

Banking Remuneration Policy under the Spotlight

The European Banking Federation (EBF) published today a report on ‘Remuneration Policies after the Crisis’. In this report, the EBF gives an overview country by country of the various measures put in place to regulate remuneration in the sector.

The report was prepared by the EBF Task Force on Remuneration Policy, chaired by Wim Mijs, Director General of the NVB, the Netherlands Bankers Association. “The EBF strongly supports the principles outlined by the Financial Stability Board”, said Mijs. “This report shows that we clearly are moving in the right direction in Europe. But it is now essential to maintain a level playing field in Europe and to ensure the competitiveness of Europe at a global level.

The EBF stresses that endorsement of the FSB principles by the G-20, which help create stronger incentives in remuneration schemes for sustainable business policies is a politically binding action. . It also highlights the importance of implementing these principles simultaneously at global level, particularly taking into account the latest developments at European level, in order to maintain a level-playing field between the various market places, and therefore a sustainable and fair competition. In this context, the EBF strongly supports an annual review of the implementation of the said principles.

The EBF advocates the need for banks to balance risk-taking and variable income, stressing that it should be linked to factors that represent real growth of the company and real creation of wealth for the company’s shareholders. The report underlines many measures supporting that approach.

Finally, it stresses that, for the time being, banks must be given time and support to implement the FSB measures, and make them work. Further adjustments can always be made at a later stage if necessary.

“Much has been said about remuneration in the banking sector,” declared Guido Ravoet, Secretary General of the EBF, “some understatement and some exaggeration. As usual, the truth lies somewhere in between. It is a delicate issue and we wanted to clarify some very useful points about the measures that have been adopted – and implemented – in the aftermath of the crisis. I believe this report will be a useful benchmark for policy-makers and bankers alike.”

To access the report:

<http://www.ebf-fbe.eu/uploads/27%20April%20Remuneration%20Policies.pdf>

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Note to the Editor

Set up in 1960, the European Banking Federation is the voice of the European banking sector (EU and EFTA countries). The EBF represents the interests of some 5000 European banks: large and small, wholesale and retail, local and cross-border financial institutions