



Coronavirus Response: Commission adopts banking package to facilitate lending to households and businesses in the EU

Brussels, 28 April 2020

The Commission has today adopted a banking package to help facilitate bank lending to households and businesses throughout the European Union. The aim of this package is to ensure that banks can continue to lend money to support the economy and help mitigate the significant economic impact of the Coronavirus. It includes an Interpretative Communication on the EU's accounting and prudential frameworks, as well as targeted "quick fix" amendments to EU banking rules.

The rules put in place following the financial crisis have ensured that banks in the EU are now more resilient and better prepared to deal with shocks to the economy. Today's Communication recalls that EU rules allow banks and their supervisors to act in a flexible, but responsible, manner during economic crises to support citizens and firms, particularly small and medium-sized companies. Today's Regulation also implements some targeted changes to maximise the capacity of credit institutions to lend and to absorb losses related to the Coronavirus pandemic, while still ensuring their continued resilience.

Valdis **Dombrovskis**, Executive Vice-President for an Economy that Works for People said: *"We are supporting households and businesses as much as we can to deal with the economic fallout of the Coronavirus. The banking sector can do a lot to help here. We are using the full flexibility of the EU's banking rules and proposing targeted legislative changes to enable banks to keep the liquidity taps turned on, so that households and companies can get the financing they need. I will soon also be launching roundtable discussions bringing together consumer and business groups with the financial sector so that we can address the most urgent needs of our citizens and companies."*

The Commission will engage with the European financial sector to explore how it can develop best practices that could further support citizens and businesses. The EU's response to this crisis must be coordinated in order to avoid national fragmentation and to ensure a level playing field.

Targeted amendments to banking rules

The Commission proposed today a few targeted "quick fix" amendments to the EU's banking prudential rules (the Capital Requirements Regulation) in order to maximise the ability of banks to lend and absorb losses related to Coronavirus. The Commission proposes exceptional temporary measures to alleviate the immediate impact of Coronavirus-related developments, by adapting the timeline of the application of international accounting standards on banks' capital, by treating more favourably public guarantees granted during this crisis, by postponing the date of application of the leverage ratio buffer and by modifying the way of excluding certain exposures from the calculation of the leverage ratio. The Commission also proposes to advance the date of application of several agreed measures that incentivise banks to finance employees, SMEs and infrastructure projects.

Interpretative Communication

Today's Communication confirms the recent statements on using flexibility within accounting and prudential rules, such as those made by the Basel Committee of Banking Supervision, the European Banking Authority (EBA) and the European Central Bank, amongst others. The Commission encourages banks and supervisory authorities to make use of the flexibility in the EU's accounting and prudential frameworks. For example, the Communication confirms – and welcomes – the flexibility available in EU rules when it comes to public and private moratoria on loan repayments (EBA guidelines of 2 April). The Communication also highlights areas where banks are invited to act responsibly, for example by refraining from making dividend distributions to shareholders or adopting a conservative approach to the payment of variable remuneration. Today's Communication also recalls how banks can help businesses and citizens through digital services, including contactless and digital payments.

For more information

[Commission Interpretative Communication on the application of the accounting and prudential frameworks to facilitate EU bank lending \(Supporting businesses and households amid COVID-19\)](#)

[Proposal to amend Regulation \(EU\) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms](#)

[Regulation \(EU\) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation \(EU\) No 648/2012 Text with EEA relevance](#)

[Questions and Answers: Coronavirus response: Banking Package to facilitate bank lending- Supporting households and businesses in the EU](#)

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