

ESBG response on a proportionality assessment methodology

Position paper – Executive summary
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ESBG welcomes that the EBA is placing greater emphasis on proportionality in regulation, and hopes that this will pave the way for more proportionality in future regulations. However, more can be done to improve the proposed classifications, increasing granularity and have a paper which better explains how the ideas could be implemented.

ESBG responds to the EBA consultation on a proportionality assessment methodology

We welcome the EBA's commitment to using, primarily and as far as possible, already existing data from its database of supervisory reporting. However, if more data is required from financial institutions, we urge the EBA to deliver on the promise that these collections are proportionate to the complexity of the underlying requirements itself and to the burden of institutions and supervisors to deliver such data.

We consider the step-by-step approach to be suitable in principle. However, the procedure in step 2 is not clear. In our view, the proposals for the metrics are not yet fully developed. It is not sufficiently clear how on this basis - without concrete benchmarks - the decisions of a political expert can be better supported.

ESBG very much appreciates the inclusion of a classification for co-operative and savings banks. These banks are by nature local, rather small banks with a low risk profile and a focus on core banking business. We urge the EBA should ensure that the proportionality considerations are also applied to small and non-complex institutions that are part of a consolidated group, particularly credit institutions that are only locally/regionally active and therefore do not have a systemic impact.

We would like to point out that Classification III has clear disadvantages compared to Classifications I and II. Institutions that are to be subject to the strictest regulation are to be delimited by means of a size criterion (€ 30 billion balance sheet total; point 31 lit. d of the EBA discussion paper). A delimitation on the basis of the balance sheet total would contradict the basic idea of a sufficiently differentiated regulation on the basis of the pro-portionality principle.

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