



Brussels, 5 May 2025

MR/MM

**EACB comments on  
Single Resolution Board consultation on Operational Guidance on Resolvability  
Testing for Banks**

**General comments**

The EACB welcomes the opportunity to comment on the SRB Operational Guidance on Resolvability Testing report. We appreciate the SRB's initiative, which represents a real step towards a more structured and transparent approach for assessing banks' crisis preparedness and resolution capabilities.

**We believe that the multi-annual testing program needs to be properly assessed to verify the proper implementation of the principle of proportionality, especially toward smaller and medium institutions.** As it currently stands, the report requires banks to devote a significant proportion of their resources, from senior management to operational levels, and to make huge investments in time and money to test resolution, when their primary role should instead focus on servicing customers and financing the economy.

We understand that the SRB puts forward a risk-based approach. We support the idea, however such an approach should lead to the establishment of more sophisticated tests only if the risks are higher. If the risks are stable, there is no reason to develop more tests, which are more complicated and more costly in terms of human and financial resources. This is particularly important for those banks with limited risks in their balance sheet. The administrative and financial burden of setting up such dedicated test environments, applying extensive testing techniques, and preparing multitudes of deliverables may fall unduly on these banks that often operate with simple business models and/or limited resources. For non-significant institutions, the extremely tight deadlines imposed by the national resolution authority create an additional layer of complexity, becoming an obstacle to optimally managing the implementation of obligations.

Furthermore, we would like to highlight the potential inconsistency between very detailed requirements set out in SRB guidance and the ongoing EU Commission efforts for simplification and rationalisation of regulatory reporting. The introduction of templates, reporting obligations, and annual testing rounds does not seem to align with the efforts and guidance coming from the Commission regarding simplification efforts and overall competitiveness of the EU banking system. As also discussed in previous consultations, it would be preferable for the various authorities (the ECB, the SSM, the SRB and the EBA) to coordinate in order to avoid contradictory requirements and overloading the teams involved.

*Q1: Is the template for communicating the multi-annual testing programme (Template A) adequate for banks to trigger a discussion with IRTs on the upcoming three-year testing priorities?*

The SRB should be clearer on the objectives of the testing exercises, specifying what is expected. It would be advisable to provide a framework with clear and proportionate objectives, and the banks would be able to determine the procedures, the test environments and the stakeholders. This approach would avoid unexpected and burdensome additional requests from the Resolution authority in an area that should first be better defined upfront, particularly to meet the SRB's *Expectations for Banks*.

The envisaged coverage of the testing program (which requires testing all six areas of resolvability within three years) entails high preparation and coordination costs, with the active and widespread involvement of a significant portion of staff, causing major impacts on the banks' daily activities. These costs may weigh more

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heavily on medium and small-sized institutions, as the percentage of staff involved in preparing and executing these tests can be greater compared to more structured institutions.

In this regard, we suggest amending paragraph 4 of the guidance to allow IRTs to reduce the number of tests within the three-year programs, permitting the postponement of some areas to subsequent planning cycles, based on factors such as the institution's size, systemic importance, past test results, and process complexity (for example, allowing a longer testing frequency for less complex processes and/or areas with a satisfactory testing track record).

This adjustment would still ensure the improvement of resolvability, but with a modular approach that respects the principle of proportionality, helping banks maintain operational efficiency and control costs.

**Q2: Is the description sufficient for banks to understand each method used to perform the tests?**

We believe that stress testing will undergo annual revisions over the next five years, which will likely result in adjustments or redefinitions of banks' internal processes, leading to higher implementation costs.

Although the document refers to touchpoints with the self-assessment process, fully integrating them would be quite complex and we fear duplications may arise. In this regard, we believe that non-significant banks — and especially those with ample MREL compliance — should be exempted from stress testing for an initial period (ideally until the end of 2029), at least regarding the obligations prescribed by the guidance.

Finally, we encourage the SRB to provide a clearer definition of practical operationalisation" (vs. dry-runs).

**Q3 & Q4: Do you see the need for further guidance for setting up test environments? If "Yes" is selected in the previous question, please elaborate.**

The requirements for test environments appear to leave banks with little or no choice regarding internal processes. If the SRB requires that banks maintain a duplicate data infrastructure for resolution purposes, it must be understood that the deadline of December 2026 is unfeasible, and the associated costs would be unreasonable for banks. The SRB should allow banks a significantly wider degree of flexibility in defining their test environments. The requirements should be less prescriptive, enabling banks to address them in the manner best suited to their individual circumstances.

Para. 39 introduces for banks the requirement "to document the specifications of their test environments and to audit them regularly to ensure that they are working properly. Therefore, both the resolvability work programmes and the internal resolvability testing plan developed by banks should ensure that this dimension is considered". Based on this formulation, it seems that SRB expectations are a perfect replica of their production, meaning that there is no possibility of lower environments to be used in SRB related testing exercises. This requires clarification. Also the OCIR testing environment requirement in 5.2 *Specific test environment needs* refers to the same outcome, i.e. that banks should have all production environments replicated 1:1. This requirement seems overreaching and would involve very substantial costs.

**Q5: Do you see any challenges in meeting the deadline of December 2026 to develop test environments?**

Our members expressed concern on the proposed deadline (December 2026) for the creation of testing environments for MIS. The timeline, considering the simultaneous entry into force of MBDT and the expected update of the VDS (as well as the recent adoption of other significant regulatory frameworks such as DORA), requires a considerable effort from banks (especially smaller ones) and could slow down other planned digitalization initiatives necessary to maintain a competitive banking business. We therefore suggest aligning



this deadline with the end of the first triennial testing plan (2028), again keeping in mind the principle of proportionality.

We consider the SRB's proposal to provide a testing plan for Q3-Q4 to be rather vague and coming too late for the tests to be organized and integrated into the bank's budget. We believe that banks should receive the first elements of the test schedule as early as Q2 and the final plan at the beginning of September. It would also be preferable for banks to be free to decide when to carry out the tests so as not to disrupt other activities in BaU and to limit the number of tests per year.

*Q6: Do you have any other observations related to test environments?*

Regarding para. 37, we see that a real-time data stream requirement is not reasonable and hardly feasible. Essentially, this would allow IRTs to demand complete renewals of MIS systems as playbooks touch data streams between core banking systems, general ledger systems and solvency calculation among others (all of which can be considered to be part of the process that produce inputs for generating results to accounting books).

*Q7 Do you have any comments to raise as regards the testing exercise template (Template B)?*

NA

*Q8: Do you have any comments with regard to the outcome report template (Template C)?*

The term session is a bit unclear, particularly in what level of granularity it is expected to define sessions. For example, is Internal execution a session, or does it need to be broken down into smaller steps? Clarification from the SRB would be welcome.

*Q9: Do you have any comments to raise as regards the daily summary?*

NA

*Q10 & Q11: Is there any need to elaborate further on the role of the independent observer? If "Yes" is selected in the previous question, please elaborate.*

NA

*Q12 Do you have any comments to raise as regards the independent observer report template (Template D)?*

NA

*Q13 & Q14: Do you see a need for further guidance as regards circumstances when the external consultants could or could not be engaged for testing purposes? If "Yes" is selected in the previous question, please elaborate.*

NA



*Q16 & Q17: Governance expectations: do you see the need for further guidance on governance expectations related to testing? If "Yes" is selected in the previous question, please elaborate.*

The role of the Board of directors appears to be excessively emphasised in the Internal Governance section. Approval from the Board of directors is requested for Internal resolvability testing framework and the Internal resolvability testing plan. We believe that it would be sufficient for these to be approved by the Senior level executive responsible for resolution planning or at most, a Member of the management body. The Board of directors is informed of upcoming tests in the annual work plan, giving them the opportunity to comment on the comprehensiveness of the testing plan.

Regarding the reporting requirement, the request to report each test separately to the Board of directors is unreasonable, as not all tests are equally comprehensive and significant. If reporting to the Board of directors is necessary, it should be limited to covering, for example, only dry runs of the full resolution strategy. For other tests, reporting to the Board of directors should be sufficient in the form of the resolvability self-assessment report. This means the Board of directors approves the results of the self-assessment and, in that context, the results of the testing.

Finally, some clarifications seem necessary regarding the Internal Governance Section 6.1, point c. The text begins: "Member of the Management Body/ Senior-level executive responsible for (internal work on) resolution planning and implementation of the resolvability work programme". Later in the test, only "Member of management body" is mentioned. This raises the question of whether the bank can decide for itself who handles the responsibilities, or if it must always be the "Member of management body". If the latter is the case, "Senior-level executive responsible" should be removed from the first sentence for clarity. In any case, it is essential that the request concerns the sole consolidated level, therefore only the parent companies of the banking groups and not the related affiliated banks

*Q18 & Q19: Specific testing areas: do you see the need for further guidance on any of the specific testing areas (Part 2 of Operational Guidance)? If "Yes" is selected in the previous question, please elaborate.*

Please find below comments on specific testing areas:

- Bail-in testing sub-area description, internal execution part "*Capability to assess and implement all the necessary changes to the risk-weighting of assets*" should be clarified to avoid inconsistency among banks interpretations. If this refers to Valuation results, we consider that the requirement is unclear and difficult to assess, and stringent as banks do not have information on the format of feedback/results based on valuation
- Regarding para. 69, the reasoning for this demand is not clear: bail-in process & data is considered to be a one-time terminal process. In our understanding, bail-in process would not be run multiple times in resolution. Should IRTs wish to test bail-in capabilities more regularly, the interval should at least be months – not days. The process itself is demanding and chaining multiple 24h exercises (requiring the same personnel) is unreasonable. More generally, it is highlighted the difficulties of applying "drill" tests for some areas (the authority requires them to be carried out at short notice). Given the potential impacts on everyday operations of the bank, we deem reasonable to remove the possibility of a drill exercise for the more complex processes (such as the bail-in process)."
- We evaluate the requirement for banks to involve FMI's into testing as redundant. If eventually deemed necessary, the bank could consider sharing the main findings with the FMI and following up bilaterally, as also expressed in the report itself.



- On para. 105, the requirement for the submission of the data multiple times a day is not deemed as feasible if this refers to delivering Joint Liquidity Template multiple times a day basically with real time data.
- Regarding para. 113 and 114, the scopes and nature of continuity of services and OCIR governance testing may vary considerably. Therefore, clarification from the SRB would be welcome also in relation to how such testing can be integrated with other types of exercises.
- Regarding to the bail-in dry-run and BRP test, the definition of a credible and feasible crisis scenario triggering entry into resolution should represent a main step for the execution of dry-run exercises. The IRT should provide (also within the Testing Guidance) additional guidance for the crisis scenario including whether it should be systemic, idiosyncratic, or focused on national or regional crisis levels.
- Regarding para. 86., we observe that further clarification is required related to the report that the bank is expected to produce to estimate the tax impact and how this was reflected in its operationalisation of the bail-in and activation of the ILTRM during the test. Specifically, it would be helpful to understand whether the level of detail to be submitted to the IRT is aligned with the analyses typically required for the bail-in playbook.

<i>Additional comments</i>
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The need for an internal resolvability testing plan could be questioned. The information is either included in the SRB plan, or too detailed to be included in an overarching plan for all tests for three years. E.g. the test blueprint requires information that is produced during the actual planning of the test and should therefore be required only in the actual test plan. Exact dates may also not be known early enough to be included in the three-year plan (even for the first year).