



Parlamentul României

Senat

Bucharest, the 15th of February 2016

Courtesy translation

OPINION **of the ROMANIAN SENATE on the** **Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF** **THE COUNCIL amending Regulation (EU) 806/2014 in order to establish a** **European Deposit Insurance Scheme – COM (2015) 586 final**

The Senate of Romania has examined, according to the provisions of the Treaty of Lisbon (Protocol no.2) **the Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 806/2014 in order to establish a European Deposit Insurance Scheme – COM (2015) 586 final**

Taking into account the report of our permanent Committee on European Affairs, **the Plenum of the Senate**, during its session of the 15 of February 2016, has decided, as follows:

- (1) The target to achieve a single European market under Article 114 is not effectively implemented; there are two categories of national banking systems - the states of the Eurozone, which are binding mechanisms and national schemes in non-member countries. Although optional and open the latter, the current draft of the Banking Union establishes a two-speed Union, which is not desirable. At the same time, integration difficulties call into question given that there is not a single currency, but a common currency, a single market with large differences in development.
- (2) It is estimated that EDIS is a step forward in achieving financial and banking stability, in protecting depositors and in preventing the crises which in the past have required bailing out banks with public money.
Generally, EDIS could support the stability of the European banking system and would strengthen the confidence of depositors by:
 - (i) reducing the vulnerability of national schemes to guarantee deposits in the face of shocks large local (mostly generated in the banking system heterogeneity and asymmetric, due to its size credit institutions);
 - (ii) reducing the link between banks and countries in which it operates. EDIS contains safeguards against misuse (eg, only those who follow the rules established national SGD at EU level will receive protection via EDIS).
- (3) We emphasize, however, the following:
 - a) in Romania, the resources of the Deposit Guarantee Fund in the Banking System (FGDB) covers on September 30, 2015 approximately 3.78% of the maximum total potential compensation, very good level compared with other Member States (eg. Spain, Italy,

Greece) or the 0.8% proposed by the European Commission. For the Member States that guarantee schemes strengthened as Romania, risk sharing in the EDIS not be an advantage.

b) given the fragmentation of European markets at bank and the discrepancies recorded by the Economic and Monetary Union in terms of resilience national guarantee schemes, we support an exhaustive review of the methodology of risk-based contributions;

c) it is necessary to clarify how the contributions will be calculated according to the proposal for a regulation EDIS. Regarding the calculation of risk based contributions, a credit institution which has a higher risk weighting in the Member State to which it belongs may have a risk weight lower than reported in Europe. Therefore, the co-insurance stage of EDIS, when much of the risks remain at SGD national bank's risk profile should be calculated by reference to the national banking system.

(4) It is recommended to issue:

a) an explicit regulation under EU for a mechanism to protect the building EDIS, to ensure that national banking systems stable and functional financed with DGS will not be adversely affected, given the major differences between the risk levels present of national banking systems and the impossibility of implementing their desire of uniformity within a reasonable time (term operational EDIS);

b) a careful consideration of the implications of the rights and obligations imposed on participating credit institutions, national websites and GDS-designated national authorities. We need to clarify the issues relating to the provisions governing the situation in which a close cooperation of a Member State outside the euro area is suspended or terminated (art. 4), in which the right to redeem the SGD national resources contributed by the EDIS institutions participating credit is limited to the amount that would be required SGD national to achieve two thirds of the target level set by DGSD (so, for Romania if Guarantee Fund Bank Deposit remains funded above the minimum required by DGSD and Regulation in question might reach including where it would not recover any contribution). In addition, under the same provisions are introduced other sensitive limitations pertaining to available resources of EDIS - where out of the mechanism of close cooperation, the available resources of EDIS has diminished, leading to a situation of not recovering the amounts due, even if the Member State has not received any amount from EDIS during participation

c) a quantitative impact study, taking into account certain scenarios of stress test or simulation of financial crisis on the less solid banking systems, in order to determine the ability of EDIS to maintain the financial stability in the Economic and Monetary Union and lack of influence on the stabile banking systems if they are involved. There is a risk that due to the complexity of interactions European banking systems, if appears an extreme event or a financial crisis severe in a Member State, pooling risks through EDIS lead, by contagion, to undesired effects and at other banking systems in Europe.

President of the Senate



Călin POPESCU-TĂRICEANU