



## Bank troubles and Eurozone's future shape dominate Draghi discussion

Committees: Committee on Economic and Monetary Affairs

**A "reasonable concept by the end of the year" for EU bank supervision is the top priority, ECB President Mario Draghi told Economic and Monetary Affairs Committee MEPs on Monday. The ECB could undertake this task, with the European Parliament having a central role to ensure democratic accountability and legitimacy, he insisted.**

At the committee's quarterly hearing, Mr Draghi fielded questions on the details of an EU banking union and the wider vision of where the Eurozone should be going. He complimented the efforts of the hardest-hit countries, particularly Ireland and Portugal, whilst also recognising those of Spain and Italy.

### EU bank supervision is top priority

Observing that quality must sometimes take precedence over speed, Mr Draghi nonetheless conceded that EU-level bank supervision would need concrete steps by the end of the year. Asked by Jean-Paul Gauzes (EPP, FR), how the ECB envisaged the role of bank supervisor, he replied that the ECB stood ready to fulfil it, but added that it was crucial that its monetary policy decisions should remain independent of its supervisor function. He also insisted that any increase in powers for the ECB would require more accountability, which would be best achieved by ensuring that the European Parliament plays a central role in it.

To other questions on the matter, Mr Draghi replied the EU supervisor should not "reinvent the wheel" and that national supervisors would always be relied upon for their knowledge of the domestic situation. Replying to Bas Eikhout (Greens, NL), on which banks should be supervised at EU level, Mr Draghi said that it was difficult to draw a clear line, but that the most pressing need was to supervise the large banks.

To a question on the latest banking scandal involving mortgage rate fixing, Mr Draghi replied, "I hope the ECB would have done a better job. This came as quite a shock".

MEPs also once again raised the problem of banks not passing on ECB interest rate cuts to households and businesses. Mr Draghi stressed that the ECB could not dictate business policy to banks but various MEPs replied that legislation could partly regulate this, even though Member States were currently resisting this approach.

### A different political system

MEPs also focused on the broader, long-run view for the Eurozone. Mr Draghi said that the recent European Council had sent a clear message and that it was now time for policy makers to communicate clearly on the need for reform. "To me, progress will automatically lead to a different political system to what we have now", he said. The road ahead would require more sharing of sovereignty, respecting the basics of the EU treaty, which already called for political union, and developing more democratic accountability, he added.

While recognising the need for deeper integration as the solution to the Eurozone's troubles, Mr Draghi stressed the importance of taking each step in the right order. Replying to a question by Udo Bullman (S&D, DE), on some ideas for pooling sovereign debt, Mr Draghi

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said that an EU transfer union would be the last, not the first, step in the deepening process.  
"The ECB is open to all good proposals but the sequencing element is just as important",  
he concluded.

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