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The start up of the new European Supervisory Authorities marks a major change in the institutional set up. I am very much aware that there is a need for discontinuity, for visible progress towards a more integrated regulatory and supervisory framework in the Union.

CEBS put a lot of efforts in achieving more convergence. But it could not deliver what was needed. In the spring 2007 CEBS published the results of a survey conducted amongst all stakeholders, including members of this Committee, to assess the progress made. I remember this as a moment of truth. A large majority of participants in the survey praised the work accomplished, the good quality of papers, the contribution to the integration of financial markets in the EU, the effective dialogue with all parties and the open consultation processes. But almost all market participants remarked that the Committee's work had not had any noticeable impact on day-to-day practices of national authorities. With the bursting of the crisis this lack of impact on supervisory actions became even more apparent, as responses were organised on a purely national basis.

The European Parliament called for change sooner than others and has brought innovations to the new institutional framework to make it happen. The European Banking Authority (EBA) is endowed with stronger powers; they are to be used to make sure that progress is achieved.

I am aware that this will be a major challenge: expectations are very high and the task is fraught with difficulties and conflicting interests. What I can bring to the process, if you confirm me in the position as

Chairperson, is my long-standing commitment to building a truly European perspective on these matters. Since my years at the European Central Bank I have had the opportunity to contribute to proposals that are now embodied in the regulation establishing the EBA. It was during those years that Tommaso Padoa-Schioppa, whom all people interested in the progress of the Union are going to miss deeply, put forward the idea of the single rulebook.

I am also convinced that the new institutional framework will be successful only if there is acceptance and commitment from national authorities and the ability to really work as a “hub and spoke” European system of supervision. In all likelihood, there will be more conflicts, as we won’t be looking for consensus at the expenses of the quality of the EBA’s work; but the institutional setting provides us with tools to manage these conflicts.

The tasks entrusted to the EBA are wide ranging; it will be necessary to set priorities and actively manage the expectations of all stakeholders.

In my opinion, the first priority should be the success of the European stress test exercise. European banks are still operating in a fragile market environment and we need to make sure that they are able to withstand a further severe shock and that those that aren’t strong enough are subject to appropriate supervisory actions.

Second, the EBA has to show its ability to deliver a true single European rulebook. In my view, priority should be given to the work on bank capital, liquidity, supervisory reporting and remunerations.

But as correctly stated in the report by Mr. Garcia-Margallo on the establishment of the EBA, “...it is not enough to converge basic financial regulations if the supervisory practices remain fragmented”. We will need

to develop clear convergence targets for supervisory methodologies and practices and check *ex post* their achievement through rigorous peer reviews.

Finally, we need to make the EBA's role understood and valued by the end-users of financial services, developing initiatives in the area of consumer protection in line with the objectives pursued by the European Commission under the Single Market Act.

I would like to conclude by saying that I am very attached to the independence of regulatory and supervisory authorities: independence from the industry, to avoid regulatory capture and cultural subjection; independence from national and European institutions, to avoid that other public policy objectives can distort the conduct of supervisory policies, thus resulting in the emergence of risks in the financial system.

But I am also well aware that when it comes to independence, accountability is the other side of the coin. If confirmed, I will actively pursue an open dialogue with this Committee, its Chairwoman and members. Besides the formal accountability tools envisaged in the regulation establishing the Authority, I think it would be essential to have a more frequent recourse to informal channels of communications, also by encouraging visits of MEPs to the EBA's offices in London and a constant dialogue with the Authority's senior staff.

Thank you very much for your attention; I would be happy to take your questions.