

PRESS RELEASE

A step in the right direction: prudential rules for EU banks' software assets are adjusted

BRUSSELS, 22 December 2020 – The Official Journal of the European Union has today published the [Delegated Regulation \(EU\) 2020/2176](#) on the prudential treatment of software assets for EU banks. As a result, EU banks will no longer have to fully deduct prudently valued software and IT systems from Common Equity Tier 1 items. The new rules will enter into force on 23 December 2020.

Lawmakers and the European Banking Authority (EBA) have partially tackled the mismatch between prudential rules and the digitalisation of the EU banking sector. The EBA has delivered a prudent, pragmatic, and effective proposal in October this year. The suggested rules partially remove the longstanding penalisation to European banks' investments into software, relieving part of the regulatory cost. We much welcome that the European Commission and legislators have validated EBA's approach and allow the new rules to take effect without delay.

"We at EBF have highlighted for a long time that capital rules should not punish investments in IT and software. Continuous and state-of-the-art digitalisation is key for our sector's efficiency, competitiveness, and profitability, but also for its digital operational resilience as well. For much too long EU banks investing in software have had to do so at much higher cost than their non-EU peers and competitors. This is a step in the right direction," says Wim Mijs, Chief Executive Officer of the European Banking Federation.

MEDIA CONTACTS:

Ruta Barthet, Senior Communications & Media Officer
r.barthet@ebf.eu, +32 492 46 73 04

Raymond Frenken, Director of Communications
r.frenken@ebf.eu +32 2 508 3732

ABOUT THE EUROPEAN BANKING FEDERATION:

The European Banking Federation is the voice of the European banking sector, bringing together national banking associations from across Europe. The EBF is committed to a thriving European economy that is underpinned by a stable, secure and inclusive financial ecosystem, and to a flourishing society where financing is available to fund the dreams of citizens, businesses and innovators everywhere.

European Banking Federation aisbl

Brussels / Avenue des Arts 56, 1000 Brussels, Belgium / +32 2 508 3711 / info@ebf.eu
Frankfurt / Weißfrauenstraße 12-16, 60311 Frankfurt, Germany
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