



F E D E R A T I O N B A N C A I R E E U R O P E E N N E
E U R O P E A N B A N K I N G F E D E R A T I O N

PRESS RELEASE

ECOFIN GENERAL APPROACH WELCOME BUT DOES NOT GO FAR ENOUGH, SAYS FBE

The European Banking Federation (FBE) today broadly welcomed the general approach adopted in ECOFIN on the Capital Requirements Directive (CRD) but commented that there was still significant work to be done before European banks could enjoy a coherent supervisory framework within the EU. The FBE sent a letter to this effect to Finance Ministers on 3 December.

Mr. Bernard Allorent, Chief Risk Officer at BNP Paribas and Chairman of the FBE's Banking Supervision Committee, commented that the proposal does not go far enough in delivering consolidated supervision in Europe.

"The proposal is directly contrary to the objectives of the Single Market. It requires banking groups to apply the rules at the level of each subsidiary rather than recognising the European nature of banks active on a cross-border basis. This approach is not prudentially justified and is not in line with the new Basel Framework. It will significantly disadvantage European banking groups active internationally which will be detrimental to the objectives of the Lisbon agenda," Mr. Allorent said.

Commenting specifically on the consolidating supervisor model, he added:

"Article 129 of the proposed Directive is the only provision which aims to deliver consolidated supervision. Both co-legislators should take this unique opportunity to put in place a truly coordinated supervisory approach to the capital rules by agreeing to extend the responsibilities of the consolidating supervisor to the Supervisory Review Process under Pillar 2 and market disclosure under Pillar 3 of the Directive."

The FBE urged the Council under the upcoming Luxembourg Presidency to ensure flexibility in the general approach to take account of the work of the European Parliament. The FBE also expressed disappointment that the European Parliament's work, and consequently timely implementation of the new capital adequacy framework, could be threatened by delays in translation of the Commission's proposal.

Note to the Editor:

Set up in 1960, the European Banking Federation (FBE) is the voice of the European banking sector. It represents the interests of over 4,500 banks, large and small, from EU Member States as well as Iceland, Norway and Switzerland, with over 2.3 million employees and total assets of over 20,000 billion euros.

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