



THE SENATE
OF THE PARLIAMENT OF THE CZECH REPUBLIC
9TH TERM

115TH

RESOLUTION OF THE SENATE

Delivered on the 5th session held on 13 March 2013

on the Banking Union Package:

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority) as regards its interaction with Council Regulation (EU) No.../... conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions

Proposal for a Regulation of the Council conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions

Communication from the Commission to the European Parliament and the Council A Roadmap towards a Banking Union

(Senate Press no. N 189/08, N 190/08, K 192/08)

The Senate

I.

1. Supports

in general the European Commission's efforts to create a more effective system of supervision of credit institutions in order to strengthen the stability of the financial system;

2. Understands,

with regard to the specific consequences of the financial and economic crisis for the economic and monetary union, the need to quickly find a suitable solution which would restore stability and confidence in the common currency and create the conditions for normal functioning of financial markets, which is a prerequisite for restarting economic growth;

3. Notes

that the economic and financial stability of the euro area must be a primary concern for the Czech Republic, given the high degree of interdependence of the Czech Economy with the euro area, which is reflected both in the significant share of Czech exports to the euro area countries and in the dominant share of the subsidiaries of foreign banks established in the euro area in the total assets of the banking sector in the Czech Republic;

4. Is convinced,

given the above, that the proposals for creation of a Banking Union, although they are primarily intended for the members of the Economic and Monetary Union, must be closely monitored even in the Czech Republic, particularly with regard to the impacts of establishment of the Banking Union on

- the stability of the Czech financial system;
- the powers of the national supervisory authority, i.e. the Czech National Bank, and its real possibilities to influence the stability and
- the state budget, particularly in connection with the possible establishment of the European Deposit Insurance Fund

5. Takes note of

the fact that, at the level of the Council of the European Union, a general approach on the above mentioned drafts of legislative acts has already been reached, and therefore views its position as a contribution to the debate within the framework of political dialogue with the European Commission and the Government of the Czech Republic, in which it takes a general stand on the establishment of the Banking Union in the euro area;

II.

1. Is not entirely convinced

of the appropriateness of the chosen approach to the establishment of the Banking Union which is based on a gradual presentation of proposals of legislative acts implementing the individual parts of the Banking Union that are being negotiated separately, because this approach complicates, at the national level, a comprehensive assessment of this important step of the European integration and can greatly hamper the creation of a robust, effective and consistent legal framework for the functioning of the Banking Union;

2. Would, therefore, welcome

if the proposals for establishing the single supervisory mechanism, the European Deposit Guarantee Scheme and the single resolution mechanism in the Economic and Monetary Union were discussed in parallel, thereby ensuring their greater coherence;

3. Considers it necessary

to ensure that the introduction of the Banking Union in the euro area does not disrupt the EU single market in financial services, a case in point being the fact that banks under single supervisory mechanism, unlike the rest of the banks in the EU, will have access to funds of the European Stability Mechanism for the purpose of recapitalization;

4. Emphasizes

that the establishment of the Banking Union in the euro area should not jeopardize the interests of the non-participating Member States and the stability of their financial markets, while recalling its longstanding position that

in the process of centralization of decision-making powers of the supervisory authorities in the EU, the national supervisory authorities should not be deprived of their decision-making powers that are crucial for their ability to effectively foster and maintain the stability of credit institutions operating in a given Member State and, in so doing, meet their obligations toward domestic depositors and the public;

5. Considers

that conferring new tasks on the European Central Bank concerning policies relating to the supervision of banks leads to a significant concentration of power in the hands of one institution and it is, therefore, necessary to ensure that the ECB is, in the exercise of this function, subject to democratic control, not only by the European Parliament, but also, in particular, the Council of the EU and national parliaments, because the responsibility for the stability of the financial system (including financial guarantees to depositors) will continue to lie with the Member States;

6. Adds

that it will be necessary to effectively separate the exercise of the new supervisory powers of the ECB from the implementation of monetary policy measures, in order to avoid potential conflicts of interest;

7. Takes a view

that the role of national supervisory bodies within the single supervisory mechanism should adequately reflect their unique know-how, based above all on the knowledge of local environment, experience gained through extensive practice and professional staff;

8. Calls on

the European Commission to produce a detailed assessment of impacts of the establishment of the Banking Union on non-participating Member States and on the integrity of the single market for financial services before proposing draft legislative acts which should create the other two components of the Banking Union, i.e. a European Deposit Guarantee Scheme and a single resolution mechanism in the Economic and Monetary Union; the impact assessment should also verify the compliance of the proposals with already adopted directives and regulations that form the so-called single rulebook for the functioning of the financial services market;

III.

1. Requests

the Government to inform the Senate about the way this position was taken into account, and about further development of negotiations;

2. Authorises

the President of the Senate to forward this Resolution to the European Commission.

Milan Štěch
sign manual
President of the Senate

Eva Syková
sign manual

Senate Verifier