



Joint Press Release

CAPITAL REQUIREMENT RULES: CO-OPERATIVE BANKS AND SMES CALL FOR APPROPRIATE TRANSPOSITION TO AVOID ADVERSE EFFECTS ON THE FINANCING OF THE REAL ECONOMY

Warsaw, 6th October 2011 – High level representatives of co-operative banks and SMEs from different European countries have met today in Warsaw on the occasion of the 4th European Forum “Co-operative Banks and SMEs – challenges and opportunities for the development of the European economy”. The event was co-organised by the European Association of Co-operative Banks (EACB), the International Confederation of Popular Banks (CIBP) and UEAPME, the European craft and SME employers’ organisation. The Forum was hosted by the National Union of Co-operative Banks (KZBS) and took place under the patronage of the Polish Presidency of the EU.

Discussions focused on how the current regulatory framework and the Capital Requirements Directive IV will affect co-operative banks and their capacity to finance SMEs. *“It is necessary to recognise the diversity of the EU banking industry and notably the specificities of the co-operative banks business model when transposing the Basel 3 rules. Indeed co-operative banks are typically locally oriented with very strong ties to their community and local businesses. As regional, decentralised networks, our banks proved their resilience during the crisis and remain traditionally key credit providers for local SMEs”,* highlighted **Hervé Guider**, EACB General Manager. *“EU decision makers should ensure that the features of banks that are financing the real economy are carefully taken into account to avoid any credit crunch and adverse effect”,* Guider warned. In this crucial phase of transposition of the Basel 3 rules at European level, both co-operative banks and SMEs representatives underlined the need for an intensive dialogue with the European Parliament and the Council to ensure fair rules *“Although new rules on capital requirements are clearly necessary to address the underlying causes of the recent financial crisis and to prevent a second crisis from happening, the impact of stricter capital requirements on SME lending is a key concern, especially in the present troubled economic scenario. That is why a good transposition is crucial”,* said **Gerhard Huemer**, Economic and Fiscal Policy Director at UEAPME. *“In particular, risk ratios should target the products that caused the current crisis, such as derivatives and other sophisticated products, instead of normal retail or SME loans. Moreover, banks’ ‘core capital’ must be defined in qualitative terms rather than based on the bank’s legal form. This will ensure a level playing field for the fundamental activities of local and regional banks, like the cooperatives for SMEs”,* he continued.

The current discussion on the programming period 2014-2020, the question of the enhancement of EU instruments for SMEs and the role of SMEs and cooperative banks to develop the EU economy were also addressed at the Forum. In this context, Guider congratulated the European Commission for its efforts. *“We consider very important the acknowledgment in the Small Business Act that all banks irrespective of their size should have access to EU financial instruments”,* he declared. At the same time, he underlined the ongoing co-operation with the European Investment Bank and the joint actions aimed at improving the access for smaller decentralised local banks to EU instruments. For the SME side, Mr Huemer stressed that *“small companies across Europe are very heterogeneous, ranging from very traditional, family-run businesses to high-tech and fast growing enterprises and start-ups. To address their specific financing needs, there is no ‘one-size-fits-all’ answer. Therefore, a broad range of tailored financial programmes and instruments is needed to provide targeted support to Europe’s SMEs and help to improve their access to finance. In particular, riskier activities such as start-ups, innovation and business transfer cannot be fully funded by classic loans and require instruments such as subordinated loans or other ‘mezzanine’ products”,* he concluded.

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EACB Contacts:

General Manager: Hervé GUIDER (Tel: 02 230 11 24) h.guidier@eurocoopbanks.coop
Communication officer: Elisa BEVILACQUA (Tel: 02 286 98 42) e.bevilacqua@eurocoopbanks.coop

About the EACB:

The European Association of Co-operative Banks (EACB) has been the voice of co-operative banks at a since 1970. It represents, promotes and defends the common interests of its 27 member institutions and of cooperative banks in general. Co-operative banks form decentralized networks which are subject to banking as well as co-operative legislation. With 4,000 locally operating banks and 65,000 outlets, co-operative banks play a major role in the financial and economic system. They serve more than 176 million customers, mainly consumers, SMEs and communities. Europe's cooperative banks represent 50 million members and 782,000 employees and have an average market share of about 20%. Their resilience during the crisis make co-operative banks a key driving force in the economic recovery. www.eurocoopbanks.coop

UEAPME Contacts:

Economic and Fiscal Policy Director: Gerhard HUEMER (Tel: 02 230 75 99) g.huemer@ueapme.com
Press and communications officer: Francesco LONGU (Tel: 02 285 07 18) pressoffice@ueapme.com

About UEAPME:

UEAPME is the employers' organisation representing exclusively crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 82 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information: www.ueapme.com