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## Press release

### **Single banking supervisory mechanism: French banks have strong expectations one year after a successful launch**

Following its successful implementation one year ago, the new single supervisor faces a twofold challenge: ensure efficient control of the euro zone banks, whilst preserving their ability to finance the economy.

Taking into account the specific features of the European banking model, both by the Single Supervisory Mechanism and the international bodies of which it is a stakeholder, is essential to make this fundamental pillar of the Banking Union a real success for Europe.

#### **Successful implementation**

The Single Supervisory Mechanism (SSM) for euro zone banks entered into force on 4 November 2014 with the goal of establishing and enforcing identical supervision rules suited to the dimensions of cross-border banking groups. Before the SSM entered into force, there was an unprecedented, exhaustive and demanding review of the quality of banking assets. This review confirmed the financial strength of French banks, based on their diversified model and thorough management of their risks.

From the start, the French Banking Federation has lent its support to the Banking Union. This is a structural project that is contributing to the construction of European Union and the euro zone in particular. In so doing, and one year after entering force, the SSM has been a true step forward in favour of stability and security in the European banking sector.

#### **A challenge for the future: preserve the capacity of banks to finance the economy**

After successful completion of the first stage, the single supervisor must now contribute to the emergence of a strategic vision on what will be the funding of the euro zone economy. This is the major challenge in the years to come for growth and jobs. Supporting and

accompanying the euro zone economic ambition makes it imperative not to hinder the ability of its banks to distribute credit and not weaken their competitiveness.

In this respect, French banks would like the single supervisor to provide banks with visibility regarding the objectives to be complied with regards to capital, whilst taking account of the competitiveness challenges of financial institutions in the euro zone, though also in relation to other geographic zones. They hope that the single supervisor will make the voice of the euro zone heard at the level of international financial standard setting bodies such as the Basel Committee and the Financial Stability Forum in which the Single Supervisory Mechanism participates. Harmonisation of international banking regulations must not automatically lead to a standardisation of banking models. To support its economic ambition, the euro zone specifically needs large financial institutions.

Marie-Anne Barbat-Layani, CEO of the French Banking Federation stated: *“The first anniversary of the Single Supervisory Mechanism is an opportunity to make a positive assessment of its implementation. The banking profession has strong expectations of the SSM as its role is instrumental for the evolution of the banking landscape of the euro zone and the competitiveness of its institutions. That is why we hope it will make the voice of the euro zone and the specific characteristics of the European economy’s financing model heard more with international bodies”.*

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