



## ***EUF CRD IV position letter to stakeholders and press***

### **The list of names of the key stakeholders to whom the letter has been sent:**

#### **European Parliament:**

Mr. Othmar Karas, Vice-President of the European Parliament

Ms. Sharon Bowles, Chair of the ECON Committee

Mr. Philippe Lamberts, MEP

Mr. Udo Bullmann, MEP

Ms. Vicky Ford, MEP

Mr. Jürgen Klute, MEP

#### **European Commission:**

Mr. Bertrand Dumont, Member of the cabinet Cabinet du Commissaire Michel Barnier

Mr. Mario Nava, Director, Direction Général du Marché Intérieur, Directorate H

Danish Presidency of the Council:

Mr. Martin Bresson, Counselor for Financial Services Representation of Denmark to the EU

#### **Banking industry and civil society:**

Mr. Guido Ravoet, Director General, European Banking Federation

Mr. Tanguy van de Werve, Director General, Eurofinas

Mr. Hervé Guider, General Manager, European Association of Co-Operative Banks

Chris de Noose, Managing Director, European Saving Banks Group

Philippe de Buck, Director General, BUSINESSEUROPE

Mr. Andrea Benassi, Secretary General, UEAPME



The EUF is composed of national and international associations for the factoring and commercial finance industry that are active in the EU. The EUF seeks to engage with Government and legislators to enhance the availability of finance to business, with a particular focus on the SME community. Furthermore, the EUF acts as a platform between the factoring and commercial finance industry, and key legislative decision makers across Europe, providing a source of reference and expertise on the factoring and commercial finance industry.

It is in this role that the EUF notes that the availability of finance to businesses, particularly SMEs, may potentially be made more difficult and also costly as a result of the introduction of some new measures within the Basel III framework. With Basel III, the Basel Committee on Banking Supervision has devised a comprehensive set of reform measures which tighten the regulation, supervision and risk management of the banking sector. These measures are inter alia aimed at improving the banking sector's ability to absorb shocks arising from financial and economic stress – an aim which also the EUF welcomes, especially in the light of the still very recent credit crunch and financial crisis.

However, certain reformed measures in the new Basel III rules concerning the liquidity and capital requirements for various risk weighted assets have made some waves, particularly in the SME and commercial financing sector, including the factoring industry. It should be noted that some of the new provisions were designed for deposit taking institutions as Basel III by definition does not cater for institutions that are not authorised to accept deposits. However, these provisions may also be applied by Member States to non deposit taking institutions such as factoring companies. It is vital that specificities of the European banking and financing industry are considered and upheld in the process of transposing the global Basel III framework. Particularities of certain special forms of financing such as factoring need to be taken into consideration in the transposition process, particularly if they are as vital for SMEs as the factoring and receivables financing industry are.

It is with interest that we have noted the positive appreciation of Mr. Karas's report concerning trade finance, a product which in its characteristics is close to factoring:

“Trade finance exposures are diverse in nature but share characteristics such as being small in value and short in duration and having an identifiable source of repayment. They are underpinned by movements of goods and services that support the real economy and in most cases help small companies in their day-to-day needs, thereby creating economic growth and job opportunities. Inflows and outflows are usually matched and liquidity risk is therefore limited.”

The EUF therefore emphasises the need for proportionate regulatory measures: EU legislators should ensure that any new regulatory measures introduced as a consequence of Basel III are suitable for all European member states and fair in respect of the different regulated entities falling within their scope of application. Furthermore, any indirect effects on businesses and on the availability of financing options need to be taken into consideration in the European legislative process, especially negative effects on financing options such as factoring and receivables financing. These sources of finance have proven to be a real and frequently used alternative to the classic bank loan and have helped to alleviate much of the burden caused by the recent credit crunch, especially for SMEs. Moreover, the fact that the factoring industry did not contribute causes for the recent financial crisis should not be overlooked: When compared with other forms of financing which can be considered as contributing factors to the recent financial crisis, factoring and receivables financing is a low-risk form of financing, also thanks to its direct connection to the real economy via the purchase of receivables for delivered goods and rendered services.



If these effects are taken into consideration and acted upon, the factoring industry can continue to focus on what it does best: provide financing solutions to businesses, especially SMEs.

For more information, please contact [info@euf.eu.com](mailto:info@euf.eu.com)

Kind regards,  
John Gielen  
Chairman of the EUF

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16.03.2012