Press release | 03.11.2014

EU banking supervision

Milestone for financial stability but work in progress

The new European banking supervision mechanism will officially begin its work tomorrow under the responsibility of the European Central Bank (ECB). The most important banks in the Eurozone will be under direct supervision, with the ECB having an indirect responsibility for all other banks. Ahead of the launch Green economic and finance spokesperson **Sven Giegold**, who was European Parliament draftsperson for part of the EU's banking supervision legislation, said:

"The launch of the single European banking supervision is a milestone for more financial stability in Europe. It will finally draw a line under the often lax national banking supervision, which played a significant contributory role in the financial crisis and led to €5 trillion of European taxpayers' money being put on the line to rescue failing banks. Common European supervision will enable a more comprehensive, systemic assessment of the financial sector and remove the blurred role that hampered national supervision.

"Importantly, this new supervisory authority will be accountable to the European Parliament, providing democratic control of its crucial remit. Parliament must ensure both that the ECB carries out effective oversight but also that it does not overwhelm smaller financial institutions with unnecessary bureaucracy.

"While this important milestone should be warmly welcomed, it is also a reminder that European banking supervision is a work in progress. The fact that the ECB is responsible for this supervision was clearly a second best solution, largely due to the current EU treaties. It has led to an undesirable concentration of powers in the ECB, with the potential for conflicts of interest. In addition, conglomerates of large insurance companies and banks cannot be effectively supervised by the ECB for legal reasons. Clearly, these flaws should be resolved and the Greens will continue to push for a change to the European treaties to enable the creation of a truly independent authority for common banking supervision."

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Sven Giegold

Member

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