

PRESS RELEASE

Final transposition of Basel 3 still remains insufficient to ensure a sustainable European economic sovereignty

The European Commission has just published its legislative proposal regarding transposition of the accords adopted by the Basel Committee in December 2017. The proposal still fails to respect the commitment by the national and European authorities that this transposition would not lead to a significant increase in capital for all banking communities. The effectiveness of the model for financing our continent's economy and its ability to compete equally with other geographical regions are at stake, at a time when the investment needs for climate and digital revolutions are gigantic.

The banking sector is ready to ensure that the mandate for the final transposition of the Basel accords is fully respected, over the long term, and does not believe that an increase in banks' capital is justified: the health crisis has proved the relevance of the banking model, and its ability to finance the economy without any impact on its solidity.

It is therefore essential that the good practices of our economy's financing model are recognised, whether in terms of housing loans, financing of SMEs, the role of financial markets that need to be developed, both to continue to effectively serve needs and to ensure equal competition with banks on other continents. This "level playing field" is vital to ensuring European strategic autonomy, at a crucial time when considerable financial investments are required in all business sectors in order to succeed, in an inclusive way, with the ecological and digital transition: €330bn/year for the ecological transition and €125bn/year for the digital transition according to the ECB.

In the framework of the negotiation process, which will last several months, the banking profession will continue to hold discussions with the European authorities to propose technical transposition solutions in line with these objectives and to further develop the European Commission's initial text, which entails several interesting proposals, but which lacks permanent and global reach.

Nicolas Théry, chairman of the FBF, says: *"This transposition proposal does not yet allow Europe to compete with other geographic areas in terms of investment and capital. It takes into account in temporary and partial ways the specific characteristics of our continent's financing model (such as the fact that financial markets and securitization are less developed in Europe, the smaller share of rated SMEs and the type of mortgage, particularly in France, that ensures broad access to property under very secure conditions). The Council of the European Union and the European Parliament must ensure, in a permanent and global frame, that strategic objectives enabling Europe to develop its autonomy in financing the climate and digital transition prevail, both for its companies and its citizens."*

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