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PRESS RELEASE

Co-operative Banks Exchange with High-Level Speakers on the Topics of Digital Euro, Banking Union and Sustainability During the EACB 46th General Assembly



The **European Association of Co-operative Banks** (EACB) held yesterday its **46th General Assembly (GA)**. The Assembly welcomed as high-level guest speakers: **Mr. Tuomas Saarenheimo**, President of the Eurogroup Working Group, Ms. **Annina Tanhuanpää**, Member of the EFRAG Sustainability Reporting Board and Mr. **Wim Boonstra**, Special Economic Adviser at Rabobank. Discussions focussed on crucial topics for co-operative banks, namely the digital euro, the Banking Union and the new sustainability reporting standards.

The meeting with Mr. Saarenheimo allowed for a first-hand account of the negotiations and discussions at Eurogroup level on topics of key relevance for the EU and to exchange key EACB messages on the strengthening of the Banking Union and the Euro as a digital currency.

“Looking at the Eurogroup’s work on a digital Euro, the impact that a digital Euro would have on credit institutions and the broader ecosystem is one of the priorities, there is no intention to foster disintermediation; also the stability of financial institutions is a key concern. In our reflections, the introduction of a digital Euro to the broad public would certainly be a task for the banking sector”, stated Mr. Saarenheimo. On the topic of the Banking Union, he declared: “The work on the Banking Union has made considerable progress. This led to the plan for a targeted reform of the crisis management framework and the relevant interactions with national Deposit Guarantee Schemes. The intention is not to overhaul the BRRD framework but introduce some necessary adjustments. Especially for the public interest assessment, the use of DGSs and the link with the Single Resolution Fund, and aspects relevant under State Aid Rules, making resolution a practical solution for a wider set of cases. This should not mean that very small banks that only refinance with deposits should have to issue more bailinable debt. The Eurogroup is also well aware of the presence and importance of solidarity mechanisms like institutional protection schemes. Overall, the objective is to ensure a more effective and predictable crisis management framework ».

Berry Martin, EACB President, underlined that *“Members of the EACB General Assembly were very honoured to engage with Mr. Saarenheimo today, in particular on the developments related to the completion of the Banking Union and the reflections around the digital Euro which are crucial for co-operative banks due to their specificities. Co-operative banks have specific organisational and structural features that need proper*

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recognition in the resolution planning context, such as solidarity mechanisms like cross-guarantees and institutional protection schemes, democratic governance, inverted ownership pyramid”.

Wim Boonstra, Special Economic Adviser at Rabobank and endowed professor in Monetary and Economic Policy at the Vrije Universiteit of Amsterdam, shared his expertise on the Digital Euro and its risk and opportunities for co-operative banks. During his intervention he declared: *“The introduction of a digital euro, issued by the central bank, will fundamentally change the banking landscape. If well-designed, as an addition to the existing financial system, it may contribute to a stronger and more competitive banking landscape. However, a wrongly designed Central Bank Digital Currency (CBDC) may undermine financial stability and disintermediate the existing banks. It is important to address these topics, before decisions are being made on technical issues”.*

The discussions further continued with **Ms. Annina Tanhuanpää**, Member of the EFRAG Sustainability Reporting Board and Director of ESG and Corporate Responsibility at OP Financial Group on the Sustainability Reporting. Ms. Tanhuanpää stated: *“The new sustainability reporting standards will be an important disclosure of co-operative banks' valuable work locally for their clients and for the environment. The new reporting set is extensive but there are elements which many co-operative banks are already reporting, such as impacts on the local communities and climate targets. However, there will be entirely new reporting areas and therefore I encourage all the co-operative banks to assess their sustainability work against the new requirements”.*

Finally, during the meeting, members of the EACB General Assembly elected Mr. Benoît de La Chapelle-Bizot from BPCE Group and re-elected Mr. Holger Mielk from BVR as EACB Internal Auditors for a term of two years.

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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 223 million customers, mainly consumers, retailers and communities. The co-operative banks in Europe represent 85million members and 705,000 employees and have a total average market share of about 20%.

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