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**EUROPEAN PARLIAMENT PANA COMMITTEE
PUBLIC HEARING 24 JANUARY 2017
'THE ROLE OF LAWYERS, ACCOUNTANTS AND
BANKERS IN PANAMA PAPERS'**

CHECK AGAINST DELIVERY

Statement by Wim MIJS, Chief Executive EBF

Honourable members of the European Parliament,

I am honoured to be invited to this fact-finding hearing of the Panama Papers Committee.

The revelations made by the global network of reporters and journalists are important and significant for the financial services sector. They provide an insight into international taxation and how this was dealt within the past. They also provide guidance on how we need to address the problem of tax evasion and money laundering in the future.

First, allow me to recall some aspects of the role and work of the European Banking Federation....

The EBF represents the banking sector through its members, national banking associations in 32 countries in Europe (including the 28 EU Member States and EFTA countries) representing most commercial banks in Europe.

The EBF was created in 1960. We have always been a very strong supporter of the creation of a single market for financial services and of policies that foster economic growth.

The European economy is bank-financed. European banks hold over 75% of the total credit of the private sector, based on clear and reliable rules.

The banking sector is today one of the most regulated sectors in the economy, and there is good reason for that. Since the crisis, we, you, have overhauled regulations, including the rules on anti-money laundering and tax transparency. The EBF fully supports the objectives of AML and the fight against tax evasion.

We are in favour of the protection of the integrity and stability of the international financial system. We need it. It is essential for our survival. Money laundering and terrorist financing are serious threats to global security and to the integrity of the financial system. Resources available to terrorists and those engaged in crime should be cut off. Banks can only live in an environment where the rule of law is fully applied.

The EBF strongly condemns tax evasion and tax fraud. They create distortions in the single market for financial services and pose a great danger to the rule of law.

Over the last decade, the role of banks as tax collectors, reporting financial institutions and obliged entities under AML has increased significantly. It is fair to say that, in my view, the success of AML is broadly due to the banks' cooperation with relevant authorities, law enforcement and otherwise.

Money laundering, terrorist financing, tax evasion and tax fraud are global problems which require a global solution. Those who launder money and evade taxes exploit loopholes and differences among national systems. They move their funds to or through jurisdictions with weak or ineffective legal and institutional frameworks.

A global approach is a must.

Binding lists of High Risk Countries and non-cooperative countries – that is those not complying with international standards in each of the areas concerned (AML, Common Reporting Standard, etc.) - must be established in a multilateral framework and in a transparent manner.

To meet these objectives, we, as representatives of the banking sector, are actively involved in international expert groups on anti-money laundering and tax transparency, both at the level of the OECD and, what matters for this hearing, of the EU.

In these fora, we assist governments and institutions by providing expertise and workable solutions. Like you, we are seeking clarity on the legal and compliance requirements imposed on banks, while taking into account operational constraints, the competitive dimension and potential de-risking. As you know, de-risking may have a potential detrimental effect on developing countries.

Looking to the future, there is a huge task for you to adapt the measures on AML and tax transparency and make them future-proof. The keyword here is 'digital'. A truly digital agenda must keep the door open to further progress to ensure technology neutrality and a smooth transition to new technologies. This is in particular the case for customer e-identification. Or, as we say in the AML framework, the 'Regtech' developments. These would certainly be helpful for the implementation of Know-Your-Customer rules in a non-face-to-face, digital environment.

We clearly see the need for appropriate measures to prevent the misuse of legal constructions – such as blacklisting of jurisdictions and off-shore constructions. As banking sector representatives we do not hesitate to remind our members that both the existing and the new rules need to be strictly complied with.

Although the EBF is not able to review the operations of individual banks, I am very ready to answer any questions you may have. Thank you for your attention.