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Ombudsman criticises composition of European Banking Authority's stakeholder group

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The European Ombudsman, Emily O'Reilly, has criticised the manner in which the European Banking Authority (EBA) selected its key advisory body, the Banking Stakeholder Group. This follows a complaint from UNI Europa, a European trade union federation, concerning the over-representation of the "old" EU Member States' banking industry, as well as other imbalances in the first group, established by the EBA in 2011. The Ombudsman has asked the EBA to report on how the deficiencies have been addressed in the composition of EBA's new stakeholder group which was announced in October 2013.

Emily O'Reilly stated: "The EBA was set up in the wake of the financial and banking crisis and lessons still need to be learned from that crisis. Stakeholder advice - a crucial part of the input on banking regulation - should, as far as possible, be fully representative of not only the different industry and consumer sectors but also Europe's geographical balance."

Over-representation of the "old" Member States' banking industry

The EBA was established in 2011 in London to ensure effective and consistent regulation and supervision across the European banking sector. Before adopting standards, guidelines, and recommendations, the EBA is obliged to consult its Banking Stakeholder Group (BSG). This group consists of 30 representatives from the banking industry and its employees, as well as from consumers, retail users of banking services, and SMEs. The first BSG was established in March 2011.

In September 2011, UNI Europa turned to the Ombudsman, highlighting several imbalances in the BSG, including, amongst others, an over-

representation of the "old" Member States' banking industry, an over-representation of the "new" Member States' consumer organisations, and an over-representation of United Kingdom nationals.

The EBA explained its selection in terms of the need to establish a geographic balance for the BSG as a whole. It added that most of the applications for the "industry" category had come from the "old" Member States and that, therefore, nine out of ten industry representatives were selected from those countries.

Emily O'Reilly acknowledged the difficulties that may arise in establishing a balanced BSG. However, she identified several instances of maladministration concerning the EBA's selection of industry, consumer, retail user, and employee representatives. In particular, the Ombudsman criticised the EBA for not having ensured a geographical balance within each category. She added that the EBA should, in future, avoid the risk that one Member State might be seen as over-represented.

In October 2013, the EBA announced the composition of its new BSG. The Ombudsman expects that the deficiencies identified during her investigation have been taken on board. Emily O'Reilly invited the EBA to follow-up on her findings by explaining how it revised its approach during the second selection process.

The Ombudsman's full decision is available at: <http://www.ombudsman.europa.eu/en/cases/decision.faces/en/52432/html.bookmark>