

**FROM BOARD OF THE EUROPEAN BANKING FEDERATION:**

## **Banks call for improving Europe's global economic competitiveness in upcoming EU policy cycle**

- **EBF Board reiterates commitment to sustainably and responsibly financing businesses and households**
- **Achieving stable, efficient regulatory framework for financial services should be a priority under EU agenda 2019-2024**
- **Inappropriate transposition of Basel IV capital requirements would put at risk the capacity of banks to provide financing**

BUCHAREST, Romania, 10 May 2019 — European banks, represented by the Board of the European Banking Federation, today urged the European Union to step up its efforts for improving Europe's global competitiveness as part of the agenda of the next European Commission. Specifically, the EBF Board called on governments in Europe to recognize the key economic role of banks in funding growth and supporting prosperity.

Looking ahead to the upcoming policy cycle in the European Union, the Board reaffirmed the European banking sector's constructive commitment to sustainably and responsibly financing businesses and households. Specifically, banks recognize their role in society when it comes to developing sustainable finance and supporting the energy transition together with other industries in order to meet international climate change objectives.

Banks are fully committed to supporting further European integration, specifically in the EU financial services markets through the completion of the Banking Union and the creation of an effective Capital Markets Union (CMU). This is particularly important at a time of increasing political and regulatory global fragmentation, in order to ensure that sufficient financing will remain available for the European economy.

Members of the Board also emphasized the sector's unabated commitment to supporting the fight against financial crime and against money laundering and called on EU policymakers and national governments to move towards a more efficient and coherent framework for Anti-Money Laundering. The banking industry is keen to establish more effective cooperation with public authorities when it comes to dealing with financial crime and tax evasion.

As the start of the 2019-2024 EU policy cycle draws closer the EBF Board also underlined the need for the European Commission to thoroughly analyse the impact of the financial regulation that has been introduced in recent years and to properly determine any unintended consequences. A comprehensive impact analysis is necessary to ensure concrete and proportionate future proposals that will prevent further fragmentation of global markets and regulation, a G20 goal supported by the EU.

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Members of the EBF Board acknowledged the importance of further pursuing the digital transformation in the banking sector, in order to provide clients – businesses as well as households – with innovative and secure financial services.

Looking ahead, the Board wants to draw attention to the potential adverse effects of Basel IV on the European economy. Implementing the additional Basel IV measures would mean a further significant increase in capital requirements for European banks of possibly more than 20 percent. This could lead to a severe reduction in the funding available for the economy.

**Says Frédéric Oudéa, President of the EBF:**

*"Significant progress has been achieved in recent years, but there still are many challenges ahead. Governments and policymakers should ensure that banks can operate under the right conditions to sustainably and responsibly finance businesses and households. Ineffective and excessively burdensome regulation clearly has a negative impact on the European economy. An inappropriate transposition of Basel IV for example would undermine the EU's capacity to finance its economy at a time of increasing fragmentation in the global economy."*

*"As banking sector we will be in a very collaborative mood for the coming years. We look forward to working closely together with the renewed European institutions. We are very much willing to engage positively and contribute to building a great future for Europe."*

**Says Giovanni Sabatini, Chairman of the EBF Executive Committee:**

*"We need a new push to reinforce the use of financial markets by companies in Europe. Both banks and capital markets are natural partners in the European financing ecosystem; they are complementary. It is clear though that the European CMU project needs a reset. The fundamental and structural obstacles that stand in the way of an integrated Capital Markets Union need to be identified and removed."*

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**About the EBF:**

The European Banking Federation serves as the voice of the European banking sector, bringing together 32 national banking associations in Europe that together represent some 3,500 banks – large and small, wholesale and retail, local and international. 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.