

4th SSM & EBF Boardroom Dialogue

Introduction by Wim Mijs, Chief Executive Officer of the European Banking Federation.

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AS PREPARED FOR DELIVERY

Welcome everyone to the 4th EBF SSM Boardroom Dialogue.

I would like to thank Marcus Chromik, for your hospitality once again hosting this landmark event for the European banking industry in this magnificent venue of Commerzbank.

I am impressed by the interest that this initiative has sparked off in the banking system with more than 100 senior representatives from significant institutions, including many Chief Executives, Board Members, Chief Financial Officers, Chief Risk Officers and, interestingly, this year we have various Chief Information Security Officers.

For me, this clearly indicates to me that all managers in the banking system, from banks and from regulators and supervisors, need this communication in order to face up to the extremely challenging environment ahead of us, both from the private sector and the public sector. Let's not forget that we are all in the same boat.

The SSM and the EBF alike have evolved tremendously to adapt to the new banking landscape in the last 4 years. But one can never stay quiet in a rapidly changing environment. Not only Financial Stability is an objective of today's banking sector, but also understanding rapidly changing customer preferences, adapting to the challenge of digital transformation and doing all this in a low-interest rate environment. These are significant challenges for the banking system in the next years to secure their primary role as providers of funding to the economy.

We at the EBF are preparing our vision for the next 4-year term along these lines:

- Achieving a stable and efficient regulatory and supervisory framework;
- Resetting and revivce and reenergize the Capital Markets Union;
- Achieving the Digital Single Market in which our banks can compete;
- Restoring confidence in our banking system for which purpose, we work on two concrete objectives:

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- Making banks responsible partners;
- Investing in financial education.

All this will happen as we continue working in the building of the Banking Union, a project in which we believed from the start and that the EBF has always supported. Not only supported but actively contributed to its successful implementation. And the proof of the pudding is that we have all come together in this room to discuss about what lies ahead for the SSM and the banks under its supervision and how we deal with each other.

Our commitment to the European vision of the banking sector is demonstrated by the opening of our Frankfurt office, opened almost immediately at the start of the SSM, and our close collaboration with the SSM management even before the takeover of supervisory responsibilities from the National Supervisors in 2014. Since then, the EBF team and the banks we represent have held more than 70 meetings and events with the participation of more than 15 hundred bankers throughout.

So, a lot of meaningful communication has been exchanged in our Frankfurt office and elsewhere by the actors of this unique endeavour of the transition towards a Single Supervisor.

Let me bring to your memory some outstanding examples of mutual collaboration between EBF and SSM:

- I have personally very fond memories of 2014, even before the takeover of supervisory responsibilities from the National Supervisors, we worked together with the ECB during the Asset Quality Review, a daunting task conducted by our fellow Jukka Vesala, who is now present in this group as an EBF member. We examined together the thorough templates and worked them out to ensure that banks' feedback would be feasible and of a sufficient quality. That was a success because we engaged with the senior experts from our SSM Strategy Group in Frankfurt.
- Another example was the evaluation of the SSM implementation. We turned our roles for a change and became the evaluators of the supervisor, a unique role which we very much liked I must say. We examined the way that the new supervisory practices were being implemented and prepared a report with recommendations for improvement. I realised that the SSM management is determined to make the SSM a success when we witnessed how seriously the SSM, then led by Daniele Nouy, took our feedback. We have improved since then, but this is a continuous process. It's impressive to have a supervisor who engages with the industry.
- Another case of mutual collaboration is the Bank Integrated Reporting Dictionary, known as the BIRD project, where the EBF banks and the ECB have been working together during the last 2 years in the definition of a taxonomy that will help making reporting more efficient.

At the same time, we have maintained a close relationship with the European Banking Authority during the previous mandate of Andrea Enria. Let me put some examples as well:

- In the context of the SREP Guidelines, we held numerous meetings to assist with the banks' expertise, including discussions on topics as sensitive as the threshold for Maximum Distributable Amounts. This was a very delicate question that shows the importance of fluent communication between regulators, banks and supervisors. The question was later discussed in our CEO Roundtable at the SSM, closing the circle from regulation to supervision.
- One more example is the collaboration with the EBA department of Analysis, under the direction of Piers Haben, present today with us. Stress testing is a complex process - we all know - sometimes overcomplicated and not very well understood, but the openness of

the EBA to discuss about the methodological issues and to cooperate in the communication of results is essential for restoring confidence in our sector. Again that is another good example of working closely together.

- My last example is about reporting. The EBF teams have collaborated during long years with the EBA in the definition of the CoRep and FinRep. However, the reporting needs have increased due to new regulations and the enhanced level of integration. The EBA has been given a mandate in the new Capital Requirements Regulation just agreed in Brussels, to define a common reporting hub. We look forward to continue cooperating with the EBA and with the ECB to ensure the efficiency of the new reporting framework, leveraging as much as possible on the work done in the context of the BIRD project.

Today marks a new step in this longstanding relationship. And if we look at the program, we see that you will be discussing today the issues affecting the banking system these days. It looks like a fruitful and interesting day.

Firstly, we will have the privilege to listen to the keynote speech of the new SSM Chair, Andrea Enria.

We will then move to the traditional review of SSM annual priorities with Korbinian Ibel, Director General DG4.

Then we will then break the group into 2 sessions.

One on Brexit with Deputy Director Generals Linette Field and Francois-Louis Michaud from the ECB; the Chief Executive of UK Finance, Stephen Jones; and CRO of Eurex Clearing, Dimitri Senko.

The other one on Cybersecurity with Korbinian Ibel, Piers Haben, Director at the EBA, and the Heads of Cybersecurity of Intesa Sanpaolo, Giorgio Cusma, Commerzbank, Igor Podebrad; and Santander, Daniel Barriuso.

So whichever session you have chosen, it should and will be absolutely interesting.

But now, I have the pleasure to introduce a special guest today. Andrea Enria, Chair of the SSM, who is new in this Boardroom Dialogue but a veteran in the build-up of the European Central Bank, where he worked in various positions from the very beginning.

Afterwards he took up responsibility as Secretary General of the Committee of European Banking Supervisors, the precursor of the European Banking Authority of which he would later become its first Chair.

Mr Andrea Enria, welcome back to Frankfurt. We are sure that this first encounter with the EBF members will be the first of many fruitful exchanges that will continue contributing to the successful consolidation of the SSM.

I give you the floor.