



Banking Stakeholder Group

BSG 2011 19 ver2

12 August 2011

## **Minutes**

### **2<sup>nd</sup> meeting Banking Stakeholder Group 5 July 2011**

#### **1. Opening of the meeting**

1. The EBA chairperson, Andrea Enria, welcomed the members of the Banking Stakeholder group at the EBA premises in London.
2. As some BSG members notified the EBA of their late arrival, it was agreed to postpone the election of Chair and Vice Chair of the BSG. As a result the second agenda point was "*Comments to composition of BSG*" and third "*Appointment of Group's Chair and Vice Chair*".

#### **2. Comments to composition of BSG**

3. Andrea Enria informed the BSG that due to the fact that some organizations, who criticised the BSG's composition, did not provide their agreement for the publication of their comments, therefore the formal comments to the composition of the BSG have not been circulated to the BSG Members.
4. The BSG members have also been informed that the European Banking Federation requested an observer status at the Banking Stakeholder Group. It has been agreed that an observer status does not fit to the BSG structure, because the members should act in their personal capacity, based upon a unitary board structure.

#### **3. BSG Appointment of Group's Chair and Vice Chair**

5. Based upon the "*Note on the Selection Chair and Vice-chair*" (BSG 2011 15) Andrea Enria summarised the rules of appointing the Chair and Vice Chair.
6. Andrea Enria introduced the candidates for the Chair position: Christian Lajoie, Daniel Gros, Oliver Schuetz and Sony Kapoor. The candidates also presented themselves. Finally, on the basis of simple majority voting of the members present at the meeting, Sony Kapoor has been appointed as Chair.

7. For the position of Vice Chair two candidates have been considered: David T Llewellyn and Oliver Schuetz. On the basis of simple majority voting David T Llewellyn has been appointed as Vice Chair.

#### **4. EBA consultation practices**

8. Adam Farkas presented the EBA Consultation practices. It was explained that BSG will be consulted on 'regulatory' products (BTS/GL). The EBA will generally aim at a three-month consultation period for public consultation, unless reasons exist to the contrary, for example an external timetable is imposed or the measure requires urgent action. On EBA's initiative (where appropriate) the BSG or separate expert groups could also be invited to provide their input to the process of drafting BTS/GL, by providing expertise, rather than advocacy for specific national or institutional positions. The EBA will publish an annual work plan so that BSG Members are informed about forthcoming tasks.
9. The BSG members concluded that they would like to see the BSG provide its opinion before the public consultation process starts. Moreover the minimum timeline for the consultation process should follow the EU Commission standards.

#### **Action points**

- **EBA staff to check the EU COM's minimum timeline of consultation (done).**
- **EBA staff to provide to the BSG members the EBA workprogram as soon as it is available.**

#### **5. Update on EBA stress testing exercise**

10. Andrea Enria gave a brief update on the EBA stress testing exercise. The quality assurance and peer review is ongoing and the EBA has ongoing interaction with national supervisors and banks. The EBA has provided additional guidance where necessary. This included the application of the methodology (i.e. treatment of sovereign exposures, interest income in trading book,) and the treatment of business decisions before April 2011.
11. The revised data are being re-submitted. A date for the publication of results will be set following the completion of this process.
12. The BSG Members raised some questions on the limitations of the stress test exercise. Among others the BSG pointed out: data quality issues, model risk, the risk of misinterpretation of the results, far reaching disclosure framework and treatment of the results as a point estimates (the information on confidence intervals of estimation errors are not available).

## **6. Tour de table on consumer protection issues**

13. Andrea Enria informed that the EBA has established a Standing Committee for Financial Innovation (SCFI). The SCFI covers all aspects of the work mentioned in art. 9, i.e. both financial innovation and consumer protection and, more importantly, their intersection. During the first meeting of the SCFI it was agreed that in order to define an efficient way forward, the SCFI will coordinate its work with other EBA groups (SCRePol and SCOP), the other European Supervisory Authorities (ESMA and EIOPA) and other European and international *fora*. Two subgroups were established: the Sub-Group on Consumer Protection (SGCP) and the Sub-Group on Innovative Products (SGIP). There was also an agreement that SCFI's work should be forward looking and proactive rather than reactive.
14. The BSG shared their preliminary views on consumer protection issues which should be further identified, i.e. the issue of transparency (products, information, validation of information); treating customers fairly (financial advice, competition); mortgage lending; credits to SME; sales process; financial remuneration; the EBAs' rule to in harmonising the practices among national authorities; structured deposits; product liability; the risks being transferred to consumers; insurance for consumers; the role of intermediation; level playing field for customers.

### **Action points**

- **The BSG members to provide to BSG Chair and EBA staff their contribution to a discussion paper on consumer protection issues identifying topics for potential BSG engagement, in the short and medium term (deadline 12 August 2011). BSG Chair to finalise the summary paper (deadline 6 September 2011).**
- **EBA staff to provide the BEUC study on how consumer interests are taken into account by national financial supervisors (done).**

## **7. Tour de table on regulatory developments**

15. Arnoud Vossen presented an overview of main upcoming EBA regulatory developments. There is a great number of BTS/GL which are stemming from CRD III, draft CRD IV and Omnibus Directive.
16. Considering the limited capacity and number of tasks the BSG members agreed to identify the priorities where they would like to provide some contribution to the EBA. Initial discussion reveals following priorities: liquidity risk, level of capital, disclosure (Pillar III). The BSG's priorities should also consider the EBA workprogram.

### **Action points**

- **The BSG members to provide to BSG Chair and EBA staff the contribution on priorities, technical and time capacity of the members and suggested outcomes (deadline 12 August 2011). The**

**BSG Chair to provide the summary paper in this regard (deadline 6 September 2011).**

## **8. Organisation of BSG**

17. The BSG members follow up the discussion on point 7. It has been agreed that the structure of the informal working group will be further discussed after identification of the priorities and technical capacity.
  18. The BSG Chair and Vice Chair will make further steps regarding the identification of BSG members responsibilities. The BSG Chair suggested that each BSG member should name at least one issue for which he or she would like to be responsible, including the related expertise, timeline and suggested outcome.
  19. Adam Farkas explained that the reimbursement of costs for hotel rooms cannot exceed the ceiling set by the EU Commission (175.00 Euro for London).
- **EBA staff to check whether the reimbursement of cost for two night is allowed and under what constraints in case there is one day BSG meeting (done).**

## **9. AOB**

20. The issues of consumer protection, identification of priorities and organisation of BSG work will be further discussed during the next meeting.
21. The next BSG meeting will be held on 14th September in London. During that meeting the meeting schedule for next year will be presented.

## **Action points**

- **The BSG Chair and EBA staff to prepare the meeting schedule for 2012 (deadline 6 September 2011).**

## **Participants of the 2<sup>nd</sup> Banking Stakeholder Group meeting**

London, 5<sup>th</sup> July 2011

<b>Name</b>	<b>Representing</b>
Andrea Cesare Resti	Top-ranking academic
Andrew Thomas Procter	Industry
Arnold Kuijpers	Industry
Bostjan Krisper	Consumers
Christian Lajoie	Industry
Daniel Gros	Top-ranking academics
David T Llewellyn (Vice-Chairperson)	Top-ranking academics
Erik Berggren	SMEs
Giles Williams	Users of banking services
Guglielmo Zadra	Industry
Hiltrud Thelen-Pischke	Users of banking services
Javier De Andrés	Top-ranking academics
Louise Lindgren	Industry
Lubomir Christov	Consumers
Magdolna Szóke	Industry
Marcin Kawiński	Consumers
Michel Barbet-Massin	Users of banking services
Michelle Brennan	Users of banking services
Mónica Cueva Diaz	Industry
Oliver Schuetz	Industry
Pamela Walkden	Industry
Robin Jarvis	SMEs

Rudi Vander Vennet	Top-ranking academics
Sony Kapoor (Chairperson)	Consumers
Sylvie Bourguignon	Users of banking services
Ute Meyenberg	Trade unions
Zita Čeponytė	Consumers
Andrea Enria (Chairperson)	EBA
Adam Farkas	EBA
Arnoud Vossen	EBA
Tomasz Nastarowicz	EBA