STATEMENT BY CHRISTOPHER TUGENDHAT, MEMBER OF EEC COMMISSION RESPONSIBLE FOR FINANCIAL INSTITUTIONS, AFTER ADOPTION OF THE BANKING COORDINATION DIRECTIVE BY THE COUNCIL ON NOVEMBER 21, 1977

I am particularly pleased that the Council should at last have accepted the Banking Coordination Directive which the Commission proposed in 1974. At that time the banking sector in the Member States was more disturbed than it is today, and the central banks and the other supervisory authorities deserve a good deal of credit for the improvement in confidence and stability which has been regained. The passage of the Banking Coordination Directive, which is the first concrete step at the level of the Community in the essential area of banking supervision, thus comes against a background in which we can be entitled to expect steady progress towards greater exercise of freedom of services in banking and ultimately towards a common market.

Certain features of the Directive have particular significance. First of all, it is not a detailed legalistic directive harmonising legislation. Instead it is a statement of some of the most important principles upon which the gradual coordination of banking supervision should be founded. At first sight, this may not sound much. In fact, as we all know, it is frequently more difficult to arrive at a consensus on fundamentals than to paper over differences by legal formulae. In this instance we have tackled fundamentals and have been able to make the resulting legislation be flexible and pragmatic.

Secondly, there is the question of the supervisory arrangements which the Directive will create. I start from the premise that it is thoroughly desirable that any institution that wants to take money from the public and use itfor making loans to others should come under proper control and supervision. The Member States all have supervisory authorities and this legislation makes no fundamental changes except for the introduction of a licencing system into the UK to which the British Government is already committed and which is, I think, a measure quite widely welcomed.

/ While not

While not changing the nature of national supervisory arrangements, the Directive does on the other hand to some extent formalise cooperation between the various control authorities of the Community themselves and with the Commission. It does this through the mechanism of an advisory committee composed of those authorities involved in banking supervision. We in the Commission attach particular importance to this since regular collaboration within the context of the advisory committee will help ensure that the steps to be taken towards the creation of a common market for banking can be planned and executed with the full participation of experts and responsible authorities. To this collaboration we shall of course add, in whatever way seems most appropriate, regular consultation with the banking industry itself.

This is important legislation and brings a step nearer the realisation of one of the main objectives of the Treaty of Rome, a common market in services. I, therefore, look forward to bringing into being as quickly as possible the key body of the Banking Coordination Directive - the Advisory Committee. I shall be in touch with those concerned because I attach importance to the level of their representation on the Committee. I think it essential that this is commensurate with the considerable responsibilities to be undertaken. I would like the Committee to meet in January to start on its work of further coordination of legislation and practice and liberalisation of the market.