

EU leaders agree to complete legal framework for single bank supervisor in 2012: source

BRUSSELS, Oct. 19 (Xinhua) -- European Union (EU) leaders have agreed to complete the "legal framework" for a single banking supervisor in Europe by the end of this year, an EU official told Xinhua early Friday.

EU leaders, who have finished their first part of a two-day summit after 10 hours' discussion, had "reached consensus on the goal of completing the legal framework for the new supervisory mechanism by the end of 2012," the official said on condition of anonymity.

The framework would be implemented on a gradual basis in 2013, he added.

While several EU nations such as Spain and France, in addition to the European Commission and the European Central Bank, argued for putting the new supervision system in place on Jan. 1, Germany and a few other countries had been urging caution.

Building a single supervisory body is a crucial step in breaking the vicious circle between the sovereign debt and banking crises. However, many details of the system have remained controversial, especially concerning whether a joint supervisor will be accompanied by a Europe-wide bailout fund to directly recapitalize ailing banks.

Challenges also arise from non-eurozone countries as the European Central Bank (ECB), which governs only eurozone member states, is expected to serve a core role in the single supervisory system.