



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

COURTESY TRANSLATION

Mario DRAGHI

President

Mr Costas Mavrides  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt, 18 January 2017

L/MD/17/37

**Re: Your question**

Honourable Member of the European Parliament, dear Mr Mavrides,

Thank you for the question relating to the treatment of cooperative banks within the Banking Union, which you raised during the monetary dialogue with the Committee on Economic and Monetary Affairs on Monday, 28 November 2016.<sup>1</sup>

Let me start by mentioning the single rulebook, which applies to all credit institutions in all EU countries and underpins our supervision. The overarching objective when setting up European banking supervision was to apply a single supervisory approach to all supervised institutions across the euro area. All credit institutions in the euro area should therefore be supervised in accordance with a harmonised methodology, with due respect for the principle of proportionality.

The Regulation on the Single Supervisory Mechanism requires the ECB to apply this principle in its supervisory approach. Specifically, it stipulates that, in carrying out its supervisory tasks, “the ECB should have full regard to the diversity of credit institutions and their size and business models, as well as the systemic benefits of diversity in the banking industry of the Union”.<sup>2</sup> In practical terms, significant institutions

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<sup>1</sup> Monetary dialogue with Mario Draghi, President of the ECB.

The transcript is available at [https://www.ecb.europa.eu/press/key/date/2016/html/sp161128\\_1\\_Transcript\\_and\\_QandA.en.pdf](https://www.ecb.europa.eu/press/key/date/2016/html/sp161128_1_Transcript_and_QandA.en.pdf)

<sup>2</sup> Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63), available at <http://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex%3A32013R1024>

**Address**

European Central Bank  
Sonnemannstrasse 20  
60314 Frankfurt am Main  
Germany

**Postal Address**

European Central Bank  
60640 Frankfurt am Main  
Germany

Tel. +49-69-1344-0  
Fax: +49-69-1344-7305  
Website: [www.ecb.europa.eu](http://www.ecb.europa.eu)

are directly supervised by the ECB through Joint Supervisory Teams headed by an ECB staff member and composed of staff of both the ECB and the national competent authorities (NCAs). For less significant institutions, NCAs are responsible for conducting direct supervision, under the oversight of the ECB. With regard to less significant institutions, the ECB respects the principle of proportionality both in its own oversight activities as well as in the guidance it gives to NCAs for their day-to-day supervisory activities.

One practical example that demonstrates how the ECB acknowledges the particular operating principles of cooperative societies is the public consultation on the ECB's approach for the recognition of institutional protection schemes for prudential purposes, which was conducted between 19 February and 15 April, 2016. The two main sectors covered by institutional protection schemes in euro area countries are cooperative banks and savings banks. One of the reasons for carrying out the public consultation was to collect feedback from the industry in order to ensure that all relevant aspects, including particularities of cooperative banks and savings banks, are duly considered in the policy on institutional protection schemes.

Yours sincerely,

[signed]

Mario Draghi

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Sonnemannstrasse 20  
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