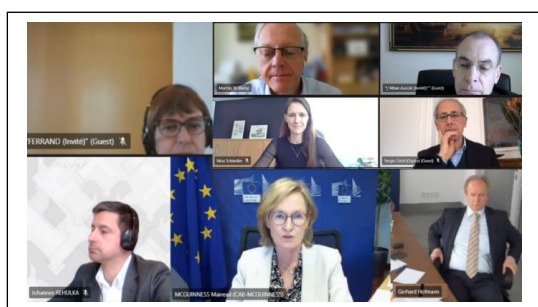




Brussels, 13 April 2021

## **PRESS RELEASE**

### **Commissioner McGuinness in exchange with EACB Board members on co-operative banks' role in post COVID-19 pandemic recovery**



On the occasion of the 34<sup>th</sup> Board meeting, the Board of the EACB exchanged with the Commissioner for Financial Services, Financial Stability and Capital Markets Union, Mairead McGuinness, on the co-operative banks' priorities in the post COVID-19 pandemic recovery.

Commissioner McGuinness stated:

*"Over the last year, banks have played a key role in continuing to lend to households and businesses, helping to cushion the economic impact of the pandemic.*

*As we move out of the crisis, it is essential that the right conditions are in place for a fair recovery.*

*I welcome and thank the EACB for being part of our stakeholder roundtable process, focused on addressing the problems arising from the pandemic."*

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The Board presented to Commissioner McGuinness the specific business approach of co-operative banks, their added value for society and the stability of the banking sector. Topics on the agenda included the COVID-19 dialogue, the Basel III implementation and the revision of the crisis management framework.

The Board further underscored that mitigating the effects of the economic crisis and supporting their members/customers would remain a priority for European co-operative banks. Risks of cliff edge effects are real and would have to be countered with the joint efforts of national governments, EU institutions and the industry. As co-operative banks have a large focus on SMEs and consumer banking, members expressed to the Commissioner their will to participate in the next meetings of the Commission's COVID-19 Roundtable in order to contribute towards concrete results.

In this context, EACB President, Marttin Berry, underlined the particularities of the co-operative banking model: Co-operatives banks are geared towards creating member benefit and not on maximizing profit. This is exemplified by the EACB's strong ties with more than 85 million

**The voice of 2.700 local and retail banks, 85 million members, 214 million customers in EU**

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members of co-operative banks in the EU and their communities. Therefore, co-operative banks would uphold their vocation in standing by their customers particularly during the current crisis.

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Berry Marttin pointed out:

*"With their commitment to their members and their communities, co-operative banks are the biggest social movement in the EU."*

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The Board expressed their concerns to the Commissioner regarding the European implementation of the final stage of Basel III at a moment when the economic situation remains uncertain, and all efforts should be focused on a rapid recovery. In this context they reiterated their wish to postpone the Basel III implementation, as the implementation would be challenging and will lead to considerably higher capital requirements for banks. Moreover, the implementation should reflect as much as possible the realities of the European economy to avoid additional capital charges and administrative burden. A solution would have to be found especially regarding the output floors for internal models as well as unrated corporates and equity holdings under the standardized approach. In this context, the European Commission should reflect on the decentralised group/network structures of European co-operative banks.

On the revision of the Framework for Resolution and Deposit Protection, the Board of the EACB highlighted that any revision of the framework should take into consideration the particularities of the co-operative banking, such as their specific legal forms, the operational arrangements and structures, and especially the co-operative solidarity mechanisms.

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