

**NBP**

Narodowy Bank Polski

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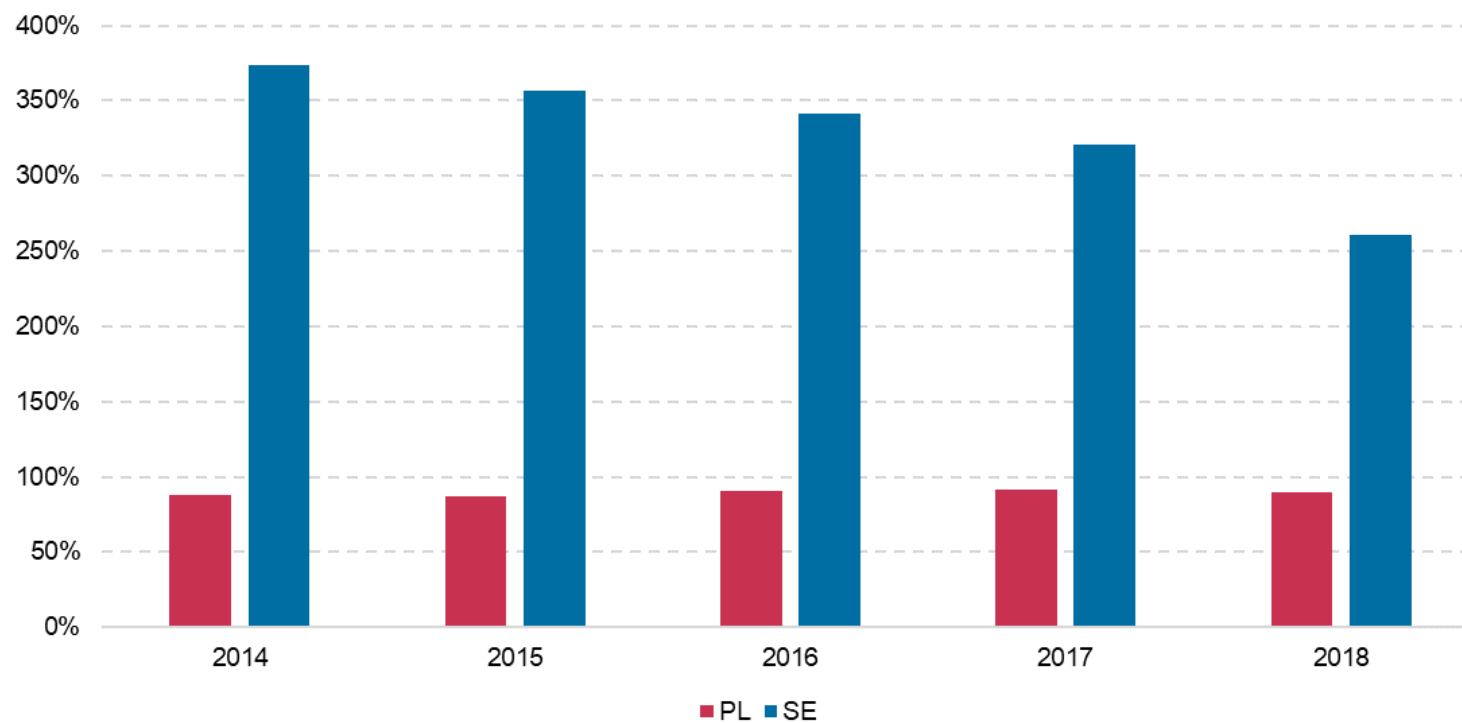
## Discussion on *Sverige och bankunionen*

Take a chance on me: Sweden considers the Banking Union,  
Breugel, 29<sup>th</sup> January 2020

*Standard disclaimers apply.*

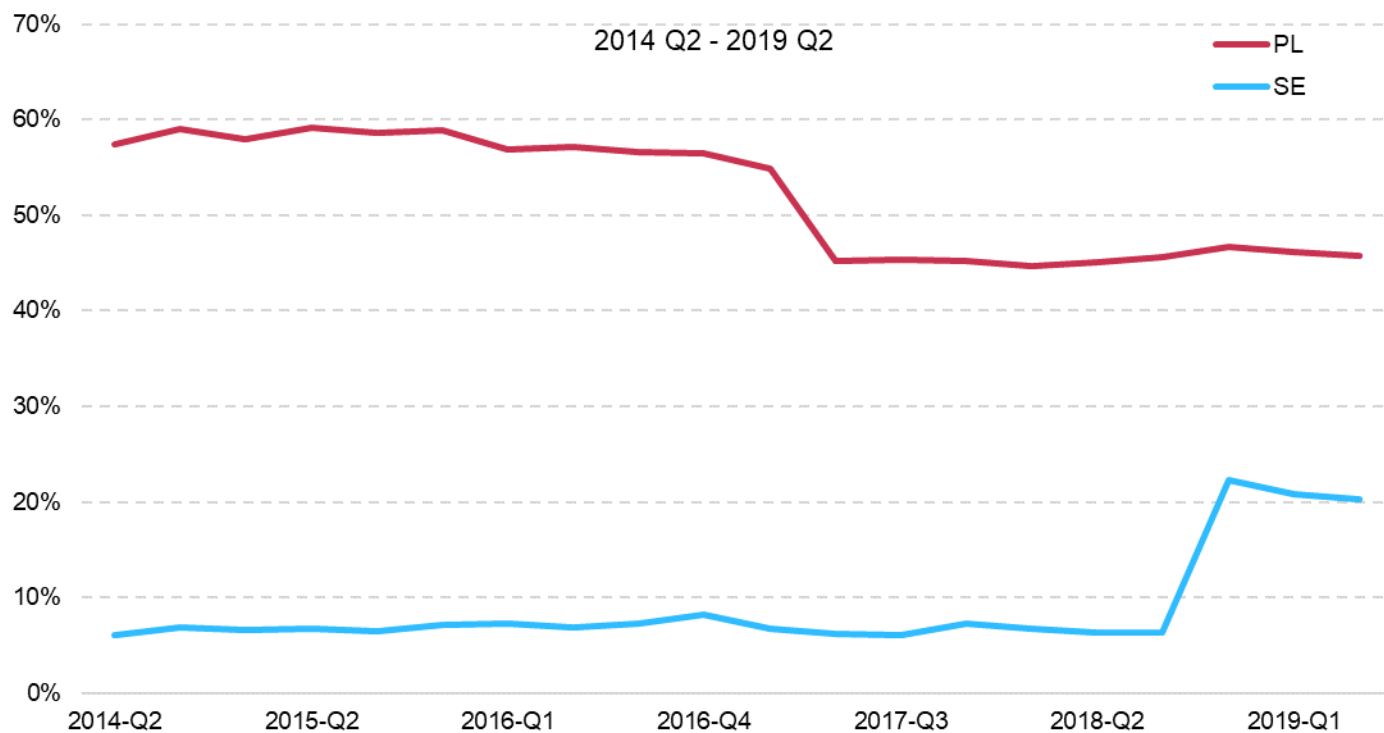
## Different sizes

### Banks' assets to GDP



## Different role of foreign investors

Share in total banking assets of foreign controlled subsidiaries and branches



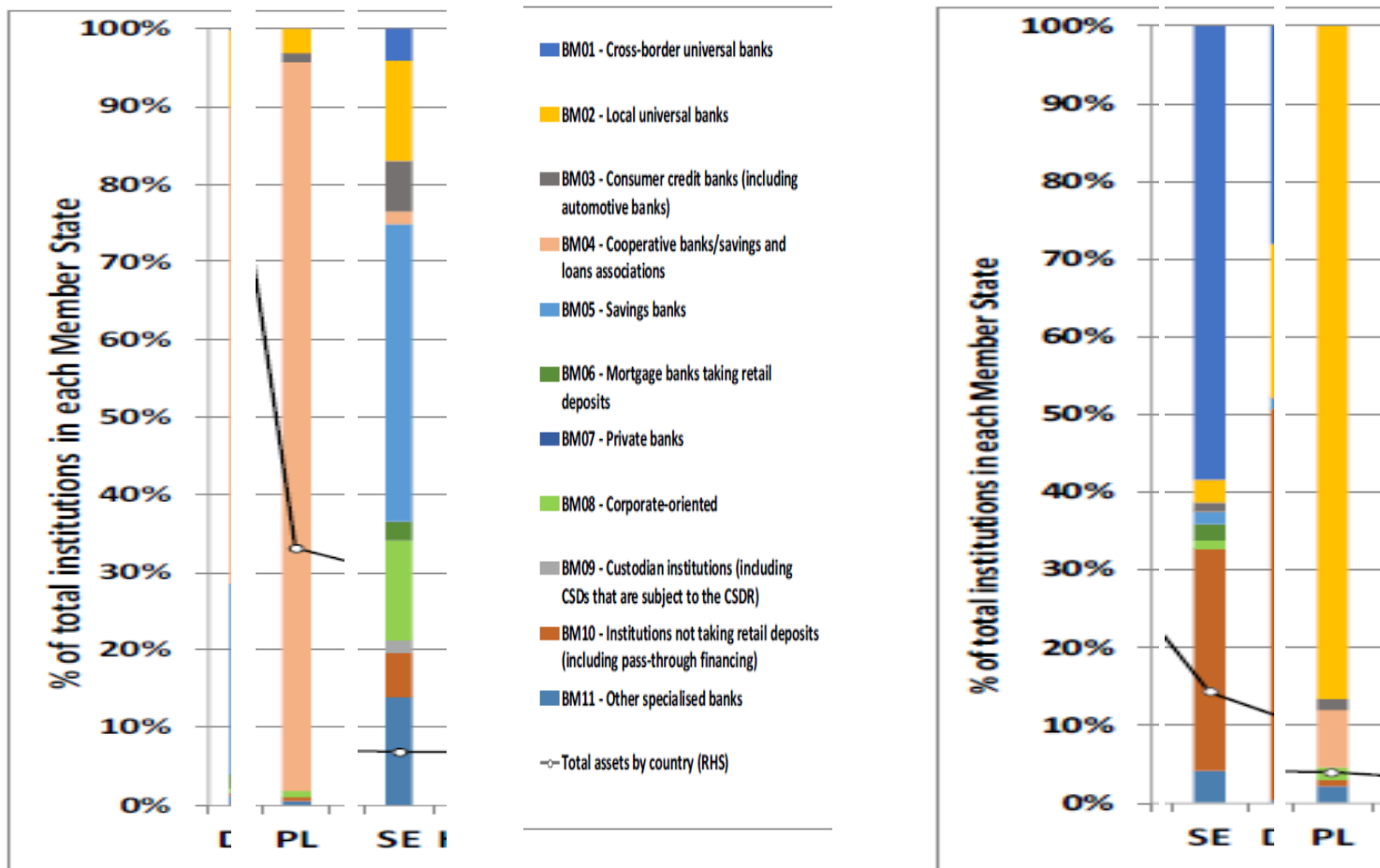
Foreign = EU and non-EU

# Different business models

## Bank business models

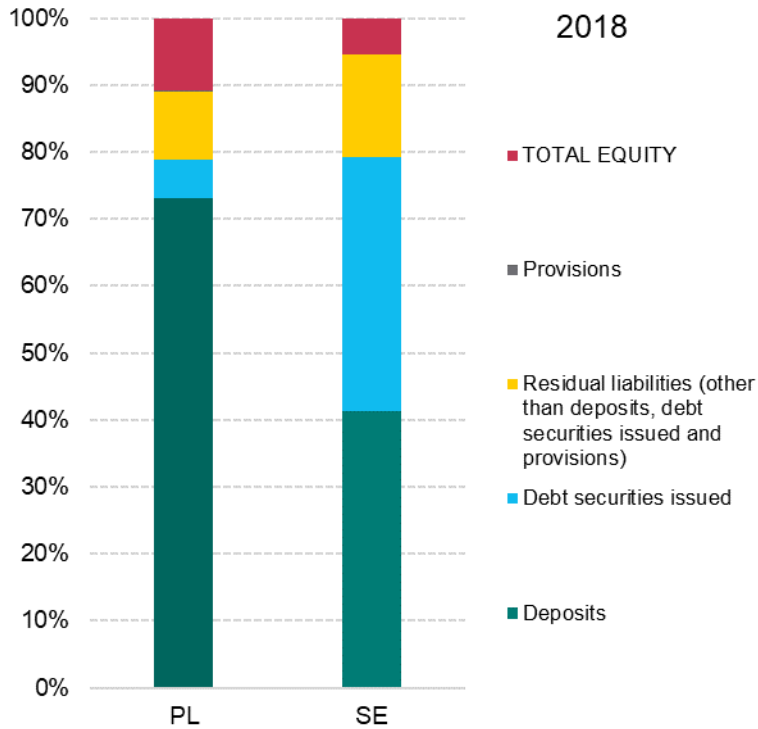
by number of institutions

by assets

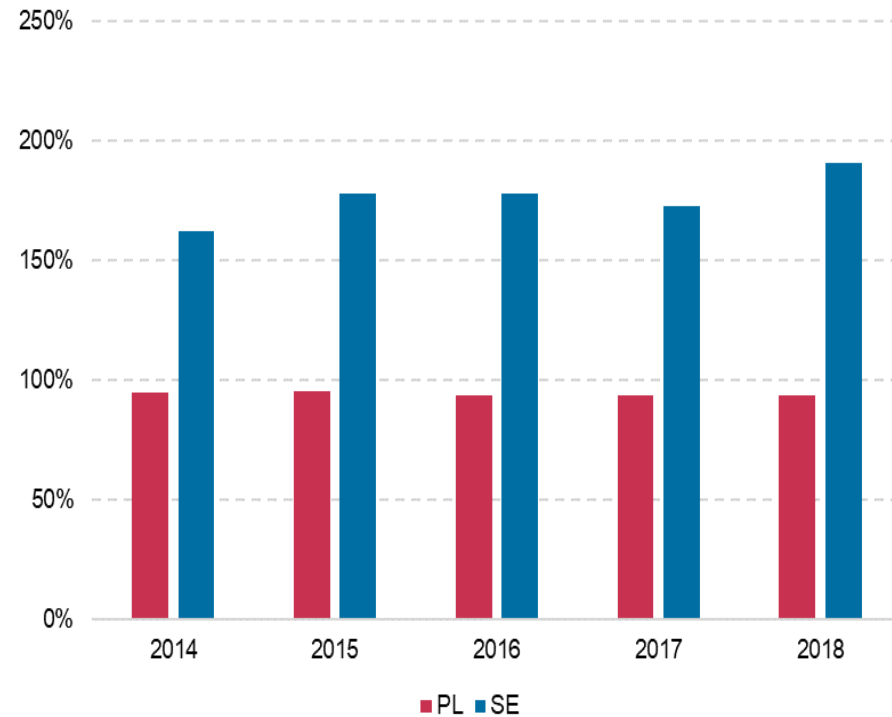


# Different funding structures

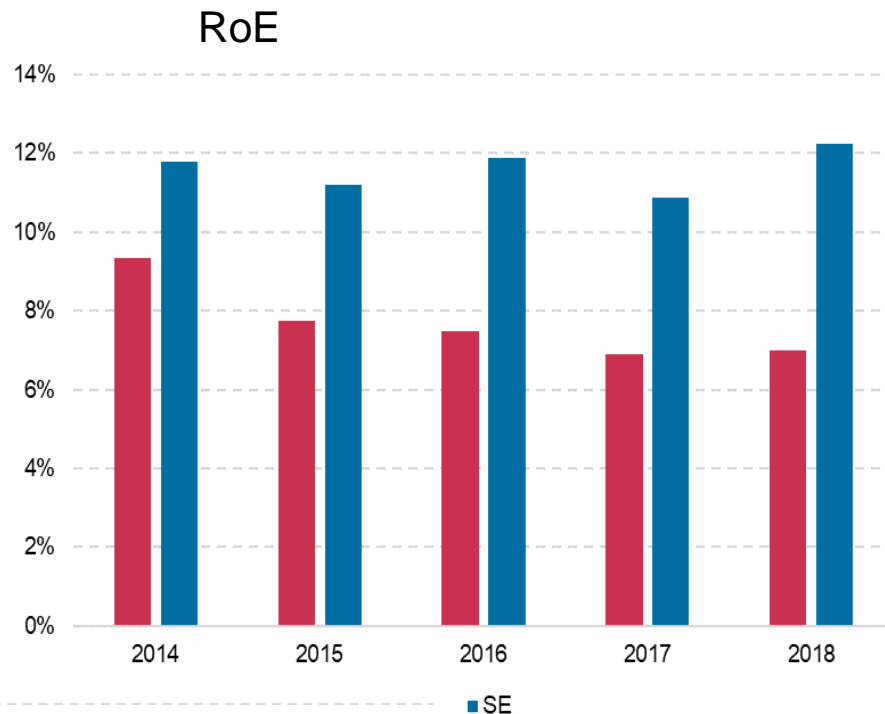
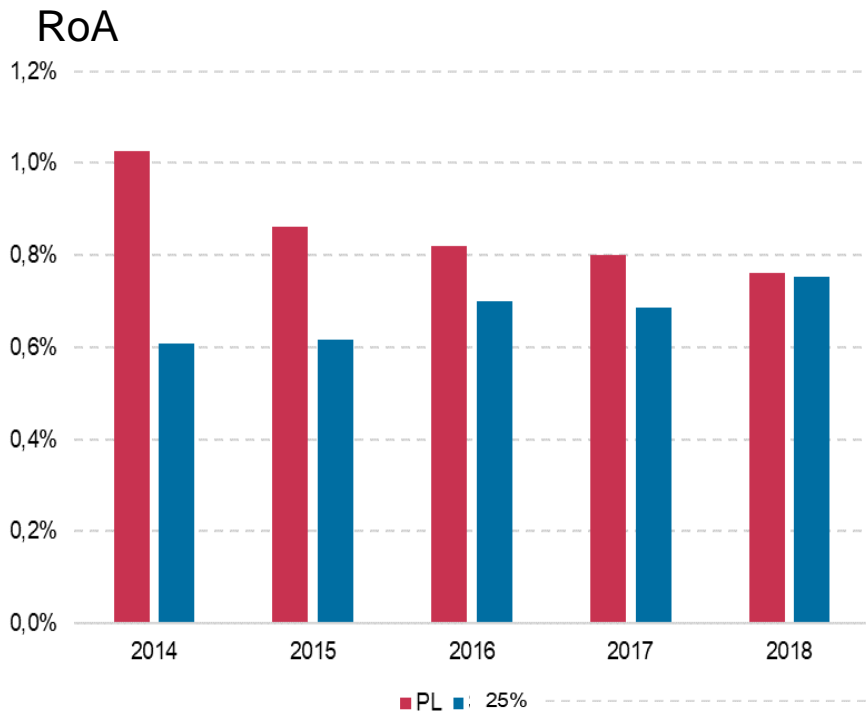
Banks' liabilities structure



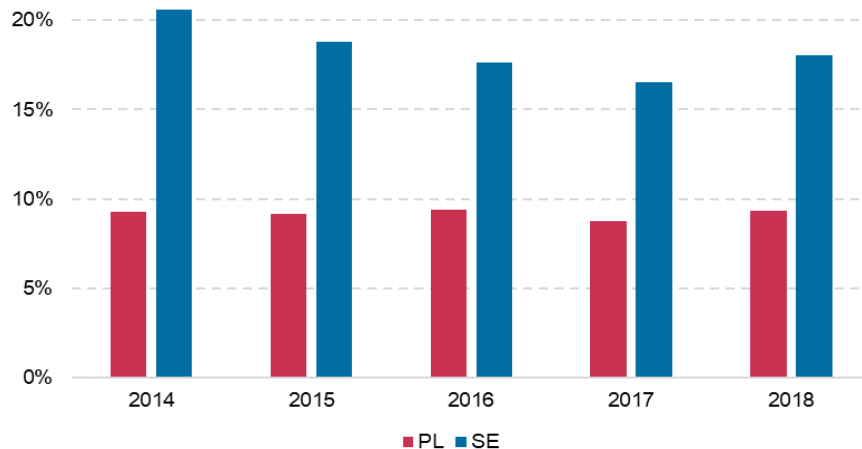
LtD



# Different profitability

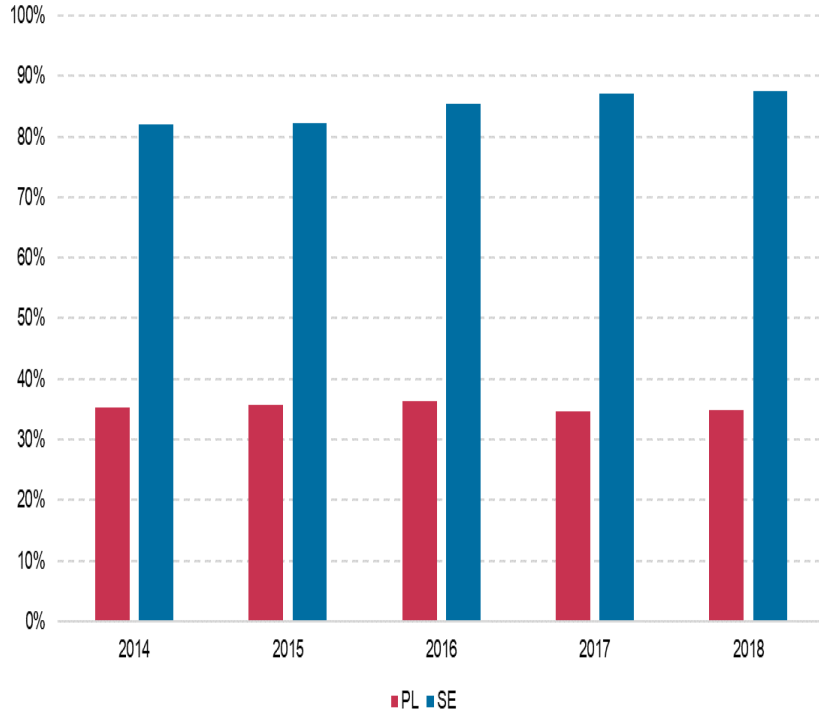


### Leverage

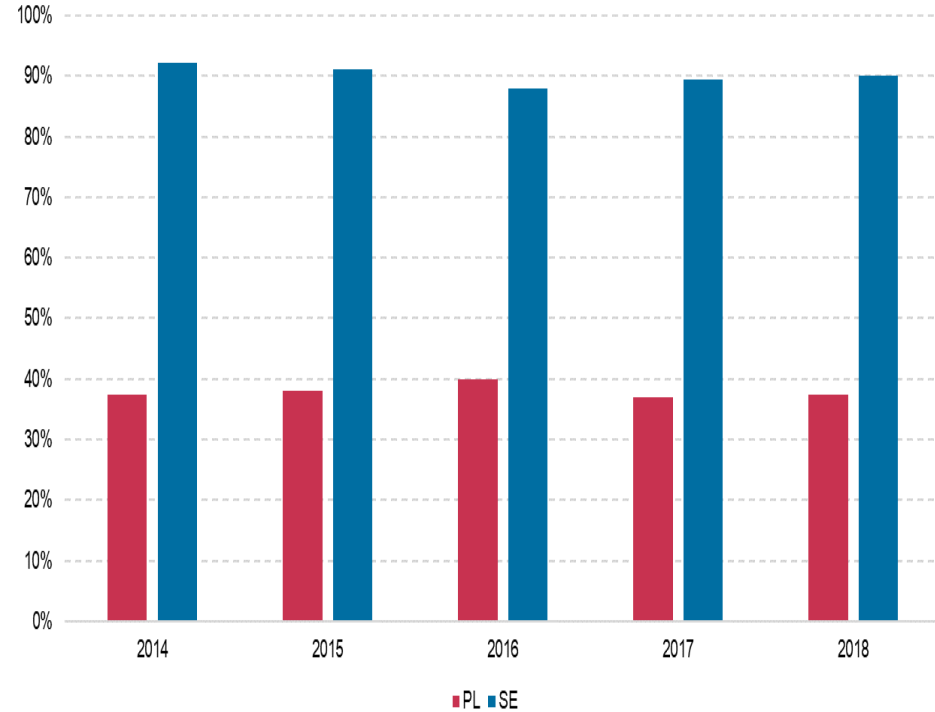


# Different indebtedness

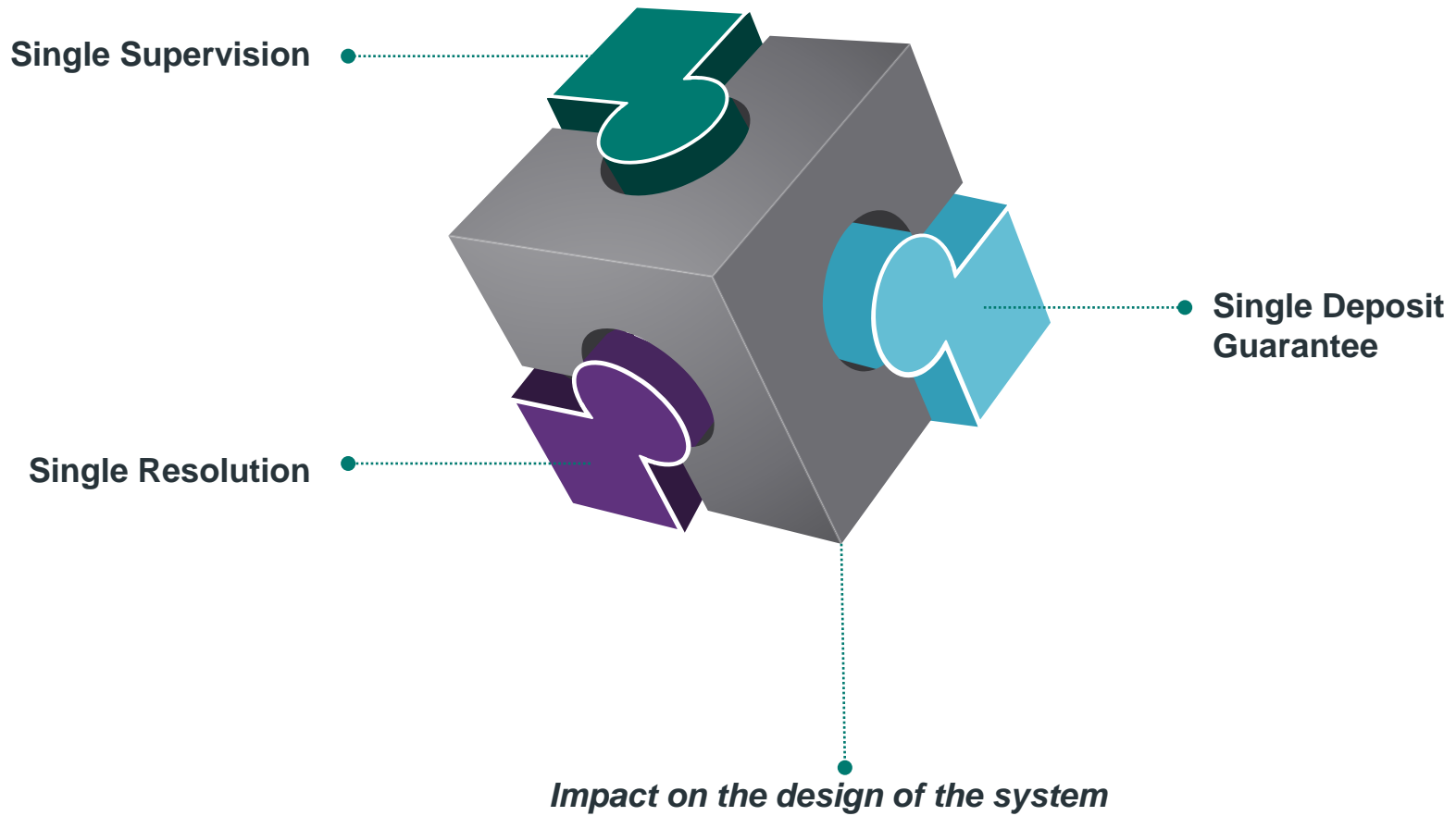
## HH



## NFC



# Banking Union





# Single Supervision Mechanism

## Positive aspects:

- A **stronger banking system** in the Eurozone thanks to a **higher quality**, more rigorous and **consistent** supervision (of the largest banks) having access to a wide range of information

## Potential issues:

- Does one model fit all?
- Decision making process?
- Powers vs. Responsibility – no access to liquidity backstop for opt-ins
- Balancing the host and EZ/home countries financial stability issues
  - Centralized capital and liquidity management?
  - Knowledge of local markets?
- Ending the close cooperation

# Single Resolution Mechanism

## Positive aspects:

- better coordination and cooperation in crisis management
- voting rights in the SRB
- access to the SRF
- broad knowledge and expertise

## Potential issues :

- Less flexibility and control in handling banks:
  - Adherence to the SRB decisions
  - Government stabilization tools
  - Provision of ELA
  - Liquidity in resolution
- How would the SRB weight financial stability in individual MS against the financial stability of the whole banking union.
- Should the opting-in member leave the banking union, how much of the contributions to the SRF would be recouped?

## (A necessary) European Deposit Insurance Scheme

### Current arrangements:

- Deposit insurance at the national level.
- DGSD provides for the possibility of voluntary lending between national DGSs as well as the use of DGS funds to finance preventative and resolution measures.
- Progress on EDIS stalled due to political reasons, still uncertain design...

### Potential issues:

- A simple payout box or used to finance preventative measures
- Covers only liquidity support or a loss-sharing mechanism?
- Rules on calculation and transfer of contributions to the common Deposit Insurance Fund? Different rules for non-euro area MS?
- Conditions for the recoupment of contributions in case a non-euro area MS decides to leave the banking union?

# Having your voice being heard

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## Some further considerations

*If you change your mind, **who's** the first in line?*

*If you're all alone...*

*If you put me to the test, if you let me try....*

*Get to know you better...*

***Oh, you can take your time...***



*We protect the value of money*