

EBF: Vote in EU Parliament paves way for truly European banking landscape

- Adoption of European resolution mechanism fosters confidence in banking sector
- New rules create European approach for resolving troubled banks, avoid taxpayer support
- "This vote is a landmark moment for European integration" said Guido Ravoet

The European Banking Federation congratulates the European Parliament with its approval today of the new Single Resolution Mechanism that will determine how failing Eurozone banks can be resolved without relying on taxpayer support, and of new rules for bank recovery and resolution in the European Union. The vote paves the way for a truly European banking landscape.

The Single Resolution Mechanism (SRM) and the Bank Recovery and Resolution Directive (BRRD) will shape the future banking landscape in the European Union. The BRRD establishes a clear bail-in mechanism and common toolkit for all EU credit institutions with an emphasis on early intervention and recovery. Using the BRRD as a foundation, the SRM for Eurozone banks is seen as the second pillar of Banking Union and will be the counterpart of the Single Supervisory Mechanism that already is being put into place.

"This vote is a landmark moment for European integration," said Guido Ravoet, Chief Executive of the EBF. "There now is a true European way to deal with troubled banks by involving shareholders, creditors and investors instead of having to rely on national taxpayer support."

"Introducing measures like these will ultimately help make clear the cost of bank bonds to external investors and thus should renew confidence in the banking sector," said Ravoet. "Having the same rules for banks in all EU member states creates much-needed clarity and makes processes more effective. Although the cost of banks' funding is likely to go up, it will make it possible for more banks to attract and allocate fresh capital to serve the real economy."

The European Banking Federation also notes the outcome of a number of other financial sector votes in Strasbourg and generally welcomes the conclusion of the legislative process on these dossiers. Specifically, the EBF welcomes the approval of the Payment Accounts Directive that promotes transparency, fights financial exclusion and supports competition by encouraging consumers to shop around for the best deals. This directive includes requirements for switching services at national level that are based on voluntary principles already embraced by the banking industry in 2008.

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