



OPINION OF THE EUROPEAN CENTRAL BANK
of 14 August 2014
on savings banks attached to mutual associations
(CON/2014/64)

Introduction and legal basis

On 3 July 2014, the European Central Bank (ECB) received a request from the Portuguese Minister of State and Finance for an opinion on a draft decree-law introducing the Mutual Associations Code (hereinafter the ‘draft decree-law’).

The ECB’s competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union and on the sixth indent of Article 2(1) of Council Decision 98/415/EC¹, as the draft decree-law relates to rules applicable to financial institutions insofar as they materially influence the stability of financial institutions and markets. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

1. Purpose of the draft decree-law

- 1.1 The draft decree-law introduces a new Mutual Associations Code, which is aimed at setting clearer rules for mutual associations regarding their financial and budgetary autonomy, the safeguarding of their financial stability and the investment and management of their assets. It specifically provides for a definition of savings banks attached to mutual associations, according to which ‘attached savings banks’ are credit institutions: (a) with legal personality and organisational, administrative and financial independence; and (b) which are governed by specific regulations².
- 1.2 The Legal Framework of Credit Institutions and Financial Companies³ (hereinafter the ‘Legal Framework’) include ‘savings banks’ (caixas económicas) in the list of entities that are classified as credit institutions to which the Legal Framework applies⁴. Savings banks are further regulated by Decree-Law No 136/79 of 18 May 1979. In May 2014 four savings banks were registered with the Banco de Portugal (BdP) as authorised credit institutions, all of which are attached to mutual

¹ Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions (OJ L 189, 3.7.1998, p. 42).

² See Article 65 of the draft decree-law.

³ Put in place by Decree-Law No. 298/92 of 31 December 1992.

⁴ See Article 3(b) of the Legal Framework.

associations. Taken together, attached savings banks represent 6.11 % of the total assets of the Portuguese banking sector.

2. Observations

The ECB welcomes the introduction of legislation clarifying the status of savings banks attached to mutual associations. The draft decree-law provides for a clearer distinction between the finances of a mutual association and those of a savings bank attached to it⁵.

This opinion will be published on the ECB's website.

Done at Frankfurt am Main, 14 August 2014.

[signed]

The President of the ECB

Mario DRAGHI

⁵ See Article 65 of the draft decree-law.