



Germany's Coalition Agreement for a new
federal government – Part II:
Reference to FSI-related topics

FSI: The Coalition Agreement also addresses such issues that are of relevance to the provision of financial services in Germany.

1. Deposit insurance:

By way of introduction, the Agreement addresses the issue of deposit insurance. National deposit insurance will be retained, although European reinsurance for the national deposit insurance system can be created along with special efforts to reduce risks in bank balance sheets, further strengthen the resolution regime and preserve institutional protection. A full communitarization of deposit insurance systems in Europe is not envisaged.

2. Financial innovations:

The Coalition Partners would like to see a new dynamic with regard to the opportunities and risks of new financial innovations such as cryptoassets and neobrokers. In this area, a level playing field with uniform competitive conditions EU-wide is to be created. However, the Coalition Agreement does not contain any further concrete details on implementation.

3. Regulation:

Basel III is to be finalized. Implementation is to create an investment-friendly framework (access to ratings and preservation of the SME factor) and both banking supervision and banking regulation are to comply with the guiding principle of proportionality. It is striking that the Coalition Agreement addresses small and medium-sized banks in particular and seeks to reduce competitive disadvantages for them.

4. Payment infrastructure:

Just as expected, the Coalition is backing the European Payments Initiative. This course was already followed by Olaf Scholz in his former role as Managing Finance Minister.

5. Capital relief measures:

The capital relief measures introduced as a result of the COVID-19 pandemic have also been integrated into the Agreement. During this legislative period, the extent to which these measures can be retained after COVID-19 will be discussed.

6. Supervisory authority:

In addition, the already initiated reform of the German Financial Supervisory Authority (BaFin) is to be continued. This will further strengthen the Authority and provide it with more far-reaching competencies such as money laundering supervision for obliged entities that are particularly close to the financial market, or the closing of regulatory gaps.

7. High-performance market and cross-border mergers:

Lastly, the new government is committed to a high-performance European banking and capital market, which should also facilitate cross-border bank mergers including German participation.

Your contacts

Dr. Hannes Bracht
Partner

Tel: +49 69 71918 8432
hbracht@deloitte.de

Dr. Oliver Decker
Partner

Tel: +49 89 29036 5567
odecker@deloitte.de

Frank Fischer
Partner

Tel: +49 89 29036 5680
frankfischer@deloitte.de

Dr. Mathias Hanten, M.B.L.-HSG (St. Gallen)
Partner

Tel: +49 69 71918 8424
mhanten@deloitte.de

Arne Wittig
Partner

Tel: +49 69 71918 8430
arwittig@deloitte.de

Enno Zipse, LL.M.
Counsel

Tel: +49 69 71918 8483
ezipse@deloitte.de



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