

The harmonization of banking legislation in the EU

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Abstract

This paper attempts to assess the current legislation of banking in the European Union. The process of unification in Europe is also followed by efforts to harmonize and unify the laws of the member states. In the field of banking industry the precondition for harmonization of laws is the integration of internal market with the free movement of capital. The regulation and supervision of banks in EU still remains fragmented. European member states still have diverse regulations concerning the role of the state. The European Commission has the important function of proposing EU legislation on financial services including banks and ensuring that EU law is properly applied throughout the EU.

Banks are considered as a key industry enabling all the economic activities via depositing, crediting and arranging of payments. A number of secondary legislation has been adopted by the EU institutions to harmonize the national banking law of Member States.

The principles and objectives set by the European Commission Treaty depend on four EU freedoms with the aim of effective and open market including banks. Therefore it was a continuous process of harmonization of national banking regulation via secondary law since the 70's.

Keywords: Banks legislation, internal market, Banking Union.

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Academic Journal of Business, Administration, Law and Social Sciences ISSN 2410-3918 (print)

ISSN 2410-8693 (online)

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