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Press release | 19.03.2013

EU banking union

Landmark banking supervision deal includes key provisions on democratic accountability

An agreement on new EU legislation creating a European banking supervision mechanism was reached in negotiations between the European Parliament, Council and Commission today. The Greens welcomed the outcome on the two legislative files on banking supervision, with Green finance spokesperson **Sven Giegold**, who is draftsperson/rapporteur for the EP on the European Banking Authority supervision file, stating:

"This agreement is a major landmark in the move to create a European Banking Union and towards a true economic union. The Greens have long argued for stronger banking oversight and regulation, with a European approach to reflect the complex cross-border nature of the sector. The supervisory authority agreed today will overhaul the current disjointed light-touch national supervision and oversight, which has enabled financial institutions to engage in risky activities, the wider, devastating economic consequences of which we have been struggling to deal with since 2008.

"The final legislation is a breakthrough for democratic control of the financial sector. Crucially, the agreement reached today will provide for strengthened democratic accountability under the proposed system, with the European Parliament getting a clear scrutiny role over the European Central Bank in its performance of its tasks (1).

"The final deal will help ensure the diversity of the banking system is taken account of by the supervisory system. Small banks will remain under national supervision. This will ensure the viability of different banking models - like credit unions, cooperative or savings banks - is guaranteed, whilst ensuring proper supervision of financial institutions posing system risk or in receipt of financial assistance. Diversity in the financial system is recognised for its role in supporting financial stability.

"However, today's watershed agreement is only the first stage in the conclusion of a European Banking Union. As the ongoing problems in Europe's financial sector highlight, we need to urgently move to complete the Banking Union, with measures on a European system of deposit guarantee schemes and bank resolution."

(1) For legal reasons, the final details of the European Parliament's powers of democratic control over the ECB will be the subject of an interinstitutional agreement, which has been set out in the final legislative agreement reached today. The European Parliament's adoption of the final legislation is contingent on the successful conclusion of this interinstitutional agreement.

* A more complete background paper with important aspects of the agreement on the common banking monitoring mechanism can be found
at: http://www.sven-giegold.de/wp-content/uploads/2013/03/2013-3-19-Banking-Union-Background-Paper-Sven-Giegold.pdf

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Sven Giegold

Member

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