



Brussels, 17 March 2022
MS/MK

**EACB comments on
EBA Consultation Paper “Guidelines on the benchmarking exercises on the
remuneration practices, on the gender pay gap and on approved higher ratios under
Directive 2013/36/EU”
(EBA/CP/2022/02)**

The EACB welcomes the opportunity to comment on the EBA consultation on the revision of the Guidelines on the remuneration benchmarking exercise under Directive 2013/36/EU.

The proposed updates are clearly meant to implement the amendments to the framework introduced by CRD V. We consider essential that in doing so the revised GLs do not create administrative requirements that are too onerous and burdensome for banks and overall disproportionate. In this regard, while we understand the EBA’s intention to ensure a benchmarking of the gender pay gap that covers a representative sample of institutions, we believe that extending the scope of institutions in scope for the gender pay gap data collection to those with total assets below € 5 billion would result in a disproportionate burden.

Please see below our answers to selected questions outlined in this consultation paper.

Q1 - Is the section on subject matter, scope, definitions, addressees and implementation appropriate and sufficiently clear?

xxx

Q2 - Is the section on the scope of institutions appropriate and sufficiently clear?

➤ Scope of institutions for the remuneration data collection (1.1. para. 15 and 16)

According with the Draft GL, when collecting and submitting remuneration data to the EBA, competent authorities should collect the data from the largest institutions in terms of asset volume in their Member State ensuring a coverage of at least 60% of the banking system’s asset volume in that Member State. We understand that banks - starting with the largest banks and going further down - are included as long as 60% of the banking system’s assets are reached. It would be helpful to know how the information will be passed on, which banks are included in the sample, and which ones are not. We believe that there should be a clear and transparent process for communication by the competent authorities to the institutions subject to the sample.

According to the proposed Guidelines, competent authorities should then inform the EBA about the list of institutions that should be included in the remuneration benchmarking and the gender pay gap benchmarking exercise. The Guidelines do not state neither how the process of informing the relevant institutions has to take place nor if the list of the chosen institutions will be published somewhere.

The voice of 2.700 local and retail banks, 87 million members, 223 million customers in Europe

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➤ Scope of institutions for the gender pay gap data collection (1.2. para 17)

As regards the scope of institutions for the gender pay gap data collection, the revised GLs outline that the information on the gender pay gap shall now be provided also by institutions with total assets of up to € 5 billion if they do not qualify as small and non-complex in accordance with point (145) of Article 4 of Regulation (EU) 575/2013. We would like to point out that this is different from the scope of data collection under the benchmark remuneration trends and practices.

While we understand the EBA's intention to ensure a benchmarking of the gender pay gap that covers a representative sample of institutions, EACB members believe that there is no reason to extend the scope of institutions beyond the addressees of the remuneration benchmarking. Considering the limited informative value of an unadjusted gender pay gap (please see below our answer to Q6) and the increased administrative burdens going along with the collection of the data, we are of the view that the scope should not be extended. It would be more appropriate to limit this exercise to institutions that are already obligated to collect and submit data for the remuneration benchmarking.

Q3 – Is the section on the procedural requirements for institutions appropriate and sufficiently clear?

xxx

Q4 – Is the section on the procedural requirements for competent authorities appropriate and sufficiently clear?

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Q5 – Is the section on the instructions for the remuneration benchmarking exercise appropriate and sufficiently clear?

xxx

Q6 – Is the section on the instructions for the gender pay gap benchmarking exercise appropriate and sufficiently clear?

Annex 4 "Information on the gender pay gap" of the draft guidelines and Section 6 "Additional instructions for the gender pay gap data in Annex 4" require separate sets of data on the gender pay gap for all staff and for identified staff. EACB members consider this approach rather restrictive as it does not take into account the quality of the job, but it is suitable for determining the pay spread within the staff and visualize its distribution among male and female staff. We think that this approach could be acceptable provided that the results from this exercise will not be used to derive qualitative conclusions regarding the state of gender-neutral remuneration, given that such evaluations always necessitate a prior assessment of the comparability of job activities and tasks as well as other factors.

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Q7 – Is the section on the instructions for the data quality and in Annex 7 appropriate and sufficiently clear?

xxx

Q8 – Are the Annexes on the data collection appropriate and sufficiently clear?

In accordance with Annex 1 of this draft GL, institutions are required to provide general information and information on remuneration of all staff. In this context, we would like to point out that there is an overlap between this data and information that is to be disclosed pursuant to Article 450 CRR and the Commission Implementing Regulation (EU) 2021/637. To this end, paragraph 3 in section 3 of the consultation paper underlines that the remuneration benchmarking data collection is based mainly on this disclosed information.

In light of the above, we believe that collecting data by means of Annex 1 goes beyond necessary, as it targets information that is already collected under disclosure requirements. This is even more the case given the fact that the information for the remuneration and gender pay gap benchmarking exercises has to be subdivided into different business areas (differently from the disclosure rules). In addition, we would like to stress that the breakdown into the business areas as described in Annex 1 is not uniformly implemented in all institutions.

In view of the aforesaid, although the relevant sets of information to be reported are nearly identical, institutions would nevertheless be required to prepare this data twice. We firmly believe that the additional bureaucratic burden that this double reporting requirements entail for the institutions should be avoided. From our point of view, it would be preferable to coordinate the data sets required for the remuneration benchmarking with the ones required for disclosure so that both can be fulfilled at the same time.

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