



Press release

22 April 2010

Cooperative Banks see an urgent need for modification of regulatory package

In its comments to the consultations of the Basel Committee and of the European Commission services on tighter regulatory requirements for financial institutions, which ended on April 16th, the European Association of Co-operative Banks, voice of 4500 institutions in the EU stresses the need for numerous modifications, additional consultations and a second round of impact assessments.

"Improving risk capture and the quality of the capital base, controlling excessive leverage, addressing procyclicality in capital requirements and managing systemic risk are goals that we fully endorse", the EACB President, Mr. Piet Moerland, stated. "However, some concepts and scenarios are far from mature, many proposals need to be refined or re-calibrated. There are too many open questions so that we have serious doubts that combined effects and correlations of these proposals can be properly assessed. Therefore a second round of consultations based on refined proposals is necessary, as well as a macro-economic impact assessment. It has to be ensured that economic recovery and especially SME-lending are not hampered by new regulation.

While cooperative banks have mastered the stormy waters of the financial crisis well and have proven to be pillars of stability in many countries, they fear that many of the current proposals may affect their groups more than other banks:

"We very much appreciate that the European Commission acknowledges that shares of co-operative banks should be Core Tier 1 Capital, Mr. Hervé Guider, General Manager, emphasized. "However other proposals, such as the standards on liquidity call into question the concept of retail banks as deposit-takers and SME-financers. Moreover, those standards call into question the division of tasks in many decentralised networks. We seriously fear that this new regulation affects structures that have proven their value in the crisis.

EACB Contact:

General Manager: Herve GUIDER (Tel: +32 2 230-11-24), h.guider@eurocoopbanks.coop

About the EACB

The European Association of Co-operative Banks (EACB) is the voice of the co-operative banks in Europe. The EACB represents the interests of 28 co-operative banking associations at the European level. Founded in 1970, the organisation promotes co-operation amongst its members and represents the co-operative banking sector both in EU institutions as well as in dealings with the European Central Bank. With 4,200 institutions and 64,000 branches, co-operative banks are well represented within the European Union and play a leading role in the European economies and financial markets. They have a long tradition in serving 160 million customers, mainly consumers, retailers, SMEs and local communities. The co-operative banks in Europe have 50 million members, and finance one third of SME's in Europe .

AN ASSOCIATION ON THE MOVE