

European banks consider the Basel Committee proposals a starting point for discussion

The European Banking Federation (EBF) acknowledges the approach adopted by the Basel Committee on assessing the impact of the new capital requirement measures, as part of its comprehensive response to address the lessons of the crisis. In this respect, it reiterates its concerns about the potential adverse consequences of significantly higher capital requirements on the financing of the economy.

The EBF supports the need for international harmonisation of prudential and accounting standards, thus ensuring a level-playing field between banks. It stresses that otherwise, the variations in national definitions of capital, leverage ratios, and the provisioning systems and countercyclical buffers will create an unlevel playing, with potential risks to the systemic stability as a result.

“We welcome the convergence to a single, internationally accepted set of rules”, stated Alessandro Profumo, President of the EBF and CEO of Unicredit. “This convergence will be enhanced by the announced implementation of Basel II in the USA by April 2011. We also positively acknowledge the Committee’s commitment to a gradual implementation only after recovery is assured and without prejudice to the needed lending capacity to the economy”, he added. “In any case, true convergence towards workable accounting rules should also be achieved”.

European banks particularly welcome the fact that their recurrent call for a comprehensive assessment has been taken into consideration – not only of all the measures in accumulation but also of their calibration and interdependencies. European banks are committed to actively contributing to the assessment process, as essential stakeholders.

The EBF is also appreciative of the awareness of supervisors to introduce the necessary phase-in measures and grandfathering arrangements for a sufficiently long period to ensure a smooth transition to the new standards.

“We are glad that the Basel Committee recognises the link between extended capital requirements and the banks’ capacity to lend”, declared Guido Ravoet, Secretary General of the EBF. “There is indeed an important risk of adverse consequences if capital requirements are extended beyond a certain degree of stability.”

Contacts

European Banking Federation
Fédération Bancaire Européenne (aisbl)
10 rue Montoyer B- 1000 Brussels

Guido Ravoet, Secretary General
+32 (0)2 508 37 26
Florence Ranson, Communications Adviser
+32 (0)2 508 37 34 f.ranson@ebf-fbe.eu

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