



**Ms. Sharon Bowles**

Chair of the Committee on Economic  
and Monetary Affairs  
European Parliament  
Rue Wiertz 60  
B-1047 Bruxelles

24 February 2014

Dear Ms Bowles,

BUSINESSEUROPE agrees with you that Europe urgently needs a properly functioning banking union. We need deeper and more liquid markets that are more resilient to financial shocks and better able to support cross-border trade and investment. A banking union is essential to restore confidence in financial markets and to ensure that banks across the whole of the EU are able to provide the finance companies need to invest, strengthen growth and create jobs in line with the aims of the EU

The December EU Council Agreement on a single resolution mechanism and single resolution fund is an important step forward even though the proposed governance arrangements for the single resolution authority are overly complex.

BUSINESSEUROPE has called for a stand-alone authority, fully independent from national political interests, with the capacity to make the general interest prevail over the national one.

**Our overriding priority is that both Parliament and Council recognise their responsibilities to European businesses and citizens in the coming months to reach agreement on the final elements of the banking union, around resolution, before the end of the parliament.**

We also hope that discussions between the Council and the Parliament will, above all, provide the opportunity to **ensure that resolution process is independent, quick and not overly complex.** There must be no preferential treatments of banks, investors, governments, customers, etc. in the euro-area countries as this would severely distort competition in the EU. Further considerations include:



- We would have liked to have seen the resolution authority have direct responsibility for the resolution of **all** banks. We hope that the negotiations will either lead to such a change in the proposal or at least ensure that the mechanism through which single resolution is achieved is adequate.
- It is important that issues related to existing weaknesses in banks' assets are resolved before the supervisory mechanism is implemented and the fund is initialised. Furthermore, the rules and decision-making structure of the fund must be devised so as to ensure that the risk of moral hazard is minimised and that there are strict limits to the use of the fund. Bail-in must always be a first and primary source of financing which should not be undermined by introducing exceptions that would lead to the tax payer having to step in prematurely

We hope that you share these views and welcome our support in reaching agreement on the banking union. We remain at your disposal should you wish to discuss this subject further.

Yours sincerely,

Markus J. Beyrer