POSITION PAPER

ESBG response to the SRB consultation on communication guidance for banks.

ESBG (European Savings and Retail Banking Group)

Rue Marie-Thérèse, 11 - B-1000 Brussels

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ESBG

Operational Guidance on Banks' Communication

Question 1. Proportionality: are there any specific bank characteristics (e.g., business model, geographical footprint) or other factors that would warrant further ex-ante adjustment(s) of the expectations set by the guidance?

It is not up for debate that a prior preparation in communication is fundamental for effective crisis management and that coordinated provision of information to stakeholders in the event of resolution instills confidence in the markets and avoids actions being taken by other parties that could impede the resolution process. Adequate communication, in fact, can limit contagion and avoid uncertainty and financial instability.

However, it is important to consider that the relationship with stakeholders is already based on the principles of good faith and fairness, as well as on the transparency of the information provided. In this perspective, the definition of a communication strategy that covers also the pre-resolution phase could be disadvantageous, with the risk of creating a misunderstanding and thus potentially triggering a run on deposits, consequently impacting the successful outcome of the resolution itself. Nonetheless, institutions whose preferred resolution strategy is the sale of business would be particularly affected as any communication during the pre-resolution phase could have a negative impact on the franchise value, with consequences for the strategy itself. In order to avoid contagion, market uncertainty and disclosure of fundamental information (considering also the Market abuse Regulation), announcements of mere intentions, ongoing negotiations or stages of progress of negotiations can be delayed to the resolution phase.

Question 2. Coordination between the bank and the resolution authorities: in a resolution event, are there additional considerations/needs for coordination with resolution authorities in different jurisdictions that have not been adequately captured by the guidance?

In addressing the coordination between the bank and the resolution authorities, particularly in a resolution event, we would like to highlight that the guidance does not provide detailed information regarding specific considerations or needs for coordination with resolution authorities across different jurisdictions. It would be beneficial to clarify at which level in the proposed plan attached in Annex A of the guidance, the specifics of international communication should be addressed. Additionally, the guidance lacks details on the requirements and operational aspects related to "international communication" (what type of message is expected for example).

Paragraph 17: “In such eventuality, the consultants appointed by the resolution authorities would either lead or support the banks’ communication teams, according to the mandate given to them.” ESBG recommends removing the reference to an external “LEAD” function from the operational guidance. In crisis situations, rapid and well-coordinated action is essential, and integrating in a lead function an external party which is unfamiliar with the bank’s processes, communication protocols, and internal dynamics would risk creating delays and operational friction.

Question 3. Moratorium tool: if the resolution authority were to apply the moratorium tool and exclude certain types of counterparties from the scope of that power, would such differentiation trigger specific challenges with regard to the bank’s communication to the public and its counterparties?

Some ESBG members highlighted that the exclusion of certain types of counterparties from the scope of the moratorium tool would indeed trigger specific challenges regarding the bank’s communication to the public and its counterparties. This is primarily due to the pari passu nature of liabilities, which means that all liabilities are treated equally and must be settled in proportion to their ranking. When some counterparties are excluded from the moratorium while others are included, it creates potential inequities in how different creditors are treated, leading to confusion and concerns among excluded counterparties who might feel disadvantaged.

Additionally, the varying regulations across different jurisdictions complicate matters further. Different countries may have distinct legal frameworks governing moratoriums and creditor rights, which can lead to misunderstandings or misinterpretations about the implications of the moratorium. This diversity in regulations requires careful and precise communication to ensure that all counterparties are adequately informed about their rights and the rationale behind the exclusions.

Moreover, counterparties that do not benefit from the moratorium may raise questions, which adds operational complexity to the implementation of the moratorium and requires differentiated and multiplied communications. Furthermore, the guidance does not specify whether communications should already be prepared in the communication plan during a moratorium period and how (operational detail).

Question 4. Scope of communication plan: are the scope and the structuring options (see paragraph 27) clear? If not, please elaborate, providing proposed ways forward where applicable.

Referring to point 35, based on the analyses already performed by some ESBG members, it is deemed that categorizing stakeholders by the expected degree of negative reaction does not seem to be appropriate. All external stakeholders have equal importance for the successful implementation of resolution actions. It would be very difficult to assign a rating different from “high”.

Moreover, we kindly suggest deleting the example of FMI from footnote n. 40. Indeed, Based on the analysis of “FSB Questionnaire on Access of Firms in Resolution”:

- Current rulebook’s arrangements do not include specific procedures or prerequired set of actions applicable to cases of resolution of a member, with participants or with competent and/or resolution authorities.
- As of today, FMIs do not envisage specific communication plans. They leverage on existing rulebook procedures and related communication mechanisms, which are predetermined in the context of the applicable procedure (such as termination, suspension, default)
- Communication/notification protocols do not require specific factors to be considered. Nevertheless, communication/notification protocols follow the general provision of minimizing the diffusion of sensitive information.
- Communication protocols are not standardized across participants, considering the specificities of participants’ activities and roles. The only exception is represented by Euronext Securities Milan, whose communication protocols are standardized across all participants.
- The communication infrastructure used is always the same.
- Any potential increased extent of communication would be handled by the current ICT/ communication infrastructure.
- The messages that would be exchanged in a resolution context would not differ from the ones which are already applicable in case of a disruption occurring in a business-as-usual context.

Question 5. Infrastructure and resources / spokesperson: in relation to the designation of a spokesperson, are there other considerations to be taken into account while designating them? Please provide justification.

ESBG fully agrees with designation of a spokesperson.

For at least two ESBG members, the communication process is managed by the Head of Communication for the Group, which is particularly relevant for a group with a single point of entry. The process will be further clarified in coordination with the communication department. They still need to consult with this department to identify the spokesperson and understand the designation and intervention process thoroughly.

Additionally, we would be grateful if the SRB could specify the expectations for a spokesperson, particularly differentiating between banks with multiple points of entry (MPE) and single points of entry (SPE).

Question 6. Operationalisation of the communication plan / template and other documents: the operational guidance intentionally does not refer to the development of template documents, emails, frequently asked questions and other tools to be used in the resolution process. Do you consider it useful to keep such documents and tools up to date in business-as-usual, or should they be updated and tailored within the Communication Plan once stress materialises? If the latter option is supported, would the updating and tailoring be possible in all cases prior to resolution, and in particular under a fast-moving stress scenario? In preparing them, either in business-as-usual or in a stress situation, is additional guidance or other support such as sample templates needed in the operational guidance?

We believe it would be beneficial for the operational guidance to include more examples of messages, documents, emails, frequently asked questions, and other tools to be utilized during the resolution process. While the guidance intentionally does not refer to the development of these templates, having them readily available could facilitate more effective communication in both business-as-usual and stress scenarios.

If these documents are to be updated and tailored within the Communication Plan once stress materializes, it is essential to consider whether such updates would be feasible in all situations, especially in fast-moving stress scenarios. Therefore, additional support—such as sample templates—would be valuable in the operational guidance to ensure preparedness and effective communication during both routine operations and potential resolution events.

Question 7. Annex A: do you have proposed amendments to Annex A while covering the SRB's expectations under this guidance?

The scope and the structure of the Communication plan proposed in Annex A appears overly complex. A streamlined approach would be advisable to enhance clarity and coherence, and to minimize potential redundancies across the various sections of the plan.

Based on their experience in drafting Communication Plan, some ESBG members strongly recommend developing the structure for the Banks' Communication Plan leveraging on the characteristics and needs of the target audience. Once the recipient has been identified, as established in point 31 of the guidance, the Communication plan should determine the organizational area or function responsible for drafting and defining the message, and, if different, the organizational area or function tasked with disseminating the message and implementing the communication plan.

Question 8. Impact analysis: with respect to new elements of the guidance related to EfB dimension 6, do you consider it would require increased resources to implement these? Do you have an assessment of the relevant cost for you?

Although our members have not yet assessed the specific costs associated to these requirements, additional resources may be needed to implement communication aspects related to the new elements of the guidance concerning EfB Dimension 6.

For some members, the main communication channels used to disseminate to various internal and external stakeholders will be the same as those already used in business as usual. Therefore, we strongly suggest deleting references of "crisis" in point 38.

Question 9. Additional comment(s)

Referring to point 13, we invite the SRB to specify whether "submitted periodically" does mean no more frequently than annually.

Communication area supplement to the SRB's Operational Guidance on Resolvability Testing for Banks

Question 10. Comments: do you have any comments on the expectations for each of the specific proposed deliverables for testing the capabilities related to communications?

For ESBG members which have testing program scheduled for 2026, we would like to note that the deliverables requested by the guidance may not be available at that time. This includes the communication plan in both the revised and original formats as specified in Annex A for testing purposes. As such, there may be challenges in meeting the expectations for each of the specific proposed deliverables related to communications. Can the SRB confirm what banks can deliver for 2026 testings?

Question 11. Additional comment(s)

In order to make tests in communication more realistic, the participation of the Authorities by means of “Joint Dry-Run” with their active participation would be highly welcomed in specific cases. Such a Joint Dry-Run would increase the awareness and the preparedness of all parties involved in the Communication process, in case of Resolution. Furthermore, this would enable banks to follow a chronological chain of messages and observe the ones issued by the Authority in the given context. In fact, the communications disseminated by the Authority are of critical importance, as they are perceived by stakeholders as neutral and, as such, play a key role in fostering confidence and mitigating the risk of panic.

About ESBG (European Savings and Retail Banking Group)

ESBG represents the locally focused European banking sector, helping 32 savings and retail banks in 27 European countries strengthen their unique approach that focuses on providing service to local communities and boosting SMEs. Advocating for a proportionate approach to banking rules, ESBG unites at EU level some 859 banks, which together employ 620,000 people driven to innovate at 37,000 branches. ESBG members have total assets of € 6,35 trillion, provide € 3,72 trillion in loans to customers, and serve 163 million Europeans seeking retail banking services. ESBG members commit to further unleash the promise of sustainable and responsible 21st century banking.

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European Savings and Retail Banking Group – aisbl
Rue Marie-Thérèse, 11 ▪ B-1000 Brussels ▪ Tel: +32 2 211 11 11 ▪ Fax : +32 2 211 11 99
Info@wsbi-esbg.org ▪ www.wsbi-esbg.org

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