



Europe 2014-2019: funding the growth recovery

The French Banking Federation (FBF) has indicated that the key challenge for the future European commission on financial services must be to promote the funding of the European economy. In a document addressed to Brussels and the new MEPs, the FBF proposed initiatives that would contribute to European regulators' considerations for the 2014-2019 period.

The FBF notes that Europe has implemented ambitious reforms that make the eurozone's banking sector the most regulated and closely monitored in the world, particularly with the creation of the Banking Union and the banking crisis prevention and resolution mechanism. The reforms have resulted in major changes for banks, with considerable tightening of capital adequacy, liquidity and governance requirements.

In the FBF's opinion, the primary objective for European institutions should be a return to growth and more competitive businesses. Furthermore, supported by the implemented reforms, they must further affirm Europe's and the eurozone's voice within international organisations, in order to defend the unique features of the European funding model and the convenient universal banking model, which provide their clients with a comprehensive range of services to finance their projects, including both loans and market access.

The FBF has identified four priorities for effective European action in the area of financial services in the interest of all economic players.

1. Facilitate funding of Europe's economic recovery:

This is a challenge that requires:

- measures that promote long-term financing and quality securitisation;
- better use of European savings, the abundance of which is a competitive advantage for companies;
- the European credit-based funding model and the role played by universal banks to be preserved;
- development of market access for the purpose of corporate financing.

2. Launch a global impact study of regulations on funding the economy:

This assessment is vital to ensure coherent, effective action.

3. Better regulate the shadow banking system, which is in the process of being created, including in the area of payments, for client security:

Generally speaking, a level playing field should be the rule applied in all financial sectors.

4. Bring accounting systems into line with real European economic situations:

European sovereignty in the accounting sphere must be reinforced and mechanisms for adopting IFRS in Europe must be improved.

Vigilance concerning regulatory projects underway

New international regulatory projects such as the hedging of a bank's exposure to interest rate risk or the tightening of the leverage ratio could hamper the banking sector's ability to fund the economy. Furthermore, two projects underway – the separation of banking activities and the European tax on financial transactions – would be considerable handicaps for economic activity and work directly against the target of growth recovery in Europe. The European economy needs large banks to compete in the world economy.

Contacts:

Colette Cova – tel: +33 (0)1 48 00 50 07 - e-mail: ccova@fbf.fr

Press relations: +33 (0)1 48 00 50 70

www.fbf.fr

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