

Statement of EU ministers of finance on continuing bank lending and on maintaining a well-functioning insurance sector amid the COVID-19 pandemic

It is crucial that banks continue financing households and corporates, including SMEs experiencing temporary difficulties amid the COVID-19 pandemic. To this end, making full use of the flexibility provided for in the prudential and accounting framework, is essential at a time when sufficient financing to cover financial pressures is vital for the economy.

We welcome the recent statements by the European Commission, the European Central Bank, the Single Resolution Board, the European Banking Authority and the European Securities Markets Authority on the application of regulatory and accounting requirements for financial institutions in the current exceptional circumstances.

We stress the importance that all authorities continue to take an ambitious and coordinated approach when further specifying how to make best use of the available flexibility to ensure that the various initiatives announced by Member States and financial institutions are taken into account and that there is a level playing field amongst Member States.

In light of the recommendations from supervisory authorities, we urge all banks that have not already decided to do so to refrain from making distributions during this period and to use the freed capital and available profits to extend credit or other urgent financing needs arising from the ongoing crisis to their customers in a way that helps to ensure preserving economic activity. We call on the banking sector to support households and corporates affected by the COVID-19 outbreak, with the aim of ensuring business continuity.

In addition, we welcome the recent statements and recommendation by the European Insurance and Occupational Pensions Authority (EIOPA) on the identification of a number of tools allowing for flexibility within the current Solvency II framework for insurance undertakings. We urge insurance companies to follow up on EIOPA's statements to take timely and comprehensive measures to preserve their capital position, including the temporary suspension of all discretionary distributions, and to continue to act in the best interests of consumers.

Finally, we welcome supervisory flexibility expressed by European supervisory authorities regarding deadlines of supervisory reporting and public disclosure.

We will continue to closely monitor the evolution of the situation and to coordinate between European and national measures. Where necessary, we stand ready to take further actions, including legislative measures if appropriate, to mitigate the impact of COVID-19.

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