

## **Joint debate on financial supervision**

(including cross-border crisis management)

Plenary session 6 July 2010, 16:00-19:00

Colleagues,

The current crisis has taught us that when a European bank runs into trouble, its problems can spill across borders. An EU-wide system of financial supervision is being established to deal with the prevention of such situations, while an integrated European framework for cross-border crisis management will hopefully complement the supervisory architecture as soon as possible. The last two years have proved that relying on national approaches to cope with crises is clearly a suboptimal solution.

The new system will have to be developed in such a way that a crisis can be handled cost-effectively, that moral hazard will be eliminated and that taxpayer financed bailouts will be excluded. Asset transfers have to be regulated in a manner ensuring a level playing field especially for host countries.

The cross-border crisis management system, based on a 28th regime concept, should be designed in a way that would eliminate the interdependence between banks and national budgets. It should also contribute to the emergence of a single banking market in the Union. After all, if we had a single banking market in Europe, we would not have to talk about cross-border crisis management. And last but not least, let me emphasise that all the elements of the European financial stability framework as well as the resolution regime for cross-border institutions should be adopted urgently to reduce uncertainty and fragilities in the banking sector. Having a European mechanism in place would also allow Europe to be more effective in ensuring that global solutions materialise quickly.