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Brussels, 28 February

Press release

EBF welcomes the breakthrough on CRR/CRDIV

The European Banking Federation (EBF) welcomes the compromise agreed to by the Irish Presidency and the European Parliament with a view to eliminating the final obstacles to the adoption of the Basel III agreement into European law.

Europe's banks welcome the understanding this agreement will bring between co-legislators and agree that these rules will generally lead to a more robust banking sector as a whole.

"Further delay would have been detrimental", declared Guido Ravoet, EBF Chief Executive. "At least now, banks will know soon how much more capital they will need to hold, what quality that capital must have and the nature of the liquidity buffers they must build up".

Throughout the process, important adjustments to the Commission's draft texts have been made, some aiming to help banks better support the real economy, for example in the area of SMEs or more realistic liquidity requirements. The Federation however points out that there are areas where the rules may appear to be detrimental to the Single Market. Clearly, the degree of flexibility allowed to Member States to set higher standards than the common norm deviates from a clear and common rule across all Member States.

Similarly, while the intentions behind the lawmakers' interventions on remuneration and transparency are understandable, it remains to be seen what effects that will have on the competitiveness of Europe's banks in a wider sense, compared to financial centres where no such restrictions exist.

The EBF looks forward to understanding the precise timetable that will flow from this tentative agreement once ratified by all Member States and the European Parliament. It is crucial that the Capital Requirements Regulation (CRR) be in place before the Single Supervisory Mechanism. "This is a prerequisite for the ECB to work from a common rule book for the banks in the countries that fall under the new supervisory regime in Europe", commented Ravoet. "We believe that the CRR is a cornerstone of a robust financial sector and therefore we urge lawmakers to progress on the bank resolution proposal to complete the picture."

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