

**Deputy Prime Minister and Foreign Minister Venizelos' initial remarks in the European Parliament Plenary debate on the Banking Union (15 April 2014)**

"President, Honourable Members,

I am grateful for this opportunity to participate in this morning's debate on the Banking Union, in a sitting at which a great step is being taken in the direction of European integration, in the direction of the Banking Union.

The rapid completion of the Banking Union will send a clear message to those who doubted the EU's ability to draw the right lessons from the financial crisis - and to structurally reform the oversight and management of our financial sector.

The creation of a solid Banking Union is essential for breaking the link between banks and sovereign debt. It is also crucial in overcoming market fragmentation, particularly in the financial services market, within the euro area.

The Banking Union has been created in under two years. It has been a Herculean task, but one that will enable Europe to emerge stronger from the crisis. It is a major step towards the completion of a true Economic and Monetary Union based on greater integration and solidarity in the euro area. And the Single Rule Book, the foundation on which the Banking Union has been built, will deliver greater stability to the whole of the EU and its internal market.

As part of this Single Rule Book, we already adopted the Capital Requirements Directive 4 legislative package in 2013. This ensures all banks keep sufficient capital reserves and liquidity, and strengthens their ability to manage risk. In so doing, we also lived up to the Union's international commitments under Basel III.

Also part of the Single Rule Book, the Directive on Deposit Guarantee Schemes (DGS), is crucial to minimizing the risk of bank runs and reinforcing financial stability. It will protect depositors by significantly strengthening deposit guarantee funds and the reduction of delays in the reimbursement of depositors in the case of bank failure.

This will be complemented by provisions specially protecting SMEs and their pension schemes, as well as the deposits of small public authorities and some deposits for housing and social purposes. I look forward to this Plenary confirming the conclusion of DGS by approving the position agreed with you at the end of last year.

The ultimate goal is naturally for us to pass from the Directive on Deposit Guarantee Schemes to a comprehensive European deposit guarantee system. I hope that this will not be long in being recognized as a vital need of the eurozone and the Union as a whole.

The Bank Recovery and Resolution Directive (BRRD) is also an essential text, underpinning the Banking Union, on which your approval is being sought. BRRD will maximise the chances of a bank recovering from a troubled situation. In the extreme case of a bank deteriorating beyond repair, it will enable the bank's critical functions to be preserved while the bank is wound down in an orderly fashion. The related costs will fall primarily upon its owners and unprotected creditors - not the taxpayer. Bank supervisors and national resolution authorities will now have the means to fully enforce this process.

Let me now turn to the supervisory pillar of the Banking Union: the Single Supervisory Mechanism (SSM).

The SSM Regulation has established a strong banking supervisor for the euro area and other Member States wishing to participate. The ECB will directly supervise systemically important banks and will cooperate closely with the relevant national authorities responsible for the rest. This will contribute to creating a level playing field and more stringent supervision of the sector.

Now, with regard to the Single Resolution Mechanism I must stress that I very much welcome, on behalf of the Council, the fact that we were able to reach a political agreement on the SRM Regulation. This will enable you to vote on this key piece of legislation this week. It is no secret that the process has been complex and difficult. I believe the delicate compromise we have found is a real achievement.

As with any compromise, none of us consider it perfect. But the stakes are too high for us to allow our search for perfection to undermine the possibility of an acceptable agreement.

We set ourselves a very ambitious agenda. We are now on the verge of achieving what we set out to do. We have successfully created fundamental safeguards for taxpayers and depositors that will protect our financial stability and prevent future crises.

So I would like to express my gratitude to the rapporteurs, to the shadow rapporteurs, to the chair and members of the European Parliament's Economic and Monetary Affairs Committee and their teams, to Commissioner Barnier, who has played a decisive role in all of this, to the previous, Lithuanian Presidency for everything it did. And I would like to express my personal thanks to Greek Finance Minister Yannis Stournaras, who is currently chairing the ECOFIN, to the Permanent President of the Eurogroup, as well as to everyone who contributed, directly or indirectly, to this institutional achievement.

Thank you."