



EUROPEAN COMMISSION

Directorate General Financial Stability, Financial Services and Capital Markets Union
Director General

Brussels, **11 SEP. 2015**
FISMA/B3/DR/gb (2015) 4101810

Mr Marco SABA
President IASSEM
email: marcosabait@gmail.com

Subject: Open letter to the President of the EU Commission, Mr Juncker, from the President of IASSEM (Istituto di Alti Studi sulla Sovranità Economica e Monetaria): request for support as whistle-blower concerning Investment Services and regulated markets

Dear Mr Saba,

Thank you for your letter of 18 August 2015 to the President of European Commission, Mr Jean-Claude Juncker, concerning the accounting treatment of money creation by banks. He has asked me to answer on his behalf.

The current accounting treatment of electronic money creation by banks is well established and reflects the underlying contractual agreements setting out the terms and conditions of the arrangements with the relevant counter-party. For example, when a bank lends money to a customer, it recognises a customer loan account (as an asset) which is governed by a loan agreement and a customer deposit account, such as a current account (as a liability), which is also governed by an agreement. The balance on the current account will fluctuate over time as the customer pays away the funds. In the EU, such electronic money creation is the prerogative of credit institutions which are subject to prudential requirements which limit the overall activity of electronic money creation.

Therefore we do not consider that there is evidence of fraud by banks. Nonetheless, I should like to thank you for bringing your concerns to my attention.

Yours sincerely,

Olivier GUERSENT

Cc: Felicia Stanescu, Ugo Bassi, Valerie Ledure, Erik Van Der Plaatz (DG FISMA);
Nathalie De Basaldua, Sebastian Kuck (Cabinet Hill)