

Extension of the term of office of
the Chairperson of the European
Banking Authority (EBA),
Committee on Economic and
Monetary Affairs (ECON) of the
European Parliament

17/11/2015

Initial statement of Andrea Enria, Chairperson of the EBA

Brussels, 17 November 2015

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Honourable Chair and Members of this Committee,

In my initial statement in front of this Committee at the confirmation hearing that took place almost five years ago I expressed a strong commitment to deliver the significant changes that were requested, in particular by the European Parliament, in response to the financial crisis: a resolute action to strengthen the European banking sector, the establishment of a true Single Rulebook in implementing the reforms of banking regulation, a full deployment of the new tools to foster genuine convergence in supervisory practices, a new attention to consumer issues.

I cannot claim today that the mission is accomplished, but can report that the EBA has managed to achieve significant progress in all these areas. European banks have significantly enhanced their capital position, which is now stronger than their peers in the US. We have provided extensive disclosure of bank data, essential to restore confidence in the soundness

of European banking – next week we will publish the results of our transparency exercise, which will put in the public domain up to 13,500 data points for each of the more than 100 banks in our sample. The Single Rulebook for banks has been put in place in key areas of prudential supervision and resolution: an impressive number of standards, guidelines and Q&As were finalised within very tight deadlines, and always with extensive engagement with relevant stakeholders. We made recourse to breach of union law investigations and mediation to address national decisions that threatened the integrity of the Single Market, always succeeding in restoring home-host cooperation, also in crisis situations. After a slow start, in the last two years we have made notable progress on consumer issues, addressing concerns raised by innovative products and delivering important own initiative guidelines on responsible mortgage lending and product oversight and governance.

The Banking Union is a game-changer for the EBA. We need a strategic refocusing in order to sharpen our perspective on the EU-28 Single Market and effectively act as a bridge between “ins” and “outs”. If the European Parliament will confirm me in my role, I intend to tackle this challenge via three lines of action:

- a) *developing a meaningful agenda for convergence in supervisory and resolution practices.* This will require developing new tools – for instance, benchmarking of supervisory outcomes, as we are doing within the framework of our extensive work on consistency and reliability of risk weighted assets –; reshaping old ones, such as stress testing and training of examiners; and a greater focus on policy issues (e.g. supervisory approaches to tackle conduct issues and cyber risk);
- b) *reviewing the impact of regulatory reforms on banking markets,* via a strengthened analytical function. The impact assessment studies conducted when issuing new rules are generally looking at existing business models and balance-sheet structures, but these are exactly the elements that change in response to regulatory changes. It is essential to understand whether these changes triggered by the new rules are having unintended consequences and whether the industry’s efforts aimed at minimising the regulatory burden are generating new pockets of risks in banking or in other parts of the financial sector. This will be crucial for the maintenance of technical standards and guidelines. But when changes are needed, the analysis will also pinpoint elements of excessive rigidity in the Single Rulebook, when too many

technical details are embodied into Level 1 legislation. Also, our analyses should focus on the complexity of the new framework and on the appropriate application of the principle of proportionality;

- c) *enhancing the contribution to consumer protection*, especially by deepening our policy role in front of financial innovation. Digital banking will be a challenge for supervisors in the coming years. We should avoid jumping the gun and hindering financial innovation and competition from new entrants, while ensuring an adequate protection of end users. This will be key in the area of payment services, and we welcome the mandates received in the second Payment Services Directive (PSD2); but also in other business areas, such as peer-to-peer lending.

The tight budgetary constraints that we have been facing do not support the development of the EBA's activities. For instance, our efforts to develop an ambitious platform for supervisory training are being frustrated because of budgetary and administrative restrictions. The support of the European Parliament on budgetary matters is much appreciated, although the problems seem to remain unaddressed.

I believe that during the first term of my Chairmanship we have established a good dialogue with the European Parliament, as well as with the Commission and Council. This has occurred at various levels – informal technical dialogue, advance warnings on delicate policy issues, participation in workshops and committees, formal hearings. As an Authority that treasures its independence, we are committed to full transparency and accountability. I hope we will be able to continue in this fruitful relationship.