# Eurojust supports new major crackdown on fraud with pay TV

The Hague, 10 June 2020

**Authorities in Spain, Denmark, Sweden and Germany have arrested 11 suspects for offering illegal access to over 40 000 streaming services, subscription television channels and films, violating audiovisual copyright on a large scale. During an action day coordinated via Eurojust, 50 servers were taken down in France, Germany, the Netherlands, Belgium, Denmark, Sweden, the Czech Republic, Poland and Spain, through which an estimated 2 million subscribers worldwide could illegally view programmes and films from, for instance, Netflix, Amazon and HBO. In a similar case last September, Eurojust coordinated a major action that led to the takedown of more than 200 servers.**

In addition to the arrests, 15 places were searched and one property, luxury cars and jewellery, cash and crypto-currencies have been seized for a total value of approximately EUR 4.8 million. Another EUR 1.1 million has been frozen in various bank accounts. The estimated proceedings for the suspects amounted to at least EUR 15 million. Europol provided analytical support to the operation and was involved in organising a joint meeting with Eurojust to set up the action day for this operation.

The criminal organisation operated mainly from Spain, using various websites in the EU and third countries to grant customers access to television channels and online providers for prices well below market value, by illegally tapping into the signal of established copyright holders. For this purpose, they used computer servers to access the content of legally operating broadcast enterprises and then illegally redistributed the intercepted content to their customers.

The organised crime group behind the illegal activities started its operations in 2014. The criminal organisation accepted payment via PayPal, bank transfers and cryptocurrencies, with servers for the processing of the transactions in Poland. The Spanish authorities opened investigations last year, originally looking into both the illegal sale of broadcasts of sports events via pay television and money laundering. Later, the investigations were extended to a much wider scope of illegal online access to pay TV services. In Sweden, a parallel criminal investigation has been ongoing since 2017, focusing on services targeting the Swedish market.

To prepare for the operation, Eurojust organised two coordination meetings and a coordination centre, and supported the Spanish authorities with the execution of European Investigation Orders and requests for Mutual Legal Assistance. The operation on the ground was led by the Investigating Court 6 and the Public Prosecutor’s Office in Alicante, together with the Intellectual Property Crime Section of the *Policia Nacional* in Spain.

In Sweden, the investigation was led by the Intellectual Property Crime Unit of the Swedish Prosecution Service, supported by the Swedish police. Additional support was provided by the National Organised Crime Agency, Cyber Crime Section of the National Police of the Czech Republic, the Interregional Specialised Jurisdiction (JIRS) of Lille in France and the Central Cybercrime Bureau (OCLCTIC) of the French Police.

*See also* : Letter of recognition by global film producers of Motion Pictures Association MPA

Photos / video © Policia Nacional (ES)

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# EIB to launch new bank lending survey for Central, Eastern and Southeastern Europe – Friday 12 June 2020

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A new European Investment Bank (EIB) report, the **CESEE Bank Lending Survey**, provides insights into banking group activities and business expectations in Central, Eastern and Southeastern Europe (CESEE). The report analyses portfolios, demand and supply for financing and the development of non-performing loans. The new edition includes a special analysis on banking group expectations regarding the impact of the coronavirus pandemic.

The report is part of regular reporting from the EIB, IMF, EBRD and World Bank for the European bank coordination "Vienna Initiative", a framework for safeguarding the financial stability of emerging Europe. The EIB survey for the new edition of the report was conducted as the COVID-19 pandemic unfolded. Previous editions are accessible here.

The report will be published on Friday 12 June at 12:00, and will be available here.

The Director of the EIB Economics Department Debora Revoltella and the lead author of the report Luca Gattini will present the report in a webinar on Friday 12 June at 11.30. You can register for the webinar by sending your name and name of organisation to the EIB press team: press@eib.org

Requests to receive advance copies of the report under embargo, ahead of release time, should be sent by e-mail to press@eib.org. Journalists requesting an electronic version in advance of the release time agree to respect the embargo and publication time of 12.00, on Friday 12 June 2020.

For further information, please contact Jan Gerrit Wnendt (j.wnendt@eib.org, +352 691 284 340) at the EIB Media Office (+352 4379 21000, press@eib.org).

**Background information**

**About the Economics Department of the EIB**

The EIB Economics Department provides economic research and studies, as well as unique analysis of investment activities in the EU and beyond, and supports the Bank in its operations and in the definition of its positioning, strategy and policy. Chief Economist Debora Revoltella heads the Department, a team of 40 economists.

**About the EIB CESEE Bank Lending Survey**

The EIB CESEE Bank Lending Survey is a unique, bi-annual survey of some 90 local banks, banking groups and financial institutions in Central, Eastern and Southeastern Europe. It collects information on credit standards, credit terms and conditions, approval rates as well as the various factors that may be responsible for their changes, including domestic and international elements. Demand for loans is also investigated in terms of loan applications as well as their quality. The survey also includes specific questions on credit quality and the funding conditions for banks. It is designed to build a panel of observations to support time series analysis, observations that can provide an almost real time assessment of the health of the banking sector in the CESEE region. The CESEE bank lending survey was developed and is managed by the Economics Department of the EIB, and is part of a series of reports by the EBRD, IMF and World Bank for the Vienna Initiative ( http://vienna-initiative.com )

For more information see:

https://www.eib.org/en/about/economic-research/surveys.htm

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# ECB reports on progress towards euro adoption for EU countries

PRESS RELEASE

10 June 2020

- Biennial report assesses progress of non-euro area EU Member States
- Given robust economic activity before pandemic, most countries made progress in addressing fiscal imbalances
- Policy commitments by Bulgaria and Croatia are significant steps towards ERM II membership in near future

Mixed progress has been made by non-euro area EU countries on economic convergence with the euro area since 2018, with important steps taken to address fiscal imbalances, the June 2020 Convergence Report of the European Central Bank (ECB) concludes. The report, issued every two years, assesses the progress towards euro adoption of currently seven EU countries that have not adopted the euro.

Bulgaria and Croatia have made a number of commitments in policy areas which are highly relevant for smooth participation in ERM II. Given the cut-off dates for the economic analysis contained in this report, a full assessment of the impact of the coronavirus (COVID-19) pandemic on the convergence path will be only be possible in the next report, due in 2022.

As regards the **price stability criterion**, compliance of the countries under review has worsened compared with the situation described in the previous Convergence Report. Bulgaria, Poland, Romania, the Czech Republic and Hungary recorded inflation rates well above the reference value of 1.8%, while inflation rates were below the reference value in Sweden and well below in Croatia. Inflation is expected to decline in the coming years in most of the countries under review. In 2020 deflationary pressures are expected to be fuelled by the sharp fall in oil prices.

In 2019 all but one of the countries under review reported a general government fiscal balance within the 3% reference value. An excessive deficit procedure was opened for Romania in April 2020. While the debt ratios in Croatia and Hungary exceed the threshold of 60% of GDP, they followed a diminishing trajectory until the end of 2019. Both deficit and debt ratios are expected to rise in all seven countries as a result of both the marked slowdown in economic activity and the fiscal measures taken in response to the pandemic.

While none of the countries under review currently participates in **ERM II,** Bulgaria and Croatia officially applied for inclusion in the mechanism in 2018 and 2019 respectively. The two countries have taken significant steps in terms of policy commitments towards joining the mechanism in the near future. In the reference period for the examination of convergence, the Bulgarian lev remained fixed at 1.95583 levs to the euro within the framework of a currency board. The Croatian kuna traded under a managed float and its exchange rate vis-à-vis the euro displayed low volatility. Most other currencies reviewed traded under flexible exchange rate regimes and most experienced high exchange rate volatility, especially during the financial market tensions in March 2020.

With regard to the convergence of **long-term interest rates**, only one of the seven countries under review – Romania – recorded rates above the reference value of 2.9%. The lowest long-term interest rates were recorded for Bulgaria and Sweden.

The strength of the institutional environment remains another important factor for the sustainability of convergence over time. Except in Sweden, the quality of institutions and governance is relatively weak in the countries under review – especially in Bulgaria, Romania, Croatia and Hungary.

In none of the countries examined is the **legal framework** yet fully compatible with all the requirements for adoption of the euro.

**For media queries, please contact Eszter Miltényi-Torstensson, tel.: +49 69 1344 8034.**

**Notes**

- The Convergence Report of the ECB reviews the economic and legal convergence of non-euro area EU Member States every second year or at the request of a specific country. It assesses the degree of sustainable economic convergence with the euro area, whether the national

legislation is compatible with the EU legal framework, and whether the statutory requirements are fulfilled for the relevant national central banks. Given its “opt-out” clause, Denmark is not covered by the assessment unless this is requested by the country.
- The cut-off date for the statistics included in this Convergence Report was 7 May 2020. The reference period for the price stability and long-term interest rate criteria is from April 2019 to March 2020. For exchange rates, the reference period is from 1 April 2018 to 31 March 2020. Historical data on fiscal positions cover the period up to 2019. Forecasts are based on the European Commission´s Spring 2020 Economic Forecast and the most recent convergence programmes of the countries concerned, as well as other information relevant to a forward-looking examination of the sustainability of convergence.
- Since November 2014 any country joining the euro area has also joined the Single Supervisory Mechanism (SSM) and the other components of the banking union. The banking system of the country in question is subject to a comprehensive assessment conducted by the ECB. Bulgaria and Croatia have applied for close supervisory cooperation with the ECB, and their banking systems have been subject to a comprehensive assessment, completed for Bulgaria on 26 July 2019 and Croatia on 5 June 2020.

**Research & Publications**

**European Commission**

Media contacts

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# EIOPA supports the ESRB’s call on enhanced monitoring of liquidity risks in the insurance sector

EIOPA supports the views expressed by the ESRB regarding the importance of improving the monitoring of liquidity risks in the insurance sector with the aim to enhance Europe’s preparedness to potential future shocks.

In this context, as a response to Covid-19, EIOPA already developed and put in place a proportionate framework to enhance the nature and the consistency of the information collected on liquidity risks. Until now there is no evidence of the materialisation of liquidity risks in the insurance sector.

Furthermore, as part of the Solvency II Review, EIOPA has consulted on concrete proposals to reinforce the macro-prudential dimension of the regime, including elements to strengthen the tools available to assess and monitor liquidity risks. These proposals will be assessed in the coming months in face of the Covid-19 evidence.

EIOPA will continue to contribute to the ESRB work in order to support the stability of the insurance sector and its contribution to the overall stability of the financial system.

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# Press release – COVID-19: Revised rules to encourage banks to lend to companies and households

On Tuesday, MEPs approved new rules to temporarily ensure favourable conditions for banks in order to support credit flows to companies and households and absorb losses, mitigating the severe economic consequences of the COVID-19 pandemic and the enforced confinement.

With a view to striking a balance between a robust and stable banking system and securing much-needed credit for the EU economy, MEPs agreed to apply specific changes to the capital requirements regulation (CRR), which will have to be coherently applied in the EU. Banks will have to monitor the effects of the pandemic on their balance sheets, pay close attention to non-performing loans and apply know-your-customer standards.

The adopted changes include:

- Extension by two years of the transitional arrangements for IFRS 9 (international accounting standard) and further relief measures (capital add back) will ensure that banks can further provide credit to the real economy.

- Alignment of minimum coverage requirements for non-performing loans guaranteed by the public sector with those guaranteed by official export credit agencies.
- Deferred application of the leverage ratio buffer (leverage ratio is a ratio between a bank's capital and its exposures) by one year to January 2023 – this further allow banks to increase the amount of funds they would be able to loan.
- Advanced application of a more favourable prudential treatment of loans to pensioners or employees with a permanent contract that are backed by the borrower's pension or salary.
- Advanced application of both, the SME and infrastructure supporting factors, which allows for a more favourable prudential treatment of certain exposures to SMEs and infrastructure, ensuring credit flow to SMEs and supporting infrastructure investments.
- Banks will no longer be required to deduct certain software assets from their capital, supporting an accelerated digitalisation of the banking sector.
- Liquidity measures provided by central banks in a crisis context will be effectively channelled by banks to the economy.

In order to support funding options in non-euro member states fighting the consequences of the COVID-19 pandemic, the Economic and Monetary Affairs Committee reintroduced transitional arrangements related to preferential treatment for when governments and central banks are exposed to bonds denominated in currencies of non-euro member states and prolonged transitional with respect to their treatment under the large exposure limits.

Taking into account the extraordinary impact of the COVID-19 pandemic and the extreme levels of volatility in the financial markets leading to increased yields for public debt and in turn to unrealised losses on banks' holdings of public debt, MEPs agreed to introduce a temporary prudential filter to calculate losses accumulated since 31 December 2019 and to neutralise their impact.

**Next steps**

The text was adopted with 41 votes to 16 and 2 abstentions.

The plenary session vote on the CRR quick fix will take place next week, on Friday 19 June.