

Brussels, 28 May 2014

European banks support reform process and recognize need for change

Sir,

The European Banking Federation strongly disagrees with the view expressed by Mrs Christine Lagarde that banks are pushing back on reform. On the contrary, European banks fully recognize the need for change and continue to participate in reform processes because these are critical to the success of Europe's economy and the creation of jobs.

In recent years, banks have played an active role in the numerous regulatory reforms that have been introduced at the international as well as the European level. As a result, banks hold significantly more safe capital and there no longer is a need to call on taxpayers if a bank fails. The stress tests should make the banking sector even more robust.

Banks continue to support the introduction of tighter and better supervision and have embraced reforms such as Basel III, the EU's Bank Recovery and Resolution Directive and Banking Union. Asking for adjustments, such as for a fine-tuning of liquidity and leverage ratios, does not mean that banks obstruct their introduction. Even the Basel Committee has recognized the need to calibrate ratios.

When it comes to fraudulent activities such as attempts to manipulate benchmarks, our federation continues to strongly condemn misbehaviour by certain bankers. The International Organization of Securities Commissions (IOSCO) has recognized that the governance of critical benchmarks (Libor, Euribor and Tibor) has been enhanced and made more robust, while new regulatory standards are being implemented. We are convinced that similar changes in governance and behaviour will occur with other benchmarks, such as for gold and forex markets.

As far as European banks are concerned, efforts to enhance the ethical behaviour in our sector are a priority and will continue.

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