

Targeted consultation on the competitiveness of the EU banking sector

Fields marked with * are mandatory.

Introduction

A competitive EU banking sector is crucial for the success of the [savings and investments union](#) and is an integral part of the [Commission Communication adopted on 19 March 2025](#). Banks play a vital role as financial intermediaries, connecting savers and businesses, and remain the main source of financing of the EU economy.

The Communication announced that the Commission would publish in 2026 a report assessing the overall situation of the banking system in the single market, including the evaluation of the banking sector's competitiveness.

The banking sector reforms undertaken in the EU in the past 15 years, including the set-up of the [banking union](#), have significantly contributed to financial stability in the EU and globally. They resulted in more resilient and safer banks, more transparency and level playing field, credible rules to resolve banks in case of failure and safeguard the confidence of depositors and markets in the system.

However, the single market for banking is at the crossroads of several old and new political debates in the EU, notably on competitiveness, financing the green and digital transitions and defence needs, cross-border banking consolidation and global competition, regulatory stability, burden reduction and proportionality. At the same time, cross-border banking activity across the single market is limited and the banking union remains incomplete, hindering development opportunities that could better support the financing of EU economy.

This consultation seeks stakeholders' feedback on the state of the banking sector in view of informing the preparation of the Commission's work to achieve a true single market in banking, improve capital mobility across the EU and foster the international competitiveness of the EU banking sector.

This targeted consultation seeks stakeholders feedback on three main areas:

1. banking competitiveness in the EU and globally
2. the single market and the banking union
3. complexity and effectiveness of the regulatory framework

The responses to this consultation will provide important guidance to the Commission when preparing, if considered appropriate, a Commission Communication on the competitiveness of the banking sector as part of its efforts to deliver on the savings and investments union.

Responding to the consultation

The objective of this targeted consultation is to gather views on the broad range of issues mentioned above from financial institutions, including credit institutions and industry associations, but also their clients, namely savers, businesses and consumer associations, as well as national authorities and Ministries, the European Supervisory Agencies, EU authorities and institutions, as well as academics, non-governmental organisation and research institutions.

Respondents are encouraged to provide explanations for each of their responses. Where possible, respondents are encouraged to provide qualitative evidence and quantitative data in their responses and to substantiate their reasoning with concrete examples, legal references, and specific suggestions. At the end of the consultation, respondents have the possibility to upload files to support their replies. If size limitations are constraining, respondents may upload several files. These will be published together with the responses to the targeted consultation.

All interested stakeholders are invited to **reply by 19 April 2026** at the latest to the present online questionnaire.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-banking-sector-competitiveness@ec.europa.eu.

More information on

- [this consultation](#)
- [the consultation document](#)
- [the related call for evidence](#)
- [savings and investments union](#)
- [macroprudential policy](#)
- [banking regulation](#)
- [the protection of personal data regime for this consultation](#)

About you

* Language of my contribution

- Bulgarian

- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German
- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen

- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

*** First name**

Olli

*** Surname**

Salmi

*** Email (this won't be published)**

olli.salmi@finanssiala.fi

*** Organisation name**

255 character(s) maximum

Finance Finland

*** Organisation size**

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

7328496842-09

*** Country of origin**

Please add your country of origin, or that of your organisation.

- Afghanistan
- Djibouti
- Libya
- Saint Martin

- Åland Islands
- Albania
- Algeria
- American Samoa
- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Dominica
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Liechtenstein
- Lithuania
- Luxembourg
- Macau
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Saint Pierre and Miquelon
- Saint Vincent and the Grenadines
- Samoa
- San Marino
- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname

- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Myanmar/Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine

- | | | | |
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| <input type="radio"/> China | <input type="radio"/> Israel | <input type="radio"/> Papua New Guinea | <input type="radio"/> United Arab Emirates |
| <input type="radio"/> Christmas Island | <input type="radio"/> Italy | <input type="radio"/> Paraguay | <input type="radio"/> United Kingdom |
| <input type="radio"/> Clipperton | <input type="radio"/> Jamaica | <input type="radio"/> Peru | <input type="radio"/> United States |
| <input type="radio"/> Cocos (Keeling) Islands | <input type="radio"/> Japan | <input type="radio"/> Philippines | <input type="radio"/> United States Minor Outlying Islands |
| <input type="radio"/> Colombia | <input type="radio"/> Jersey | <input type="radio"/> Pitcairn Islands | <input type="radio"/> Uruguay |
| <input type="radio"/> Comoros | <input type="radio"/> Jordan | <input type="radio"/> Poland | <input type="radio"/> US Virgin Islands |
| <input type="radio"/> Congo | <input type="radio"/> Kazakhstan | <input type="radio"/> Portugal | <input type="radio"/> Uzbekistan |
| <input type="radio"/> Cook Islands | <input type="radio"/> Kenya | <input type="radio"/> Puerto Rico | <input type="radio"/> Vanuatu |
| <input type="radio"/> Costa Rica | <input type="radio"/> Kiribati | <input type="radio"/> Qatar | <input type="radio"/> Vatican City |
| <input type="radio"/> Côte d'Ivoire | <input type="radio"/> Kosovo | <input type="radio"/> Réunion | <input type="radio"/> Venezuela |
| <input type="radio"/> Croatia | <input type="radio"/> Kuwait | <input type="radio"/> Romania | <input type="radio"/> Vietnam |
| <input type="radio"/> Cuba | <input type="radio"/> Kyrgyzstan | <input type="radio"/> Russia | <input type="radio"/> Wallis and Futuna |
| <input type="radio"/> Curaçao | <input type="radio"/> Laos | <input type="radio"/> Rwanda | <input type="radio"/> Western Sahara |
| <input type="radio"/> Cyprus | <input type="radio"/> Latvia | <input type="radio"/> Saint Barthélemy | <input type="radio"/> Yemen |
| <input type="radio"/> Czechia | <input type="radio"/> Lebanon | <input type="radio"/> Saint Helena
Ascension and
Tristan da Cunha | <input type="radio"/> Zambia |
| <input type="radio"/> Democratic Republic of the Congo | <input type="radio"/> Lesotho | <input type="radio"/> Saint Kitts and Nevis | <input type="radio"/> Zimbabwe |
| <input type="radio"/> Denmark | <input type="radio"/> Liberia | <input type="radio"/> Saint Lucia | |

* Field of activity or sector (if applicable)

- Accounting
- Auditing
- Banking
- Credit rating agencies
- Insurance

- Pension provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Social entrepreneurship
- Other
- Not applicable

The Commission will publish all contributions to this targeted consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, ‘business association, ‘consumer association’, ‘EU citizen’) is always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

* Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only the organisation type is published: The type of respondent that you responded to this consultation as, your field of activity and your contribution will be published as received. The name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

Public

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

1. Banking competitiveness in the EU and globally

A competitive banking sector is key both to the resilience of the financial sector and to boost EU's economic growth, to the benefit of EU citizens and businesses.

This section of the consultation seeks stakeholder's views on general questions regarding the contribution by the banking sector to a more competitive EU economy, including in terms of financing strategic priorities as referred to in the [competitiveness compass](#) for the EU. It asks questions on the competitiveness of banks themselves and driving factors, competition in the banking markets, both within the EU and globally, cross-border activity, international level playing field, the role of banks in capital markets and the importance of digitalisation in driving competitiveness.

1.1. Contribution of the banking sector to the EU economy

Banks perform essential intermediation and maturity transformation functions and play a role across almost all sectors of the economy. Therefore, their capacity to finance a competitive EU economy-including small and medium enterprises (SMEs), infrastructure, innovation, defence as well as the green, digital and social transitions, among other policy priorities-is crucial as banks remain for the time being the most used source of financing by EU businesses.

This section aims at gathering views and evidence on whether banks' contribution to the EU economy is satisfactory or could be improved, and what are the areas where respondents observe important competitiveness gaps versus other third country banking players.

Question 1. How is the banking sector currently supporting economic growth in the EU, and to what extent (for example, by providing loans to households and businesses, supporting innovative sectors, and helping channel investments into capital markets (including for retail investors))?

How could banks do more to boost productivity and economic growth, thereby supporting the priorities of the EU and accelerating the green, digital and social transitions?

Please give concrete examples and evidence:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In the longer term, banks could provide more stably financing to the economy if banks' processes relating to lending were less burdensome and costly than they are now due to unnecessarily heavy regulatory requirements. Processes and documentation requirements should overall be made more flexible and rational[TL

Question 2.1 Is current credit demand adequately met by banks and how is the demand and the capacity to meet it likely to evolve in the medium and long-term?

- Yes
- No
- Don't know / no opinion / not applicable

Question 2.2 Are you observing barriers affecting bank financing in support of the economy, including in areas identified as political priorities by the EU or Member States?

- Yes
- No
- Don't know / no opinion / not applicable

Please elaborate on your answer to question 2.1 and 2.2 by providing evidence and identifying economic sectors where access to credit could be improved:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 3. For the following types of clients seeking financing, how would you assess the ability to access finance and the availability of financing options? What obstacles may limit the ability of banks to provide credit to these clients?

a) a retail client

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

b) an SME

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

c) a corporate (non-SME)

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 4. To what extent does market fragmentation affect consumers' and businesses' cross-border access to banking products and services?

Please give examples, such as but not limited to IBAN discrimination and difficulties of businesses and individuals to open a bank account, lack of harmonisation of banking products, challenges linked to open finance data sharing.

Please provide data if available:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 5. To what extent does the EU economy benefit from a diversified banking sector?

How would you further encourage the diversity of the EU banking sector landscape, with banks operating across different business models (universal, investment, savings, mortgage financing, cooperatives, digital banks, etc.)?

Please elaborate whether and how banking sector diversity matters:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 6. Do you consider that national promotional banks and public guarantee institutions provide a complementary contribution to the activities of commercial banks in financing the EU economy?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 6:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 7. To what extent would the EU economy benefit from the following changes in the banking landscape?

	To a very large extent	To a large extent	Neutral	To a small extent	Not at all	Don't know - No opinion - Not applicable
Cross-border bank consolidation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Domestic bank consolidation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Banking services offered across the single market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Digitalised banking services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 7:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 8. What are in your view the main risks faced by EU banks today?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

One of the main risks today in a sense of financing the economy, as has been last decade, are regulatory requirements coming not only from regulators but increasingly and even more prominently from supervisors. It is very difficult for the banks to know what the requirements exactly are as supervisors seem to be creating rules (in form of guidance etc) as they go and are using consultants to do their work. This last point is very dubious as nobody has given the mandate to private firms and individuals to use supervisory powers or to have material influence in using them.

This seems to point out to the fact that supervisors are not efficiently focusing their efforts on the most relevant risks to the financial stability but instead to risks that are irrelevant or immaterial. This is evidenced by the increasing supervisory budgets and the use of consultants as it seems that the more consultants do, the more they earn (that is: create costs to the supervisory body) which in turn incentivises them to focus on ever more immaterial risks and findings. One of the risks banks face today is that this development is not reversed but keeps on expanding. Supervisory budgets should move towards what they were when the banking union started as intuitively, they should be nowadays smaller than during the first years when the supervisory framework was built and large investments were needed compared to the current steady state supervision.

Question 9. What are in your view the main risks stemming from EU banks today?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Perhaps the most relevant risk is the inability to sufficiently finance the economy due to regulatory burden and thus there is a risk that vital areas, such as defence, don't receive enough money to finance the investments needed.

1.2. Competitiveness and competition in the EU banking sector

The competitiveness of banks reflects their ability to perform effectively and remain profitable, innovative and resilient, highlighting their capacity to attract and retain customers, generate profits and adapt to changes compared to competitors. A competitive and profitable banking sector is key, as it contributes to the resilience of the financial system and to the

growth and competitiveness of the EU economy, supporting EU businesses at home and abroad, as well as EU citizens. A competitive EU banking market also serves the EU's strategic autonomy objectives as referred to in the [competitiveness compass](#) for the EU.

This section seeks stakeholders' feedback on the current level of competitiveness and competition in the EU banking sector and the different factors behind the competitiveness of EU banks.

Question 10. In which of the following dimensions of competitiveness is the EU banking sector performing well?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
EU banks produce financial products at low cost and/or offer financial services at a low price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
International competitiveness: EU banks are able to maintain and increase their market shares in international markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovation competitiveness: EU banks are able to supply qualitative or innovative, original financial products or services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 10 and indicate for the different business areas (wholesale and investment banking, retail banking, etc.):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 11. What are the main regulatory and non-regulatory factors that determine and drive the competitiveness of EU banks?

Please specify the factors per market segment: savings, payments, retail banking, corporate banking, investment banking (including underwriting, brokerage, custody, settlement, market making, etc.):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 12. How would you assess the current level of competition in the banking sector within the single market?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
EU banks face high levels of competition within their Member State of establishment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU banks face high levels of competition in the EU market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU banks face high levels of competition in global markets/ markets outside of the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Traditional banks are challenged by new developments in a number of product lines and areas (e.g. digital banks/FinTech in specific areas such as payments, tokenisation of assets, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 12:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

1.3. Banks and other financial institutions as enablers of capital markets

Question 13. According to many analysts, EU banks are persistently undervalued by investors when compared to international peers.

If you agree with this assessment, what could explain this undervaluation?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Limited scale and inefficiency of EU capital markets (limited depth, insufficient liquidity, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Macro-economic environment (economic growth, inflation, fiscal situation, interest rates, demographics)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Limited growth and scaling up prospects due to market fragmentation and different national rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Underinvestment in new technologies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supervisory practices (e.g. potentially impacting the level of dividend distribution and share buybacks)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU regulatory/ resolution frameworks (including international level playing field)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Internal factors (low risk appetite, bank governance/culture)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uncertain or ineffective market exit for inefficient or distressed banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 13:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 14.1 Does the prudential framework adequately account for the activities and the complexity of intermediaries performing financial services other than core banking services?

Reference is made to financial services performed by investment firms, financial advisors, custodians, wealth managers, market makers or other liquidity providers that are not primarily or not at all engaging in deposit taking and granting loans.

- Yes
- No
- Don't know / no opinion / not applicable

Question 14.2 Are there any perceived undue limitations to such activities?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to questions 14.1 and 14.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 15. How would you assess the competition between banks and other entities performing financial services (such as financial conglomerates, investment firms, FinTechs, etc.) from the perspective of the overall functioning of capital markets (provision of liquidity, transparent market information and pricing, scaling up of trading venues etc.)?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

1.4. Cross-border activities in the EU banking sector

Reports – for example [ECB Financial Integration and Structure in the Euro Area \(2024\)](#), or [speech by Mr. Andrea Enria, former Chair of the Supervisory Board of the ECB ‘How can we make the most of an incomplete Banking Union?’ \(2021\)](#) – show that in the last decade cross-border banking activities in the Euro Area have not grown and banking sector consolidation has shown limited progress. This is also illustrated by statistics on, amongst others, the share of EU cross-border total assets, market concentration and mergers activity.

This section seeks feedback from stakeholders on the possible reasons behind the lack of progress on integrating the single banking market, which may differ by market segment.

Question 16. For retail banking as well as for wholesale and investment banking, would you agree with the following statement?

"The EU banking market is highly fragmented along national borders, domestic entities mainly cater for domestic clients, cross-border activity is subdued, and it is very difficult for clients to get banking services across the single market".

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
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Retail banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wholesale and investment banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 16:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 17. What are, in your view, the benefits and the costs associated with the current level of cross-border banking activities in the EU, and what would be the benefits and costs associated with further integration of banking activities in the EU?

Please also include quantitative estimates if available:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 18. What factors prevent EU banks from engaging in more cross-border activity within the EU or make cross-border activity more costly?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Divergent implementation of EU banking rules across Member States	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supervisory divergence/gold-plating by Member States/national supervisors	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Requirements for allocation of capital and liquidity at local level	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Non-harmonised macroprudential buffers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
National discretion in intragroup large exposure limits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Incomplete banking union (lack of a European deposit insurance scheme, liquidity in resolution, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-prudential barriers (insolvency, investor protection, company law, taxation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political barriers (government direct or indirect interference)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Complexity and length of mergers and acquisition supervisory authorisation procedures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Costs/risks of mergers and acquisitions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Absence of economies of scale from engaging in cross-border activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 18:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Divergent implementation and goldplating are rather often connected. Harmonization at varying levels is the very heart of EU rules, and goldplating undermines the predictability of implementation. This is not to suggest that a certain degree of flexibility would not be needed to meet the differing circumstances across the Union. Non-prudential barriers can often be overcome if there is enough will. Extensive harmonization efforts in such fields as company law and insolvency should be carefully considered to avoid unwanted disruption in well-functioning national legal frameworks.

Question 19. Why have EU banks generally relied more on subsidiaries rather than branches and the free provision of services for their cross-border activities within the banking union and the single market?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Incompatibility with internal organisational strategy and budgets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preference for domestic markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preference of Member States/national authorities for subsidiaries, as they bring more employment, tax revenues, supervisory control, etc. (moral suasion)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Client preferences (language, trademark recognition)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of trust in deposit guarantee schemes of the host Member States	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Group resolution strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-prudential barriers like divergences in contract and civil laws, labour laws, product features, consumer protection rules, foreclosure rules, etc.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other operational benefits linked to the legal form of a branch vs. subsidiary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 19:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 20. Could you provide a quantitative estimate of the additional requirements and costs (e.g. liquidity requirements, capital requirements, resolution or macroprudential requirements, operational costs in % of balance sheet, etc.) for a banking group that makes use of subsidiaries as compared to the same banking group relying on branches or freedom to provide services?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

1.5. International level playing field

Large EU banks compete directly with large international banks, both globally and in the EU market. A level playing field among these global players is critical when it comes to the regulatory framework, to ensure appropriate competition, fair treatment and outcomes for customers and global financial stability.

This section seeks stakeholders' feedback on the state of the international level playing field in banking and the challenges faced by EU banks when competing globally.

Question 21. What is your assessment of the level playing field in the European banking market, with regards to the presence of significant non-EU financial institutions?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 22. According to many analysts, EU banks have lost market share in the provision of investment banking services to EU clients compared to non-EU banks.

Do you agree with this view?

- Yes
- No
- Don't know / no opinion / not applicable

Question 23. To what extent do the following difficulties faced by EU banks hinder their ability to compete globally?

	To a very large extent	To a large extent	Neutral	To a small extent	Not at all	Don't know - No opinion - Not applicable
Divergent banking prudential rules applying to EU and non-EU banks impact international strategic choices by EU banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Supply side factors (e.g. cost competitiveness, innovation, depth of home market).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU supervisory practices affect expansion in other jurisdictions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 23:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 24. To what extent do the rules on internal governance and remuneration policies of financial institutions create a competitive disadvantage for EU financial institutions vis-à-vis non-EU financial institutions?

- To a very large extent
- To a large extent
- Neutral
- To a small extent
- Not at all
- Don't know / no opinion / not applicable

Please explain your answer to question 24:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 25. Do EU-headquartered banks and investment firms face regulatory constraints that hinder their competitiveness vis-à-vis non-EU financial firms?

- Yes
- No
- Don't know / no opinion / not applicable

Question 26. What factors are constraining the ability of EU banks to finance large-scale projects, including in the areas of digitalisation, climate transition and defence, compared to their international peers?

In particular, to what extent do differences in profitability, cost structures, balance-sheet capacity, risk-appetite, scale, or regulatory and market conditions explain any observed gaps?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

1.6. Digitalisation

The widespread use of the online banking and the increase in banks' adoption of new technologies, such as artificial intelligence, the inroads in tokenisation and use of distributed ledger technologies, the emergence of central bank digital currencies and stablecoins, present challenges and opportunities for banks.

This section seeks stakeholders' feedback on the effects of digitalisation on the EU banking sector, as well as the opportunities and challenges it may bring for EU banks.

Question 27. What are, in your view, the effects of digitalisation on the activities and business model of EU banks in the single market?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 28. In the context of the increasing digitalisation of financial services, what do you consider could enhance confidence of clients in digitally provided investment products and services, thereby influencing the dynamic of new business models?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 29. Are EU banks investing enough in digitalisation of their operations and services, including in comparison with their international peers and with other EU business sectors?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 29, in particular if your answer was "no":

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 30. Do you expect in the near future the emergence of significant new players in the provision of financial services within the EU, such as non-financial conglomerates, FinTechs, or BigTech companies?

- Yes
- No
- Don't know / no opinion / not applicable

Question 31. How should the bank regulatory framework and supervisory practice adapt to the changes in the banking sector triggered by digitalisation?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.The single market and the banking union

In response to the global financial crisis, the EU took decisive action to enhance the single market, including by creating the [banking union](#) and developing a single rulebook for banking. These initiatives were intended to support the objective of achieving a resilient, genuinely integrated banking market, where banks could operate across borders without barriers, achieve greater scale and interconnection, and more effectively channel financing across the EU.

The single rulebook and the banking union have delivered on the resilience objective, significantly contributing to the stability of the sector through enhanced prudential requirements, improved protection of depositors and better rules to manage failing banks. The current level of cross-border activities in the EU banking sector however shows that the objective of further integration and increased financing across the EU have not been sufficiently met. The lack of progress on structural features of the banking union, despite the successful setting up of the [single supervisory mechanism \(SSM\)](#) and the [single resolution mechanism \(SRM\)](#), is regularly identified as one of the main factors holding back banks' competitiveness and further integration of the single market.

This section seeks stakeholders' feedback on the drivers and barriers to market integration in the banking sector, and on the current design and potential outstanding features of the banking union.

2.1. The impact of prudential requirements on market integration

The allocation of funds in cross-border groups is subject to prudential requirements, which determine at which level of the group capital and liquidity should be prepositioned. These prudential requirements influence the structures and organisational models of banking groups, as well as the degree of market integration and consolidation in the banking sector.

As a rule, these requirements apply at individual level for group entities, but can be waived in specific circumstances within a Member State or, for liquidity requirements, also on a cross-border basis.

This section seeks stakeholders' feedback on the adequacy of prudential requirements on banking groups and their impact on market integration in the banking sector.

Question 32. What are the benefits and the limitations of the current regulatory framework in terms of capital and liquidity requirements allocation within a banking group?

What are the main concerns with the possibility to manage capital and liquidity at group level?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 33. What are your views regarding the most efficient way of applying prudential requirements within EU cross-border banking groups?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Continue the current approach where prudential requirements are applied, as a rule, at both the consolidated level and at the level of every legal entity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Prudential requirements should only be applied at highest EU consolidated level of the banking group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure adequate prudential requirements at the level of legal entities, while ensuring more flexibility in centrally managing resources at group level, with commensurate safeguards for financial stability risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 33, and, if possible, indicate if the most efficient way of applying prudential requirements differs per requirement (e.g. liquidity coverage ratio, net stable funding ratio, capital, minimum requirement for own funds and eligible liabilities (MREL)):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 34. What regulatory measures could facilitate or improve efficiency for cross-border EU banking groups?

What safeguards would be necessary to preserve resilience and resolvability, and provide reassurance to all relevant Member States in case of distress/failure?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.2. Market consolidation

Recent analyses, including the [Draghi report on EU competitiveness](#), underline that the EU banking sector remains structurally fragmented, with limited progress on cross-border consolidation. Despite the existence of a single rulebook for banking and passporting rights, banks' operations remain predominantly domestic, and cross-border mergers have been rare, while branch-based expansion across Member States has not developed at scale.

Some of these analyses argue that a greater degree of consolidation and the wider use of branch-based cross-border expansion could enable EU banks to achieve greater scale and allocate capital and liquidity more efficiently across the EU. Such developments could also facilitate the effective cross-border provision of banking and other financial services, potentially strengthen competition and improve the capacity of the EU banking sector to meet the financing needs of the EU economy. This section seeks stakeholders' feedback on the factors behind the lack of market consolidation in the EU banking sector and the potential remedies to increase the provision of cross-border banking services in the EU.

Question 35. Do you consider that the EU economy benefits from the presence of large, cross-border banks active across the single market?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 35:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 36. The Draghi report argues that banks need scale to be competitive. Is market consolidation a good way forward to achieve scale in the banking industry?

Which actions should be taken at EU level to facilitate EU banking groups wishing to operate cross-border to do so?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.3. Non-prudential barriers to market integration

EU banks face obstacles to leverage the benefits of operating in a single market, which are not directly related to the prudential requirements. These non-prudential barriers may be very diverse in nature (insolvency law, company law, labour law, consumer law, taxation) and often result from traditional and historical factors (language, culture and domestic preferences). These barriers may be hard to navigate for new entrants and require significant investments to overcome, which may disincentivise cross-border activities.

This section seeks stakeholders' feedback on the impact of non-prudential requirements on banking groups and on market integration in the EU.

Question 37. What are the main non-prudential barriers that impede cross-border activities?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Divergent national tax treatment attached to certain banking products (mortgages, savings accounts, deposits) or banking operations (Value Added Tax, corporate and personal income taxation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
More generally, lack of unified banking product offering across EU or sub-regions, forcing product adaptation to each national market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Labour laws and contract laws hindering the servicing of EU bank clients in a Member State by a branch/entity located in another Member State.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Preference by local customers of local bank brands	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Divergent insolvency laws and collateral foreclosure rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consumer protection laws and client specific documentation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Divergent (non-prudential) reporting requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Language barriers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Please explain your answers to question 37, and explain which actions should be taken to overcome these non-prudential barriers and improve the integration of banking markets in the EU:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Generally, we believe in the capability of market actors to create cross-border products and services without overtly strong guidance from the government. In the field of consumer protection, a lot of harmonization has already taken place, most recently in the form of the new Consumer Credit Directive. We also believe in the ability of customers to switch bank loyalties according to their best interest even within the prevailing regulatory framework. Customers' preference for local brands is also partly explained by local banks' often detailed knowledge of the market.

2.4. Protection of depositors

Finding a way forward on a new approach to establish a common deposit insurance system in the banking union would improve the resilience of the banking sector to asymmetric shocks and help address certain concerns by host Member States regarding further market integration of banking services across the EU. Since the [2015 Commission proposal on a European deposit insurance scheme](#), there have been significant developments in the EU banking sector: the implementation of the regulatory framework has led to a much more resilient banking sector – as illustrated by improved capital and liquidity positions, reduced amount of [non-performing loans \(NPLs\)](#), improved asset and funding portfolios, as well as strong minimum requirement for own funds and eligible liabilities (MREL) buffers and improved overall resolvability. The SSM and the SRM are fully functioning and the [single resolution fund \(SRF\)](#) and [national deposit guarantee schemes \(DGSs\)](#) have reached their target levels. Furthermore, following the establishment and operationalisation of the resolution framework, covered deposits are protected not only via DGS payout but also by ensuring uninterrupted access in resolution. These structural improvements could lead to a fundamental rethinking of the necessary design features of the deposit insurance system in Europe.

This section seeks stakeholders' feedback on the perceived effectiveness and credibility of protection of deposits in the EU and the potential improvements to deposit insurance in the banking union as supporting factors of further market integration.

Question 38. To what extent would further strengthening the protection of depositors provide reassurance on the stability and effectiveness of the EU crisis management framework and its ability to shield EU taxpayer money and therefore support the competitiveness and integration of banking markets?

- To a very large extent
- To a large extent
- Neutral
- To a small extent

- Not at all
- Don't know / no opinion / not applicable

Please explain your answer to question 38:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 39. Today, when a bank is in distress, deposit protection in the European Union is provided by:

- **safeguarding depositors' access to their money if a bank is resolved with the use of banks own loss absorbing capacity, a resolution fund and/or a deposit guarantee fund, or**
- **paying customers back with the use of deposit guarantee funds if a bank closes and is liquidated, or**
- **safeguarding depositors' access to their money through financing of preventive and/or alternative measures by a DGS, where available**

In your view, could the system be simplified and made more effective by combining the deposit insurance and resolution functions within existing funds?

Would there be any unintended consequences?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In your view, could the system be simplified and made more effective by combining the deposit insurance and resolution functions within existing funds? Would there be any unintended consequences?

Resolution fund and DGS serve different purposes. The other is to facilitate the resolution and the other is to protect the depositors' access to their accounts. Although recently CMDI expanded the national DGS's scope also to cover investors' losses (the so called Bridge the Gap), this development should not be expanded any further as this is clearly and explicitly against the no bail-out principle. Instead, the money reserved now to protect depositors should not be used for purposes which give rise to political moral hazard. Therefore, resolution and DGS funds should remain separate, serving only those purposes for which they were originally collected.

Question 40. In your view, when considering the scope of banks to be included in a possible new banking union-wide deposit insurance system, should this scope include...

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
...all banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
...all banks which are active cross-border	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
...all banks under direct SSM/SRB remit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
...only banks that wish to be included	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
...other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 40:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It depends heavily on the infrastructure, function and purposes of the banking union-wide deposit guarantee system (DGS) whether all banks should be included, or only those that wish to be included or something in between. In principle, we support keeping DGSs national. A DGS covering all banks is possible if the system is fully and permanently based on mandatory liquidity support from one DGS to another in the form of repayable loans with fixed maximum (from short to medium term) maturity and neither banks' nor their investors' losses can be covered to any extent by the DGS funds. The loans should be paid back from the failed banks' bankruptcy estate, or in the case of transfer of deposits and corresponding assets to a healthy bank, the possible liquidity support given to the acquirer bank.

Question 41. In your view, a possible new banking union-wide deposit protection fund should...

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
...be used to provide only liquidity support to national DGS	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...replace national DGSs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
...replace national DGSs for deposits in a subset of banks as identified in the previous question	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
...other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 41:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The lack of a common banking union deposit guarantee scheme is not a significant impediment to Europe's competitiveness, and the establishment of such a scheme would be complex. It would create the risk of draining momentum from other initiatives that would improve competitiveness, such as a reform of the macroprudential framework.

Also, if there were only the willing banks participating in a banking union-wide DGS, there would be no need for the national DGSs to be replaced. What is necessary, is to make it possible for a bank to get its share in one national DGS to be transferred to another national DGS if it starts to operate as a branch, as the host country branch does not need deposit insurance because the deposit guarantee is offered by the home country.

To achieve a level playing field within the EU, the DGS directive should be amended to include the portability of DGS contributions. In practice this would mean that

- a. when a bank switches schemes due to re-domiciliation, or
 - b. the covered deposits within the scheme increase due to an M&A transaction whereby assets are transferred from one scheme to another (cross-border sale of institution or portfolio),
- then a portion of the DGS contributions corresponding to the size of the covered deposits should be transferred from the previous domicile's DGS to the new domicile's DGS.

2.5. Liquidity in resolution

Ensuring a credible and robust mechanism to provide liquidity in resolution is key to strengthen the resilience of the crisis management framework, and promote a stable, less uncertain environment supporting EU's banks in becoming more competitive in the EU and internationally. A credible liquidity in resolution framework would be a very important form of financial stability backstop encouraging market confidence in EU's cross-border banks and the increasing role they could have in financing the economy, including its critical sectors for strategic autonomy.

This section seeks stakeholders' views on an EU mechanism for the provision of liquidity in resolution to banks in distressed scenarios and its potential design features.

Question 42. In your view, would a more transparent and predictable European mechanism ensuring the provision of liquidity in resolution to large banks in distressed scenarios strengthen the effectiveness and credibility of the European crisis management framework?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 42, including how such a mechanism could affect the bank-sovereign nexus and the reliance on national taxpayer-funded resources in a crisis:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Liquidity backstop is crucial for a well-functioning crisis management framework. However, it has to be credible, and the only credible liquidity backstop is the one offered by the central bank.

What must be understood is that a credible liquidity backstop means a trust that liquid funds don't run out in any circumstances. If there is such a trust in the market, there is no need to use the liquidity backstop in practice as investors know there is no risk of losing money and thus no need to pull liquid investments away from the bank. It would even make it easier to get new market funding for the resolved bank. This assurance cannot be achieved by any other mechanism and certainly not through any private mechanism.

As a result, the only credible supplier of liquidity backstop in the banking union is the European Central Bank.

Question 43. Do you consider that introducing a formal transparent mechanism to provide liquidity in resolution can provide reassurance on the stability and effectiveness of the crisis management framework and therefore support the integration of banking markets?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 43:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A formal mechanism to provide liquidity in resolution is the last building block in an otherwise massive resolution framework. However, it must be understood that the essential feature of that mechanism is that liquidity cannot run out. The only way to ensure this is to use a liquidity provider that has this feature. The central bank fulfils this criterion. A mere statement that it is not the task of a central bank to act as a liquidity backstop cannot be accepted as a counterargument. As stated above, if the liquidity backstop is credible, it will not be used in resolution as the only reason for it is to give assurance to investors that liquidity won't run out in any circumstances.

2.6. Sovereign exposures and risk reduction

One of the objectives of the post financial crisis reforms, and namely of the banking union, has been to address the bank-sovereign nexus. This is often defined as the 'doom-loop' where bank failures can trigger sovereign debt crises, and vice versa. One of the avenues to tackle the issue is to reduce the so called 'home-bias', whereby banks are exclusively or very highly exposed to their 'home' sovereign. In recent years, discussions on the regulatory treatment of sovereign exposures in relation to the banking union were held together with other elements of relevance for the completion of the

banking union, such as the crisis management and deposit insurance framework, a European system for deposit insurance and cross-border financial integration. Sovereign debt continues to be treated favourably, consistent with international standards and no regulatory measures have been introduced to reduce the home-bias.

This section seeks stakeholders' feedback on the regulatory treatment of sovereign bank exposures and potential drivers behind the 'home-bias'.

Question 44. To what extent do you consider the following factors as significant drivers for the ‘home-bias’ (i.e. banks’ disproportionate exposures to their home sovereign)?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Application of prudential requirements at solo level	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (prudential) rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Limited cross-border financial integration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Role in market-making for home sovereign debt	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business model considerations (aligning assets with domestic activity)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government pressures to invest in the local sovereign bond market	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expectations of public support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Investment in home sovereign debt perceived as safe and highly liquid asset	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Insufficient access or supply of other governments’ debt fitting the risk-appetite of the bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Please explain your answers to question 44:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The regulatory treatment of the holdings of sovereign debt by banks should be assessed but not as a stand-alone regulatory project. For example, if the DGS is, contrary to our opinion, developed to be more like a banking union-wide deposit protection scheme, then this regulatory area should be considered together with it.

Question 45. Do you consider that the EU framework on the regulatory treatment of sovereign exposure should be improved?

- Yes
- No
- Don't know / no opinion / not applicable

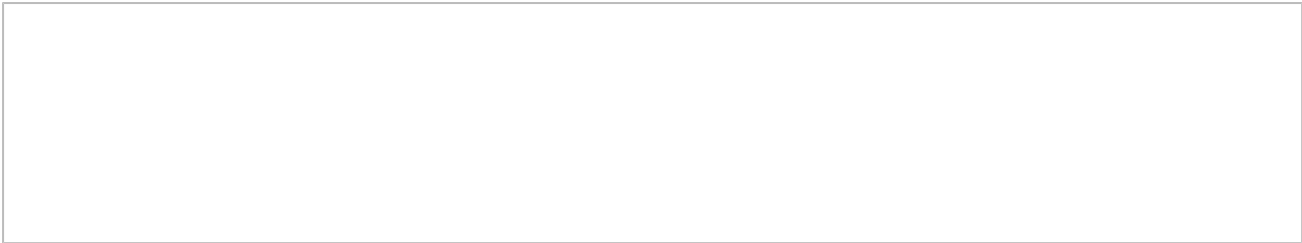
Question 46. Exposures to Member States' central governments, or third country jurisdictions assessed as equivalent, when denominated and funded in domestic currency, receive a 0% risk weight under the [Capital Requirements Regulation](#), as provided for by the international standards. Such 0% risk weight applies regardless of credit rating, exempts the sovereign bonds from large exposure requirements, and classifies them as high-quality liquid assets. However, this treatment does not apply to sovereign exposures denominated in Euro issued by non-Euro Area Member States.

Should that treatment be expanded to sovereign exposures issued by non-Euro Area Member States and denominated in Euro and how would this affect the holdings of sovereign debt by banks?

Please elaborate:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.



3. Complexity and effectiveness of the regulatory framework

The regulatory framework is complex for many reasons. Banks require strict regulation and careful supervision, because they are the backbone of financing for the EU economy and inherently vulnerable to runs on their primary funding source which may create financial instability. The need to ensure financial stability justifies public safety nets, but in turn also creates moral hazard that needs to be limited by regulation.

Complexity can also arise because banking regulation reflects a multitude of considerations: risk sensitivity, robustness, cost efficiency, comparability, inconsistencies and overlaps when setting up standards, as well as the diverse nature of banks operating in the EU (cooperatives, universal banks, etc.).

From a process perspective, complexity also arises from the multitude of legislative layers, as well as from the guidelines and implementation expectations issued by supervisory authorities. Further complexity results from the involvement of multiple authorities responsible for different elements of the framework (including prudential, macroprudential, crisis management, and other areas). While guidance-often requested by regulated entities-should support and promote clarity, consistency, and a level playing field in the implementation of the framework, an excessive level of detail and prescriptiveness may itself add complexity.

In addition, complexity is also introduced through the political negotiation process. On top of adopting internationally agreed standards, numerous EU-specificities (e.g. exemptions, derogations) in the single rulebook to cater for specific situations in Member States have been introduced to achieve a consensus among the EU co-legislators.

This section seeks stakeholders' views regarding the level of complexity in the EU banking regulatory and supervisory framework and its effectiveness.

3.1. General assessment

Question 47. How would you evaluate the current regulatory framework for banking in terms of:

	Low	Somewhat low	Medium	Somewhat high	High disagree	Don't know - No opinion - Not applicable
effectiveness (the extent to which the framework achieved its objectives)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
proportionality (the extent to which the objectives of the framework are achieved at minimal cost)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU added value (extent to which EU intervention provides benefits that could not be achieved by Member States acting alone)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
relevance (extent to which EU intervention provides benefits that could not be achieved by Member States acting alone)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
coherence (extent to which a policy/intervention is internally consistent and externally consistent with other EU policies)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 47:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The question is not a simple one to answer. The European regulatory framework has its strengths and weaknesses. As such, there are necessary components in place, i.e. capital requirements, liquidity requirements, and the resolution framework. The problem is that all of these are too complex, and there are double or triple requirements covering the same risks. The sheer amount of regulation makes them very burdensome for making business as many of the regulations are not necessary or relevant to the bank or activity. Nonetheless, these requirements must be fulfilled and followed.

Regulatory attitude is perhaps the most prominent handicap in current framework as the supervisor has built a mindset where banks are mainly seen as a source of risk. This should be changed and one of the best ways to do it is to legislate a double mandate to supervisors which would require them to analyse carefully how their actions affect efficiency of the markets (and banks as part of those markets). They should also analyse whether there are different ways to address potential risks and choose the most efficient one taking into account the role of banks in the economy.

Question 48. A certain degree of complexity is necessary to achieve the desired regulatory objectives, while recognising the degree of sophistication and diversity of the EU banking sector.

How do you rank the comparative level of undue complexity in the following parts of the framework?

	Low	Somewhat low	Medium	Somewhat high	High disagree	Don't know - No opinion - Not applicable
The overall framework	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The minimum capital requirements (Pillar 1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The supervisory measures (Pillar 2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The macroprudential requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The resolution requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 48:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The mere size of the legislation describes the complexity: CRR is 897 pages, CRD is 224 pages, BRRD is 215 pages, DGSD is 39 pages, level 1 regulation is complemented by more than 100 additional standards, guidelines and technical reporting instructions, covering tens of thousands of pages, further complemented by national regulations.

Complexity of the overall framework is an issue for banks when implementing new regulations. It is less of a problem when processes are running. When considering a more detailed vs. principles based regulatory approaches, all actors in the regulatory-supervisory value chain must agree on it. As an example, if regulation is principle-based but supervisors expect banks to adhere to detailed standards and best practices, the benefits of a principle-based approach do not materialise.

The complexity of the capital stack leads to overlaps when different authorities interpret the rules. This creates inefficiencies and competitive disadvantages to cross-border banks, leading to lacking economies of scale and to an unlevel playing field within the EU.

Question 49. Which type of instrument adds the most undue complexity to these parts of the frameworks?

	Low	Somewhat low	Medium	Somewhat high	High disagree	Don't know - No opinion - Not applicable
International standards (Basel, FSB)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Level 1 EU legislation (i.e. regulations/directives)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Level 2 EU legislation (i.e. technical standards)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Level 3 EU measures (i.e. EBA guidelines, Q&As, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Supervisory guidance/practices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Implementation differences of EU legislation at national level	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Interaction with other national legislation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interaction with other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 49:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 50. Would you support less complexity in the bank regulatory framework even if this means...

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
...less risk sensitivity within risk-weighted requirements	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...increase in capital requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
...less consideration for EU specificities	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...less consideration for national specificities	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...higher contributions to safety nets (DGS and resolution funds)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
...less resilience / financial stability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 50:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The stated aim of the simplification agenda is to make the regulatory framework less complex without sacrificing efficiency. Therefore, less complexity should under no circumstances lead to higher DGS or SRF contributions.

Question 51. The single rulebook for banking is based on both directives and regulations. Unlike regulations, directives must be transposed into national law, which can lead to different applicable legal framework applicable across Member States.

In your view, which provisions currently set out in directives, such as the [Capital Requirements Directive \(CRD\)](#), the [Bank Recovery and Resolution Directive \(BRRD\)](#) or the [Deposit Guarantee Scheme Directive \(DGSD\)](#), would be more effectively established through directly applicable regulations, and for what reasons, if any?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Gold-plating, government interventions and enforcement

Question 52. Do you have concrete examples of gold-plating of EU rules via transposition of EU directives, national options and discretions?

- Yes
- No
- Don't know / no opinion / not applicable

Question 53. Do you have concrete examples of excessive government intervention in business decisions of banks?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 54. How would you assess the level of enforcement of EU banking rules?

How can this be improved?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Relevant authorities

Question 55. How would you evaluate the various authorities responsible for banks in terms of:

a) effectiveness (the extent to which authorities identify weaknesses and address them)

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Supervisory authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Macroprudential authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resolution authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 55 a):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

b) risk-based (the extent to which authorities focus on the most material risks in a proportional way)

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Supervisory authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Macroprudential authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resolution authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 55 b):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

c) efficiency (extent to which authorities are reacting timely and are outcome focused)

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Supervisory authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Macroprudential authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resolution authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 55 c):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

d) Other

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Supervisory authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Macroprudential authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resolution authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify to what other aspect(s) you refer in your answers to question 55 d) and explain your answers:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 56. How would you rate the degree of accountability of various authorities responsible for banks?

	Low	Somewhat low	Medium	Somewhat high	High disagree	Don't know - No opinion - Not applicable
Supervisory authority	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Macroprudential authority	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Resolution authority	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 56:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 57. Has your institution granted loans where intellectual property (IP) rights (patents, trademarks, designs) were accepted as: stand-alone collateral or collateral only in addition to tangible assets?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 58. Which of the following EU-level measures would materially increase your institution's willingness to lend against intellectual property assets?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Public guarantees covering part of IP-backed loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
IP collateral protection insurance supported by public schemes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU-level standardised IP valuation methodologies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Securitisation frameworks for IP-backed loan portfolios	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No measure would materially change our current approach	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 58:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

3.2. Prudential framework

Banks must comply with capital requirements set out in the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD). EU rules mostly derive from the Basel framework, which sets out minimum capital requirements for banks. These capital requirements are designed to ensure that banks are funded by sufficient capital to cover unexpected losses arising from these risks. EU law requires banks to always comply with several minimum Pillar 1 (CET1, Tier 1, total) capital ratios, set out as a percentage of the banks' total risk exposure amount. In addition, supervisory authorities may impose institution-specific Pillar 2 capital requirements and, where appropriate, Pillar 2 guidance, reflecting risks not adequately covered under Pillar 1, on the basis of the supervisory review and evaluation process. Apart from capital requirements, a bank must also meet leverage ratio requirements, liquidity requirements and large exposure requirements. The prudential framework is risk-based and risk sensitivity inevitably entails granularity and some complexity.

This section seeks stakeholders' feedback on the undue sources of complexity in the prudential framework and on potential measures to address them, while maintaining the resilience of the EU banking sector and the stability of the financial sector at large.

Question 59. What are the areas that create undue complexity in the prudential framework, if any?

What are the ways to reduce undue complexity in the prudential framework without leading to deregulation and undermining financial stability?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

First, the use of term deregulation should be approached with greater precision. It is misleading to characterise deregulation as inherently negative. Where unnecessary complexity arises from multiple regulatory instruments addressing the same risk areas without proportional benefit, regulatory simplification may require the repeal or removal of redundant provisions. In this context, deregulation is not an objective in itself but a necessary means to enable meaningful change, reduce undue complexity, and achieve genuine improvements in regulatory effectiveness.

That being said, in addition to reviewing regulatory reporting requirements, revisiting the regulatory capital stack, as proposed in the FSI brief on 24 November 2025, is a good example of reducing undue complexity in the prudential framework without leading to deregulation and undermining financial stability.

Question 60. Does the prudential framework balance sufficiently risk sensitivity and complexity?

- Yes
- No
- Don't know / no opinion / not applicable

How should this disequilibrium be addressed?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

First, the use of term deregulation should be approached with greater precision. It is misleading to characterise deregulation as inherently negative. Where unnecessary complexity arises from multiple regulatory instruments addressing the same risk areas without proportional benefit, regulatory simplification may require the repeal or removal of redundant provisions. In this context, deregulation is not an objective in itself but a necessary means to enable meaningful change, reduce undue complexity, and achieve genuine improvements in regulatory effectiveness.

That being said, in addition to reviewing regulatory reporting requirements, revisiting the regulatory capital stack, as proposed in the FSI brief on 24 November 2025, is a good example of reducing undue complexity in the prudential framework without leading to deregulation and undermining financial stability.

Question 61. Does the prudential framework strike the right balance between risk-weighted requirements and backstops (output floor, leverage ratio) or Pillar 2 requirements?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 61:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There appears to be a lack of a holistic approach to the design and interaction of risk-weighted requirements and regulatory backstops, as these instruments often seek to address the same underlying risks. When these tools were developed, insufficient consideration seems to have been given to their necessity and proportionality, particularly in light of existing measures already in place. As a result, limited assessment appears to have been undertaken as to whether one or more of these approaches could be simplified or repealed where they pursue identical regulatory objectives.

This has led to overlapping requirements, whereby the same risks are addressed through multiple regulatory mechanisms. In the absence of a holistic framework, an appropriate balance between different requirements and backstops is difficult to achieve. Moreover, limited transparency regarding regulatory drivers—particularly with respect to Pillar 2 requirements and their outcomes—can make it challenging for institutions to determine how best to address supervisory concerns in a manner that ensures compliance while minimising unnecessary regulatory burden.

Leverage ratio

The leverage ratio requirement is intended as a non-risk-based 'backstop' measure. Its purpose is to constrain the build-up of excessive leverage. The leverage ratio measures the amount of equity an institution has as a share of its assets or investments. The prudential regulation includes several exemptions in the calculation of the exposure measure. Apart from the minimum leverage ratio requirement of 3%, the EU has also introduced an additional requirement for global systemically important institutions and Pillar 2 leverage ratio requirements.

Question 62. Do you think that the leverage ratio framework would need improvement?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 62:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Leverage ratio reporting should be stripped from unnecessary details. Reporting should focus on capital and exposure measures. Current reporting requirements include excessively high amount of irrelevant individual data points.

Pillar 2 capital components

Competent authorities shall impose an additional own funds requirement, a Pillar 2 Requirement (P2R) if a bank is exposed to risks or elements of risks that are not covered or not sufficiently covered by Pillar 1 requirements. In addition,

competent authorities determine for each credit institution the overall level of own funds they consider appropriate to ensure that the institution's own funds can absorb potential losses resulting from stress scenarios, this is generally referred to as the Pillar 2 Guidance (P2G).

Question 63. Do you think the Pillar 2 Requirement needs to be improved?

- Yes
- No
- Don't know / no opinion / not applicable

Please provide any suggestions as to how to improve the Pillar 2 Requirement:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Transparency in setting the level of Pillar 2 Requirement should be increased, and the room for expert judgement should be minimised.

Approaches by supervisors in setting Pillar 2 requirements are heterogenous. The SSM median P2R has gradually increased from ~1.8% to 2.25% of Risk Exposure Amount despite banks maturing in risk management practices and undergoing such reforms as IRB overhaul (TRIM exercise) and CRR3 implementation. From bank perspective it is not transparent how the P2R is derived and what it covers which prevents both future planning of capital and effective supervisory dialogue.

The competent authorities should be able to break down and communicate Pillar 2 requirements by risks they intend to cover. Pillar 2 requirement should be primarily used to address material financial risks that are underestimated or not covered in Pillar 1, but in practice it seems to be also used to address general supervisory concerns on governance that are not broken down to specific concerns. It appears there is an embedded permanent add-on to cover for potential governance or risk management framework issues while competent authorities have plenty of other supervisory tools to address the identified issues – P2R add-ons should be reserved for situations where other supervisory measures have not been effective. The P2R should be reasoned, clearly broken down by problem areas and specific enough to be actionable by the institution to mitigate the risk.

Question 64. Do you think the Pillar 2 Guidance needs to be improved?

- Yes
- No
- Don't know / no opinion / not applicable

Please provide any suggestions as to how to improve the Pillar 2 Guidance:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Transparency in setting the level of Pillar 2 Guidance should be increased, and the room for expert judgement should be minimised.

CCYB should be taken into account in setting P2G, in addition to CCOB which is already considered.

Supervisors have stigmatized using the P2G. Even though temporary breach of P2G is permissible, in practice SREP methodology and capital instrument related applications incentivize substantial capital headroom over P2G to cover for severe stress scenario losses without breaching the P2G. That prevents capital efficient operation of the bank.

P2G should not be used to frontload potential impacts of long-term regulatory requirement phase-in.

Management buffer

Most banks have excess capital over the capital requirements, often called a management buffer. Most banks set a specific target level, above capital requirements. Some banks also disclose this target level. Reasons to set a management buffer can include internal considerations such as managing unexpected risk and external considerations such as expectations from other stakeholders.

Question 65.1 What determines the level of the management buffer?

How much does the management buffer weigh in the overall capital set aside by banks?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The level of management buffers is determined by the overall capital requirements, including the level of regulatory buffer requirements.

Question 65.2. Do you think there are unwarranted pressures to set such a buffer?

- Yes
- No
- Don't know / no opinion / not applicable

Non-performing loans

In over a decade, the EU has adopted with success several measures to reduce the amount of NPLs in the economy to promote the stability of its banking system and free up capital for new lending, thereby restoring market confidence to the benefit of the real economy. Among these were

- i. the 'NPL-backstop', which requires banks to book minimum levels of provisions for NPLs and to apply a deduction to their capital if provisions fall short

- ii. the Credit Servicers (or NPL) Directive, which sets up a harmonised legal regime for credit purchasers and credit servicers
- iii. the framework for Specialised Debt Restructurers, which further promotes NPL secondary markets by exempting institutions that are specialised in the acquisition and management of non-performing exposures from the NPL backstop

Question 66. Are, in your view, the various elements of the framework aimed at reducing NPLs working as intended?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 66 and, if deemed relevant, provide suggestions to improve the framework:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Own funds instruments

Question 67. Do you see any issues with the current rules on own funds instruments (CET1, AT1, Tier 2)?

- Yes
- No
- Don't know / no opinion / not applicable

Question 67.1. What measures would you recommend for improving the functioning of AT1 instruments?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Increasing conversion trigger	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Imposing conversion instead of write-down	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Facilitate coupon cancellation by making them more automatic and common	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Review minimum distributable amount (MDA) triggers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 67.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Own funds rules are not fully in line with resolution legislation. There is room for simplification.

Output floor

Implementing a key part of the final Basel III standards, the EU introduced the output floor as part of the [banking package](#) applying from January 2025. The output floor aims to limit the unwarranted variability in the own fund requirements produced by internal models relative to an institution using the standardised approaches. By setting a lower limit on the own funds requirements that are produced by institutions' internal models of 72,5% of the own funds requirements that would apply if standardised approaches were used by those institutions, the output floor limits the risk of excessive reductions in capital.

While the Basel III international standards suggest applying the output floor only at the highest level of consolidation of a banking group, in the EU the output floor applies at all levels of consolidation (consolidated level and individual level of each subsidiary). To avoid a disruptive impact on lending and to ensure its impact on own funds the application of the output floor is phased in over a sufficiently long period of time.

Question 68. What are your views on the following considerations regarding the EU implementation of the output floor?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
The current rules introduced by CRR3 achieve the right balance – no need to revise the output floor framework	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Some or all of the transitional derogations related to the output floor should be prolonged	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Some or all of the transitional derogations related to the output floor should be made permanent	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The output floor should only apply at consolidated level	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The calibration of the output floor (72.5%) should be increased	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The calibration of the output floor (72.5%) should be made more risk-sensitive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
The calibration of the output floor (72.5%) should be reduced	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 68:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The output floor should be discontinued, also considering the uncertainty regarding the implementation by other jurisdictions. The leverage ratio already acts as a credible non-risk based measure ensuring minimum convergence between jurisdictions.

At the minimum, the existing transitional arrangements should be made permanent to avoid significant shocks to the lending capacity of institutions.

3.3. Macroprudential framework

The EU macroprudential framework and its implementation is multi-layered, involving both national and EU authorities. While macroprudential policies in the EU are largely national, their implementation at national level often requires the involvement of different EU bodies (European Commission, European Systemic Risk Board (ESRB), ECB) to preserve the integrity of the single market. However, in practice, the implementation of national measures leads to unwarranted heterogeneity and inconsistency across Member States.

The EU macroprudential framework for banks, which includes both capital-based measures and risk-weight tools, is perceived as being rather complex in international comparison. The capital buffers framework features five buffers, two of which are EU specific. The macroprudential framework also includes a risk-weight toolkit which allows national authorities to increase risk weights on bank exposures to tackle risks in specific sectors, particularly in the real estate sector. This toolkit is based on decentralised governance, which is unduly complex and creates inefficiencies such as potential overlaps, heterogeneous application and administrative burden.

Moreover, the interaction between macroprudential and micro-prudential requirements (which are often intertwined), and resolution requirements may hinder in certain cases buffer usability.

This section seeks stakeholders' feedback on the undue sources of complexity in the macroprudential framework and on potential measures to address them, while maintaining the resilience of the EU banking sector and the stability of the financial sector at large.

Question 69. In your view, which of the areas below create inefficiencies and undue complexity in the macroprudential framework?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
The current number and scope of macroprudential buffers, some of which may potentially tackle similar risks	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The calibration of macroprudential buffers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The calibration of other macroprudential tools	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The heterogeneous application of some tools like Other Systemically Important (O-SII) buffers across the EU	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current reciprocity arrangements	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The decentralised macroprudential governance framework and prominent role of national macroprudential authorities in setting measures.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 69:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Current reciprocity arrangements: undue complexity is created by the general assumption that macroprudential measures are generally always reciprocated when requested, without clear requirement on the reciprocating authority to assess all overlaps, including with microprudential requirements. The risk of such overlaps is especially large when the competent authorities have differing approaches to covering risks within the capital stack. As an example, some countries place great focus on commercial real estate while some others treat this sector mainly as a macroprudential risk.

The calibration of the macroprudential tools: Almost all current macroprudential tools have the room for heterogeneity in calibration.

- CCoB: common requirement of CET equal to 2.5 % of TREA, with no criteria.
- CCyB: common methodology yet some designated authorities interpret the current rules to allow for a positive neutral rate while others do not
- G/O-SII: common methodology but no common mapping of scores to buffer rates, meaning that the same score can lead to a different buffer requirement depending on where a bank is located. Metrics have been standardised but are not appropriate: cross-border diversification of funding increases the score despite being a risk mitigant for funding. Banking sector consolidation increases the O-SII score, which disincentivizes efficiency gains in the EU.
- SyRB: No clear common criteria, making the buffer incohesive and unpredictable. Strong correlation with G/O-SII criteria in the member states that make use of the buffer. Sectoral SyRBs are likely to overlap with P1 and P2 requirements e.g. on real estate related risks.
- Art 458 measures: No common set of measures or calibration. Risk weight floors intended to be temporary but are treated by authorities as permanent.

Question 70. How can the macroprudential buffer framework be streamlined, while at the same time preserving resilience and the ability of responsible authorities to address systemic risks?

Which buffers could be merged and what should be their role?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The macroprudential buffer framework could be streamlined as suggested by the ECB's Recommendation #1: reducing the number of capital stack elements in the prudential framework and by the FSI Briefs No 28: Revisiting the regulatory capital stack (November 2025).

Additionally, unlike the recital 43 of CRD VI and the EBA's consultation paper EBA/CP/2026/01 suggests, the systemic risk buffer framework should not be used to address systemic risks related to climate change, as climate change risks are already covered by Pillar 1 and 2 requirements.

Question 71. What are your views regarding the need for a buffer for tackling sectoral risks?

Is there a need to maintain a sectoral buffer specifically for real-estate exposures to ensure a more targeted application?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 71:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No. Supervisors have the necessary tools to tackle increased risk in real-estate sector.

Question 72. What are your views on the identification of O-SIIs and the calibration of the buffer for systemically important banks?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
The methodology for the identification of O-SIIs should be revised to ensure an enhanced cross-country consistency while considering national specificities.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The O-SII buffer should be calibrated following a more harmonised methodology which ensures a better correlation of systemic importance with a defined range for the level of the buffer rate	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maintain the current state of play regarding the O-SII buffer calibration while enhancing transparency and accountability (including through public disclosure) regarding the calibration methodology and its application.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 72:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

O-SII buffers should not be above G-SII buffers as the size of O-SII banks is substantially smaller. This calls for lower buffer requirements for O-SII banks.

Question 73. Is the current share of releasable buffers* (countercyclical buffer and the systemic risk buffer) in the total combined buffer requirement adequate, so as to ensure that sufficient resources can be released in a downturn to support lending to the economy?

* Releasable buffers are designed in a way to ensure that they can be built-up and released (countercyclical buffer) or discontinued (systemic risk buffer), upon agreed triggers and process by designated authorities and ensure that capital is made available to sustain lending to the economy in a downturn. Non-releasable buffers are not expected to be released in downturns and are designed to address risks related for instance to the systemic nature of banks, e.g. global systemically important institutions (G-SII)/O-SII buffers). Banks can dip into these non-releasable buffers but breaching buffers triggers consequences (e.g. restrictions to distributions) which banks may be unwilling to bear.

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 73:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 74.1. How could the risk-weight toolkit under Article 458 CRR be fine-tuned?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 74.2. Would its role change in the context of a streamlined buffer framework?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 74.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

3.4. Crisis management framework

The crisis management framework, governed by the [BRRD](#), the [Single Resolution Mechanism Regulation \(SRMR\)](#) and the [DGSD](#), which has recently been revised by the [crisis management and deposit insurance \(CMDI\) package agreed in June 2025](#), aims to ensure financial stability, resilience, minimise reliance on public funds and protect depositors in case of bank failures. It is a multi-layered framework, involving both national and EU authorities, with dedicated rules to frame very different forms of public intervention, preventively or upon failure, and increase the preparedness of the banking sector.

The resilience of the framework is also ensured by the availability of tools and resources to deal with bank failures, such as resolution funds and deposit guarantee schemes. In this context, crisis management and prudential rules are intertwined, as the effectiveness of the crisis management tools at the disposal of the relevant authorities can directly affect the design of the prudential rules.

This section seeks stakeholders' feedback on potential undue sources of complexity in the crisis management framework and on potential measures to address them, while maintaining the resilience of the EU banking sector and the stability of the financial sector at large.

Question 75. Are there areas that create undue complexity in the crisis management framework?

- Yes
- No
- Don't know / no opinion / not applicable

How could this undue complexity be reduced without undermining financial stability?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The ever-increasing requirements create undue complexity. Even well-capitalized banks are required to prepare for multiple strategies (PRS/VRS) while the probability of resolution is low. Unnecessarily detailed plans or playbooks should not be required as circumstances in resolution cannot be foreseen. It should be enough to have a toolkit that is suitable for most situations. A bank cannot prepare for every turn of events while keeping costs and efforts reasonable.

Minimum requirement for own funds and eligible liabilities (MREL)

MREL is a cornerstone of the crisis management framework, providing necessary loss-absorbing capacity to resolve banks and, where appropriate, recapitalise them to protect critical functions for the economy. Inspired from the total loss absorbing capacity (TLAC) concept introduced by the Financial Stability Board, MREL has developed over time into a particularly complex set of rules, without sufficient consideration of its impact on other parts of the framework. This may have important effects on buffer usability, compliance costs and the ability to implement, monitor and enforce the requirements by authorities, banks and market participants.

Question 76. Are the current rules related to the determination of MREL targets effective, efficient, clear and predictable?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 76:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The adjustments make the determination of MREL targets less predictable. The grounds for making adjustments should be clearly described. As an example, the SRB presented the possibility for the resolution authority to adjust downward the MCC based on progress towards resolvability in its newest MREL policy. This is a much-welcomed adjustment. However, it remains unclear on which grounds the SRB considers the progress to be satisfactory / not satisfactory.

Question 76. How can the determination of MREL targets be rendered less complex, while preserving the resilience of the system?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Better align MREL to TLAC, by making the calibration more automatic, predictable and transparent, and subject to less discretions by resolution authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better align MREL to TLAC by allowing MREL to be complied with more subordinated instruments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Make the MREL framework for medium-sized and smaller banks more proportionate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Introduce a minimum debt requirement where MREL should be complied with non-CET1 instruments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 76:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Proposals to limit MREL compliance exclusively to instruments other than CET1 should be firmly opposed, as this would create disproportionate challenges, notably for cooperatives and smaller institutions. Further, this approach would fail to reduce regulatory complexity.

Prior permission regime

The MREL framework contains specific rules to require prior authorisation before a bank can redeem an eligible liability. Inspired by a similar mechanism in place for the redemption of own funds instruments, these rules are set in the CRR.

Question 78. Do you consider that the prior permission regimes for the redemption and replacement of MREL resources should be simplified?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 78:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Redemption and replacement permissions should not be necessary as long as there is sufficient headroom over applicable requirements.

Use of safety nets

Resolution actions may require the use of external funding to support the effective implementation of the resolution scheme. The use of financing from resolution funds is subject to strict rules, in particular the need to bail-in shareholders and creditors for an amount at least equal to 8% of the total liabilities and own funds of the entity subject to resolution. This requirement is essential to address moral hazard and reduce the risk of using taxpayers' money. However, it creates rigidity and may not be suited in all circumstances, for example when this minimum bail-in condition would have led resolution authorities to impose losses on depositors and where such action would have been detrimental to financial stability. It should be noted that other jurisdictions have different systems where such condition either does not exist or can be lifted in exceptional circumstances.

Question 79. What is your view on the rules allowing to use resolution funds to support a resolution action, in particular the minimum bail-in of 8% of the total liabilities of own funds of the distressed bank?

a) Are they proportionate and give sufficient flexibility to handle bank failures adequately?

- Yes
- No
- Don't know / no opinion / not applicable

b) Do they create level playing field issues vis-à-vis other jurisdictions?

- Yes
- No
- Don't know / no opinion / not applicable

Please complement and explain your answers to question 79:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The banking union was supposed to be built on the principle of no bail-out, meaning that investors are expected to absorb bank's losses, in the same way that they benefit from the bank's profits. There has been a worrying deviation from this principle in the CMDI where moral hazard is made possible, as outside financial resources are legislated to bail investors out, namely the DGS. The principle of minimum bail-in of 8 % should be required in all cases. Bank failure is due to unsound business decisions and/or a failure of bank's risk management. These are not due to actions of other banks in the market, or of the customers of those banks. By making DGSs responsible for covering losses makes it necessary for the other banks to replenish the DGS's funds which, in a market economy, they will collect from their customers. This is besides morally wrong, it also creates inefficiencies to the market, as the costs are transferred to market actors (customers) e.g. as higher prices or less beneficial contractual terms.

Taken into account what is said above, the CMDI already foresees more flexibility by the "bridge the gap" mechanism. We would not support changes that go beyond the CMDI. On the contrary, the current "bridge the gap" mechanism should be revoked.

3.5. Interactions across parts of the framework

The prudential, macroprudential and crisis management parts of the framework are closely interlinked. The complexity of these interactions also stems from the coexistence of requirements that may seek to address similar challenges or the coordination, or lack thereof, among relevant authorities in setting, monitoring and enforcing these rules. One particularly relevant topic is the capital stacks created by the various prudential, resolution and macroprudential capital requirements.

This section seeks stakeholders' feedback on the undue sources of complexity in the interaction across the three parts of the framework and on potential measures to address them, while maintaining the resilience of the EU banking sector and the stability of the financial sector at large.

Question 80. In your view, which of the areas below create inefficiencies and undue complexity in the interactions across the prudential, macroprudential and crisis management parts of the framework?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	Don't know - No opinion - Not applicable
Overlapping requirements addressing the same or similar risks (P2R /P2G/certain macroprudential buffers);	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Limited buffer usability resulting from double counting CET1 both in macroprudential buffers and in other minimum requirements (leverage ratio, MREL)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Multiplicity of MDA restrictions with varying triggers stemming from prudential and resolution frameworks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cross-framework governance and coordination issues and data sharing.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 80:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Micro and macroprudential requirements, including P2R/P2G or buffer requirements and floors, should not be used to cover the same risks. Unfortunately, this is not the case currently. Requirements that are not included in the Basel committee standards should be abolished; the most important example being the systemic risk buffer requirement.

Question 81. How could the governance in the macroprudential framework be improved to achieve a more consistent application of macroprudential tools across the EU?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The decision-making process and the regulations guiding it should be standardized to ensure that the application of these regulations is consistent and coherent across countries and banks and between different supervisors and other designated authorities.

All the capital requirements imposed on one bank should be calibrated by a single authority or an appeal board, which should check that each risk is covered only once and if there are any other regulatory tools in place, demands or restrictions, those should be taken into account as risk mitigants. The appeal board members should not be the ones that set the requirements, or at least the chairs or vice chairs should not be from those authorities.

Question 82. What ways could be envisaged to reduce undue complexity in the interactions across the three parts of the framework, including in relation to the capital stack and governance arrangements between the authorities in charge of the prudential, macroprudential and crisis management rules, without undermining financial stability?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 83. How could the governance arrangements across the three parts of the frameworks be improved, having in mind the objective of ensuring the adequacy of requirements applying to individual banks and avoiding overlaps?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

3.6. Proportionality

The EU Single Rulebook for banks addresses the need for proportionality throughout the current bank regulatory framework. Certain banks meeting a set of size and risk-based criteria can apply a lighter regime compared to the regime applicable, by default, to all banks. Notably, small and non-complex institutions in the CRR (defined in Article 4(1), point (145) of CRR) benefit from lighter reporting and disclosure requirements, while the bulk of capital, liquidity, corporate governance requirements apply across the board. In the crisis management domain, banks under simplified obligations are subject to lighter resolvability expectations, etc.

This section seeks stakeholders' feedback on the current levels of proportionality in the banking regulatory framework and how to further improve it.

Question 84. Would you consider that the current bank regulatory framework is sufficiently proportionate for smaller banks?

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- Don't know / no opinion / not applicable

Please explain your answer to question 84:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 85. Do you consider that the introduction of a dedicated regulatory and supervisory regime for small banks would be warranted in the EU?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 85, assessing in particular how such a regime could meaningfully improve proportionality and efficiency, without undermining financial stability, depositor protection, or the level playing field within the EU:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 86. Should there be, in your view, a more consistent and proportionate set of requirements across the prudential, macroprudential and crisis management rules for smaller banks?

- Yes
- No
- Don't know / no opinion / not applicable

Question 87. Should the definition of small and non-complex institutions be amended?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 87:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

3.7. Corporate governance

The CRD and CRR aim at ensuring the sound and prudent management of financial institutions. To that end, they contain specific provisions on corporate governance of financial institutions.

This section seeks stakeholders' feedback on the effectiveness of current corporate governance rules and their impact on the EU banking sector.

Question 88. Taking into account the need to put in place sound remuneration policies that do not provide incentives for excessive risk-taking behaviour, but also the need to remain competitive and reduce financial and administrative burden, how would you evaluate the following provisions on the pay of directors and other material risk takers?

	Very positive	Somewhat positive	Neutral	Somewhat negative	Very negative	Don't know - No opinion - Not applicable
Requirement that the variable component shall not exceed 100 % of the fixed component of the total remuneration for each individual ('bonus cap')	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Requirement that the variable remuneration shall consist of different types of instruments ('balancing requirement')	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Requirement that a significant part of the remuneration is deferred and vest on a pro-rata basis ('deferral')	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Requirement that up to 100 % of the total variable remuneration shall be subject to malus or clawback arrangements ('malus /clawback')	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 88:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 89. Where do you see potential for simplification of the EU rules on internal governance and remuneration policies of financial institutions without undermining the institutions' sound and prudent management?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The deferral threshold under Article 94(3)(b) CRD — set at EUR 50,000 and one third of total remuneration — was explicitly introduced in CRD V as part of the revised proportionality framework for remuneration. The threshold does not set a “floor” below which variable remuneration cannot be reclaimed; rather, it defines a level below which the CRD does not require the application of deferral mechanism. A closer assessment of cumulative inflation and remuneration developments by the Commission and the need to preserve both proportionality and the competitiveness of EU institutions in attracting and retaining talent would appear to be warranted in light of this fixed monetary threshold, to ensure that it continues to serve its original risk-based purpose.

Question 90. In your view, which regulatory measures regarding the EU rules on internal governance and remuneration policies of financial institution could lead to improvements?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Discerning between the management body in its management function and management body in its supervisory function is not always easily compatible with well-established corporate legal frameworks in the Member States, forcing MSs to come with solutions that are artificial at best and overtly burdensome at worst. Additionally, the collective responsibility of the management body in either function should be stressed to avoid too rigid requirements on individual members of the management body.

3.8. Reporting and disclosures

Public disclosure by banks is important to ensure transparency and market discipline. Supervisory reporting is about giving the supervisor the necessary data to monitor banks and if necessary, intervene. Supervisory reporting and public disclosure requirements related to prudential, macroprudential and crisis management have evolved over time and are sometimes split across different Implementing Technical Standards developed by the EBA.

Co-legislators have recently amended the provisions empowering EBA to draw up reporting templates moving from a tabular way of reporting, whereby banks fill in templates and send them to supervisors, to a data element focused reporting, whereby banks produce data that are then sent digitally to supervisors. A number of initiatives have been developed in relation to disclosures of information to the public, in particular through a centralisation of disclosures and a greater role for EBA in line with the Pillar 3 data hub and ESAP rules. In addition, in 2025 the Commission has put forward a series of simplification initiatives aimed to boost competitiveness and reduce administrative burdens for businesses. Key proposals in the [‘Omnibus I’ package on sustainability reporting](#) have been agreed upon by co-legislators, and work is ongoing to finalise the implementing measures of the revised [Corporate Sustainability Reporting Directive \(CSRD\)](#) on which a political agreement was reached in December 2025. Technical work is also ongoing in relation to the [European Sustainability Reporting Standards \(ESRS\)](#) as well as the [Climate and Environmental Delegated Acts](#) implementing the Taxonomy Regulation. Lastly, the Commission proposed in 2025 a [reform of the Sustainable Finance Disclosure Regulation](#), which is being negotiated by the co-legislators.

This section seeks stakeholders’ feedback on the ongoing and upcoming initiatives to improve the efficiency of reporting and disclosure requirements for EU banks and potential further improvements in this area.

See also the work on nature risks by the Network for Greening the Financial System, such as the [supervisory work related to nature related risks](#) and a [proposed risk assessment framework](#), or the ECB, such as [Nature at risk: Implications for the euro area economy and financial stability](#), ECB Occasional Paper Series No 380, and [The impact of the euro area economy and banks on biodiversity](#), ECB Occasional paper Series No 335.

Question 91. Which of the implemented or planned EU or national measures have in your opinion the most impact on reducing undue complexity and burden as regards bank reporting requirements?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 92. What factors linked to reporting obligations in the regulatory framework contribute most to the compliance costs?

	Low impact	Medium impact	High impact	Don't know - No opinion - Not applicable
Number of data points	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Frequency of changes of the reporting obligations	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

The difficulty of using regulatory reporting for internal risk management purpose	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ad hoc reporting requests from supervisory authorities	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Frequency of submission of reporting obligations	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please specify to what other factor(s) you refer in your answer to question 92:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- i. Data Quality and Data Governance Requirement High Impact
- ii. Complexity of the Regulatory Framework High Impact
- iii. IT Infrastructure High Impact
- iv. Corrections and Resubmissions requests High Impact

Please explain your answer to question 92:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

FICO directive 2002/87/EC and Solvency II directive 2009/138/EC are implemented in a manner that duplicates both reporting and supervision responsibilities: the NCA may require IGT and RC reporting at FICO level based on Solvency II directive, while the ECB as the FICO coordinator receives IGT and RC reporting based on FICO directive 2002/87/EC.

Question 93. What other policy measures, legislative or non-legislative, could be considered to further modernise reporting and reduce the reporting burden?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Supervisors should be given a clear target to lower the amount of reporting (reports and individual data points). The same information should be only gathered once by supervisors, and supervisors should exchange information efficiently. Supervisors should move towards facility-level information gathering rather than creating ever expanding report frameworks.

Standardised, centralised, and harmonised reporting templates would enable higher levels of automation.

Maintaining reporting requirements as consistent as possible over time (while recognizing that some change is unavoidable) would further support efficient processes.

Question 94. Do you identify any instances where the reporting requirements for banks also lead to an undue burden for bank's clients?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain where this is the case and how this could be improved:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

AML and KYC requirements create an undue burden for SMEs.

Clients often have to submit the same personal information, financial data, ownership structures, or other documents repeatedly, even when nothing relevant has changed. EU⁹⁴ level central registers with reliable, verified information — such as TOED and PEP registers — would reduce this burden, as banks could retrieve information directly from the register.

Question 95. In light of the ongoing revision of a number of pieces of EU legislation on sustainability (CSRD delegated acts, Taxonomy delegated acts, SFDR), do you see the need for amending any provision of the banking regulatory framework with a view to ensure achieving the objective of properly managing sustainability-related risks faced by banks?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 95:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, considering the ongoing revisions to EU sustainability legislation, it is of high importance to ensure that the banking regulatory framework remains coherent with the evolving sustainable regulatory framework. While the EU's objective of simplifying sustainability legislation is understandable, such efforts should not place the financial sector at a disadvantage or undermine its ability to effectively manage and disclose sustainability-related risks.

The existing prudential and supervisory framework was designed on the assumption that the CSRD / ESRS

would deliver standardized, comprehensive and comparable corporate ESG data at scale. This assumption underpins several regulatory expectations placed on financial institutions regarding ESG risk management expectations, disclosure and supervisory engagement.

Post-Omnibus, however, this data foundation will no longer be achievable across financial institutions' full counterparty base. Instead, financial institutions will face a fragmented data landscape in which only a subset of their corporate client will be subject to mandatory sustainability reporting requirements, while others may provide information voluntary, if at all. This will lead to greater variations in terms of scope, depth, format and methodological approaches of ESG data. As a consequence, ESG data uncertainty will increase while comparability, completeness and availability will decline, particularly for non-CSRD counterparties, reducing transparency and limiting data usability.

A number of prudential and supervisory frameworks for financial institutions currently rely on the availability of standardized ESG data at market scale. These include in particular:

CRR and CRD requirements on the management and capitalisation of ESG risk;

EBA Guidelines on the management of ESG risk and environmental scenario analyses;

ECB supervisory expectations on climate and environmental-related risk;

Pillar 3 ESG disclosures requirements;

In this context, it must be clarified that the ESG data required by financial institutions for the purpose of sound ESG risk management does not pre-exist in the market independently of corporate disclosure frameworks. Rather, the availability, comparability and reliability of such data is closely linked to the scope and robustness of corporate sustainability reporting obligations. Therefore, if existing obligations are not revisited in light of Omnibus, EU legislators will transfer the reporting and compliance burden from corporates to financial institutions. This would force financial institutions to compensate through increased reliance on bilateral data requests and broader use of estimates to fill critical ESG data gaps, thereby adversely impacting reliability and comparability of reported ESG data with negative implications for supervisory oversight and financial stability.

The importance of high-quality and comparable sustainability data is also recognised by the ECB in the context of its risk management and monetary policy operations. As noted by the ECB^[1], the Eurosystem requires sufficient high-quality climate data to adequately assess the implications of climate change and nature degradation for financial risks.

Against this backdrop, financial institutions will increasingly need to obtain relevant ESG data directly from counterparties in order to support risk management processes and meet existing regulatory and supervisory expectations. As a result, non-CSRD counterparties will be requested to provide ESG datapoints similar to those foreseen under the CSRD/ESRS, but outside the regulatory framework and therefore in a non-standardised and unaudited manner.

If the banking regulatory framework is not revised in light of Omnibus outcome, this scenario will increase operational complexity and costs for both corporates and financial institutions, particular when corporates are required to response to multiple bilateral information requests. This will increase the risk that individual financial institutions develop their own data request templates to address remaining ESG data gaps, potentially requiring corporates to provide similar information in different format. To mitigate such fragmentation, the upcoming delegated act on the VSME standard is of high importance to mitigate the ESG data fragmentation by providing a shared reference point for non-CSRD companies that also reflects financial institutions' risk management needs.

Lastly, we would like to highlight the increasing regulatory complexity and compliance burden affecting the competitiveness of financial institutions within the Banking Union. In particular, the ECB's extensive use of "soft

law” ESG guidance often results in expectations being implemented earlier and more comprehensively than those applied by national supervisors outside the ECB’s supervisory scope.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

Useful links

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