



Parliament backs EU banking supervisory system plans

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Draft laws setting up a single EU bank supervisory system were approved in a plenary vote on Wednesday. The European Central Bank will supervise the Eurozone's largest banks directly and have a say in supervising other banks. However, Parliament will give its final seal of approval only later, to allow time for parallel talks with the ECB on detailed accountability arrangements.

MEPs drafting these laws insisted that accountability rules must match the supervisory powers created at or transferred to EU level. The ECB, in its supervisory role, will therefore have to be much more open and accountable than for its monetary policy one.

Addressing the plenary on Tuesday Marianne Thyssen (EPP, BE), rapporteur for the text entrusting the ECB with bank supervisory powers, said: "displacing powers from the national level must go hand in hand with creating accountability at the EU level".

Sven Giegold (Greens/EFA, DE), rapporteur for the text amending the role of the European Banking Authority, said: "The ECB is not known as being the birthplace of democracy. But it will need to get used to democratic accountability... National members of parliament themselves are expecting us MEPs to secure proper accountability of the ECB supervisor".

Key areas in which Parliament pushed through changes:

- stronger accountability of the supervisor, including through the Parliament's approval of the appointment of Chair and Vice-Chair of the Supervisory Board, and their potential dismissal,
- stronger role for national parliaments, including organising hearings with supervisory board chair and members, and requesting written replies from ECB supervisor,
- better access to documents, both for the EU supervisory authority vis-à-vis banks and also for the EP and national parliaments vis-à-vis the EU supervisory authority,
- attractive participation conditions for non-Eurozone countries, to encourage as many as possible to participate, thereby reducing the risk of fracturing the single market,
- strict division of European Central Bank staff between monetary policy and supervision roles, to ensure accountability of the ECB supervisory arm, and
- strengthening the European Banking Authority (EBA), in relation to the ECB, and also improving its ability to conduct stress tests and obtain information from banks and national supervisors. The EBA will also be tasked with developing convergence of practices among national supervisors, while at the same time upholding the diversity of the EU banking sector.

Next steps

Parliament's plenary must still give its final approval of the deal in the near future. Meanwhile, national parliaments may also express their views and an inter-institutional agreement on detailed accountability and transparency rules will be hammered out by Parliament and the ECB.

Press release

For legal reasons, the details of Parliament's powers of control over the ECB supervisor will be set out in an inter-institutional arrangement.

Procedure: Co-decision (Ordinary Legislative Procedure), 1st reading (for rules amending EBA structure) and Consultation (for rules conferring supervisory tasks on the ECB)

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