



Committee of European Banking
Supervisors



Regulating a Single Banking System

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European Banking Regulation: 3 Principles

- **National responsibility for banking supervision**
 - prudential supervision = task of national supervisory authorities with
 - different national supervisory systems
- **Harmonisation of certain minimum standards and mutual recognition**
 - EU Passport: single licence + home country control
 - consolidated supervision of cross-border banking groups
- **EU/EEA co-operation and co-ordination**
 - bilateral and group-wide (MoUs)
 - cross-EEA (CEBS)



CEBS

- **established as of 1 January 2004**
- **Level 3 “Lamfalussy” committee**
- **Supervisory authorities+central banks**
- **Tasks:**
 - to advise the Commission, in particular as regards the preparation of draft implementing measures in the field of banking activities;
 - to contribute to the consistent implementation of Community Directives and to the convergence of supervisory practices;
 - to enhance supervisory co-operation, including the exchange of information.





FSAP in the banking sector

- **Prudential Legislation:**

- transposition of Basel II into Directive 2000/12/EC (“Codified Banking Directive”) and 93/6/EC (“CAD”)
- Directive 2002/87/EC (“Financial Conglomerates Directive”), Directive 2001/24/EC (“Credit Institutions Reorganisation and Winding Up Directive”), future 3rd Money Laundering Directive, future Consumer Credit Directive, etc

- **Supervision:**

- consistent national implementation
- convergence of supervisory practices



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In the future, FSAP in the banking sector ... will be more about Level 3, i.e. implementation and supervisory convergence ... than legislation.



Main challenge: Basel II implementation

- **National discretions**
 - **Validation of IRB and AMA models**
 - **Supervisory Review Process (Pillar 2)**
 - **Home/host issues**
- ➔ ***How to***
- ***avoid unnecessary burden for the industry and***
 - ***meet justified financial stability and prudential concerns of supervisors in the cross-border context?***



Issues for consideration:

- **Specificities of the banking regulatory framework**
- **Legal/structural differences in the Member States**
- **Level playing field**
- **Bureaucracy**
- **Burdens for supervised entities**
- **Statutory responsibilities of supervisors**
- **Organisation of crisis management**
- **Level of regulation (Level 1/2 or level 3)**



The European co-operation system in banking supervision ... must be constructed on solid and tangible grounds ... rather than on impractical or premature ideas.



CEBS' view:

- **Further development of the existing framework, i.e.**
 - **Reinforced consolidated supervision**
 - Model approval (decision-making-power for consolidated supervisor)?
 - Reporting (co-ordination)
 - **Strengthened role of CEBS**
 - to promote convergence (Pillar 2, etc)
 - to ensure efficient co-operation and consistent co-ordination



Other areas of CEBS' work:

- **Convergence more generally**
 - e.g. HLPs on Outsourcing
- **Accounting and Auditing**
 - e.g. impact of IAS on prudential requirements
- **Reporting Requirements**
 - e.g. possible ways of reducing the reporting burden
- **Transparency**
 - e.g. Public Statement of Consultation Practices



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Thank you for your attention!

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