

Basel III revision: MEPs want to ensure the EU banking model is not penalised

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The current revision of Basel III rules cannot result with increasing significantly capital requirements and it should promote the global level playing, said the economic and Monetary Committee MEPs in their vote on the finalization of Basel III, on Thursday.

Two principles

In their vote MEPs stressed that current revision of Basel III rules should be done according to two principles, the first one is “not to increase significantly overall capital requirements, while at the same time strengthening the overall financial position of European banks”, and the second one is “that the revision should promote the level playing field at the global level by mitigating - rather than exacerbating - the differences between jurisdictions and banking models and not unduly penalizing the EU banking model”.

MEPs are concerned that the early analysis of the draft reform package proposed by Basel Committee on Banking Supervision (BCBS) might not be compliant with those two principles and call on the European Central Bank (ECB) to ensure that they would be respected.

European banking models

MEPs also underlined the specificities of the European banking models, the different sizes and risk profiles that had to be taken into account to maintain their diversity and respect proportionality and a key role that banks play in financing the European economy. Banks were likely to remain the main source of finance for households and enterprises, especially SMEs, they said.

MEPs recalled the importance of a risk -based approach, with the same rules being applied to the same risk and reducing the scope of regulatory arbitrage. They underlined the key role of the European and national banking supervisors in ensuring convergence and that the rules would be matching different banking models.

Transparent decision making

In the text MEPs also stressed that the Commission, the ECB and the European Banking Authority should engage in the work of BCBS and provide transparent and comprehensive updates by regular briefings in the ECON Committee. BSBC decisions do not have legal force in the EU, they need to be transposed through the ordinary legislative procedure, the EP as colegislator would ensure a consistent implementation of new standards, says the text.

Nest steps

Discussion with the Commission representative and the plenary vote will take place during the November plenary session in Strasbourg.

Further information

Press release

- Committee on Economic and Monetary Affairs:
<http://www.europarl.europa.eu/committees/en/econ/home.html>

Contacts

Dorota KOLINSKA

Press Officer

Telephone number: (+32) 2 28 32787 (BXL)

Telephone number: (+33) 3 881 76725 (STR)

Mobile number: (+32) 498 98 32 80

Email: dorota.kolinska@europarl.europa.eu