EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL MARKETS UNION

General affairs
Policy definition and coordination

Legend:
- Black: Commission consultation text
- Blue: SRB replies and comments

CONSULTATION DOCUMENT

TARGETED CONSULTATION ON THE COMPETITIVENESS OF THE EU BANKING SECTOR

SRB disclaimer

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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[1]. 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 stakeholder 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.

[1] European Commission, 19 March 2025: *Savings and Investment Union – A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU*

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 **online questionnaire** available on the following webpage: https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-competitiveness-eu-banking-sector-2026_en

Please note that in order to ensure a fair and transparent consultation process **only responses received through the online questionnaire will be taken into account and included in the report summarising**

In order to ensure a fair and transparent consultation process **only responses received through the online questionnaire will be taken into account and included in the report summarising the responses**.
While some questions are general, others are directed towards specific stakeholders, i.e. credit institutions, their clients and consumer associations, investors or supervisors. As not all questions are relevant for all stakeholders, respondents may choose to reply to a sub- set of questions that are most relevant for them.

This consultation follows the normal rules of the European Commission for public consultations. Responses will be published in accordance with the privacy options respondents will have opted for in the online questionnaire.

Responses authorised for publication will be published on the following webpage: https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted- consultation-competitiveness-eu-banking-sector-2026_en#consultation-outcome

Any question on this consultation or issue encountered with the online questionnaire can be raised via email at fisma-banking-sector-competitiveness@ec.europa.eu.

Consultation questions

Sections	Sub-sections	# Questions
1. Banking competitiveness in the EU and globally	1.1. Contribution of the banking sector to the EU economy	9
	1.2. Competitiveness and competition of the EU banking sector	3
	1.3. Banks and other financial institutions as enablers of capital markets	3
	1.4. Cross-border activities in the EU banking sector	5
	1.5. International level playing field	6
	1.6. Digitalisation	5
	Sub-total	*31*
2. The single market and the banking union	2.1. The impact of prudential requirements on market integration	3
	2.2. Market consolidation	2
	2.3. Non-prudential barriers to market integration	1
	2.4. Protection of depositors	4
	2.5. Liquidity in resolution	2
	2.6. Sovereign exposures and risk reduction	3
	Sub-total	*15*
3. Complexity and effectiveness of the regulatory framework	3.1. General assessment	*12*
	3.2. Prudential framework	*10*
	3.3. Macroprudential framework	*6*
	3.4. Crisis management framework	5
	3.5. Interactions across parts of the framework	4
	3.6. Proportionality	4
	3.7. Corporate Governance	3
	3.8. Reporting and disclosures	5
	Sub-total	*49*
	Total	*95*

4

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 the Union's economic growth, to the benefit of Union 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[2]. 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.

1.4 Cross-border activities in the EU banking sector

Reports 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.

(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	No opinion
Divergent implementation of EU banking rules across Member States						x
Supervisory divergence/gold-plating by Member States/national supervisors						x
Requirements for allocation of capital and liquidity at local level						x
Non-harmonised macroprudential buffers						x
National discretion in intragroup large exposure limits						x
Incomplete banking union (lack of a European deposit insurance scheme, liquidity in resolution, etc.)		x				
Non-prudential barriers (insolvency, investor protection, company law, taxation)		x				
Political barriers (government direct or indirect interference)						x
Complexity and length of mergers and acquisition supervisory authorisation procedures						x

[2] Competitiveness compass - European Commission

Costs/risks of mergers and acquisitions						x
Absence of economies of scale from engaging in cross-border activities						x
Other (please indicate)						

Please explain.

Please refer to more detailed explanations in our replies to questions 33, 34, and 38 to 43.

(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	No opinion
Incompatibility with internal organisational strategy and budgets						x
Preference for domestic markets						x
Preference of Member States/national authorities for subsidiaries, as they bring more employment, tax revenues, supervisory control, etc (moral suasion)				x		
Client preferences (language, trademark recognition)						x
Lack of trust in deposit guarantee schemes of the host Member States						x
Group resolution strategy					x	
Non-prudential barriers like divergences in contract and civil laws, labour laws, product features, consumer protection rules, foreclosure rules, etc.						x
Other operational benefits linked to the legal form of a branch vs. subsidiary						x
Other (please indicate)						

Please explain.

Resolution group strategies (both SPE and MPE) are compatible with both branches and subsidiaries structures.

(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?

With regard to MREL, while subsidiaries are subject to MREL (so-called internal MREL), branches are not subject to MREL requirements distinct from those applicable at the level of the legal entity of which they form part. This implies that subsidiary-based group structures generally need to pre-position internal MREL resources (e.g., issuing internal MREL debt from subsidiaries to the resolution entity), while branches do not have such standalone MREL issuance requirements.

According to the latest SRB MREL dashboard[3], in H1.2025 the average internal MREL targets of banks under the SRB's remit stood at 21.9% of total risk-weighted assets. As banks have to meet the Combined Buffer Requirement (CBR) on top of the internal MREL targets, the total reference (target + CBR) stood at an average of 25.4% of risk-weighted assets.

Regarding possible preferences for subsidiaries, we would just note that there are several experiences of branchification by banking groups in the last decade[4].

[3] https://www.srb.europa.eu/system/files/media/document/2025-11-07_MREL-dashboard_H1-2025.pdf
[4] See the case of Nordea and other 37 instances after the great financial crisis, as quoted at page 61 of an ESRB report: https://www.esrb.europa.eu/pub/pdf/reports/esrb.report180425_review_of_macroprudential_policy_sfa~d4a86c9fa0.en.pdf

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 Union.

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 Union 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.

(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	No opinion
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						x
Prudential requirements should only be applied at highest EU consolidated level of the banking group						x
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						x
Other (please indicate)	x					

Please explain 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)).

Our reply focuses on whether MREL should only be set at the consolidated, individual, or other level.

First, resolution strategies can be based on a Multiple-Point-of-Entry (MPE) or on a Single-Point-of-entry (SPE)[5] approach. MPE strategies imply that different parts of the banking group would be resolved separately, which means that each of these resolution groups (smaller than the whole banking group) requires external MREL for loss absorption and recapitalization in resolution (via write-down and conversion of capital instruments and/or bail-in). So, for banking groups with an MPE strategy, MREL requirements should be set at least for each resolution entities at the level of the respective resolution group.

For banking groups that follow a Single-Point-of-Entry (SPE) approach, resolution action would be applied only at the level of the single parent company. The perimeters for capital requirements and MREL generally match at consolidated level, though deviations may arise in groups with Holding and Operating Companies. The general answer would be that the level to which external MREL is set does coincide with the consolidated level.

The second question concerns whether, in addition to the external MREL, the groups should also have internal MREL (iMREL) to cover at least the major subsidiaries. By ensuring that losses incurred at the subsidiaries' level are transmitted to the resolution entity, the resolution entity's creditors absorb said losses thereby reducing the risk of breaching the principle that no-creditor-worse-off (in resolution as opposed to insolvency): therefore iMREL is necessary to conciliate the resolution strategy with the insolvency regime. More generally, the placement of iMREL reassures the subsidiaries' stakeholders that resources will be available in a crisis scenario, and that they cannot be blocked by the parent.

Therefore, the resolution regime requires a combination of MREL placed at consolidated and at individual levels.

(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?

The SRB takes actions with due consideration of the resolution objectives and the interests of all the Banking Union participating Member States in which cross-border groups are established (as mandated SRMR Article 6.3). This is why "our mandate [is] to ensure an orderly resolution of failing banks, preserving financial stability and protecting the taxpayer, thereby contributing to the integration of the Banking Union, to the prosperity of the EU and to the economic and social welfare of EU citizens",

[5] https://www.srb.europa.eu/system/files/media/document/2023-12-05_SPE-vs-MPE-resolution-strategies-2023.pdf

and “the SRM is composed of the SRB and the National Resolution Authorities (NRAs), together with the European Commission and the Council of the EU”[6].

The two resolution cases so far are a clear testament to this: they avoided any negative impact on the Portuguese subsidiary of Banco Popular Español S.A., and on the Croatian and Slovenian subsidiaries of Sberbank Europe AG, the Austrian entity of the Sberbank group (ie. with the subsidiaries being resolved given the existence of a public interest despite the Austrian ‘parent’ was liquidated due to a lack of public interest).

In this regard, conceptually it is clear that preparing banking groups for potential resolution includes multiple considerations. For instance, on the one hand, resolution authorities may wish to have as much loss absorbency concentrated at the point of entry: this gives the bank and the resolution authority flexibility to ensure the funds (capital and/or liquidity) can be down-streamed to the legal entities in the group that require support. This is also more efficient for banks, who can manage these funds centrally. On the other hand, authorities require assurance that the subsidiaries will be supported by the parent in case they fail. The BRRD and SRMR set a prudent requirement, which is the internal MREL (iMREL), to cater for this. iMREL gives comfort to the subsidiary’s stakeholders and reduces the no-creditor-worse-off risks for the parent’s creditors, but it comes at a price in terms of “locking in” resources at the level of the subsidiary.

In other jurisdictions, pre-positioned internal loss-absorbing capacity (LAC) requirements are complemented by insolvency-proof mechanisms for the parent (or holding) company (i.e. point of entry) to support the subsidiaries. The FSB has introduced the concept of unallocated Total LAC (uTLAC, i.e. as the difference between the LAC issued externally by the parent minus the LAC needed to cover the solo balance sheet of the parent plus its subsidiaries)7. These uTLAC resources can be used in a flexible manner to address capital shortfalls at different levels of the banking group.

Enhanced intra-group support arrangements could be introduced within the EU framework thereby increasing the assurance that the parent, and the Group Level Resolution Authority, would support the subsidiary in case of distress/failures. Legislators could explore ways to ensure that said arrangements come with robust enforceability and appropriate trigger criteria (related to the solvency and liquidity of the parent as well as the subsidiary), while benefitting from resolution-specific exemptions from otherwise applicable national corporate/insolvency/tax rules[8].

These arrangements could be associated with greater discretion to assess, on a case-by-case basis, if it is appropriate to reduce or waive capital, iMREL, and/or liquidity requirements at the level of a subsidiary. This would, improve the efficiency for cross-border EU banking groups in business-as-usual, increase the flow of capital and liquidity where is more needed in peace time, for lending and investment, while at the same time ensuring there are clear and enforceable ways to absorb losses

[6] https://www.srb.europa.eu/en/mission
[7] https://www.fsb.org/uploads/P260723-1.pdf
[8] For more ideas on SPE and UTLAC, IGFSA etc. please see: https://www.srb.europa.eu/en/content/single-point-entry-resolution-strategy-addressing-home-host-issue-europes-banking-union as well as https://www.bankingsupervision.europa.eu/press/blog/2020/html/ssm.blog201009~bc7ef4e6f8.en.html

and downstream resources when and where needed in a crisis (potentially even in a more effective way to address asymmetric shocks).

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 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.

(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*	No opinion
X					

Please explain.

Enhancing depositor protection at the European level would complete the third pillar of the Banking Union and break the sovereign-bank loop.

By way of context, it is important to recall that the EU banking system is now substantially more resilient than prior to the Global Financial Crisis. The establishment of a single rulebook, the SSM and the SRM, stronger buffers, resolvability and industry-funded safety nets have delivered resilience and financial stability. Recent stress episodes have not resulted in systemic crisis or deposit runs within the Banking Union, which illustrates the progress achieved. The protection of covered deposits is one of the SRMR resolution objectives, and the recent CMDI reform has strengthened the protection for deposits within the scope of the EU banking legal framework.

This said, a more integrated deposit protection framework is still warranted but the regulatory developments and the situation of the banking sector need to be reflected in its design.

In the Banking Union, depositor protection is ensured through: (i) continuity of access to deposits in resolution (or through preventive/alternative measures), or (ii)

pay-out by national Deposit Guarantee Schemes (DGSs) within 7 days, in liquidation).

Yet, DGS funding relies on ex-ante contributions by member banks and is backed by ex-post contributions and alternative funding arrangements, which should be set up at national level and can envisage public funding[9].[10]

The bank–sovereign link could be not fully severed as long as DGS protection remains national. In smaller or highly concentrated banking sectors, effective risk mutualisation and diversification at national level may also be structurally limited.

At the same time, retail banking markets are evolving. Whereas retail depositors used to be domestic, digitalisation (neobanks, distribution channels, cross-border platforms etc.) increasingly allow households and firms to move deposits across Member States. In such an environment, maintaining purely national DGS is no longer fit for purpose.

A more European deposit protection therefore can generate concrete benefits, two-fold:

- It would enhance the credibility and uniformity of protection for covered deposits across Member States, reducing the relevance of national fiscal capacity or perceived sovereign risk in depositors' decisions.
- It could facilitate greater cross-border mobility of deposits. If depositors perceive the same protection across the Banking Union (even though public awareness studies are not systematically done even within countries), this facilitates placing deposits with banks established in other Member States. Ultimately, having a European insurance allows households and firms to compare rates and services across national borders while enjoying seamless protection.

These elements would not only reinforce financial stability, but also the level playing field and competition in retail banking. European citizens will directly benefit from this. Strengthened depositor protection at European level should be seen as an enabler to further progress on cross-border capital and liquidity mobility.

[9] The so called "Alternative financing arrangements" for Deposit Guarantee Schemes (DGS), which are mandatory, supplementary funding mechanisms designed to ensure that a DGS can fulfill its obligations to depositors even if its primary, pre-funded "ex-ante" funds are depleted Borrowing between DGSs is also allowed according to Article 12 of the DGSD.
[10] See also ECB position in https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op308~9f3b17784f.en.pdf

(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?

As noted in our previous response to the CMDI consultation[11] crisis management and deposit insurance are part of the same framework. This link could be strengthened, and synergies could be developed through a more coherent approach and, ultimately, pooling of resources.

Under the current framework, depositor protection and resolution are distinct but interacting pillars: resolution tools (inter alia) ensure continuity of access to deposits in resolution, while DGSs provide pay-outs in liquidation, but can also finance national preventive or alternative measures or a resolution sale (and thereby support continuity of access to deposits).

The current discrepancies among MSs in the functioning of national DGSs (especially about their backstops), and the interactions between national DGS and Banking Union resolution can result in fragmentation, inconsistent outcomes, lower predictability, and complexity, all the more for banks and depositors across national borders.

Pooling DGS and SRF resources would lead to a bigger safety net, increasing the resources available to deal with crisis cases. A more integrated use of common resources could also improve operational efficiency and enhance predictability in crisis scenarios, ultimately strengthening the core objectives of depositor protection. Moreover, it would reduce the differences in treatment between branches and subsidiaries in terms of their reliance on national DGS, which could potentially disappear under a well-designed common insurance mechanism. **A** closer interaction could still safeguard the primary purposes of the two frameworks – resolvability and protecting depositors – and minimise reliance on public funds and moral hazard and mitigate the bank-sovereign nexus.

[11] https://www.srb.europa.eu/system/files/media/document/2021-04-20_srb_replies_consultation_cmdi_review.pdf

(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	No opinion
…all banks	x					
…all banks which are active cross- border				x		
…all banks under direct SSM/SRB remit				x		
…only banks that wish to be included				x		
…other						

Please explain.

As noted in the replies to CMDI consultations, a European deposit protection mechanism would contribute to mitigate the bank-sovereign loop ensuring that every deposit receives equal protection. This ultimately supports the European Monetary Union. At the same time, as note in answer Q38, the system is substantially more resilient than before the great financial crisis.

From a level-playing-field and financial stability perspective, the broader the coverage, in the EU and/or the Banking Union, the more uniform the protection, and the fewer competitive distortions. A scheme covering all Banking Union banks, for instance, would best support consistency and predictability.

Although they could prove to be fruitful intermediate steps, more limited or optional participation models could create uneven protection and undermine confidence. Indeed, if the large banks join an EU- or Banking Union-wide mechanism and stop providing back up to the national safety nets (which would remain competent for the smaller banks), the latter's funding would be put at risk. Therefore, we tend to support a system with full coverage.

(41) In your view, a possible new banking union-wide deposit protection fund should…

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
… be used to provide only liquidity support to national DGS				x		
…replace national DGSs		x				
…replace national DGSs for deposits in a subset of banks as identified in the previous question					x	
…other						

Please explain.

In our view, the deposit protection fund should not only provide liquidity support to national DGSs, but as ultimate objective, also absorb losses, subject to certain

conditions and safeguards.

In line with previous SRB positions, any evolution in this direction would need to preserve fiscal neutrality, ensure that costs are ultimately borne by the banking sector, respect the creditor hierarchy and the "no creditor worse off" principle, and avoid increasing moral hazard.

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.

(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? How could it affect the bank-sovereign nexus and the reliance on national taxpayer-funded resources in a crisis?

- **Yes**
- No

Please explain.

The SRB has been working with banks to prepare for funding in resolution (e.g. to estimate ex-ante liquidity needs, strengthen reporting capabilities, to identify and mobilise collateral etc.). Clearly, private measures are desirable, and banks have progressed on their capabilities under guidance of the SRB. Yet private measures may prove insufficient, for the largest banking groups. As the FSB underlined[12]a credible public sector backstop mechanisms should be in place to enable the temporary funding needs of the resolved entity "and to encourage private sector counterparties to provide or to continue to provide funding to the material operating entities of a G-SIB in resolution"[13].

In the BU, the current framework provides for the possibility of using, under certain conditions and subject to compliance with EU State aid framework, the Single Resolution Fund (SRF), which has available means amounting to EUR 81 bn. Until the ESM Common backstop is ratified, the provision of liquidity to banks exiting resolution would be limited to the SRF. This, however, would not be sufficient to provide market confidence in case of the failure of a G-SIBs, or the simultaneous failure of several medium sized banks. Consider, for example, that the liquidity needs of Credit Suisse would have largely exceeded the available financial means of the SRF (even if backed by the ESM backstop). This absence of a clear and predictable Banking Union mechanism for the provision of liquidity to banks exiting

[12] https://www.fsb.org/2018/06/funding-strategy-elements-of-an-implementable-resolution-plan-2/
[13] https://www.fsb.org/uploads/Guiding-principles-on-the-temporary-funding-needed-to-support-the-orderly-resolution-of-a-global-systemically-important-bank-G-SIB.pdf

resolution is a key missing piece of our crisis management framework.

To address this gap, we should have in place a European solution, such as with the backing of the SRF. Moreover, as further specified in the reply to the next question, it is important that any costs related to the provision of liquidity in resolution are borne by the banking sector, not by tax-payers. In the first instance, liquidity should be repaid by the bank receiving liquidity support, given such support will only be available to banks which have been restored to solvency and viability through resolution. If further costs were to arise, then the banking sector would meet those costs by means of contributions from the industry to the SRF. Such mechanism would therefore be grounded in the banking sector's ability to absorb potential losses through ex post contributions, avoiding a transfer of losses to tax-payers. Just as relevantly, there should be ex ante certainty about the availability of funds under predetermined conditions and speedy access of the liquidity needed, to ensure there is no ambiguity about, or loss of confidence in, the resolution regime.

Failing the implementation of this solution, liquidity in resolution may only be covered by Emergency Liquidity Assistance (ELA) and/or government guarantees, which do not meet any of the above conditions. Its provision cannot be ensured ex ante. Should it be provided, it would create a bank-sovereign loop, as any losses would accrue to the national government directly or indirectly via the National Central Bank's balance sheet. The Banking Union was designed to mitigate this sovereign-bank loop.

(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? If yes, what do you consider to be the desirable features of such mechanism?

A crisis management framework with a credible European mechanism providing liquidity in resolution would give reassurance to banks and the market on its stability and effectiveness. Its positive impact on banking market integration is inextricably linked to its potential design and features.

First, such a mechanism needs to be formally transparent and predictable to all market participants, notably when it comes to the eligibility, size and speed of the support that could be granted. In particular, it should be of a credible size to sustain market confidence- enough to cover the liquidity needs in all potential banking crisis, including in particular crisis of G-SIBs. Such desirable features are key to the credibility of the crisis management framework, not only for Banking Union market participants but also from the perspective of third-country authorities and investors. The credibility of such a mechanism would increase confidence of market players in the financial stability of the Banking Union.

Second, to avoid a bank-sovereign loop, it is desirable that such a mechanism be proposed as a European solution. It should build upon the existing European institutional framework where the SRB (via the SRF) and the ESM have a central role to play, notably when it comes to ensuring fiscal neutrality. The SRF's participation would ensure that the banking sector will be the ultimate payer, through banks' contributions to it.

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

(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	No opinion
The overall framework						x
The minimum capital requirements (Pillar 1)						x
The supervisory measures (Pillar 2)						x
The macroprudential requirements						x
The resolution requirements				x		
Other						

Please explain.

The current MREL framework is complex. This is linked to the specificities of the EU resolution framework, which builds on the Financial Stability Board's Total Loss-Absorbing Capacity (TLAC) while extending its core features to a broader set of banks

in the Banking Union beyond G-SIBs, taking into account the specific resolution strategies and characteristics of each bank.

The scope of MREL is therefore broader than that of TLAC. It includes minimum requirements applicable across banks and it is also calibrated on a bank-specific basis.

The framework includes a dual structure: alongside the “total MREL” target, certain banks, particularly the more systemic ones, have to comply with a subordination requirement determining the composition of the eligible liabilities they should use to meet the requirement, broadly mirroring the TLAC standard approach. The framework also foresees internal MREL for subsidiaries that are not earmarked for liquidation, exceeding the scope of internal TLAC (while being applied in practice in a proportionate manner to subsidiaries providing critical functions or exceeding certain quantitative thresholds).

Further, the EU resolution framework requires a minimum burden-sharing by shareholders and creditors– 8% of total liabilities and own funds (TLOF) before the SRF can contribute to loss absorption or recapitalisation in case of resolution. This does not exist in other jurisdictions and is a point of reference for (subordinated) MREL, despite the methodological differences between these two concepts (perimeters and scope of liabilities).

Finally, as further developed in our reply to question 78, MREL targets by design are built on prudential formulas.

The result is a very complex regime, with many types of targets (total MREL, subordinated MREL, TLAC, internal MREL), each in terms of risk weighted assets (TREA) and total exposure (TEM), and with different buffer regimes.

Is this complexity necessary?

Part of it is the result of the architecture and scope of the European resolution regime – such as access to the SRF, the applicability to smaller banks and diverse business models – as well as from explicit legislative choices, including those on the distribution of loss-sharing responsibilities. Subordinated MREL plays an important role in resolution by providing a clear and operationally reliable layer for loss absorption before senior liabilities are affected. The key question is whether all the current complexity is indispensable to achieve these policy objectives

From the SRB, we consider that there is room for streamlining some elements.

For further background: the SRB has recently published a blogpost[14] on the complexity of different and parallel stacks in the prudential, resolution and macroprudential domains.

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

[14] https://www.srb.europa.eu/en/content/capital-and-resolution-stacks-room-simplification

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.

Own funds instruments

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

The own funds regime is under the purview of the competent authorities, but it affects the SRB insofar as they are part of the MREL instruments. Indeed, going concern (own funds) and gone-concern (MREL) requirements are two sides of the same coin. Adjusting the required levels of own funds would directly affect the calibration of the MREL given that own funds requirements, including Pillar 2 requirements, form the basis for the calibration of MREL. As to the eligibility requirements of these elements, we would just reiterate that, as noted in the SRB joint press release with EBA and ECB in the aftermath of the Credit Suisse demise[15], "Additional Tier 1 is and will remain an important component of the capital structure of European banks".

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.

(75) Are there areas that create undue complexity in the crisis management framework and if yes, how could this undue complexity be reduced without undermining financial stability?

[15] https://www.srb.europa.eu/en/content/srb-eba-and-ecb-banking-supervision-statement-announcement-19-march-2023-swiss-authorities

For a more comprehensive overview of the SRB approach on simplification reference is made to our December 2025 report[16], which outlines what the SRB is doing to implement the framework as efficiently as possible, but also provide some suggestions on how the framework could be improved (i.e. changing level 1 and level 2 legislation) to reduce undue complexity while not undermining financial stability. This includes drastically simplifying the undue burden of prior permission for MREL instruments (see reply to question 80), further extending the effective simplified obligations methodology (see reply to question 86), proposal to reconsider the frequency of the resolution planning cycle and some banks' reports.

Even more complexity clearly arises from the different capital stacks, MREL and iMREL. On this, please refer to our replies to questions 79, 48, 34.

Last but not least, complexity originates from the interaction of our framework with national rules that are not harmonized, such as national insolvency regimes (which impact i.a. the public interest assessment -PIA- and the NCWO assessment), national barriers to intra-group support agreements (see reply to question 34), national DGS protection schemes, preventive and alternative measures as national options. Harmonising such frameworks and moving towards a complete and well-integrated Banking Union would go a long way to reduce undue complexity, it would actually strengthen financial stability and support integration (and thereby competitiveness) of the Banking Union.

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 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.

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

MREL is an essential tool to banks' resolvability. MREL targets are effective as they are calibrated to ensure banks exiting resolution can meet their prudential requirements and regain market confidence. Minimum subordination requirements linked to 8% of total liabilities and own funds for large banks intend to ease resolution execution through subordination and reference to the threshold to access the SRF.

Regarding efficiency, we note that banks had multi-year statutory transition periods up to 1st January 2024 to meet MREL targets and, for banks facing higher cost in accessing the market, the SRB set bank-specific extensions to transitional periods.

MREL targets are expressed in risk weighted assets (TREA) and total exposures

[16] https://www.srb.europa.eu/system/files/media/document/The%20SRB%27s%20approach%20to%20simplification.pdf

(TEM) and clearly communicated to banks in MREL decisions. The calibration rules are set out primarily in the Level 1 framework and their practical application by the SRB is reflected in the SRB policy on MREL. Targets are regularly disclosed to the public by banks subject to disclosure requirements as per CIR 2024/1618.

As a result, any changes should emerge as a consequence of holistic reform, rather than as a standalone recalibration of MREL. Adjustments disconnected from the broader capital framework risk undermining trust and resolvability.

(77) 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	No opinion
Better align MREL to TLAC, by making the calibration more automatic, predictable and transparent, and subject to less discretions by resolution authorities			x			
Better align MREL to TLAC by allowing MREL to be complied with more subordinated instruments						x
Make the MREL framework for medium-sized and smaller banks more proportionate			x			
Introduce a minimum debt requirement where MREL should be complied with non-CET1 instruments						x
Other (please specify)						

Please explain.

In the current context, the SRB favours to simplify MREL without lowering the system's resilience, maintaining compliance with international standards and ensuring the resolved bank has sufficient capital to meet supervisory expectations and maintain market confidence "on Monday morning".

In particular, as regards to MREL calibration formula, the SRB supports consideration of a more standardised step 1, which reflect non-disputable elements such as the supervisory P1 and P2 and the resolution strategy and tool.
We also propose maintaining some discretion for the resolution authority to increase MREL in an add-on, should resolvability/crisis readiness of the bank be insufficient.

Regarding the questions:
SRB favours more predictable and transparent MREL setting, with discretion retained for resolution authority to adapt the requirements based on banks' resolvability progress.
On the alignment of definitions between TLAC and MREL, the SRB considers that:
Subordinated MREL could be aligned for GSIBs only, keeping the current MREL for

all other banks;
or MREL could be aligned to TLAC for all banks,
Each option has pros (comparability) and cons (transition costs) that would require further study and impact assessment.

There are also many calls to enhance proportionality for smaller banks, which we do support. In fact, the SRB and national resolution authorities consider that there would be no public interest in resolution for many thousands of institutions in the Banking Union and so they are exempted from almost all resolution requirements. Furthermore, for banks whose resolution strategy foresees a market exit (e.g., transfer strategies), the MREL is already lower to reflect lower recapitalisation needs post resolution, and they generally do not have to meet subordinated MREL requirements. However, all banks whose failure could provoke financial instability have to comply with resolvability conditions. Therefore, for smaller banks the most effective way to simplify the framework lies outside the capital debate. Progress on national insolvency regimes, faster sale processes, and improved access to funding in insolvency would materially reduce the cost and complexity of managing failure.

The architecture of Level 1 and Level 2 rules can be simplified. MREL rules are in both Level 1 and Level 2 frameworks, with various cross-references used to 'switch on' or 'switch off' important rules (e.g. relating to subordination, or embedded derivatives). This is a key source of complexity in the rules concerning MREL determination.

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.

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

- **Yes**
- No
- No opinion

Please explain.

The requirement for a bank to obtain prior permission for every redemption of eligible liabilities instruments under Article 77(2) CRR can create undue burden for both banks and resolution authorities, without effectively contributing to resolvability. The SRB received around 150 prior permission requests in 2025, none of which raised significant concerns from resolvability perspective. For this reason, the SRB recommends a more risk-based and targeted framework, closer to the approach of the TLAC term sheet, in which the ex-ante approvals would only be required where the bank is in shortfall or where the operation could lead to a shortfall on MREL requirements (or Combined Buffer Requirement, CBR), or the bank does not comply with any of the own funds requirements. In such cases, prior permission would need to be required for all types of Eligible Liabilities Instruments reductions. Approvals

for instruments with less than one year of residual maturity would only be required in case of an existing shortfall. Finally, we are of the opinion that due to structural differences between Own Funds vs Eligible Liabilities instruments (number, size, maturity), the rules for both types of permissions can legitimately be different.

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.

(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? Are they proportionate and give sufficient flexibility to handle bank failures adequately? Do they create level playing field issues vis-à-vis other jurisdictions?

Our reply on CMDI[17] and our ensuing studies[18] provide qualitative scenarios and quantitative evidence on the potential impact of the 8% TLOF minimum liabilities for smaller and medium-sized banks (while the actual impact ultimately depends on concrete crisis circumstances).

Thresholds and conditions clearly circumscribe the flexibility to handle banks failures, and the 8% TLOF threshold for SRF capital support is unique to the EU. The CMDI reform increases the possibility for DGS to support resolution sales of smaller banks, and for this support to "count" towards the 8% TLOF. Yet, this comes with more conditionality than similar transactions with DGS support outside resolution (preventive and alternative measures) or in other jurisdictions (e.g. the Recapitalisation Act in the UK), presumably because DGS are still national.

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.

[17] https://www.srb.europa.eu/system/files/media/document/2021-04-20_srb_replies_consultation_cmdi_review.pdf
[18] https://www.srb.europa.eu/en/content/staff-working-paper-series-3-commission-proposal-reform-eu-bank-crisis-management-framework

(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	No opinion
Overlapping requirements addressing the same or similar risks (P2R/P2G/certain macroprudential buffers);						x
Limited buffer usability resulting from double counting CET1 both in macroprudential buffers and in other minimum requirements (leverage ratio, MREL)		x				
Multiplicity of MDA restrictions with varying triggers stemming from prudential and resolution frameworks		x				
Cross-framework governance and coordination issues and data sharing.		x				
Other (please specify)						

Please explain.

An SRB Working paper "Measures of banks' capital buffer usability under prudential and resolution requirements in the Banking Union"[19] provides evidence that, on aggregate and on average across SRB banks, buffer usability is limited. This is due to the combined effect of the parallel application of the prudential and resolution minimum requirements, and due to diverging rules governing the counting of CET1 for CBR compliance in the risk-weighted and the non-risk-weighted framework.

The possible multiple uses of capital for buffers and risk-based minimum requirements is an inherent feature of the prudential framework, which was designed in this way by the co-legislators.

The existing set-up foresees that the macroprudential and the microprudential frameworks complement each other to foster financial stability in the Banking Union. In this framework, banks are subject to a risk-based capital requirement, to the leverage ratio, and to the recovery and resolution framework.

The leverage ratio has been designed to constrain the build-up of banks' leverage in a way that better protects against model risk and measurement error, while the MREL has been conceived to facilitate the orderly resolution of distressed banks. Another cornerstone of the Basel-III agreement was the introduction of capital buffers, whereby banks need to conserve capital before getting close to breaching minimum requirements. This framework creates overlaps between different requirements.

[19] https://www.srb.europa.eu/system/files/media/document/2023-10-17_Staff-Working-paper-2_0.pdf

At the same time, the complexity of the current design requires a broad reflection on how to limit the overlap between the different requirements. The various components of the prudential, resolution, and macroprudential frameworks have developed in parallel, each addressing distinct but complementary objectives – all at the service of financial stability –, financial soundness, loss absorption and systemic risk mitigation. Any attempt to simplify them shall ensure that changes to one layer do not undermine the effectiveness of the others.

The debate requires a holistic assessment, given that each design feature currently delivers specific policy outcomes.

(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?

Please refer to the replies to questions 79 and 82 for the interaction of MREL and resolution requirements with micro-prudential and macro-prudential requirements. In essence, we recommend first of all a simplification of the interactions, e.g., MREL composed of two parts one standardised and one discretionary for authorities to incentivise resolvability, and streamlining the number of macro-prudential buffers as the ECB has recommended.

More coordination among relevant authorities may be useful and should be achieved in a way that remains efficient. There are already consultations between SRB and SSM, supervisory and resolution colleges, EBA arbitration possibilities etc. So, further coordination should not lead to delays and inefficiencies.

For the SRB, it is clear that the authority that takes the MREL decision has to be the authority accountable for it, and that MREL needs to be sufficient for effective resolution (e.g. access to the SRF if needed, and/or sufficient recapitalisation amount to build up the required levels of capital post-resolution).

(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?

Please see reply to question 84.

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[20] 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

[20] Defined in Article 4(1), point (145) of CRR.

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.

(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	No opinion
	X				

Please explain.

Proportionality is inherent to the resolution framework: banks for which resolution is not deemed to be in the public interest are earmarked for liquidation, and thereby are not subject to resolvability requirements nor to MREL on top of capital requirements -except cases where Resolution Authorities require the bank to have an "add-on" to the loss absorption amount (LAA).

Having said this, there may still be room for some streamlining of the different existing categories, e.g. reducing their number, clarifying respective objectives, the categorisation[21].

Currently, there are 115 banks under the SRB's direct remit. These are the Significant Institutions (SI) that are under direct ECB supervision, plus some Less Significant Institutions (LSIs) established in more than one participating Member State (the latter falling under the SRB's direct remit, but not ECB remit).

The banks under SRB remit have sub-categories with corresponding level of requirements. The resolution regime classifies them as GSIIs, top-tier banks (above 100bn total assets), banks subject to a 'fishing request' by NRAs under Article 12d(5) SRMR to have the same MREL requirements as top-tier banks (based on considerations of their impact in case of failure), and other banks. A minority of these banks are earmarked for simplified obligations (SO) and/or for liquidation (i.e. they do not meet the public interest test).

There are then around 1900 LSIs, which can be seen as smaller banks. The vast majority of these LSIs, circa 97%, are earmarked for liquidation. These "liquidation banks" face fewer requirements from Resolution Authorities, notably no MREL on top of capital requirements and no resolvability expectations. Furthermore, 97% of these liquidation LSIs are subject to SO, which means less frequent resolution planning and reporting obligations.

There may be space for making the SO methodology even more flexible and

[21] To mention some examples of overlay: a bank can both be subject to SO and LAA add-on according to the current legal framework: this is possible because Art 12d.2a has different thresholds than Art 11 SRMR. Similarly, a bank can be an OSII and subject to SO at the same time, given misalignment between the macro-prudential and resolution treatment (e.g. Article 6 DR 2019/348).

proportional (and for aligning treatment of SOs between BRRD and SRMR). For instance, by raising the quantitative threshold[22] to allow a few more banks (typically in smaller Member States) to become eligible to SO, and/or enabling eligibility also on the basis of NRAs qualitative assessments (e.g. with country-specific indicators, similar to the flexibility granted under the EBA guidelines on O-SIIs). Moreover, one could explore a further decrease of the frequency for updating resolution plans of SO banks. The SRB stands ready to support a potential review of the SO methodology[23].

Finally, the SO regime could be further aligned to the supervisory category of "small and non-complex institutions".

(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
- No opinion

If your reply is Yes, please explain how such set of requirements should be framed.

Please see also reply to question 86. Our understanding is that the small and non-complex institutions (SNCI) prudential category is narrower than the resolution SO category. Being classified as SO is one of the nine criteria to be eligible for the SNCI status.

Therefore, to our understanding, around 80% of LSIs under SO are SNCIs, while 20% are SO LSIs but not SNCI. Some of the indicators are relatively aligned between SNCI and SO, but the SO category does not have an assets threshold (at € 5bn for SNCI). As such, one could explore aligning more closely the SNCI category to the SO category, particularly given the latter is ultimately calibrated for financial stability impact.

Overall, as noted also for the resolution categorization (including for SRB banks) it seems worth exploring a reduction in the number of categories across different frameworks, as well as of national discretions over such categories, leaving only framed discretion to cater for specific cases, which for the EU resolution framework is already foreseen by the PIA.

[22] Threshold under Article 1(2)-(3) of Commission Delegated Regulation (EU) 2019/348
[23] This would require review of COM DR 2019/348.

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[24].

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.

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

	Low impact	Medium impact	High impact	No opinion
Number of data points	x			
Frequency of changes of the reporting obligations			x	
The difficulty of using regulatory reporting for internal risk management purpose		x		
Ad hoc reporting requests from supervisory authorities			x	
Frequency of submission of reporting obligations		x		
Other				

[24] 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 (link) and a proposed risk assessment framework (link), 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.

Our replies to the above table are based on interactions we have had directly with the industry or in collaboration with the EBA or ECB.