9 October 2015 - Media release

The Swiss Finance Council responds to the European Commission's consultation paper on the possible impact of the CRR and CRD IV on bank financing of the economy Brussels, 8October 2015 – The Swiss Finance Council has submitted a response to the European Commission's public consultation on 'Possible impact of the Capital Requirements Regulation and Capital Requirements Directive IV on bank financing of the economy.'

Whilst the SFC shares the Commission's view that the EU regulatory reform has contributed significantly to making the financial sector more stable and resilient, it welcomes this important initiative as a timely opportunity to examine some of the unintended consequences of the capital framework and cases of undesirable cumulative effects and misaligned incentives.

In its response, the Swiss Finance Council stressed:

- The importance of assessing the full range of prudential regulation impacting on banks' ability to support the economy, and also taking into account the measures by other international standard setters that are currently under consideration.

- The need to maintain a risk-sensitive approach to prudential regulation, avoiding an over-reliance on standardised models which, although alluring in their simplicity, will likely lead to multiple layers of conservatism in the capital requirements framework that will be of a significant detriment to banks' capacity to contribute to growth and are likely to lead to an inefficient capital allocation.

- The importance of the EU maintaining a global level playing field, including through an active and coordinated engagement in the work of the relevant international standard setters and, at the same time, a consistent approach within the EU, especially between the Euro-area and non-Euro area countries.

Chairman **Alexis Lautenberg** stated: *"We welcome the opportunity to comment on the European Commission's consultation. The Swiss Finance Council looks forward to engaging constructively with all stakeholders in Brussels as they continue to take stock of the impact of the new regulatory framework. It is an opportunity for us to emphasise the important role of third country firms, including Swiss firms, in contributing to the EU economy."*

Judith Hardt, Managing Director, stated: "*Huge efforts have been made in recent years to make the banking sector safer and more sustainable. At the same time, the impact on financial institutions' ability to support the real economy has been considerable. It is therefore right that the Commission wants to take stock and assess the impact on the real-economy of what has been implemented so far. In doing so, we explain how it is vital to look at the impact of EU prudential regulation holistically, including by examining upcoming changes at the international level; the need to maintain a risk-sensitive approach to determining capital requirements, and the importance of a global level playing field."*

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The Swiss Finance Council was established in November 2013 to engage in dialogue around policy developments in finance at a European and international level. It represents the interests of internationally active Swiss financial institutions and provide a platform to share their experience, expertise and knowledge through a permanent representative office in Brussels.