

**Marie-Anne Barbat-Layani, Chief Executive Officer of the French Banking Federation**

**Brexit: What will be the consequences for banks?**

**You are the head of the French Banking Federation (FBF). Can you explain the role and mission of this federation, in France, but also in a European and international context?**

The FBF represents 364 banking companies in France, including 130 subsidiaries or branches of foreign banks. It is the voice of the profession on all major issues, particularly regulatory issues. Its mission is to promote banking and financial activities in France, Europe and abroad. That's why we are based in Paris, but also in Brussels and Frankfurt, and we are members of the European Banking Federation. We also do a lot of pedagogy on banking, including through a highly recognized financial education program, "Les clés de la banque".



**What will be the impact of Brexit on the balance of the European banking system? Will European banks be able to deal with the shock?**

The Brexit is a major upheaval for the financing of the European economy. London is and will remain a major financial centre, but Europe can no longer rely on London for market financing. It is a strategic issue: Europe must ensure its financial independence. This is an imperative and a major political project that Europe must tackle, particularly at the level of the eurozone.

The Brexit, which we did not wish for, requires us to relaunch the Capital Markets Union. This is an opportunity for Europe, but more particularly for the French financial industry, which is well placed to be the champion of this new era, with 4 of the 9 largest banks in the euro zone. And there will be no shock. Economic players, including banks, will adapt and prepare themselves for all scenarios, on demand and under the supervision of banking regulators.

**What do you think the banking cooperation between the 27 European Member States and Great Britain will look like after Brexit? Are there still a lot of uncertainties or are you already able to distinguish the profile of the post-Brexit financial Europe?**

Tomorrow's financial Europe is a powerful financial space where French banks will be key actors! There are uncertainties, but it is clear that the centre of gravity of the post-Brexit financial Europe will be refocused on the eurozone. It is an opportunity to transform the banking union from a "supervisory union" to a "financing union", with the development of real capital markets. This is an essential and very exciting project, which I hope will be taken up at the political level. We must be ambitious.

As for future banking cooperation with Great Britain, it is still too early to decide. Negotiations on this issue have not even begun.

**With Brexit, financial institutions established in Great Britain could lose the "European passport". Several banks are already planning to set up in France, Germany or Ireland: would it be an opportunity for France, which could thus become the European Union's leading financial centre?**

The withdrawal of the UK from the EU means that banks based only in London will lose the "European passport", which allows banks in one Member State to market their products and services throughout the European Union. Some of the London-based activities will therefore be relocated within the EU. The dimensioning of these movements will depend on regulatory decisions: will the supervisory authorities accept "mailbox banks"? Will the critical infrastructure of clearing houses need to be relocated?

That being said, it is up to each of us to fight to attract as many high value-added jobs as possible to our territory. Paris has considerable assets. It is one of the only financial centres in continental Europe to have a complete ecosystem: major financial players, major French and international clients, a very diversified range of activities and recognized areas of financial expertise, notably in asset management, corporate and investment banking, private equity, Fintech and market infrastructures.

French banks have confirmed that they will naturally choose Paris for their relocations. This could affect almost a thousand jobs, with a spillover effect of at least three indirect jobs for one direct job. And several international players choose or will choose Paris.

**The European Banking Authority will also leave London to join the European continent. What are the chances and the interest for France to host this institution?**

Since the United Kingdom is leaving the European Union, the EBA must leave London. It would be an additional signal if she moved to Paris, but the decision is not up to the banks...

**In the past months, French public authorities have mobilised to strengthen France's financial attractiveness: do you think that this is an awareness of the importance of the banking sector in the French economy after Brexit?**

The government has made very proactive commitments to the attractiveness of the Paris market. This is a very strong signal and a very recognized signal abroad. Unfortunately, we also have some handicaps, such as the level of social security contributions, or even the chronic fiscal instability we are suffering from. It is very important that the government confirms that it is breaking with this bad tradition, ensures fiscal stability and predictability, and opens up very clear prospects for further improvement of competitiveness.

Brexit is therefore a historic opportunity to develop capital markets in Europe in order to finance the economy, and Paris is particularly well placed to play a major role. We have a collective interest in making it the new centre of excellence for European finance. The government is more than aware of this: it is acting. And the French can be proud of their banks.

**What are the EU's main priorities today to ensure the international competitiveness of the European banking sector?**

The main priority for the European banking sector is the issue of equal competition. French banks are on the front line on this issue and are strongly demanding a level playing field vis-à-vis players outside the EU, particularly in the United States.

Europe must therefore abandon the anticipated transposition of the Basel's committee work on market risks ("FRTB"). At the same time, the United States has indicated that it will not apply these standards ! Europe must not shoot itself in the foot. I could also talk about the Basel agreement. We risk signing it although it will essentially penalise European banks, which are unanimously opposed to it. This is regrettable, and it shows that Europe must emancipate itself and become the great financial player it can be if it decides to do so.