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ESBG common response to the European Banking Authority consultation on the Draft ITS on currencies with an extremely narrow definition of central bank eligibility under Art. 416 (5) of the CRR.

WSBI-ESBG (World Institute of Savings and Retail Banks - European Savings and Retail Banking Group)

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First of all, the European Savings and Retail Banking Group (ESBG) would like to welcome the opportunity to share its views on this draft regulatory technical standards paper. Please find below some of our main messages and views.

With regards to this consultation we consider that there are at least two other countries that have not been included into the list, where the eligibility criteria are also very strict; these are the Czech Krone (CZK) and the Romanian Leu (RON). The respective central banks also allow supranational debt instruments as collateral in addition to central government debt or debt issued by the central bank. However, neither of the currencies are classified as being currencies with ‘narrow central bank eligibility by the EBA, and are thus not eligible for a waiver.

In our view, the inclusion of the eligibility of supranational debt by the Czech National Bank (CNB) and the Romanian National Bank (RNB) does not substantially change the original definition of ‘narrow central bank eligibility’, as the proportion of most banks’ Counter Balancing Capacity (CBC) that consists of supranational debt will not be material.

For example, in the case of the RON, there are only 3 eligible bonds issued by supranational institutions denominated in RON, two of them issued by the European Investment Bank (EIB) with a total volume of 450m RON (100m EUR) and one issued by the European Bank for Reconstruction & Development (EBRD) with a notional of 15 m RON (3.4m EUR). Those figures cannot really justify the decision not to consider the RON as a currency for which a ‘narrow central bank eligibility’ exists.

Therefore, our proposal is that the definition of the ‘extremely narrow definition of central bank eligibility’ should be extended so as to include supranational debt, which would mean that the CZK and RON will also be classified as currencies with narrow definition of central bank eligibility and hence will be eligible for a waiver according to Art. 416 (3d).

**About WSBI-ESBG (European Savings and Retail Banking Group)**

**WSBI-ESBG – The European Voice of Savings and Retail Banking**

WSBI-ESBG (European Savings and Retail Banking Group) is an international banking association that represents one of the largest European retail banking networks, comprising of approximately one-third of the retail banking market in Europe, with total assets of over €7,631 billion, non-bank deposits of €3,500 billion and non-bank loans of €4,200 billion (31 December 2011). It represents the interests of its members vis-à-vis the EU Institutions and generates, facilitates and manages high quality cross-border banking projects.

WSBI-ESBG members are typically savings and retail banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their region. WSBI-ESBG member banks have reinvested responsibly in their region for many decades and are a distinct benchmark for corporate social responsibility activities throughout Europe and the world.



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