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

General affairs
Policy definition and coordination

CONSULTATION DOCUMENT
TARGETED CONSULTATION
ON THE COMPETITIVENESS OF THE EU BANKING SECTOR

Disclaimer

This document is a working document of the Commission services for consultation and does not prejudice the final decision that the Commission may take.

This document does not constitute a final policy position or a formal proposal by the European Commission.

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 stakeholders feedback on three main areas:

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

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

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

RESPONDING TO THIS CONSULTATION

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

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

All interested stakeholders are invited to reply **by 19 April 2026** at the latest to the **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

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 subset 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
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<i>Sub-total</i>		<i>49</i>
<i>Total</i>		<i>95</i>

1. Banking competitiveness in the EU and globally

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

This section of the consultation seeks stakeholder's views on general questions regarding the contribution by the banking sector to a more competitive EU economy, including in terms of financing strategic priorities as referred to in the [competitiveness compass](#) for the EU². It asks questions on the competitiveness of banks themselves and driving factors, competition in the banking markets, both within the EU and globally, cross-border activity, international level playing field, the role of banks in capital markets and the importance of digitalisation in driving competitiveness.

1.1. Contribution of the banking sector to the EU economy

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

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

- (1) How is the banking sector currently supporting economic growth in the EU, and to what extent (for example, by providing loans to households and businesses, supporting innovative sectors, and helping channel investments into capital markets (including for retail investors))? How could banks do more to boost productivity and economic growth, thereby supporting the priorities of the EU and accelerating the green, digital and social transitions? Please give concrete examples and evidence.

- (2) Is current credit demand adequately met by banks and how is the demand and the capacity to meet it likely to evolve in the medium and long-term? Are you observing barriers affecting bank financing in support of the economy, including in areas identified as political priorities by the EU or Member States? Please elaborate by providing evidence and identifying economic sectors where access to credit could be improved.

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

- a) a retail client

- b) an SME

- c) a corporate (non-SME)

² [Competitiveness compass - European Commission](#)

- (4) To what extent does market fragmentation affect consumers' and businesses' cross-border access to banking products and services? Please give examples, such as but not limited to IBAN discrimination and difficulties of businesses and individuals to open a bank account, lack of harmonisation of banking products, challenges linked to open finance data sharing. Please provide data if available.

- (5) To what extent does the EU economy benefit from a diversified banking sector? How would you further encourage the diversity of the EU banking sector landscape, with banks operating across different business models (universal, investment, savings, mortgage financing, cooperatives, digital banks, etc.)? Please elaborate whether and how banking sector diversity matters.

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

- (7) To what extent would the EU economy benefit from the following changes in the banking landscape?

	<i>To a very large extent</i>	<i>To a large extent</i>	Neutral	<i>To a small extent</i>	Not at all	No opinion
Cross-border bank consolidation						
Domestic bank consolidation						
Banking services offered across the single market						
Digitalised banking services						
Other (please indicate)						

Please explain.

- (8) What are in your view the main risks faced by EU banks today?

- (9) What are in your view the main risks stemming from EU banks today?

1.2. Competitiveness and competition in the EU banking sector

The competitiveness of banks reflects their ability to perform effectively and remain profitable, innovative and resilient, highlighting their capacity to attract and retain customers, generate profits and adapt to changes

compared to competitors. A competitive and profitable banking sector is key, as it contributes to the resilience of the financial system and to the growth and competitiveness of the EU economy, supporting EU businesses at home and abroad, as well as EU citizens. A competitive EU banking market also serves the EU's strategic autonomy objectives as referred to in the competitiveness compass for the EU.

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

(10) In which of the following dimensions of competitiveness is the EU banking sector performing well?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
EU banks produce financial products at low cost and/or offer financial services at a low price						
International competitiveness: EU banks are able to maintain and increase their market shares in international markets						
Innovation competitiveness: EU banks are able to supply qualitative or innovative, original financial products or services						
Other (please indicate)						

Please explain and indicate for the different business areas (wholesale and investment banking, retail banking, etc.)

(11) What are the main regulatory and non-regulatory factors that determine and drive the competitiveness of EU banks? Please specify the factors per market segment: savings, payments, retail banking, corporate banking, investment banking (including underwriting, brokerage, custody, settlement, market making, etc.).

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

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
EU banks face high levels of competition within their Member State of establishment						
EU banks face high levels of competition in the EU market						

EU banks face high levels of competition in global markets/ markets outside of the EU						
Traditional banks are challenged by new developments in a number of product lines and areas (e.g. digital banks/FinTech in specific areas such as payments, tokenisation of assets, etc.						
Other (please indicate)						

Please explain.

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

(13) According to many analysts, EU banks are persistently undervalued by investors when compared to international peers. If you agree with this assessment, what could explain this undervaluation?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Limited scale and inefficiency of EU capital markets (limited depth, insufficient liquidity, etc.)						
Macro-economic environment (economic growth, inflation, fiscal situation, interest rates, demographics)						
Limited growth and scaling up prospects due to market fragmentation and different national rules						
Underinvestment in new technologies						
Supervisory practices (e.g. potentially impacting the level of dividend distribution and share buybacks)						
EU regulatory/ resolution frameworks (including international level playing field)						
Internal factors (low risk appetite, bank governance/culture)						
Uncertain or ineffective market exit for inefficient or distressed banks						
Other (please indicate)						

Please explain.

- (14) Does the prudential framework adequately account for the activities and the complexity of intermediaries performing financial services other than core banking services? Are there any perceived undue limitations to such activities? Reference is made to financial services performed by investment firms, financial advisors, custodians, wealth managers, market makers or other liquidity providers that are not primarily or not at all engaging in deposit taking and granting loans.

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

1.4. Cross-border activities in the EU banking sector

Reports³ 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.

- (16) For retail banking as well as for wholesale and investment banking, would you agree with the following statement: *'The EU banking market is highly fragmented along national borders, domestic entities mainly cater for domestic clients, cross-border activity is subdued, and it is very difficult for clients to get banking services across the single market.'*

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Retail banking						
Wholesale and investment banking						

Please explain.

- (17) What are, in your view, the benefits and the costs associated with the current level of cross-border banking activities in the EU, and what would be the benefits and costs associated with further integration of banking activities in the EU? Please also include quantitative estimates if available.

³ For example: ECB [Financial Integration and Structure in the Euro Area](#), 2024, or speech by Mr. Andrea Enria, former Chair of the Supervisory Board of the ECB ['How can we make the most of an incomplete Banking Union?'](#), 2021.

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(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						
Supervisory divergence/gold-plating by Member States/national supervisors						
Requirements for allocation of capital and liquidity at local level						
Non-harmonised macroprudential buffers						
National discretion in intragroup large exposure limits						
Incomplete banking union (lack of a European deposit insurance scheme, liquidity in resolution, etc.)						
Non-prudential barriers (insolvency, investor protection, company law, taxation)						
Political barriers (government direct or indirect interference)						
Complexity and length of mergers and acquisition supervisory authorisation procedures						
Costs/risks of mergers and acquisitions						
Absence of economies of scale from engaging in cross-border activities						
Other (please indicate)						

Please explain.

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(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						

Preference for domestic markets						
Preference of Member States/national authorities for subsidiaries, as they bring more employment, tax revenues, supervisory control, etc. (moral suasion)						
Client preferences (language, trademark recognition)						
Lack of trust in deposit guarantee schemes of the host Member States						
Group resolution strategy						
Non-prudential barriers like divergences in contract and civil laws, labour laws, product features, consumer protection rules, foreclosure rules, etc.						
Other operational benefits linked to the legal form of a branch vs. subsidiary						
Other (please indicate)						

Please explain.

- (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?

1.5. International level playing field

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

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

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

- (22) According to many analysts, EU banks have lost market share in the provision of investment banking services to EU clients compared to non-EU banks. If you agree with this assessment, what are the reasons for this decline?

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

	<i>To a very large extent</i>	<i>To a large extent</i>	Neutral	<i>To a small extent</i>	Not at all	No opinion
Divergent banking prudential rules applying to EU and non-EU banks impact international strategic choices by EU banks						
Supply side factors (e.g. cost competitiveness, innovation, depth of home market).						
EU supervisory practices affect expansion in other jurisdictions						
Other (please indicate)						

Please explain.

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

<i>To a very large extent</i>	<i>To a large extent</i>	Neutral	<i>To a small extent</i>	<i>Not at all</i>	No opinion

Please explain.

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(25) Do EU-headquartered banks and investment firms face regulatory constraints that hinder their competitiveness vis-à-vis non-EU financial firms? If yes, what are the key constraints?

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(26) What factors are constraining the ability of EU banks to finance large-scale projects, including in the areas of digitalisation, climate transition and defence, compared to their international peers? In particular, to what extent do differences in profitability, cost structures, balance-sheet capacity, risk-appetite, scale, or regulatory and market conditions explain any observed gaps?

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1.6. Digitalisation

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

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

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

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

(29) Are EU banks investing enough in digitalisation of their operations and services, including in comparison with their international peers and with other EU business sectors? Please explain, in particular in case the answer is 'No'.

(30) Do you expect in the near future the emergence of significant new players in the provision of financial services within the EU, such as non-financial conglomerates, FinTechs, or BigTech companies? If yes, what would this mean for traditional banks? If yes, what would be the impact on households and businesses?

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

2. The single market and the banking union

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

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

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

2.1. The impact of prudential requirements on market integration

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

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

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

- (32) What are the benefits and the limitations of the current regulatory framework in terms of capital and liquidity requirements allocation within a banking group? What are the main concerns with the possibility to manage capital and liquidity at group level?

- (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						
Prudential requirements should only be applied at highest EU consolidated level of the banking group						
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						
Other (please indicate)						

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)).

- (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?

2.2. Market consolidation

Recent analyses, including the [Draghi report on EU competitiveness](#)⁴, underline that the EU banking sector remains structurally fragmented, with limited progress on cross-border consolidation. Despite the existence of a single rulebook for banking and passporting rights, banks' operations remain predominantly domestic, and cross-border mergers have been rare, while branch-based expansion across Member States has not developed at scale.

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

- (35) Do you consider that the EU economy benefits from the presence of large, cross-border banks active across the single market?
- Yes
 - No
 - No opinion

Please explain.

- (36) The Draghi report argues that banks need scale to be competitive. Is market consolidation a good way forward to achieve scale in the banking industry? Which actions should be taken at EU level to facilitate EU banking groups wishing to operate cross-border to do so?

2.3. Non-prudential barriers to market integration

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

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

⁴ [The Draghi report on EU competitiveness](#) (2024)

(37) What are the main non-prudential barriers that impede cross-border activities?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Divergent national tax treatment attached to certain banking products (mortgages, savings accounts, deposits) or banking operations (Value Added Tax, corporate and personal income taxation)						
More generally, lack of unified banking product offering across EU or sub-regions, forcing product adaptation to each national market						
Labour laws and contract laws hindering the servicing of EU bank clients in a Member State by a branch/entity located in another Member State.						
Preference by local customers of local bank brands						
Divergent insolvency laws and collateral foreclosure rules						
Consumer protection laws and client specific documentation						
Divergent (non-prudential) reporting requirements						
Language barriers						
Other (please indicate)						

Please explain which actions should be taken to overcome these non-prudential barriers and improve the integration of banking markets in the EU.

2.4. Protection of depositors

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

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

(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?

<i>To a very large extent</i>	<i>To a large extent</i>	Neutral	<i>To a small extent</i>	<i>Not at all</i>	No opinion

Please explain.

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(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?

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(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						
...all banks which are active cross-border						
...all banks under direct SSM/SRB remit						
...only banks that wish to be included						
...other						

Please explain.

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(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						
...replace national DGSs						
...replace national DGSs for deposits in a subset of banks as identified in the previous question						
...other						

Please explain.

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.

(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?

2.6. Sovereign exposures and risk reduction

One of the objectives of the post financial crisis reforms, and namely of the banking union, has been to address the bank-sovereign nexus. This is often defined as the 'doom-loop' where bank failures can trigger sovereign debt crises, and vice versa. One of the avenues to tackle the issue is to reduce the so called 'home-

bias’, whereby banks are exclusively or very highly exposed to their ‘home’ sovereign. In recent years, discussions on the regulatory treatment of sovereign exposures in relation to the banking union were held together with other elements of relevance for the completion of the banking union, such as the crisis management and deposit insurance framework, a European system for deposit insurance and cross-border financial integration. Sovereign debt continues to be treated favourably, consistent with international standards and no regulatory measures have been introduced to reduce the home-bias.

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

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

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Application of prudential requirements at solo level						
Other (prudential) rules						
Limited cross-border financial integration						
Role in market-making for home sovereign debt						
Business model considerations (aligning assets with domestic activity)						
Government pressures to invest in the local sovereign bond market						
Expectations of public support						
Investment in home sovereign debt perceived as safe and highly liquid asset						
Insufficient access or supply of other governments’ debt fitting the risk-appetite of the bank.						
Other (please specify)						

Please explain.

(45) Do you consider that the EU framework on the regulatory treatment of sovereign exposure should be improved? If yes, how should this be done, and how would it affect the holdings of sovereign debt by banks?

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

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

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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

(47) How would you evaluate the current regulatory framework for banking in terms of:

	Low	Somewhat low	Medium	Somewhat high	High	No opinion
effectiveness (the extent to which the framework achieved its objectives)						
proportionality (the extent to which the objectives of the framework are achieved at minimal cost)						
EU added value (extent to which EU intervention provides benefits that could not be achieved by Member States acting alone)						
relevance (extent to which EU intervention provides benefits that could not be achieved by Member States acting alone)						
coherence (extent to which a policy/intervention is internally)						

consistent and externally consistent with other EU policies)						
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(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						
The minimum capital requirements (Pillar 1)						
The supervisory measures (Pillar 2)						
The macroprudential requirements						
The resolution requirements						
Other						

Please explain.

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(49) Which type of instrument adds the most undue complexity to these parts of the frameworks?

	Low	Somewhat low	Medium	Somewhat high	High	No opinion
International standards (Basel, FSB)						
Level 1 EU legislation (i.e. regulations/directives)						
Level 2 EU legislation (i.e. technical standards)						
Level 3 EU measures (i.e. EBA guidelines, Q&As, etc.)						
Supervisory guidance/practices						
Implementation differences of EU legislation at national level						
Interaction with other national legislation						
Interaction with other EU legislation						
Other						

Please explain.

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

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
...less risk sensitivity within risk-weighted requirements						
...increase in capital requirements						
...less consideration for EU specificities						
...less consideration for national specificities						
...higher contributions to safety nets (DGS and resolution funds)						
...less resilience/ financial stability						

Please explain.

(51) The single rulebook for banking is based on both directives and regulations. Unlike regulations, directives must be transposed into national law, which can lead to different applicable legal framework applicable across Member States. In your view, which provisions currently set out in directives, such as the [Capital Requirements Directive \(CRD\)](#), the [Bank Recovery and Resolution Directive \(BRRD\)](#) or the [Deposit Guarantee Scheme Directive \(DGSD\)](#), would be more effectively established through directly applicable regulations, and for what reasons, if any?

Gold-plating, government interventions and enforcement

(52) Do you have concrete examples of gold-plating of EU rules via transposition of EU directives, national options and discretions? If so, please list them here.

(53) Do you have concrete examples of excessive government intervention in business decisions of banks? If so, please list them here.

(54) How would you assess the level of enforcement of EU banking rules? How can this be improved?

Relevant authorities

(55) How would you evaluate the various authorities responsible for banks in terms of:

		Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
effectiveness (the extent to which authorities identify weaknesses and address them)	Supervisory authority						
	Macroprudential authority						
	Resolution authority						
risk-based (the extent to which authorities focus on the most material risks in a proportional way)	Supervisory authority						
	Macroprudential authority						
	Resolution authority						
efficiency (extent to which authorities are reacting timely and are outcome focused)	Supervisory authority						
	Macroprudential authority						
	Resolution authority						
Other							

Please explain.

(56) How would you rate the degree of accountability of various authorities responsible for banks?

	Low	Somewhat low	Adequate	Somewhat high	High	No opinion
Supervisory authority						
Macroprudential authority						
Resolution authority						

Please explain.

Intellectual property rights

(57) Has your institution granted loans where intellectual property (IP) rights (patents, trademarks, designs) were accepted as: stand-alone collateral or collateral only in addition to tangible assets? Please indicate the approximate share of total SME/scale-up lending for each category.

(57.1) If intellectual property rights are not used as stand-alone collateral, please indicate the main reasons:

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Regulatory capital treatment						
Valuation uncertainty						
Legal enforceability concerns						
Internal risk policies						
Lack of risk-mitigation instruments						
Other (please specify)						

Please explain:

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

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Public guarantees covering part of IP-backed loans						
IP collateral protection insurance supported by public schemes						
EU-level standardised IP valuation methodologies						
Securitisation frameworks for IP-backed loan portfolios						
No measure would materially change our current approach						

Please explain:

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3.2. Prudential framework

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

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

- (59) What are the areas that create undue complexity in the prudential framework, if any? What are the ways to reduce undue complexity in the prudential framework without leading to deregulation and undermining financial stability?

Risk sensitivity

- (60) Does the prudential framework balance sufficiently risk sensitivity and complexity? If not, how should this disequilibrium be addressed?

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

- Yes
- No
- No opinion

Please explain.

Leverage ratio

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

- (62) Do you think that the leverage ratio framework would need improvement? If yes, do you have any suggestions as to how to improve the leverage ratio framework?

Pillar 2 capital components

Competent authorities shall impose an additional own funds requirement, a Pillar 2 Requirement (P2R) if a bank is exposed to risks or elements of risks that are not covered or not sufficiently covered by Pillar 1 requirements. In addition, competent authorities determine for each credit institution the overall level of own funds they consider appropriate to ensure that the institution's own funds can absorb potential losses resulting from stress scenarios, this is generally referred to as the Pillar 2 Guidance (P2G).

- (63) Do you think the Pillar 2 Requirement needs to be improved? If yes, do you have any suggestions as to how to improve the Pillar 2 Requirement?

(64) Do you think the Pillar 2 Guidance needs to be improved? If yes, do you have any suggestions as to how to improve the Pillar 2 Guidance?

Management buffer

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

(65) What determines the level of the management buffer? How much does the management buffer weigh in the overall capital set aside by banks? Do you think there are unwarranted pressures to set such a buffer, if yes do you have any suggestions that would help reduce undue external incentives to set management buffers?

Non-performing loans

In over a decade, the EU has adopted with success several measures to reduce the amount of NPLs in the economy to promote the stability of its banking system and free up capital for new lending, thereby restoring market confidence to the benefit of the real economy. Among these were (i) the ‘NPL-backstop’, which requires banks to book minimum levels of provisions for NPLs and to apply a deduction to their capital if provisions fall short, (ii) the Credit Servicers (or NPL) Directive, which sets up a harmonised legal regime for credit purchasers and credit servicers, and (iii) the framework for Specialised Debt Restructurers, which further promotes NPL secondary markets by exempting institutions that are specialised in the acquisition and management of non-performing exposures from the NPL backstop.

(66) Are, in your view, the various elements of the framework aimed at reducing NPLs working as intended? If you answer ‘No’, please specify the potential areas of improvement

- Yes
- No
- No opinion

Please explain and, if deemed relevant, provide suggestions to improve the framework.

Own funds instruments

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

(67.1.) If you see issues with AT1 instruments, what measures would you recommend for improving the functioning of AT1 instruments?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Increasing conversion trigger						
Imposing conversion instead of write-down						
Facilitate coupon cancellation by making them more automatic and common						
Review minimum distributable amount (MDA) triggers						
Other (please specify)						

Please explain.

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Output floor

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

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

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

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
The current rules introduced by CRR3 achieve the right balance - no need to revise the output floor framework						
Some or all of the transitional derogations related to the output floor should be prolonged						
Some or all of the transitional derogations related to the output floor should be made permanent						
The output floor should only apply at consolidated level						

The calibration of the output floor (72.5%) should be increased						
The calibration of the output floor (72.5%) should be made more risk-sensitive						
The calibration of the output floor (72.5%) should be reduced						
Other (please specify)						

Please explain:

3.3. Macroprudential framework

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

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

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

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

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

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
The current number and scope of macroprudential buffers, some of which may potentially tackle similar risks						

The calibration of macroprudential buffers						
The calibration of other macroprudential tools						
The heterogeneous application of some tools like Other Systemically Important (O-SII) buffers across the EU						
The current reciprocity arrangements						
The decentralised macroprudential governance framework and prominent role of national macroprudential authorities in setting measures.						
Other						

Please explain.

(70) How can the macroprudential buffer framework be streamlined, while at the same time preserving resilience and the ability of responsible authorities to address systemic risks? Which buffers could be merged and what should be their role?

(71) What are your views regarding the need for a buffer for tackling sectoral risks? Is there a need to maintain a sectoral buffer specifically for real-estate exposures to ensure a more targeted application?

- Yes.
- No.
- No opinion.

Please explain.

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

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
The methodology for the identification of O-SIIs should be revised to ensure an enhanced cross-country consistency while considering national specificities.						
The O-SII buffer should be calibrated following a more harmonised methodology which ensures a better correlation of						

systemic importance with a defined range for the level of the buffer rate						
Maintain the current state of play regarding the O-SII buffer calibration while enhancing transparency and accountability (including through public disclosure) regarding the calibration methodology and its application.						
Other (please specify)						

Please explain.

- (73) Is the current share of releasable buffers⁵ (countercyclical buffer and the systemic risk buffer) in the total combined buffer requirement adequate, so as to ensure that sufficient resources can be released in a downturn to support lending to the economy?
- Yes
 - No
 - No opinion

Please explain.

- (74) How could the risk-weight toolkit under Article 458 CRR be fine-tuned? Would its role change in the context of a streamlined buffer framework?

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

⁵ Releasable buffers are designed in a way to ensure that they can be built-up and released (countercyclical buffer) or discontinued (systemic risk buffer), upon agreed triggers and process by designated authorities and ensure that capital is made available to sustain lending to the economy in a downturn. Non-releasable buffers are not expected to be released in downturns and are designed to address risks related for instance to the systemic nature of banks, e.g. global systemically important institutions (G-SII)/O-SII buffers). Banks can dip into these non-releasable buffers but breaching buffers triggers consequences (e.g. restrictions to distributions) which banks may be unwilling to bear.

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?

Minimum requirement for own funds and eligible liabilities (MREL)

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

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

(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						
Better align MREL to TLAC by allowing MREL to be complied with more subordinated instruments						
Make the MREL framework for medium-sized and smaller banks more proportionate						
Introduce a minimum debt requirement where MREL should be complied with non-CET1 instruments						
Other (please specify)						

Please explain.

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.

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?

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.

(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);						

Limited buffer usability resulting from double counting CET1 both in macroprudential buffers and in other minimum requirements (leverage ratio, MREL)						
Multiplicity of MDA restrictions with varying triggers stemming from prudential and resolution frameworks						
Cross-framework governance and coordination issues and data sharing.						
Other (please specify)						

Please explain.

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

(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?

(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?

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 CRR⁶ benefit from lighter reporting and disclosure requirements, while the bulk of capital, liquidity, corporate governance requirements apply across the board. In the crisis management domain, banks under simplified obligations are subject to lighter resolvability expectations, etc.

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

⁶ Defined in Article 4(1), point (145) of CRR.

(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

Please explain.

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(85) Do you consider that the introduction of a dedicated regulatory and supervisory regime for small banks would be warranted in the EU? In your response, please assess in particular how such a regime could meaningfully improve proportionality and efficiency, without undermining financial stability, depositor protection, or the level playing field within the EU.

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(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.

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(87) Should the definition of small and non-complex institutions be amended? If so, should the EUR 5 billion total assets size threshold be increased? By how much? Should size be the only relevant factor or which additional elements could be introduced to better tailor requirements to their risk profiles and operational realities?

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3.7. Corporate governance

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

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

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

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

Please explain.

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

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

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-legislators⁷.

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.

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

Please explain.

(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				
Frequency of changes of the reporting obligations				
The difficulty of using regulatory reporting for internal risk management purpose				
Ad hoc reporting requests from supervisory authorities				
Frequency of submission of reporting obligations				
Other				

Please explain.

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

(94) Do you identify any instances where the reporting requirements for banks also lead to an undue burden for bank’s clients? Please explain where this is the case and how this could be improved.

⁷ See also the work on nature risks by the Network for Greening the Financial System, such as the [supervisory work related to nature related risks](#) and a [proposed risk assessment framework](#), or the ECB, such as [Nature at risk: Implications for the euro area economy and financial stability](#), ECB Occasional Paper Series No 380, and [The impact of the euro area economy and banks on biodiversity](#), ECB Occasional paper Series No 335.

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