

Press Release

European banks remain fully committed to financing economy, fostering growth***EBF Board welcomes Banking Union, but warns on the detrimental effects of the proposed banking structural reform and the FTT***

- Banks welcome progress towards Banking Union, reiterate support for asset quality review
- Board: Economic implications of banking structural reform proposal and financial transaction tax (FTT) need more careful consideration

The Board of the European Banking Federation, comprising the presidents of 32 national banking associations in countries from the European Union and the European Free Trade Association, met in Athens today for its 118th meeting.

Chaired by Christian Clausen, President of the EBF, the Board reviewed ongoing developments in the European banking sector and noted with satisfaction that the European Union has made considerable progress towards the completion of **Banking Union**. Together with the European banking industry itself being in a better position to handle the effects of financial crises, it makes for a more stable financial sector.

The creation of single supervisory and resolution mechanisms for the banking sector in the European Union nears completion. An essential step is the completion of the asset quality review by the European Central Bank. The EBF Board reiterated that European banks fully support this ambitious and unprecedented comprehensive assessment.

“A truly European banking landscape is emerging, with a single set of rules for all banks and a single supervisor. Banking Union is a major EU achievement and will have a lasting impact, on banks as well as on the economy,” said Mr Clausen. “As banks we are committed to making it work.”

“It is also clear that this is not the only financial reform that has been introduced. In recent years banks have been subject of several waves of new regulations, which is prompting a major business restructuring in the sector. The collective impact of these reforms however, remains unclear. There is a risk that new measures may harm the ability of banks to finance the economy. We need to develop a better understanding of their cumulative impact,” he said.

Specifically, European banks remain deeply concerned over the European Commission proposal on **structural reform** of the EU banking sector. The EBF Board challenges the need for such a proposal and calls on policy-makers to carefully consider the economic implications. The structural reform risks being detrimental to the EU economy as it will affect the investment banking services that support our export oriented economy. The regulatory reforms already hand the supervisory community substantial tools to prevent and target excessive risk-taking and to ensure orderly wind-down of failing banks without recourse to public funds or implications for financial stability. These powers and tools should first be implemented and their cumulative impact assessed before additional measures are considered.

Board Members expressed strong concern over the agreement by a group of EU Member States to adopt a **Financial Transaction Tax** (FTT) on shares and some derivatives by year-end. This tax will impact the real economy by increasing the costs to households and corporates to finance themselves, and in spirit is contradictory to the objective of fostering growth in Europe. The Board welcomes the step to conduct impact assessments at the national levels to highlight these effects more clearly. The extraterritorial impact of the FTT on non-participating Member States also remains a critical concern for Europe's banks.