Public interest assessment: SRB approach

Identifying public interest is a necessary pre-condition for taking resolution action in respect of a failing bank.

Certain conditions for resolution should also be met

- The bank is failing or likely to fail
- An alternative private sector measure or supervisory action is unlikely to prevent the failure of the bank within a reasonable timeframe
- A resolution action is necessary in the public interest

A resolution action is in the public interest when it achieves one or more resolution objectives

- Ensure the continuity of critical functions
- Avoid significant adverse effects on financial stability
- Protect public funds by minimising reliance on extraordinary public financial support
- Protect depositors and investors
- Protect client funds and client assets

Public Interest Assessment Framework

Are resolution objectives at risk upon failure?

Objectives at risk

The selected resolution strategy and tools should be:
- necessary and proportionate
- credible and feasible

Would winding up under normal insolvency proceedings meet the resolution objectives to the same extent?

Yes
- Outcome: resolution

No
- Outcome: no resolution

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