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EUROPEAN SAVINGS BANKS GROUP  
GROUPEMENT EUROPEEN DES CAISSES D'EPARGNE  
EUROPÄISCHE SPARKASSENVEREINIGUNG

## Successful launch of the EU/US Retail Banking Forum

*On the 14<sup>th</sup> of November 2005, WSBI/ESBG launched the EU/US Retail Banking Forum with its first conference. The two day event was opened by Commissioner Almunia and focused on the issues of supervision, payments and capital markets regulation. Next year's conference will take place in Washington in the autumn. Other events will also be organised in the context of the Forum, including the publication in the spring of 2006 of a WSBI/ESBG study comparing the EU and US retail banking markets.*

Mr Almunia, the European Commissioner in charge of Economic and Monetary Affairs, opened the Forum by stressing the importance of strengthening the internal market and integrating financial services in order for Europe to remain globally competitive.

Introducing the Forum, Mr De Noose, Chairman of the WSBI-ESBG Management Committee, spoke about how “*globalisation has put the onus on one better understanding one's neighbour, and on respecting his culturally determined needs*”, adding that “*in our increasingly diverse and complex world, the need for tailored and adapted responses to our local circumstances, beliefs and aspirations has never been stronger*”. He then went on to explain that the Forum, the very first initiative of its kind, would bring stakeholders from the US and the EU together in order to foster a trans-Atlantic dialogue on issues of importance to all retail banks, whatever their business model or legal form and regardless of whether they are mainly internationally or domestically focussed.

Expressing himself on the debates that the Forum would promote Mr. De Noose declared: “*It should be about going in the same direction on issues in which it makes sense to do so, as we each attempt to develop a system of regulation for our own markets that reflects the realities of life in a more globalised world while also meeting the needs and ambitions of the actors in those markets at the local level.*”

The three topics that were the focus of this first conference of the EU/US Retail Banking Forum were supervision, payments and capital markets regulation.

The session on supervision was kicked off with speeches from Mr. John M. Reich, Director of the US Office of Thrift Supervision and Mr. Patrick Pearson, Head of Banking & Financial Conglomerates, European Commission, the latter replacing at short notice Mr. José María Roldán, Chairman of the Committee of European Banking Supervisors (CEBS), who arrived on time for the debate that ensued in the panel on supervision. Panellists included Mr. Scott Albinson, Managing Director, Office of Thrift Supervision, Mr. Michael G. Martinson, Senior Adviser, Division of Banking Supervision and Regulation, Federal Reserve and Mr. Peter D. Hirsch, Project Manager, Division of Supervision and Consumer Protection, FDIC.

From the speeches and discussion, it was clear that the general debate on supervision on both sides of the Atlantic seems to have shifted from one focussed on supervisory structures to one on



outlining the practical means which can make the existing tools and frameworks work effectively in a new, complex prudential environment. Another issue which was much discussed was that of how to ensure a level playing field between small, local banks and internationally-active banks in the areas of Basel II and prudential supervision.

The session on payments was introduced with speeches from Mark W. Olson, Governor in the Board of Governors of the US Federal Reserve System and Ms. Gertrude Tumpel-Gugerell, Member of the Executive Board of the European Central Bank. The payments panel included the participation of Mr. David Deacon, Head of Unit, Internal Market and Services DG, European Commission and Ms. Priscilla Holland, Senior Director, International and Corporate Payments, NACHA.

The lively debate that followed covered a number of issues, including discussing what were the determining factors and forces leading towards a single payment area in the US, and what are the demonstrated versus expected benefits of a single payments area to customers. Panelists also discussed the extent to which the EU and US payment systems are comparable, as well as what are the objective factors that could lead to the conclusion that a single payments area is more conducive to prompting innovation in payments products and services.

The session on the regulation of capital markets began with speeches from Mr. Charles M. Horn, Senior Partner, Mayer Brown and Mr. Alexander Schaub, Director General, Internal Market and Services DG at the European Commission. The panel was moderated by Mr. Karl-Burkhard Caspari, Chairman, Market Transparency Expert Group, Committee of European Securities Regulators (CESR); Vice-President of the German Financial Services Authority (BaFin) and included Dr. Heiko Beck, General Counsel, DekaBank, Mr. Sabino Fornies Martinez, Policy Desk Officer, Securities Markets, Internal Market and Services DG, European Commission and Mr. Ludovic Aigrot, Director European Affairs, Euronext.

Panelists agreed that the main objectives being pursued currently in capital markets in both the EU and the US are to improve the functioning of the financial markets as well as increase the protection of investors. Panelists however highlighted that a number of rules are still specific only to one of the two jurisdictions. Both EU and US participants also agreed that competition between different types of markets and different types of orders are something that regulators must deal with on both sides of the Atlantic, in their efforts to create a deep, liquid market and to provide adequate consumer protection.

The speeches given at the conference have been published on the WSBI/ESBG web-sites, and the proceedings of the conference will also be available there shortly.

The WSBI/ESBG in partnership with its American Members, America's Community Bankers, will continue to organize and host yearly conferences and workshops in the context of the EU/US Retail Banking Forum. The next conference will take place in Washington on the 16<sup>th</sup> of November 2006.

Future such events will be communicated widely. Other initiatives developed in the context of the EU/US Retail Banking Forum will also be communicated, including the forthcoming WSBI/ESBG publication comparing the US and EU retail banking markets which will be published in the spring of 2006.

Mr. De Noose gave conference participants an insight on some of the study's findings, revealing for instance that the EU and US retail banking markets share a number of common characteristics. He



pointed out that both markets have three major types of credit institutions, namely commercial banks, savings banks and cooperative banks, indicating that in both the US and the EU there is a common need from banking customers for pluralism in banking business models. He revealed also that a number of indicators show that in both markets strong local market representation is necessary, if not mandatory to be a viable competitor in retail banking.