

08 July 2010

**European banks call for level playing field in bonuses limitations**

The European Banking Federation (EBF) acknowledges the vote of the European Parliament on the limitation of bonuses. It however recalls that banks operate in a global competitive environment, and that this environment calls for global solutions. Remuneration rules must therefore be international in order to be effective.

“Financial firms may relocate to more accommodating parts of the world, and attract the most highly skilled staff, if the level playing field is not respected”, explained Guido Ravoet, Secretary General of the EBF.

Last year already, the Financial Stability Board published remuneration principles on request of the G20, which the EBF supported. The Federation has also called on supervisors to ensure the effective implementation of these principles and to coordinate at international level, in order to ensure consistent implementation.

“Our concern, indeed, is that important financial centres in non-G20 countries, such as Singapore or Dubai, do not implement the FSB principles and have a competitive advantage in the race for talents”, added Ravoet. “Another key concern is the cross-sector level playing field. If the remuneration policies of banks become subject to stricter regulation, then this should also hold for other companies in other sectors. If this is not the case, it will become very difficult for banks to attract talented and motivated employees.”

In this context, the EBF welcomes the harmonisation at European level of remuneration rules, which ensure a fair competition within the EU. The Federation notes that the newly adopted rules are broadly in line with the FSB principles, to the – notable – exception of the proportion of bonuses as compared to fixed salary, still to be determined by principles set by the future European Banking Authority.

Another important difference lies in the implementation process, where the US supervisors will define guidelines for the implementation of the principles, whereas the EU has gone for the “hard law” option. “It is imperative that the US rules are in agreement with the G20 recommendations and the FSB principles in their implementation” concluded Ravoet.

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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