



<sup>1</sup> Numbers in parentheses indicate the number of respondents to each question. While the “Others” category features prominently, the responses are diverse and country-specific and can therefore not be grouped into more specific categories.

Source: Markets Committee survey on funding for lending programmes, 2022.

In practice, many central banks use a range of indicators to assess effectiveness (Graph 6). The interpretation of take-up in this regard may not be straightforward. Low take-up can be indicative of an ineffective programme design. But this is not always clear-cut. For example, the announcement of a programme designed as a backstop could improve market expectations. Low take-up, in turn, could then be a sign of an effective programme design. Moreover, high take-up may be the result of too generous pricing, which might increase moral hazard and other negative side effects.

<sup>11</sup> For example, it is relatively easy to assess that interest rate conditions for a specific sector improved. In contrast, assessing the marginal impact of a FFL on overall lending to a specific sector is more difficult. Even if credit expanded, an appropriate assessment would have to tease out whether credit expanded appropriately, too little or too much, which in turn requires a deeper analysis that also depends on a counterfactual.

## 4. Launching FFLs

Many central banks relied on a range of indicators before launching FFLs. Central banks paid especial attention to liquidity (>68% of respondents), with loan growth mentioned by half of respondents as a second important indicator (Graph 6). Half of the central banks also indicated that they monitored “other” indicators before launching FFLs, with SME-specific indicators being a notable example. For many monetary policy-focused FFLs, reaching the effective lower bound was also an important consideration.

Central banks stressed the importance of a qualitative overlay. For example, some mentioned that in 2020 they acted to prevent problems before they could be captured by statistics, anticipating the likely impact of the Covid shock and the lockdown measures on the economy.

Several central banks mentioned that speedy implementation was important for the programme’s success. A simple programme design building on, or closely aligned with, existing operations can help in this regard.

Compared with other policy operations, FFLs were typically launched as part of a broader policy package. This was the case for all programmes during the Covid-19 crisis. But even the earlier programmes were generally introduced as part of a broader package of unconventional monetary policy tools. While this is not inherent to the design of the tool, it may reflect the more limited but targeted nature of the instrument.

## 5. Operational challenges

Several operational challenges were identified.

Complexity was highlighted as a key challenge for FFLs along several dimensions. In some cases, a complex programme design undermined take-up. For example, one central bank reported that small banks found their programme too difficult to apply for. In other cases, such as in the euro area, the conditions of FFLs changed over time and/or overlapped with those of subsequent FFLs.<sup>12</sup> This became operationally complex for both the central bank and private sector borrowers, heightening operational and legal risks, but potentially also affecting the incentives for participation.<sup>13</sup>

Other operational challenges were (i) the lead time to establish FFLs, especially for first-time implementers that sought to reach a broad set of (often new) counterparties during the Covid-19 epidemic; (ii) legal difficulties; (iii) lack of expertise with using loans as collateral; (iv) the use of third parties in execution; (v) the approval

<sup>12</sup> A very practical challenge in one programme turned out to be that it allowed counterparties to either bid individually or as part of a group. Bidding in groups was convenient for small banks, thereby enlarging the reach of the programme. Yet, tracking groups over time became very work-intensive, as for example affiliations changed because of corporate events (eg M&As).

<sup>13</sup> For example, in the euro area, changes to the FFLs over time led to three different (but partially overlapping) lending benchmark periods, for which the banks had to supply data backed up by an auditor’s statement. Pricing was determined by the performance of banks meeting the respective lending benchmark over these different applicable periods, with banks potentially having different interest rates over the various operations.

process, especially when there was an overwhelming amount of applications from end users; and (vi) market reluctance to access FFLs due to stigma (Graph A3, Annex B).

There are several strategies for managing these challenges.

First is communication, which many central banks consider to be critical. Many central banks therefore engaged heavily in communication to support counterparties in overcoming some of these operational challenges. It was emphasised that early and clear communication is also important for counterparties, so that they have sufficient lead-time to adapt. Some central banks also engaged directly with ultimate borrowers to educate them and support the programme's success.

Second, it was considered useful to build on existing operational tools as much as possible. This helps to minimise legal questions and operational challenges, as the central bank and market participants already know the process.

## 5.1 Monitoring FFLs

There are different strategies for monitoring FFL programmes and verifying submitted data.<sup>14</sup> Many central banks have relied on existing reporting requirements to the central bank or the supervisor. In general, loan growth has been the main indicator for determining if conditions on the use of funds were satisfied (Graph 6). Several central banks have also relied on external auditors to verify that underlying conditions are met. This can also be challenging and cumbersome. To ensure timely and accurate data submission, one central bank reported that they set penalties. At the extreme, counterparties could lose access to the concessionary lending rate and could even be required to pay the loans back.

## 6. Exit

FFL programmes are exited in several phases. These start with the end of the drawdown period during which counterparties can access the FFL to obtain funding and are complete when loans have been fully repaid. Given long maturities, this can be a drawn-out process.

Experience with exits is limited so far, although most programmes were implemented in 2020 or before. This reflects in part the long maturity of some of the FFL programmes. In other cases, deadlines were extended. Additionally, many pre-Covid-19 FFLs, for instance those of the BoE or the ECB, were subsumed and then rolled into further FFLs.

Exits have taken several forms. In some cases, for instance in India and Mexico, FFLs were introduced at the outset with a sunset clause that determined the exit point. In other cases, for example in Australia, the FFL's drawdown period was due to end and the central bank took a decision not to extend it. Yet, banks have not unwound FFL positions. There are also cases, such as Sweden's, where the programme unwound

<sup>14</sup> In the euro area a regular survey has been established to learn more about the banks' plans to participate or to repay FFL volumes or other qualitative answers on motivation.

as market conditions improved so much that they became more favourable than the FFL lending rate.

Some central banks pointed out that cliff effects can be a concern related to exit. Funding pressures could arise if a large volume of loans under the FFL programme were to come due at the same time. To manage this risk, one strategy is for prudential supervisors to ensure that banks remained focused on managing this risk. Another strategy is to reduce FFLs gradually by partially rolling over outstanding amounts.

To help judge the appropriate time for exit, many central banks monitor loan growth (50% of respondents) and liquidity (44%). "Other" indicators – mentioned by 38% of respondents – include leading indicators of economic recovery and SME-specific indicators about the health of the sector (Graph 6, lower left-hand panel)

## 7. Other issues

Central banks identified several other issues.

First, balancing the need for targeted incentives and flexibility with the aim of limiting operational complexity was reported as one of the main challenges. Complexity is inherent in the targeted nature of FFLs. Moreover, it increases when central banks react flexibly to new conditions and adapt programmes. Striking the right balance can be difficult. One central bank mused whether it would not have been better to start new programmes rather than adapting old ones or merging different FFL vintages. Another opined that the urgency associated with the initial phase of the pandemic made reduced operational complexity a priority, albeit at the cost of a less targeted programme.

Second, the interaction of FFLs with monetary policy during monetary tightening poses another issue. While monetary policy and financial stability objectives often align in times of stress and may even reinforce each other positively, the question was raised with regard to how this may evolve for existing and future FFLs in times of monetary tightening.

Brazil's experience provides an indication of possible challenges. At the end of 2021, the FFL programme was partially rolled over when monetary policy was tightening, confusing markets as the rollover appeared to send conflicting signals on policy intent. To address potential interpretations of a conflict between measures, the Central Bank of Brazil communicated that the exit strategy using a partial rollover meant that the overall liquidity supply would be reduced while avoiding a cliff effect. In addition, the central bank clarified the different objectives in emphasising that the FFL programme was initiated and continued to be important from a financial stability perspective to support well-functioning markets.

Finally, pricing of FFLs can be challenging. While pricing must be attractive to ensure take-up and stimulate lending, overly generous terms may lead to negative side effects.

## Annex A: Funding for lending programmes

Funding for lending programmes

Table 1

Legend	Central Bank	Programme name
AU	Reserve Bank of Australia	Term Funding Facility
BR1	Central Bank of Brazil	Special Temporary Liquidity Facility - backed by corporate bonds
BR2	Central Bank of Brazil	Special Temporary Liquidity Facility - backed by bank bonds
BR3	Central Bank of Brazil	Reserve requirement reduction
CH	Swiss National Bank	SNB COVID-19 Refinancing Facility (CRF)
EA	European Central Bank	Targeted longer-term refinancing operations III (TLTRO III)
EA2	European Central Bank	Targeted longer-term refinancing operation II (TLTRO II)
EA3	European Central Bank	Targeted longer-term refinancing operation (TLTRO I)
IN	Reserve Bank of India	TLTRO 1.0 and 2.0
JP	Bank of Japan	Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus (COVID-19) (SFSO)
JP2	Bank of Japan	Funds-Supplying Operations to Support Financing for Climate Change Responses
KR	Bank of Korea	Bank Intermediated Lending Support Facility (BILSF)
MX	Bank of Mexico	Provision of resources to credit institutions for channelling credit to MSMEs and individuals
MX2	Bank of Mexico	Financing facility for banks with corporate loans to finance MSMEs
MY	Central Bank of Malaysia	Special Relief Facility (SRF)
MY2	Central Bank of Malaysia	Targeted Relief and Recovery Facility (TRRF)
MY3	Central Bank of Malaysia	SME Automation & Digitalisation Facility (ADF)
MY4	Central Bank of Malaysia	Business Recapitalisation Facility (BRF)
MY5	Central Bank of Malaysia	Low Carbon Transition Facility (LCTF)
SE	Sveriges Riksbank	Funding to banks to support corporate lending
SG	Monetary Authority of Singapore	MAS SGD Facility for ESG Loans
UK	Bank of England	Term Funding Scheme with additional incentives for SMEs (TFSME)
UK2	Bank of England	Term Funding Scheme
UK3	Bank of England	Funding for Lending Scheme
US	The Federal Reserve	Paycheck Protection Program Liquidity Facility (PPPLF)
ZA	South African Reserve Bank	Covid-19 Loan Guarantee Scheme (LGS)
ZA2	South African Reserve Bank	Bounce Back Scheme (BBS)

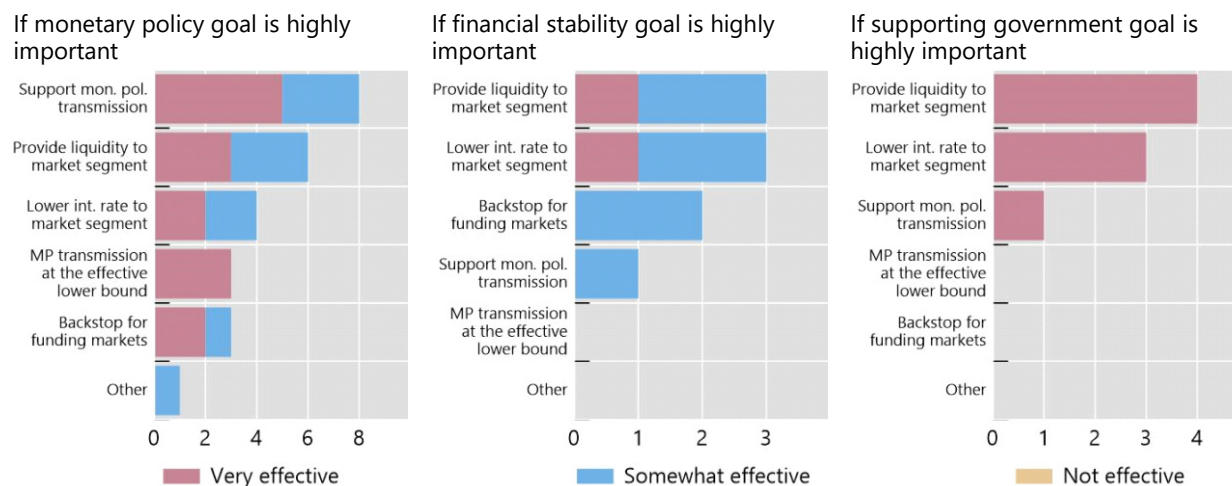
Source: Markets Committee survey on funding for lending programmes, 2022.

## Annex B: Additional graphs

### Intermediate objectives differ little across policy goals<sup>1</sup>

Number of programmes

Graph A1

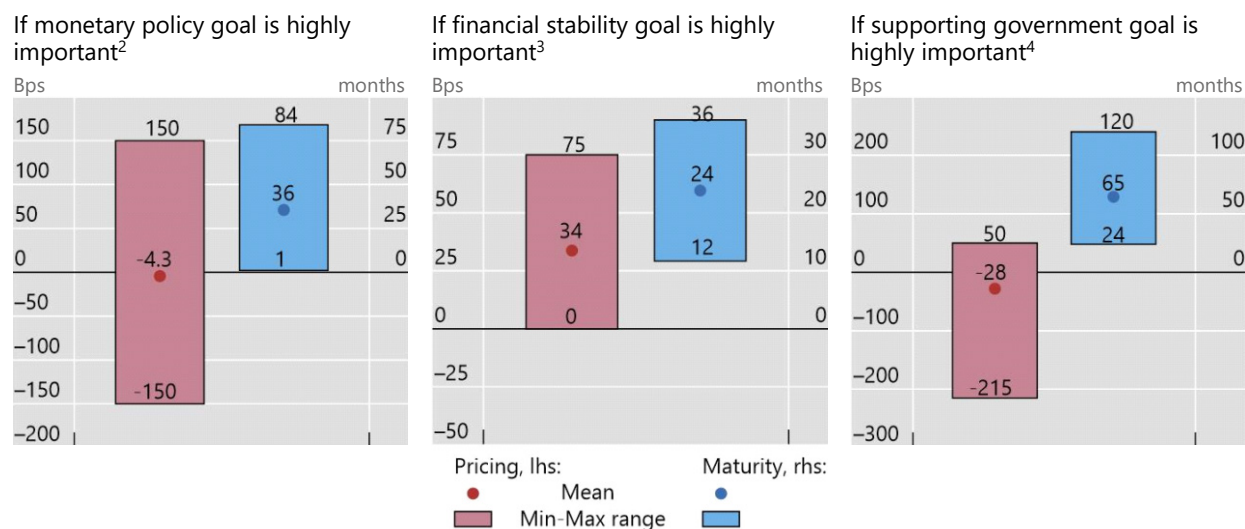


<sup>1</sup> The height of the bars indicates the number of respondents that identified the question as relevant. The stacked areas are the scaled percentages that selected the shown options. The graph is based on 16 programmes for which there is information on the intermediate objectives and effectiveness. Given multiple objectives, one programme is included in both the monetary policy and financial stability panel. Another programme is included in both the monetary policy and supporting a government programme panel.

Source: Markets Committee survey on funding for lending programmes, 2022.

### Programme pricing and maturity for different policy goals<sup>1</sup>

Graph A2



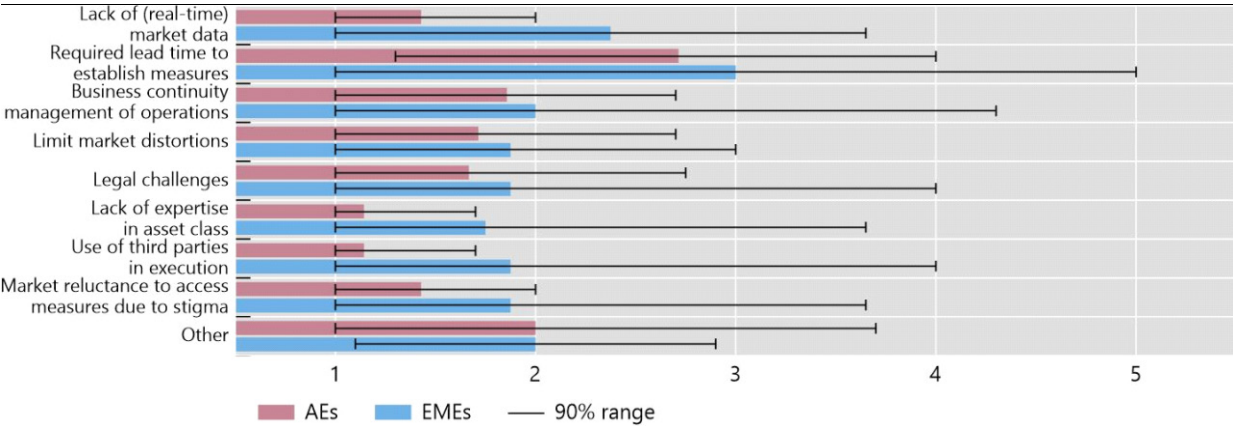
<sup>1</sup> Given multiple objectives, one programme is included in both the monetary policy and financial stability panel. Another programme is included in both the monetary policy and supporting a government programme panel. <sup>2</sup> Based on 10 programmes. <sup>3</sup> Based on two programmes. <sup>4</sup> Based on five programmes.

Source: Markets Committee survey on funding for lending programmes, 2022.

Key challenges for FFLs

Degree of relevance (1 to 5), average response<sup>1</sup>

Graph A3



<sup>1</sup> Responses from seven AE central banks and eight EME central banks. The degree of relevance ranges from 1 (not relevant at all) to 5 (very relevant).

Source: Markets committee survey, 2020.