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Doc 1200/2013

ESBG common response to the European Banking Authority consultation on the Draft regulatory technical standards on derogations for currencies with constraints on the availability of liquid assets under Article 419(5) of Regulation (EU) 575/2013 (Capital Requirements Regulation - CRR ).

WSBI-ESBG (World Institute of Savings and Retail Banks - European Savings and Retail Banking Group)

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WSBI-ESBG Register ID 8765978796-80

December 2013

First of all, the European Savings and retail Banking Group (ESBG) would like to welcome the opportunity to share its views on this draft regulatory technical standards paper. Please find below some of our main messages and views.

Concerning this consultation we would first like to remark that it is hard to predict the measures suggested without knowing the final version of HQLA. Secondly, the solution put forward seems to be unnecessarily complicated in particular when it comes to the requests to predict the need for other assets and to notify authorities 30 days in advance. This may turn out to be almost impossible. Lastly, it is somewhat unclear how the 8% haircut has been obtained, and also if this figure is actually accurate.

In our view, the RTS additional conditions set up for those banks that want to use either of the 2 derogations are acceptable. Moreover, we fully support the EBA’s view that the use of derogations should be minimised. However, in the Norwegian case, excluding the largest asset class which is covered bonds will significantly increase the need for these derogations. The use of foreign currencies to fulfil the LCR-requirements will increase the currency risk in the Norwegian banking sector. This will especially be problematic for smaller banks, as they do not have foreign exposures as a significant or natural part of their businesses. For these banks the second alternative of credit lines from the central bank will be the only derogation available. Typically, banks will be resistant to use the liquidity available through such facilities due to the following negative market assessment. The lines will then represent more a cost than actual liquidity.

**About WSBI-ESBG (European Savings and Retail Banking Group)**

**WSBI-ESBG – The European Voice of Savings and Retail Banking**

WSBI-ESBG (European Savings and Retail Banking Group) is an international banking association that represents one of the largest European retail banking networks, comprising of approximately one-third of the retail banking market in Europe, with total assets of over €7,631 billion, non-bank deposits of €3,500 billion and non-bank loans of €4,200 billion (31 December 2011). It represents the interests of its members vis-à-vis the EU Institutions and generates, facilitates and manages high quality cross-border banking projects.

WSBI-ESBG members are typically savings and retail banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their region. WSBI-ESBG member banks have reinvested responsibly in their region for many decades and are a distinct benchmark for corporate social responsibility activities throughout Europe and the world.



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Published by the WSBI-ESBG, August 2012