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PRESS RELEASE

Co-operative Banks stress that shortening of the recapitalization period of banks in Europe is not the right remedy to the crisis at this moment

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In a letter addressed to President Barroso, co-operative banks that cannot raise common equity on capital markets, *fear that for many the cut down of balance sheets will be the only option to provide for higher capital ratios in the short run. This could have a very negative impact on the financing of the real economy and specifically the financing of SME at the local level*” said a representative of co-operative banks.

The Co-operative Banks, who showed resilience during the crisis and did not disengage from the financing of the “territories”, highlight the inappropriate nature of current proposals. *Shortening of the recapitalizing period of banks would be to prescribe the wrong medicine to the economy. The causes for concern are sovereign debts* said the EACB.

In any event, EBA stress tests should respect the transition periods for Basel III and not anticipate new capital definitions. said Hervé GUIDER- EACB General and conclude that cooperative banks call for *strong Community governance and better surveillance procedures in some Member States.*

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About the EACB:

The European Association of Co-operative Banks (EACB) has been the voice of co-operative banks at a since 1970. It represents, promotes and defends the common interests of its 27 member institutions and of cooperative banks in general. Co-operative banks form decentralized networks which are subject to banking as well as co-operative legislation. With 4,200 locally operating banks and 65,000 outlets, co-operative banks play a major role in the financial and economic system. In their long tradition, they serve more than 176 million customers, mainly consumers, SMEs and communities. Europe's cooperative banks represent 50 million members and 750,000 employees and have an average market share of about 20%. Their resilience during the crisis make co-operative banks a key driving force in the economic recovery. www.eurocoopbanks.coop

The voice of 4.000 local and retail banks, 50 million members, 176 million customers

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