

# Banking Union - annual report 2019

2019/2130(INI) - 26/02/2020 - Committee report tabled for plenary, single reading

The Committee on Economic and Monetary Affairs adopted the own-initiative report by Pedro MARQUES (S&D, PT) on Banking Union – annual report 2019.

The report stressed that a more stable, competitive and convergent Economic and Monetary Union requires a solid Banking Union and a more developed and safe Capital Markets Union, as well as the creation of a budgetary instrument.

The completion of the Banking Union is a vital contributor to the international perception of the euro and its increased role in global markets. It remains incomplete as long as it lacks a backstop for the Single Resolution Fund (SRF) and a European Deposit Insurance Scheme (EDIS) as the third pillar of the Banking Union.

The Banking Union still lacks effective tools to tackle problems consumers are facing: artificial complexity, unfair commercial practices, exclusion of vulnerable groups from using basic services as well as limited involvement of public authorities.

## ***Banking Union challenges***

Despite the progress made regarding the implementation of the Banking Union, Members stressed that further progress has to be made on risk sharing and also on risk reduction in order to tackle challenges that remain in specific institutions.

Stressing that the Eurogroup is neither an institution, a body nor an agency of the European Union but an informal intergovernmental forum of discussion, the committee regretted the fact that Member States continue to act outside the Community framework, jeopardising Parliament's role as co-legislator and its right to democratic oversight.

Members noted the current prospect of low risk and low profitability in the banking sector. They highlighted the fact that low interest rates persist as a response to the current macroeconomic situation.

## ***Brexit***

Members stressed, furthermore, that economic slowdown and geopolitical tensions, including the effects of Brexit, as well as cyber risks and data security, are among the major challenges the EU banking sector is facing, in addition to climate change and the risks of money laundering and terrorism financing. They took note of the practice of UK firms of establishing branches in the EU in order to continue providing services. In this regard, they stressed the importance of a level playing field in financial regulations between the EU and the UK after Brexit and the need to prevent a regulatory race to the bottom.

## ***Supervision***

The report welcomed the progress made in the banking sector in reducing risk and increasing financial stability. However, fragilities still remain in specific institutions and that further progress is required. It underlined the importance of protecting consumer rights, namely regarding banking fees and the transparency of product costs, profitability and risks.

Members requested increased transparency standards in banking supervision, for instance in the outcomes of the supervisory review and evaluation process, in order to reinforce the trust of capital and financial markets, companies and citizens, as well as to ensure consistency of treatment across Member States.

The Commission is called on to evaluate in 2020 the current state of the credit rating agencies market, to assess it in terms of competition, information asymmetries and transparency to the markets.

### ***Resolution***

Members welcomed the fact that the Single Resolution Board (SRB) has not been required to take resolution action in 2019. They urged the Commission to review whether the legislation is adequate to ensure that all banks could, if needed, be resolved without the need for taxpayers' money.

### ***Deposit insurance***

Lastly, the report noted that the Banking Union still lacks its third pillar. Members urged the completion of the Banking Union through the creation of a fully implemented European Deposit Insurance Scheme to protect depositors against banking disruptions, ensure confidence among depositors and investors across the Banking Union and reinforce the stability of the euro area as a whole.