

Report on capital adequacy of banks, Basel II

2001/2257(INI) - 08/07/2003

The committee adopted the own-initiative report drawn up by Alexander RADWAN (EPP-ED, D) in the context of the final phase of the planned revision of the Basle II capital adequacy rules for banks active on the international markets. It welcomed the basic principles of the new Basle Accord but was concerned that the cost impact of the new rules on firms of all sizes and from all affected sectors should be properly assessed. The report regretted that no adequate study of the impact of the new capital adequacy rules on financing conditions for SMEs had been carried out at European level, and called on the Commission to carry out the planned SME study as quickly as possible. While welcoming the many improvements obtained in the course of the negotiations, it called for the risk weightings for SMEs to be reduced further via the retail loan threshold and for more attention to be paid to the problems connected to the financing of start-ups. It also welcomed the Commission's intention to assign a lower risk weighting to mortgage bonds, in contrast to the Basel Committee. Lastly, the committee wanted to see a study on the impact on the economy as a whole and guarantees of democratic controls - through amendments to Article 202 of the EC Treaty - on implementing legislation and the Lamfalussy procedure, which would give Parliament the right to "call back" and examine again the rules introduced under "commitology".