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FRENCH BANKING FEDERATION RESPONSE TO THE EBA DRAFT REPORT ON THE
IMPLEMENTATION OF THE EBA GUIDELINES ON METHODS FOR CALCULATING
CONTRIBUTIONS TO DEPOSIT GUARANTEE SCHEMES (EBA/CP/2017/10)

The French Banking Federation (FBF) represents the interests of the banking industry in France. Its membership is composed of all credit institutions authorized as banks and doing business in France, i.e. more than 390 commercial, cooperative and mutual banks. FBF member banks have more than 38,000 permanent branches in France. They employ 370,000 people in France and around the world, and service 48 million customers.

The FBF welcomes the opportunity to share its comment on the EBA Draft report on application of methods for calculating contributions to deposit guarantee schemes (DGSs).

We share the main conclusions of the draft report that assesses whether the principles outlined in the EBA Guidelines on the calculation methods are being met in practice and whether their implementation is appropriate and consistent.

Regarding transparency to member institutions of the basis and the criteria used to calculate contributions, such prerogatives should be achieved at local level by local DGSs.

We welcome the current aggregated level of information that has been recently publicly disclosed for the first time and that gives a global picture of the covered deposits and the available financial means of each DGS's fund.

Besides, with a view to the potential revision of the DGSD by 2019, it would seem appropriate to include amongst the core risk indicators the amount of own funds and eligible debts owned toward the MREL requirement (once become mandatory), or consider adding a risk indicator for the category "Possible losses for the DGS". The purpose of this additional criterion is to assess on a consolidated basis the protection of depositors through all the "bailinable" debts. This «deposit protection cushion" could be calculated as the ratio of [(total liabilities - "liabilities associated with encumbered assets" - covered deposits) / covered deposits],

Please find below our detailed answers to the EBA's questions.

Question 1. Do you agree with the conclusion that the method for calculating contributions to DGSs is sufficiently transparent?

Banks within the scope of the French Banking Federation consider that sufficient information has been provided by the DGS and the supervisory authority together on the calculation method, while respecting the principle of confidentiality of information

Question 2. Do you agree with the conclusion that the methodology does not appear to lead to excessive additional reporting requirements?

We agree with the draft report conclusions that no excessive additional reporting requirements occur following the methodology implemented to calculate DGSs contributions.

Question 3. Do you have any comments on the current level of disclosure of information to institutions contributing to DGSs?

In France, we have received a sufficient information on the contribution to be paid.

Question 4. Do you have any further comments on the practical and potential obstacles in the application of the Guidelines?

We do not have identified practical and potential obstacles for the application of the current guidelines

Guidelines have been implemented over the last year. One year experience between the deadline for implanting calculation of DGS contributions and the assessment of the application of the Guidelines is very short to provide relevant comments on further improvements, as acknowledged in the EBA draft report. We would rather favour waiting the wider review of the DGSD that will be carried out in 2019, to assess and propose further improvements.