



**EUROPEAN CENTRAL BANK**  
BANKING SUPERVISION

**Andrea Enria**

Chair of the Supervisory Board

*COURTESY TRANSLATION*

Mr Dimitrios Papadimoulis  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 26 November 2019

**Re: Your letter (QZ-046)**

Honourable Member of the European Parliament, dear Mr Papadimoulis,

Thank you for your letter, which was passed on to me by Ms Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 24 October 2019.

In line with our mandate and with a view to contributing to the safety and soundness of banks, the sustainability of banks' business models is a key element of the ECB's supervisory approach. Low profitability weakens banks' ability to accumulate capital through retained earnings and may also negatively affect their ability to raise funds externally by issuing equity. Furthermore, structurally low profitability may trigger excessive risk-taking intended to generate higher returns in the short run.

Greek significant institutions, which are under the direct supervision of the ECB, have struggled to return to profitability after years of losses. Most importantly, they need to resolve the issue of an excessively high ratio of non-performing loans. However, it is the responsibility of these banks' management teams to decide which strategic avenues they must pursue to generate sustainable profits.

The ECB is aware of the new fees that you mention in your letter, including charges for certain transactions, as well as ATM printouts of bank statements and other card-related charges. Such information is relevant when analysing the viability and sustainability of the business models of the banks concerned. In the second quarter of 2019, the contribution of fees and commissions to the operating income of Greek banks under ECB supervision was less than half of that of their business model peers in other countries (approximately 16% against 33%, both measured on a rolling four-quarter basis).

Regarding your questions on measures to reduce the burden of new fees on customers, any measure related to this burden would fall under the competence of national consumer protection authorities and is thus outside the scope of ECB Banking Supervision's prudential mandate.

Lastly, the ECB cannot quantify the potential financial burden of this new policy on cardholders of Greek banks, as this will also depend on possible changes in customer behaviour in reaction to the new charges.

Yours sincerely,

[signed]

Andrea Enria