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FRENCH BANKING FEDERATION RESPONSE TO BASEL COMMITTEE ON BANKING SUPERVISION d429 CONSULTATIVE DOCUMENT ON THE TREATMENT OF EXTRAORDINARY MONETARY POLICY OPERATIONS IN THE NSFR

The French Banking Federation (FBF) represents the interests of the banking industry in France. Its membership is composed of all credit institutions authorized as banks and doing business in France, i.e. more than 390 commercial, cooperative and mutual banks. FBF member banks have more than 38,000 permanent branches in France. They employ 370,000 people in France and around the world, and service 48 million customers.

The FBF welcomes the opportunity to share its comments on the Basel Committee on Banking Supervision (BCBS) d429 consultative document on the treatment of extraordinary monetary policy operations in the Net Stable Funding Ratio (NSFR).

The FBF reiterates its support for a stable and resilient global financial system, while facilitating economic growth.

The FBF supports the BCBS's initiative that introduce a reduced required stable funding (RSF) down to 5% consistent to both unencumbered Level 1 assets issued by central banks and exceptional central bank liquidity absorbing operations with maturity of more than 6 months.

This flexible disposal, consistent with the paragraph 31 of the Basel NSFR standard (BCBS n°295), could eliminate any prudential liquidity obstacle in case of revision of the monetary policy. It would offer to Central Banks the sufficient flexibility in order to take appropriate measures as needed.

Nonetheless, BCBS shall ensure through Regulatory Consistency Assessment Programme (RCAP) exercises that this disposal will be implemented on a consistently global basis.