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FOR IMMEDIATE RELEASE – EBF BOARD COMMUNIQUÉ

European banks call for appropriately finalising the regulatory framework to support efficiently economic growth and job creation

MALTA, 5 May 2017 -- European banks, through the Board of the European Banking Federation, today reaffirmed their commitment to supporting the European project through actively and responsibly financing businesses and households. The Board welcomed continued evidence of easing bank credit standards and increasing loan activity in the euro area, as demonstrated again in the first quarter by the quarterly Bank Lending Survey of the European Central Bank.

Given the particular significance of bank finance for Europe's economy the EBF Board called on national and European policymakers for proper calibration when it comes to the finalisation of the wide range of regulatory measures still currently under discussion in the European Union. This is necessary so that banks can continue their financing commitment and support growth and jobs.

Says Frédéric Oudéa, President, EBF Board:

"We need to make sure that the international competitiveness of the European banking sector is not damaged. It is up to policymakers now to finalise the regulatory agenda and strike the right balance, avoiding undue impact on the financing of households and companies while ensuring the development of a safe, sustainable and competitive European financial services industry that benefits all our economies."

Future of electronic payments in Europe

Customers expect banks to protect their personal data. Data protection is at the core of trust in financial institutions. While European banks fully embrace innovation in their services and value competition in the market, the Board of the EBF warns that an inappropriate change of proposed technical standards for electronic payments would put at risk the integrity of customer data, jeopardises the level playing field in European payment services and places a disproportionate burden on banks in the implementation of unnecessary technical solutions.

The Board calls on the European Commission to adopt - without amendments - the delegated act proposed by the European Banking Authority (EBA) for electronic payment services under the second European Payment Services Directive, known as PSD2. Deviating from the EBA recommendations would clearly go against the objectives of enhancing consumer protection and improving security of payment services across the European Union.

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Regulatory uncertainty

Through the Board of the EBF European banks reaffirm their commitment to serving Europe's economy and to working with households and businesses – including SMEs - on their finances. National and European policymakers need to recognise that banks are held back from fully delivering on this commitment as long as they continue to face regulatory uncertainty.

Particular sources of concern for banks are the leverage ratio; the implementation of the minimum requirement for own funds and eligible liabilities (MREL); the Net Stable Funding Ratio (NSFR); and the Fundamental Review of the Trading Book (FRTB). Financing of the European economy can be substantially impacted if these are not carefully and proportionally calibrated.

EU Risk Reduction Package

The Board calls on EU policymakers to agree the EU Risk Reduction Package in a way that respects the balance between economic growth and financial regulation. European banks generally see the package as an opportunity to make regulation more proportionate, less burdensome and more manageable.

However certain elements of the package, in particular those regarding capital requirements, overlap with measures currently under discussion at the Basel Committee on Banking Supervision. The Board calls on policymakers to put on hold EU decisions on these measures until international decisions on the Basel IV framework have been finalised.

Basel IV

Addressing the global discussions in the Basel Committee, the Board of the EBF continues to fear that Basel IV could have significant negative consequences for bank financing in Europe if it is adopted with ill-calibrated parameters, in particular, an output floor. The EBF Board strongly believes that European policymakers should only support an agreement on international standard if it is not detrimental to the banks' capacity to finance businesses and households and hence does not jeopardise European growth perspectives.

Furthermore, the Board calls on European policymakers to fully take into account the specificities of EU bank finance as opposed to the structure of financing in the United States, particularly regarding mortgages and corporates.

Resolution

While the Board recognised the significant progress being made by the Single Resolution Mechanism (SRM) it noted the implementation of the full range of measures included in the SRM requires careful assessment of the potential impact and unintended effects on the EU economy. The Board highlighted the importance of building a constructive dialogue between the industry and the Single Resolution Board at a critical moment in its development.

Long-term topics

Beyond the most urgent topics on the regulatory agenda, the Board also discussed longer-term topics such as the upcoming negotiations between the EU and the United Kingdom on its EU membership and the pending discussions on future cooperation between the EU27 countries and the UK. With regards to the EU plans for creating a Capital Markets Union, the Board unanimously agrees that the European Commission needs to develop a more ambitious approach, capital market financing being needed going forward to finance the economy as a complement to bank financing.

Malta conference on key issues affecting smaller European banks

While in Malta the European Banking Federation and the Malta Bankers' Association organised a joint conference on key issues affecting smaller European banks.

Hosted at the Malta Financial Services Authority the conference addressed the need for proportionality in regulation; digitalisation; and unintended constraints to correspondent banking, with the participation of the European Banking Authority, the European Commission and the European Central Bank. Prof. Edward Scicluna, Finance Minister of Malta, which currently holds the presidency of the EU, closed the conference with a reflection on the need to fine-tune EU regulation for banks.

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About the EBF:

The European Banking Federation is the voice of the European banking sector, uniting 32 national banking associations in Europe that together represent some 4,500 banks – large and small, wholesale and retail, local and international – employing about 2.1 million people. EBF members represent banks that make available loans to the European economy in excess of €20 trillion and that securely handle more than 300 million payment transactions per day. Launched in 1960, the EBF is committed to creating a single market for financial services in the European Union and to supporting policies that foster economic growth.