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Press release | 27.06.2013

Resolution of failing banks

Weak Council position preserves à la carte safeguards for 'too big to fail' institutions

After several months of discussions, the Council agreed this morning on its general approach on the Banking Recovery and Resolution Directive, opening the way to negotiations with the European parliament, which had adopted its own position in May. The objective is to reach a final agreement by the end of the year. The directive, which aims to limit as much as possible the use of taxpayer money in rescuing failing banks, represents a key pillar of EU banking union.

Commenting on the compromise proposal, **Philippe Lamberts**, Greens/EFA MEP and group spokesperson on economic and monetary affairs, said:

"The absence in many EU countries of clear rules on bank recovery and resolution played a central role in the chaotic response to the financial crisis and a consistent, common EU rulebook is urgently needed. Given the devastating impact that rescuing failed banks has had on exchequers in a number of EU member states, the overriding goal should be to limit as much as possible taxpayers' exposure to future bank failures and ensure that public money is only used as a last resort. It's therefore also urgent to preserve the integrity of the internal market through a common set of rules and standards.

To this end, the creation of an ambitious toolbox that will allow assessment of a bank's resolvability, elaboration of robust pre-agreed crisis plans and action to improve them where necessary, and followed by the power to bail-in shareholders and large creditors well ahead of depositors and taxpayers, should be the overarching priority. However, the agreement reached in the Council, the outcome of a complicated mix of narrow national interests, is worrying and will lead to difficult negotiations with the Parliament.

While the Council and the Parliament both agree on the need to fully protect insured deposits up to €100 000, the high level of discretion left to member states to bail-in other private creditors weakens the aim of creating a harmonised rulebook across the EU. It also represents a dangerous backtracking on the overall ambition of breaking the vicious circle between states and banks by limiting taxpayer contribution to a last resort measure.

The Greens will now assess the differences between the two positions with a view to negotiating proactively to preserve the elements in both texts that reinforce the original Commission proposal. The Greens aim to maintain the impetus for a genuine banking union, a crucial element for Europe to rise to the challenges it *currently faces."*

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Responsible MEPs

Philippe Lamberts

Co-President

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