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Banking sector reform

Proposals on separation fall short of what is needed to repair banking sector

The European Commission today presented proposals on structural reform of the EU's banking sector. The Greens expressed regret that this crucial and long-awaited legislation will fall short of providing for a full separation of retail and investment banking activities. Commenting on the proposals, Green finance spokesperson **Philippe Lamberts** said:

"These crucial and much-anticipated legislative proposals clearly recognise the problems with banks combining essential day-to-day banking activities and risky investment activities. However, they fall short of what is needed to truly address the flaws in the sector through a true separation of these activities."

"While the Commission is proposing a mandatory ban on proprietary trading for the top 30 or so banks, this is seriously undermined by a very restrictive definition of proprietary trading. The Commission recognises the importance of separating risky trading activities but unfortunately leaves this up to the discretion of national authorities, whilst providing for national exemptions. There are concerns that the Commission will set the limits of what is determined to be excessive trading at a level too high to reduce risk in the sector, as well as with the exemption for trading in sovereign bonds."

"The Greens will now use the legislative process to try and strengthen the proposals, with a view to ensuring meaningful provisions on the glaring need to clearly separate essential day-to-day banking activities relating to households and businesses (saving and lending) and banking activities relating to financial markets (inherently more unstable). This is essential for ending the existence of 'too big to fail' banks as well as the massive implicit public subsidies they receive."

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Responsible MEPs



Philippe Lamberts

Member

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