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PRESS RELEASE

**European banks concerned about Basel IV proposals –
Leading German and French bankers meet with German finance minister
Wolfgang Schäuble in Berlin**

Berlin, 6 July 2016 – The new rules planned by the Basel Committee on Banking Supervision to finalise Basel III – known as ‘Basel IV’ – would seriously restrict European banks’ lending capacity. This was the concern voiced today by Frédéric Oudéa, president of the French Banking Federation (FBF), and Hans-Walter Peters, president of the Association of German Banks (BdB), prior to a meeting with German finance minister Wolfgang Schäuble in Berlin. The two banking organisations fear that implementation of Basel IV may mean that the capital requirements for banks will rise in some cases by up to a further 50%. Real estate and corporate finance would be particularly affected.

Both organisations called on policymakers to avoid any detrimental impact on Europe’s economy and banking sector and suggested that Finance Ministers of the European Union accordingly entrust a clear negotiating mandate to the European Commission to avoid any “significant” increase in the capital requirements. Banks, they said, had already increased their capital ratios significantly in recent years. At the same time, internal risk models approved by bank regulators shouldn’t be discriminated against. The Basel Committee’s proposals would, they added, give US banks a competitive edge, as businesses in the US relied largely on capital market funding.

Both organisations had previously outlined their concerns to French finance minister Michel Sapin and the need for the European Union and the Eurozone to conduct their own impact studies and present a united front to the Basel Committee to protect European interests.

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