

PRESS RELEASE

**BANKS: Faissola, the new architecture of European supervision must be regulated**

*The first objective is to harmonise supervisory rules and practices so that they are applied and sanctioned equally by everyone.*

ABI agrees with the proposal of the EU Commission to set up new micro and macro prudential supervisory authorities and supports the creation of a rigorous and effective supervisory system also at European level, similar to that enjoyed by Italian banks at national level and that has enabled the banking sector to stand its ground even in the current crisis.

“The new proposal – stated ABI Chairman, Corrado Faissola, during the hearing at the Senate - represents an important step towards the integration, convergence and definition of common supervisory rules and practices that play a fundamental role in the regulation of the banking and financial sector”.

However, the Italian Banking Association believes that if the new European supervisory architecture is not properly governed, it could appear complex, and in some instances “baroque”, also due to the difficulty in “managing” the legal restrictions set by the Treaty and the political resistance of several Member states.

The regulatory proposals and the proposal for an *omnibus* Directive are currently being examined by the European Council and Parliament, and should be approved according to the joint decision-making procedure as a single “package” of rules. ABI therefore believes it is crucial to ensure that during the joint decision-making process, the role assigned to the European Authorities is strengthened.

For this reason, and with the aim of instilling strong and cohesive supervision at European level, in terms of both functions and rules, ABI has proposed several improvements to the proposals of the Community executive.

Firstly, the harmonisation of supervisory rules and practices can only be achieved if the new micro-prudential European supervisory authorities have the power to issue a *single EU rulebook* containing definite supervisory rules and practices that are applied and sanctioned equally by everyone. In other words, ABI believes that supervision must seek to avoid leaving unjustified room for Member states and, consequently, national authorities, to continue to operate in a regime of “regulatory competition”.

Secondly, the European Commission must not have the power to amend the technical standards adopted by the micro-prudential authorities, limiting itself to blocking homologation and explaining the reasons for such in writing.

Furthermore, ABI feels that an exchange of information between supervisory authorities and central banks is absolutely necessary, as well the heightened integration of systemic risk monitoring tools, both at monetary level and as regards operator solvency.

Lastly, as regards the debate on the review of Basel 2 and of the CRD (Capital Requirements Directive), ABI retains that capital requirements, although continuing to be linked to effective lending risk, should also take the bank business model into account. A distinction between investment banks and commercial banks would be appropriate. Raising the requirements of Basel 2 could actually have a significant impact on commercial banks and on their credit disbursement capacity.

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