



## Martin Merlin

Director, Banks, Insurance and Financial Crime, DG for Financial Stability, Financial Services and Capital Markets Union, European Commission

# Towards a more effective crisis management and completion of the Banking Union

In the face of the unprecedented COVID-19 pandemic, affecting all economic sectors, the European institutions and agencies intensively coordinate with Member States to ensure adequate crisis management and to prepare for the recovery of the European economy. **The exact extent of the economic consequences of this crisis (and the second-round effects on the banking sector) are still unknown but the post-financial crisis framework puts us in better position to withstand the test. Yet, the need to complete Banking Union is more acute than before.**

At political level, there is a broad consensus about the need to improve the bank crisis management framework to increase its efficiency, have appropriate common safety nets, preserve financial stability and as a result facilitate further cross-border integration. The Commission will continue to engage with Member States to bring about a consistent framework, which can rely on effective tools and appropriate funding catering for the failures of all banks, irrespective of their size and business model and whether the failure is managed in resolution or insolvency.

To ensure a consistent treatment of banks and creditors, several issues will require careful examination. These include namely the conditions and the procedure to grant precautionary recapitalisation, the interaction between resolution and insolvency procedure, the role of deposit guarantee schemes and the application of the public interest test.

A more coherent approach to crisis management might facilitate progress towards completing Banking Union and achieving a common deposit insurance scheme. A comprehensive, robust and well-functioning Banking Union should be at the core of a resilient European Monetary Union and is essential to strengthen the international role of the euro and, more generally, the European Union's economic sovereignty. It will also be necessary to ensure solidarity across the EU and to support economic recovery following the current crisis. ●