

Template for comments

Public consultation on the Review of the ECB Regulation on supervisory fees

Institution/Company

European Association of Public Banks

Contact person

Mr/Ms

■

First name

■

Surname

■

Email address

■

Telephone number

■

Please tick here if you do not wish your personal data to be published.

General comments

The EAPB was founded in May 2000 and is a European association which gathers member institutions like public and promotional banks, banks with similar interests or associations of public banks from 17 European countries, representing directly and indirectly the interests of over 90 financial institutions towards the European Union and other European stakeholders. With a combined balance sheet total of about EUR 3,500 billion and a market share of around 15%, EAPB members constitute an essential part of the European financial sector.

Quite a number of our members are under ECB supervision and therefore directly affected by this consultation.

The EAPB appreciates the opportunity to comment on this consultation. In general, it suggests specific adaptations of the fee calculation methodology to better fit to the particularities of promotional banks. Specifically, our comments aim to highlight the difference of public banks to commercial banks.

In general, we would like to point out that the supervisory fees have constituted a considerable cost factor for credit institutions since the SSM was launched. More precisely, the amount of supervisory fees which has to be borne by significant institutions has increased by approximately 3.4 % between 2015 and 2016 and by another 9.5 % between 2016 and 2017. Due to the current low interest-rate environment, credit institutions are continuously asked by supervisors to make profit through alternative sources of revenues or respectively create alternative business models. Against this background, we would suggest designing the rules on supervisory fees in a way which allows for a positive development of supervised entities and aims at avoiding further increases in supervisory fees.

Finally, we would suggest establishing a supervisory committee to monitor the development of supervisory fees and the ECB's budget. In such a committee, the supervised institutions should be represented, as well. This would not be in contradiction to recital no. 75 of the SSM Regulation, as an involvement of stakeholders exclusively in the budget and fee assessment does not mean any actual restriction of independence from the influence of the banking industry. In our view, it is not sufficient to allocate the budgetary responsibility solely to the ECB Council and the Budget Committee (BUCOM) since an effective budget control would also require the involvement of external stakeholders. At present, external auditors and the European Court of Auditors become involved only for the downstream audit of the ECB budget.

Template for comments

Public consultation on the Review of the ECB Regulation on supervisory fees

Please enter all your feedback in this list.

When entering your feedback, please make sure:

- that each comment only deals with a single issue;
- to indicate the relevant article/chapter/paragraph, where appropriate;
- to indicate whether your comment is a proposed amendment, clarification or deletion.

Deadline:

ID	Article of the regulation	Page	Type of comment	Detailed comment	Concise statement why your comment should be taken on board
1	10 para. 3 a)	14	Amendment	We think that "total assets" should be changed to "total assets excluding promotional loans"	This amendment would realign the fee calculation methods with Art. 429a of the Commissions legislative proposal for the review of the CRD/CRR. The proposed legislation stresses that not only the level of assets but also the composition of those assets is important. We believe that the calculation method should follow the same logic. It will acknowledge the different nature of promotional banks versus commercial banks and assist in the creation of a level playing field by balancing the time spent on supervision and the nature of the bulk of the assets (promotional loans).
2	10 para. 3 b) and para. 4	15	Amendment	We think that the ECB, in a first step, should ask fee debtors whether the supervised group based on Art. 10 para. 3 b) has decided to take into account the assets of subsidiaries in non-participating Member States and Third Countries. If so, we think that the submission of fee factors (total assets, RWAs) should not be required for fee debtors who have made such a decision. The reason is that the ECB already has the necessary information through FINREP- and COREP-reports. An additional reporting of these factors and their submission via the NCAs should thus not be required. Further, we would like to point out that in 2017 some NCAs allowed institutions to use documents which had been filled out beforehand by the NCA in order to enhance the efficiency of the reporting process. Such a procedure should also be established in other participating Member States with a view to reducing administrative burdens. This would also have the advantage that the qualitative assessment through PASOS may no longer be necessary	The proposal aims to simplify the reporting procedure by reducing costs and saving time of the credit institutions and the NCAs, at the same time.
3	10 para. 4 and para. 6 c)	15-16	Amendment	In the past, the ECB has tended to publish the sum of all fee debtors' total assets and the total risk exposure on its website in the English language first. Only at a later stage the sums were published on the other websites. In the spirit of transparency, we would suggest publishing the aforementioned information in the official EU languages either simultaneously or by making cross-references to the website in the English language.	The proposal aims to increase the transparency of the procedure that determines the annual supervisory fees.
4	10 para. 6 b)	16	Clarification	According to Art. 10 para. 6 b) the minimum fee component for significant supervised entities and significant supervised groups with total assets of EUR 10 billion or less is halved. This suggests that the remaining half will increase the calculation basis for the variable fee component. We would suggest clarifying whether this conclusion is correct.	The proposal aims to increase the transparency of the procedure that determines the annual supervisory fees.
5	10 para. 6 b)	16	Clarification	The ECB proposes to equally split the fixed percentage of 10% of the total amount of the annual supervisory fees among all fee debtors when determining the minimum fee component. In this respect, it seems unclear which number of supervised entities the ECB will actually use as a basis for this calculation. For instance, it could take the number from the list dated 31 December of the previous year or 1 July of the year of calculation or even an average number of the aforementioned data. In order to avoid legal uncertainty, we would ask for clarification in this regard.	The proposal aims to increase the transparency of the procedure that determines the annual supervisory fees.
6	12 para. 1	16	Clarification	According to Art. 12 para. 1 it seems as if the fee notice will not contain any information on the details of the underlying calculation. For instance, the notice is lacking information on the minimum and the variable fee component. This is in contrast to similar decisions like e.g. the decision of the annual ex-ante contributions to the Single Resolution Fund. From our point of view, it is necessary to include more detailed information on the criteria for determining the annual supervisory fees.	The proposal aims to increase the transparency of the procedure that determines the annual supervisory fees and the transparency of the respective decisions.
8					
9					
10					
11					