

Paris, 12 July 2016

PRESS RELEASE

**ECOFIN council's conclusions on "Basel IV":
The French Banking Federation (FBF) welcomes the heightened awareness of
the European authorities and their desire to avoid a negative impact on the
European economy**

The conclusions reached today by the EU's Economics and Finance Ministers regarding the Basel committee's current work send out a clear signal and are a major step towards protecting the financing of the European economy.

Ministers have highlighted the need to stabilise the regulatory framework of banks. They requested a prior impact assessment of the various banking models, and of the different geographical areas. Reiterating the position of the G20, they emphasised that there should be no significant increase in capital requirements, and stated that this objective should be verified at the European level.

The FBF points out that the Basel Committee's current work, which is at the proposal stage for the moment, may have a major impact on European banks and calls into question their ability to finance the economy. Beyond overall the calibration of the proposals, certain sources of finance which are key to European growth may be particularly affected. For example, the cost of infrastructure financing would close to quadruple and aircraft financing would be multiplied almost sevenfold!

European ministers therefore sent out a strong signal to the Basel committee regarding the protection of the financing of the European economy. Europe cannot accept a major increase in capital charges which would, first and foremost, affect European banks, while the European banking sector finances 80% of the economy.

European ministers also reiterated their commitment to banking regulations based on risk, which also appears to be called into question by the work of the Basel committee.

European Financial Services Commissioner Jonathan Hill highlighted the fact that the work of the Basel Committee "must be made to work for Europe".

Marie-Anne Barbat-Layani, Chief Executive Officer of the FBF, stated: "It is essential that European ministers are kept up to date on the work of the Basel committee and its impact on the European economy. They must be able to ensure that this work leads to stability in terms of capital requirements for the European banking sector."

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