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PRESS RELEASE

Michael Hager, Head of Cabinet of the Executive Vice-President Valdis Dombrovskis (EC), in exchange with EACB Executive Committee on co-operative banks' key topics



On the occasion of the 43rd Executive Committee meeting, EACB members discussed virtually with Michael Hager, Head of Cabinet of the Executive Vice-President Valdis Dombrovskis (EC), on themes under his remit that are central for co-operative banks.

In the exchange with Mr. Hager, Executive Committee members illustrated the specific business approach of co-operative banks, their added value for society and the financial system as a whole since they play a stabilizing role in the banking sector. During these fruitful discussions, EACB members reiterated their key concerns on dossiers ranging from the Basel implementation to the Digital and Sustainable Finance agendas, the revision of the framework for crisis management and deposit insurance.

Head of Cabinet Michael Hager, stated:

“Over the years of service at the Commission, I came to fully appreciate the role played by co-operative banks in the economy and the trust they built with customers thanks to their proximity to the needs of the local communities. When looking at the implementation of Basel III, the European Commission is carefully listening to the concerns pointing to substantial increases of capital requirements. In times of recovery the ability of EU banks to lend should not be undermined. The revised impact assessment will analyse a range of options. We will work on implementing the agreement in a way that is faithful to the standard while at the same time taking proper account of European specificities.”

As 2021 will be a decisive year for the recovery of the European economy, EACB members stressed that it is of utmost importance that the European Commission achieves an implementation of the final elements of Basel III in the EU that takes into account the effects of the crisis and the long-term prospects of the EU economy and banking sector, avoiding a significant capital increase that would also dampen the recovery.

On this topic, Nina Schindler, EACB CEO, underlined:

“In particular, the Basel III implementation should properly reflect the decentralised nature of co-operative banking groups and networks, which would require a calculation of the output floor at consolidated level only. Adequate rules on equity holdings are also needed as well as consideration of the large amount of unrated corporates in the EU and the specificities of our real estate sector.”

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

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On the review of the bank crisis management and deposit insurance framework, EACB members insisted on the importance of taking into due consideration business models, funding structure and the risk profile of institutions as key elements in policy design and implementation.

Regarding the launch of the renewed EU sustainable finance strategy, EACB members believe that it should preserve simplicity and feasibility of measures. It is essential that SMEs and households can successfully participate in the green transition.

The EACB President, Berry Marttin, emphasised:

“Doing sustainable business and promoting social cohesion are the roots of co-operative banks. Therefore, it comes naturally that the members of the EACB are strongly engaged in the green transition and are actively involved in the discussion on the objective for a green and socially sustainable Europe.”

As to the digital agenda, EACB members highlighted the need for caution pressing ahead decidedly with *open finance*. It is key that banks are able to take stock of the lessons that can be learned from PSD2 and to allow the market to adjust to it and – under its own steam – to improve on its envisaged outcomes. Policy measures do not create the right incentives for real innovation in data sharing if they force access by one side of the market to assets of another without some benefits for both sides. Nor does the absence of the possibility to contract between parties allow for good operational risk management.

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About the EACB:

The **European Association of Co-operative Banks (EACB)** is the voice of the co-operative banks in Europe. It represents, promotes and defends the common interests of its 27 member institutions and of co-operative banks in general. Co-operative banks form decentralised networks which are subject to banking as well as co-operative legislation. Democracy, transparency and proximity are the three key characteristics of the co-operative banks' business model. With 2,700 locally operating banks and 52,000 outlets co-operative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system. They have a long tradition in serving 214 million customers, mainly consumers, retailers and communities. The co-operative banks in Europe represent 85 million members and 705,000 employees and have a total average market share of about 20%.

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