



**PRESS RELEASE**  
ecoDa

Brussels, 30 March 2017- ecoDa welcomes that the European Banking Authority (EBA) is placing governance high on the agenda in its Guidelines on internal governance for financial institutions. Good governance needs indeed to be embedded throughout the organisation and should be an attitude at all levels of decision-making.

As expressed by Lutgart Van den Berghe, Chair of ecoDa Policy Committee, attention for the complete role of the board of directors is necessary: *"The EBA guidance on internal governance (naturally) focuses on the monitoring role of the board. However, the reference framework for judging governance quality and governance effectiveness of financial institutions is incomplete in so far as the fundamental role of the Board of Directors on strategy and leadership is insufficiently addressed"*.

ecoDa also wants to highlight the practical difficulties faced by regulators in assessing the suitability of key function holders at financial institutions as prescribed in the EBA Guidelines.

*"It is foremost the board (and the shareholders) that need(s) to assess the suitability of board members, before any nomination or re-nomination", says Lutgart Van den Berghe.*

Judging 'the fit' of an individual board member should be done in light of the composition of the global board. Periodicity of assessments needs further reflection as well.

*"An annual assessment might not be always necessary and might well give rise to a more superficial formalistic approach, a kind of box-ticking", added Lutgart Van den Berghe.*

ecoDa is also concerned about the increasingly extensive use of "guidelines" in general and the detailed approach of the EBA guidelines in particular.

*"Writing all the rules in a guideline is beyond what regulators should do", says ecoDa Board Director Paola Schwizer. "EBA should refrain from being this detailed on the soft skills. Although these soft skills can enhance the active and constructive role played by a board director, we see some difficulties concerning the assessment of the same by the board itself."*

ecoDa welcomes that the EBA confirms that for governance matters a comply or explain approach is the most feasible route to offer sufficient flexibility to the Member States and hopes that the competent authorities will use the same approach in order to offer the flexibility needed in the very diverse landscape of financial institutions under their supervision.

ecoDa believes that the final EBA Guidelines will deserve attention of non-executive directors from all kind of sectors as they highlight relevant

topics and might serve as complementary guidance for non-financial reporting.

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**Notes to editors**

[ecoDa's response to EBA consultation on its revised Guidelines on internal governance](#)

[ecoDa's response to EBA/ESMA consultation on the Guidelines on the assessment of the suitability of members of the management body and key function holders of credit institutions](#)

About the European Confederation of Directors Associations

The European Confederation of Directors Associations (ecoDa) is a not-for-profit association founded in December 2004 under the laws of Belgium. Through its national institutes of directors (the main national institutes existing in Europe), ecoDa represents approximately 55,000 board directors from across the EU. ecoDa's member organisations represent board directors from the largest public companies to the smallest private firms, both listed and unlisted.