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German Banking Industry Committee: Future banking regulation must not restrict lending

Schlagworte

Unternehmensfinanzierung
Kapitalmarktunion
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EU-Kommission
Regulierung

On the occasion of the publication of the European Commission’s Capital Markets Union Action Plan, the German Banking Industry Committee (GBIC) welcomes the fact that the Commission continues to acknowledge the key role played by bank-based financing for business enterprises. Not only small and medium-sized enterprises (SMEs), which largely finance their operations by bank loans, but also larger companies, which usually rely on the close involvement of principal banks for their entire financing needs, benefit from a stable and efficient banking system in Europe.

To enhance the financing of the European economy as a whole, the GBIC demands that future banking regulation should be designed in such a way that it will not restrict lending to enterprises. The measures designed to implement capital requirements, for instance, should take better account of corporate finance needs, e.g. with regard to the SME support factor and the net stable funding ratio. The Commission should have already addressed this aspect in its Action Plan.

Not all types of securitisation should be excluded

The European Commission could have also been bolder elsewhere in its Action Plan. In the German Banking Industry Committee's view, for example, certain types of securitisation should not have been excluded from the outset from the planned framework for simple, transparent and standardised securitisation. Synthetic securitisation, in particular, is a suitable vehicle for efficiently securitising receivables in the real economy.

The GBIC welcomes the fact that the Commission does not believe that regulation by legislation is the only appropriate instrument in every case. Instead, the Commission in many cases gives preference to non-legislative proposals or best practices in keeping with “better regulation”. This applies, for instance, to the promotion of the use of note loans across Europe.

Furthermore, the German Banking Industry Committee supports the Commission’s plan to conduct a comprehensive impact study in order to assess the cumulative effects of EU financial market regulation. In this context, it is important that non-banks, which increasingly want to provide banking services, must operate under the same conditions as banks.

Assistance in financing promising business transactions

The measures described in the Action Plan can help to finance additional, promising business ventures in the EU Member States. More than anything else, the facilitations proposed in connection with the review of the prospectus regime can help to streamline the Prospectus Directive and improve access of smaller SMEs to the capital market. Likewise, the review of the CRR (Capital Requirements Regulation) rules can make it easier to direct capital flows into infrastructure projects. In the GBIC’s view, it is necessary to include development banks in supporting long-term infrastructure financing and within the framework of the announced venture capital measures.

If the Commission intends to improve the information base on companies so as to develop a broader group of prospective finance providers in certain cases, additional bureaucratic obligations must be avoided – both for banks and for companies. In the GBIC’s view, the fact that the Commission has understood that there is a strong need to protect company data is a step in the right direction.

Purging regulation in the capital investment sector

In addition, the GBIC supports the Commission’s approach – within the framework of the Capital Markets Union – to check the European supervisory authorities’ activities for consistency and convergence and to review their structure and financing.

The Green Paper on “Retail Finance” announced for the end of the year should therefore be utilised – quite in line with “better regulation” – to purge regulation in the capital investment sector. Many national and European requirements conflict with the objective of broadening the investor base and create additional obstacles, in particular for retail investors, which prevent them from investing in the capital market.

All in all, it can be said that the European Commission is moving in the right direction with the planned Capital Markets Union. The new focus will be placed on financing the economy without losing sight of the requirements of financial stability. In addition, the Commission appreciates the important role played by banks in corporate finance and pursues a complementary approach.

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