

EBA Statement On Actions To Mitigate The Impact Of COVID-19

EU UPDATES & INDUSTRY TRENDS

IMPLEMENTATION OF BASEL VI DELAYED TO 2020

The Basel Committee has deferred the implementation date of the Basel III standards finalised in December 2017 (Basel IV) by one year to 1 January 2023. The accompanying transitional arrangements for the output floor have also been extended by one year to 1 January 2028. Please find here the Basel Committee press release.

As a result, it is very likely that the European Commission's timetable on implementing Basel IV in Europe, originally expected before summer 2020, will also be delayed. Leaseurope will continue in accordance with its action plan to achieve a preferential prudential capital treatment for leasing, including engaging with European policy makers, albeit without the opportunity to have physical meetings for the time being.

EBA AND ACB ACTIONS TO MITIGATE THE IMPACT OF COVID-19

The EBA has emphasised in a recent [statement](#) that a flexible and pragmatic approach will currently be required as a result of various issues stemming from Covid19, and they encourage national competent authorities to do the same. They clarified that, in the case of debt moratoria, there is no automatic classification of default, forbore, or IFRS9 status. However, adequate risk assessment remains important and institutions must prioritise individual assessments of obligors' likelihood to pay when possible.

Their planned EU-wide stress test has been postponed to 2021 to allow banks to prioritise operational continuity. Other measures they have taken include extending the deadlines of ongoing public consultations by two months, postponing all scheduled public hearings to a later date and running them remotely, extending the remittance date for funding plans data, as well as for the Quantitative Impact Study (QIS) of 2019. You can find more info [here](#).

The ECB has also announced a number of measures to support its directly supervised banks. These include allowing them to temporarily operate below the normal levels for Pillar 2 Guidance (P2G), capital conservation buffer (CCB) and liquidity coverage ration (LCR), you can find more info [here](#). To allow banks to fully benefit from guarantees and moratoriums put in place by public authorities, they have introduced supervisory flexibility regarding the treatment of non-performing loans (NPLs). The ECB also recommends that all banks avoid procyclical assumptions in their provisions models and that those banks that have not done this so far opt for the IFRS 9 transitional rules. For more information click [here](#). Finally, the ECB asks

banks not to pay dividends until at least October 2020. For more information click [here](#).

EUROPEAN COMMISSION ISSUES "CLIMATE LAW" PROPOSAL

With this latest proposal for a [European Climate Law](#), the European Commission is hoping the goal of achieving climate neutrality within the EU by 2050 will be enshrined into law. The proposed regulation also commits to lowering the EU's targeted greenhouse gas emissions to 50%-55% compared to 1990 levels by 2030. All related policy instruments would be revised by June 2021.

As well as imposing a duty on Member States to "take the necessary measures" to meet the 2050 goal, the proposal allows the Commission to take stock of the targets every five years through delegated acts. Although the proposal notes the transport sector will be one of the key sectors in reducing greenhouse gas emissions, it does not set out any sector-specific targets or measures. These will be set out in sector specific legislation, such as the legislation on CO2 performance standards for cars, due to be issued in 2021.

EUROPEAN COMMISSION ISSUES INDUSTRIAL STRATEGY

The Commission has also issued their [industrial strategy](#), which sets out their overarching goals for industrial policy. The strategy stresses the need to ensure cohesion with the Commission's goal of achieving climate neutrality, and notes that "all industrial supply chains, including energy intensive sectors, will have a key role to play in this context". It outlines a number of measures they plan on bringing into law, including the Digital Services Act, which will impose rules on transparency in online advertising. Additionally, the proposal also highlights the importance of data in driving the EU's strategy on AI. In the context of transport, it references the Commission's aim to move towards sustainable and smart mobility.

LEASEUROPE ACTIVITIES

LEASEUROPE COORDINATING SECTOR RESPONSE ON COVID-19 IMPACT

As the spread of Covid-19 across Europe results in a shutdown of large parts of economic life, the impact on the leasing and car rental sectors is evolving daily. Leaseurope has been utilising its position as a platform for the industry to enable information sharing between members and industry practitioners across Europe in order to gain further insights. The Federation has hosted numerous conference calls over the last 2 weeks, including the Leaseurope Board and the various automotive working groups. Last Friday, Leaseurope member associations joined the Board in an exceptional meeting to facilitate a coordinated approach at the European level going forward. One initiative already taken includes Leaseurope joining the [European Tourism Manifesto](#) Alliance, which has recently published a [statement](#) on the implementation of urgent measures to limit the COVID-19 outbreak's impact on the tourism sector. Going forward, Leaseurope will be working together with its members on limiting impacts, positioning our industry as an essential facility with regulators, and continuing our crucial function as an information exchange.

RECOGNITION OF VEHICLE RENTAL AS AN ESSENTIAL MOBILITY SERVICE PROVIDER

On 30 March, Leaseurope wrote to the Commission and Croatian Presidency to reiterate the vital role that the vehicle rental sector will play in maintaining the essential movement of people, goods and services as the current Covid-19 situation evolves. The rental industry is an integral part of the supply chain and operating model for many businesses in the logistics sector, health services, police, social care, as well as local and central government. For these reasons, it is very important that any planned business or transport closures being considered do not include vehicle rental branches, due to their essential role in providing mobility to frontline services personnel and to ensure supply continuity.

LEASEUROPE MEETS WITH DG FISMA ON BASEL IV IMPLEMENTATION

On 26 February, Leaseurope led a delegation, including industry experts, to meet with Nathalie Berger, Head of Unit, Banking Regulation and Supervision at the European Commission and her team. The purpose of the meeting was to discuss our proposals for a preferential prudential capital treatment of leasing, taking the opportunity for the lessors present to explain clearly how leasing works and how the upcoming Basel IV changes are likely to impact them negatively. Ms Berger emphasized that any deviation in Europe from the international agreement is going to be difficult politically, however they understood our issues and the negative impact of this regulation on leasing and agreed to investigate further the possibility of including some positive provisions for leasing to mitigate the impact. They also encouraged us to engage with the European Parliament and the Members States to gain their support towards our proposals.

LEASEUROPE PROPOSALS ON BASEL IV A TOP PRIORITY FOR EUROPEAN BANKS AND ENTERPRISES

Following very intense negotiations within the European Banking Industry Committee (EBIC), Leaseurope has managed to secure that our key priorities on Basel IV are considered one of the top 7 priorities of the European banking industry. This is a major achievement for the interests of our industry and will improve our chances of achieving a preferential prudential capital treatment for leasing.

In addition, Leaseurope with the support of the leasing national associations has also successfully convinced SME United and Business Europe, the federations of SMEs and business in Europe, to include our proposals as top priorities in their respective position papers on Basel IV. Support from key stakeholders like these falls under Pillar II of Leaseurope's action plan on the topic and will provide us with additional political capital vis-a-vis the European Commission, the European Parliament and the Council of the EU in our lobbying efforts going forward.

LEASING CEOs SUPPORT LEASEUROPE PROPOSALS ON BASEL IV

Leaseurope prepared a letter signed by 21 leasing CEOs covering most EU countries, where they support our proposals to improve the prudential capital treatment of leasing within the context of the European implementation of Basel IV. The letter was addressed to relevant European Commissioners, including Executive Vice-President Frans Timmermans in charge of the European Green Deal, Executive Vice-President Valdis Dombrovskis in charge of Financial Services, Commissioner for Agriculture Janusz

Wojciechowski, and Commissioner for Transport Adina V?lean.

We are confident that such a letter will strengthen our political messages towards the European Commission.

LEASEUROPE RESPONDS ON JUST TRANSITION FUND PROPOSAL

Leaseurope has recently responded to the Commission's draft proposal on the Just Transition Fund, which would provide funds to regions and sectors negatively affected by the transition towards a low carbon economy. In our response, we highlighted the need to ensure that leasing and rental industries are not excluded from this new type of funding (as has often been the case with various funds at national level). Given the key role the rental and leasing industries will play in facilitating the green transition, it will be particularly important that this omission is not repeated. You can access our full response [here](#).

LEASEUROPE PROVIDES FEEDBACK ON AML

Leaseurope has also responded to the Commission's AML Roadmap. In our response, which you can find [here](#), we highlighted the low risk nature of leasing from a money laundering perspective. We also stressed that whilst Leaseurope fully supports the Commission's aim to tackle money laundering, the focus should be on implementing existing EU legislation, which has only been fully in force since January this year.

INTERNAL MEETINGS

On 4 March the Prudential Supervision Committee (PSC) met by conference call.

On 06 and 17 March two extraordinary Car Rental Working Group (CRWG) conference calls discussed the COVID-19 situation and way forward.

On 18 March the Leaseurope Board met via video conference.

On 25 March the Automotive Steering Group and Car Leasing Working Group met via conference call.

On 26 March the CRWG hosted their regularly scheduled working meeting via video conference.

On 27 March an extraordinary meeting of the Secretary Generals and the Board met via conference call to specifically discuss the Federation's strategy regarding Covid-19.

On 30 March the Truck Rental Working Group met via conference call.

Vai all'articolo originale

[LINK](#)