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Press release

European banks: SRM breakthrough fosters confidence and stability

The European Banking Federation welcomes the trilogue agreement on the Single Resolution Mechanism (SRM) that was reached in Brussels on Thursday. The historic breakthrough provides improved clarity and efficiency for the decisions to be made under the new mechanism that determines whether Eurozone banks need to be placed into resolution.

The SRM agreement is a crucial step for the completion of Banking Union and serves to strengthen confidence and stability in the financial markets and complements the Single Supervisory Mechanism.

“The Council and the Parliament have seized the final opportunity to overcome their differences. This is good news for all of us,” said Guido Ravoet, Chief Executive of the EBF. “For banks in Europe it is important to have an efficient decision-making process for resolving a bank. Clarity is essential in order to minimise the impact of a bank failure and avoid the need for taxpayer support.”

The EBF welcomes the autonomy of the Single Resolution Board to make clear and predictable decisions on how to resolve failing banks. However, we do not see why this efficient process can not apply to all resolutions.

While the EBF supports the creation of the Single Resolution Fund, the build-up period of eight years for the fund differs from the ten years that is allowed in the Bank Recovery and Resolution Directive (BRRD). This places a heavier burden on banks inside the SSM to contribute and may result in competitive distortions in the single market. The EBF recalls that the requirement for banks to finance the fund with 55 billion euro comes on top other obligations that the banking sector must fulfil under recent regulatory reform measures.

<u>About the EBF:</u>

Launched in 1960, the European Banking Federation is the voice of the European banking sector from countries in the European Union and the European Free Trade Association. Members of the federation are 32 national banking associations. The EBF represents the interests of some 4,500 banks, large and small, wholesale and retail, local and cross-border financial institutions. Together, these banks account for over 80 percent of the total assets and deposits and some 80 percent of all bank loans in the EU alone.

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