

## EBF BOARD COMMUNIQUE

### Banks commit to supporting communities, businesses in Covid-19 era

- EBF President Mustier: *“Banks are part of the solution and the way forward.”*
- All EBF members will play their full role in restarting the real economies

BRUSSELS, 15 May 2020 – Top representatives of Europe’s banking industry on Friday reiterated their unwavering commitment to supporting businesses and households in overcoming the severe financial challenges posed by the Covid-19 pandemic and underlined that the sector’s responsible, constructive and proactive engagement with clients and authorities will continue as long as is necessary.

Board members of the European Banking Federation, bringing together national banking associations from 32 countries, met on Friday in a video conference for their 130th meeting. They exchanged views on actions and initiatives taken by banks since the outbreak started and noted that banks across Europe have swiftly adapted so that they could continue providing essential services under challenging conditions. In an unprecedented crisis such as the one we face at present it is unfortunately inevitable that the consequences of the downturn will be felt by consumers and businesses.

The Board praised the active cooperation between the banking sector and both European and national authorities. This cooperation contributed to the **successful implementation of national programmes to defer repayments** and to **supporting state-guaranteed loan schemes**, mitigating the immediate adverse economic impact of the crisis across Europe. Repayment deferrals currently benefit millions of small business owners, corporates and homeowners. Furthermore, banks play a crucial role in channelling more than €2 trillion in state-guarantees to businesses and households across Europe.

#### Says Jean Pierre Mustier, President of the European Banking Federation:

*“The Covid-19 pandemic has had an unprecedented impact, not only on the economies around the world, but also on the way we all live and work. For the banks, from the very outset of the outbreak, the primary objective has been – and remains – ensuring the health and safety of staff and clients. Thanks to the swift reaction to this new situation, the European banking sector, adopting new and innovative ways of working, has continued to support communities and businesses across the continent.”*

*“The EBF has been actively engaged with the various European institutions in forging ways to meet the new unparalleled challenges created by the lockdowns. I am positively encouraged to note the many robust actions taken both on supra-national and local levels to safeguard the swath of SMEs, that form the backbone of the European economies, and protect individuals’ financial situations.”*

*“Banks are part of the solution and the way forward. As restrictions begin to ease, rest assured that all members of the EBF will play their full role in restarting the real economies where they are present and continue to always do the right thing.”*

#### Says Christian Ossig, Chairman of the Executive Committee of the EBF:

*“European banks are determined to help their customers out of the difficult situation created by the coronavirus pandemic. Banks are needed more than ever to solve this major crisis. We want to and will make our contribution. It is therefore to be welcomed that the banking supervisory authority has decided to apply its rules flexibly so as not to restrict lending unnecessarily. “*

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The EBF continues to advise EU institutions on how to calibrate the comprehensive set of policy actions and is working with the European Commission, the European Banking Authority, the Single Resolution Board and supervisors across Europe on initiatives for **regulatory flexibility to boost bank lending** so that households and businesses can harness the full potential. In particular, the EBF welcomes plans to amend the Capital Requirements Regulation. Exempting government bonds from the leverage ratio will help Member States finance the recovery, while an 18-month extension of the provisioning calendar for Non-Performing Loans will speed up the return to normal for households and businesses. The EBF calls on the EU Parliament and Council to complete and enhance the measures announced by the Commission and to adopt them in a short timeframe for the benefit of the EU economy.

While society as a whole is still dealing with the emergency situation, on the medium-term banks and businesses will need more fully integrated European capital markets to raise equity, issue bonds and place securitisations. The EBF calls on the European Commission to continue its push for a Capital Markets Union which will be crucial in the recovery phase for relaunching the European economy. In that context the EBF will continue to support the Markets4Europe project.

Board members agreed on the increasing importance of an effective **fight against money laundering** in Europe at a time that criminals are looking for new ways to exploit the health crisis. The EBF is encouraged by the recently presented European Commission Action Plan which aims to enhance the efficiency of the EU Anti-Money Laundering (AML) framework and hopes that this will lead to closer cooperation between European authorities and banks.

The Board discussed the effects of the Covid-19 pandemic concerning **digitalization** in banking. It noted the heavy reliance of business continuity on digital infrastructure and services wherein banks have demonstrated remarkable resilience. Banks have swiftly adapted to massive remote working, both for interaction with clients and between staff, and actively support sharply increasing use of contactless payments while providing the necessary means for all kinds of digital transactions. Banks are efficiently ensuring the security of systems and data, despite the challenging circumstances which cybercriminals have been trying to exploit.

The EBF Board noted that, as the economy moves on from an emergency phase, recovery measures shouldn't miss the opportunity to align with **sustainability** objectives to accelerate the ongoing transition. As banks remain committed to financing the transition to a sustainable society, the EBF welcomes the European Green Deal proposal and encourages EU institutions and Member States to maintain efforts and to follow through with their plans and to step up the work on social aspects of sustainability.

Board members exchanged views on dividend and bonus policies of major European banks, noting that, as a matter of principle, moderation is a sound concept in the current context. Banks have been very proactive to do the right thing with all their stakeholders and will continue to work with the regulators to find the proper way forward.

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#### **About the EBF:**

The European Banking Federation is the voice of the European banking sector, bringing together national banking associations from across Europe. The EBF is committed to a thriving European economy that is underpinned by a stable, secure and inclusive financial ecosystem, and to a flourishing society where financing is available to fund the dreams of citizens, businesses and innovators everywhere. Website: [www.ebf.eu](http://www.ebf.eu)