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(Consolidated version)

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EBA Guidelines on product oversight and governance arrangements for retail banking products

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1. Compliance and reporting obligations

Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010¹. In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities and financial institutions must make every effort to comply with the guidelines.
2. Guidelines set the EBA view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. Competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 to whom guidelines apply should comply by incorporating them into their practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

Reporting requirements

3. According to Article 16(3) of Regulation (EU) No 1093/2010, competent authorities must notify the EBA as to whether they comply or intend to comply with these guidelines, or otherwise with reasons for non-compliance, within 2 months from the publication of the translations of the guidelines in all EU languages on the EBA website. In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form available on the EBA website to compliance@eba.europa.eu with the reference 'EBA/GL/2015/18'. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities. Any change in the status of compliance must also be reported to EBA.
4. Notifications will be published on the EBA website, in line with Article 16(3).

¹ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, (OJ L 331, 15.12.2010, p.12)

2. Subject matter, scope and definitions

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Subject matter

5. These Guidelines deal with the establishment of product oversight and governance arrangements for both manufacturers and distributors as an integral part of the general organisational requirements linked to internal control systems of firms. They refer to internal processes, functions, and strategies aimed at designing products bringing them to the market and reviewing them over their life cycle. They establish procedures relevant for ensuring the interests, objectives and characteristics of the target market are met. Those product oversight and governance arrangements should also be established by manufacturers and distributors for products with Environmental, Social and Governance (ESG) features, should they offer and sell those products to consumers. However, these Guidelines do not deal with the suitability of products for individual consumers.

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Scope of application

6. These Guidelines apply to manufacturers and distributors of products offered and sold to consumers and specify product oversight and governance arrangements in relation to:

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- Article 74(1) of Directive 2013/36/EU (“Capital Requirements Directive, (CRD)”), Article 10(4) of Directive 2007/64/EC (the “Payment Services Directive, (PSD)”), and Article 3(1) of Directive 2009/110/EC (the “E-Money Directive, (EMD)”) in conjunction with Article 10(4) of the PSD; and
- Article 7(1) of Directive 2014/17/EU (the “Directive on credit agreements for consumers relating to residential immovable property, or Mortgage Credit Directive, (MCD)”).

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- Article 32 (1) of Directive 2023/2225 (the “Directive on credit agreements for consumers and repealing Directive 2008/48/EC (CCD)”).' Directive as transposed in the respective Member States.

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7. Competent authorities may wish to consider applying these Guidelines to other products or other entities in their jurisdictions that do not fall within the scope of the legislative acts referred to above but for which the competent authorities have supervisory responsibilities.

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8. Competent authorities may wish to consider extending the same protections set out in these Guidelines in relation to persons other than consumers such as micro-enterprises and small and medium-sized enterprises (SMEs).

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9. These Guidelines supplement other EBA guidelines that may be relevant to product oversight and governance, in particular, the EBA Guidelines on Internal Governance under Article 74 of the CRD. These Guidelines should also be read in conjunction with the EBA Guidelines on the sound management of third-party risk regarding non-ICT services² and the EBA Guidelines on management of ESG risks³ for the financial institutions in their respective scope of application.

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10. These Guidelines apply to all products brought to the market after the implementation date of the Guidelines as well as to all existing products on the market that are significantly changed after the implementation date of these Guidelines. Competent authorities may wish to consider applying relevant Guidelines, such as Guidelines 5 and 6, to products that were brought to the market before the implementation date of the Guidelines.

Addressees

11. These Guidelines are addressed to competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 and to financial institutions as defined in Article 4(1) of Regulation (EU) No 1093/2010 (the “EBA Regulation”).

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12. With regard to the Guidelines for distributors, competent authorities should either require distributors directly to comply with them or require manufacturers under their supervision to ensure that distributors comply with them.

Definitions

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13. Unless otherwise specified, terms used and defined in the legislative acts referred to in the scope of application have the same meaning in these Guidelines. In addition, for the purposes of these Guidelines, the following definitions apply:

² EBA Guidelines on the sound management of third-party risk regarding non-ICT services

³ EBA/GL/2025/01: : [Final Guidelines on the management of ESG risks.pdf](#)

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Manufacturer

An undertaking that designs (i.e. creates, develops, combines, or significantly changes) products to be offered to consumers and which is any of the following:

- a) a credit institution as defined in point (1) of Article 4(1) of the CRR;
- b) a creditor as defined in Article 4(2) of the MCD;
- c) a payment institution as defined in Article 4(4) of the PSD; or
- d) an electronic money institution as defined in Article 2(1) of the EMD,

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- e) a creditor as defined in Article 3 point (2) of the CCD

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or which would otherwise be a distributor but which is involved de facto in the design of the product.

Target market	The group or groups of end consumers for whom the product is designed, as defined by the manufacturer.
Distributor	A person who offers and/or sells the product to consumers; this includes business units of manufacturers that are not involved in the designing the product but are responsible for bringing the product to the market.
Consumer	A natural person, who is acting for purposes which are outside his trade, business or profession.

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- a) 'credit agreements' as defined in Article 4(3) MCD and Article 3(3) of the CCD;

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- b) 'deposits' as defined in Article 2(3) of Directive 2014/49/EU ("Deposit Guarantee Scheme Directive, (DGSD)");⁴
- c) 'payment accounts' as defined in Article 4(14) PSD;
- d) 'payment services' as defined in Article 4(3) PSD;
- e) 'payment instruments' as defined in Article 4(23) PSD;
- f) other means of payment, as listed in Annex 1(5) CRD (e.g. travellers' cheques and bankers' drafts);
- g) 'electronic money' as defined in Article 2(2) EMD;

⁴ Deposits include all forms of deposits. Directive 2014/65/EU (the Markets for Financial Instruments Directive, (MiFID2)) has extended, in line with its Article 1(4), certain organisational and conduct of business rules to the subset of deposits called structured deposits, as defined in point (43) of Article 4(1) of MiFID 2. MiFID 2 product governance rules, including future delegated acts setting further specifications in relation to Article 16(3) and Article 24(2) of MiFID2, will apply to structured deposits as of 3 January 2017 and therefore these Guidelines will not apply in relation to them.

	h) other forms of credit for consumers, in addition to that included in (a), provided by the manufacturers listed above, in line with Article 1(5)(e) of the EBA Regulation.
Management body	An institution's body or bodies, which are appointed in accordance with national law, which are empowered to set the institution's strategy, objectives and overall direction, and which oversee and monitor management decision-making, and include the persons who effectively direct the business of the institution, as defined, for example, in Article 3(7) CRD.
Senior management	Those natural persons who exercise executive functions within an institution and who are responsible, and accountable to the management body, for the day-to-day management of the institution, as defined, for example, in Article 3(9) of CRD.

3. Implementation

Date of application

These Guidelines apply from 3 January 2017.

4. Product oversight and governance arrangements for manufacturers

Guideline 1: Establishment, proportionality, review and documentation

- 1.1 The manufacturer should establish, implement and review effective product oversight and governance arrangements. The arrangements should aim, when products are being designed and brought to the market, (i) to ensure that the interests, objectives and characteristics of consumers are taken into account, (ii) to avoid potential consumer detriment and (iii) to minimise conflicts of interest.
- 1.2 The product oversight and governance arrangement should be reviewed and updated by the manufacturer on a regular basis.

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- 1.3 When launching a new product the manufacturer should ensure that the product oversight and governance arrangements are considered in the new product approval policy (NPAP) in line with the EBA Guidelines on Internal Governance under Article 74 of the CRD in cases where they apply.

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- 1.4 All actions taken by the manufacturer in relation to the product oversight and governance arrangements should be duly documented; kept for audit purposes and made available to the competent authorities upon request.
- 1.5 Product oversight and governance arrangements should be proportionate to the nature, scale and complexity of the relevant business of the manufacturer. The implementation/application of the arrangements should have regard to the level of potential risk for the consumer and complexity of the product.

Guideline 2: Manufacturers' internal control functions

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- 2.1 The manufacturer should ensure that product oversight and governance arrangements are an integral part of its governance arrangements, including the internal control framework as referred to in the EBA Guidelines on Internal Governance under Article 74 of the CRD, where applicable. To that end, the manufacturer's management body should endorse the establishment of the arrangements and subsequent reviews.
- 2.1a The manufacturer's management body should put in place sound processes to identify, and prevent greenwashing practices and to manage and monitor risks resulting from greenwashing or perceived greenwashing practices, as also set out in the existing greenwashing-risk related requirements in the EBA Guidelines on the Management of ESG risks, where products with ESG features are offered or sold to consumers.

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- 2.2 Senior management, with support from representatives of the manufacturer's compliance and risk management functions, should be responsible for continued internal compliance with the product oversight and governance arrangements. They should periodically check that the product oversight and governance arrangements are still appropriate and continue to meet the objectives as set out in Guideline 1.1 above, and should propose to the management body that the arrangements be amended if this is no longer the case.

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- 2.3 The responsibilities for the oversight of this process by the Risk Management function and the Compliance function should be integrated into their perimeter and normal line of duties as outlined in the EBA Guidelines on Internal Governance under Article 74 of the CRD, where applicable.
- 2.4 Senior management should ensure that staff involved in designing a product are familiar with and follow the manufacturer's product oversight and governance arrangement; are competent and appropriately trained; and understand and are familiar with the product's features, characteristics and risks, including, where applicable, those related to products with ESG features.

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Guideline 3: Target market

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- 3.1 Manufacturers should include, in their product oversight and governance arrangements, steps and features, including, where applicable, ESG features, that need to be followed, to identify, and update when necessary, the relevant target market of a product.
- 3.2 The manufacturer should, having first identified the target market, ensure that the product, including, where applicable, the product with ESG features, is deemed appropriate for the interests, objectives and characteristics of the identified target market(s).
- 3.3 The manufacturer should only design and bring to the market products with features, including, where applicable, products with ESG features, charges and risks, that meet the interests, objectives and characteristics of, and are of benefit to, the particular target market identified for the product.

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- 3.4 The manufacturer should consider how the product fits within the manufacturer's existing product range and whether the presence of too many product variants prevents the consumer from making informed decisions.
- 3.5 The manufacturer should also identify the market segments for which the product is considered not likely to meet their interests, objectives and characteristics.
- 3.6 When deciding whether or not a product meets the interests, objectives and characteristics of a particular target market, the manufacturer should assess the degree of financial capability of the target market.

Guideline 4: Product testing

- 4.1 Before a product is brought to the market; an existing product is sold to a new target market; or significant change is made to an existing product, the manufacturer should conduct product testing, in order to be able to assess how the product would affect its consumers under a wide range of scenarios, including stressed scenarios. Manufacturers should make appropriate product changes where the scenario analysis gives rise to poor results for the target market.

Guideline 5: Product monitoring

5. Once the product is brought to market, the manufacturer is ultimately responsible for product monitoring and should monitor the product on an ongoing basis to ensure that the interests, objectives and characteristics of consumers continue to be appropriately taken into account.

Guideline 6: Remedial action

- 6.1 If the manufacturer identifies a problem related to the product in the market, or when monitoring the performance of the product as required in Guideline 5.1 above, the manufacturer should take the necessary action to mitigate the situation and prevent a re-occurrence of detriment.
- 6.2 The remedial action should include promptly notifying the distributor of changes or modifications to the existing products and any additional actions that need to be taken to remedy the situation.

Guideline 7: Distribution channels

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- 7.1 The manufacturer should select distribution channels that are appropriate for the particular target market. To that end, the manufacturer should select distributors that have the appropriate knowledge, expertise and capability to correctly place each product in the market and to provide appropriate information explaining the characteristics and risks of the product to the consumers, including, where applicable, those related to the product with ESG features. When selecting its distribution channels, the manufacturer may consider limiting the distribution of a specific product to channels that offer specific features to consumers.

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- 7.2 The manufacturer should monitor that the products are distributed to the identified target market and sold outside the target market only on a justified basis.

- 7.3 The manufacturer should take all reasonable steps to ensure that distributors act in compliance with the objectives of the manufacturer's product oversight and governance arrangements. The manufacturer should take appropriate action when concerns about the appropriateness of a distribution channel are raised, for example by ceasing to use the particular channel for a particular product. In particular, the manufacturer should ensure, on an ongoing basis that the products reach mainly the particular intended target market through the distribution channels used.

Guideline 8: Information for distributors

- 8.1 Where relevant, the manufacturer should provide the distributor with a description of the main characteristics of the product; its risks and any limitations; and the total price of the product (as known, or reasonably expected to be known by the manufacturer) to be borne by the consumer, including all related fees, charges, and expenses.
- 8.2 The information and details of the products to be provided to distributors should be of an adequate standard, clear, precise and up to date.
- 8.3 The manufacturer should ensure that the information given to the distributor includes all relevant details to enable them:
- a) to understand and place the product properly on the market, and
 - b) to recognise the target market for which the product is designed (see Guideline 3.1), and also to recognise market segments whose objectives, interests and characteristics are considered likely not to be met (see Guideline 3.5).

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- c) where applicable, namely for product with ESG features, to ensure that sustainability related communication is fair, clear, and not misleading, and that sustainability claims are accurate, substantiated, up to date, provide a fair representation of the institution's overall profile or the profile of the product, and are presented in an understandable manner, as also set out in the greenwashing-risk related requirements in the EBA Guidelines on the management of ESG risks



5. Product oversight and governance arrangements for distributors

Guideline 9: Establishment, proportionality, review and documentation

- 9.1 The distributor should establish, implement and review effective product oversight and governance arrangements which are specific and proportionate to its size and to its role of bringing products to the market. The arrangements should be designed to ensure that, when bringing products to the market, the interests, objectives and characteristics of consumers are appropriately taken into account; to avoid potential consumer detriment; and to minimise conflicts of interest.
- 9.2 The distributor should review and update the product oversight and governance arrangements on a regular basis.
- 9.3 All actions taken by the distributor in relation to the product oversight and governance arrangements should be duly documented, kept for audit purposes and made available to the competent authority, or the manufacturer, upon request.

Guideline 10: Distributors' governance

- 10.1 The distributor should ensure that product oversight and governance arrangements are an integral part of its general systems and controls. To that end, the management body, if relevant, should endorse their establishment and subsequent reviews.

Guideline 11: Knowledge of the target market

- 11.1 The distributor should use the information provided by the manufacturer and have relevant knowledge and the ability to determine whether a consumer belongs to the target market. The distributor should in particular take due account of all relevant information allowing it to recognise the target market for which the product is designed, and also to recognise market segments for which the product is considered likely not to meet their interests, objectives and characteristics.

Guideline 12: Information and support for the manufacturer's arrangements

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- 12.1 The distributor should take into account the information provided by the manufacturer and disclose to the consumer, including, where applicable, for the product with ESG features, a description of the main characteristics of the product, its risks, and the total price of the product to be paid by the consumer, including all related fees, charges, and expenses, as well as providing additional material supplied by the manufacturer to be used by the target market.
- 12.1a The distributor should, for products with ESG features offered and sold, ensure that sustainability related communication is fair, clear, and not misleading, and that sustainability claims are accurate, substantiated, up to date, provide a fair representation of the institution's overall profile or the profile of the product, and are presented in an understandable manner, as also set out in existing the greenwashing-risk related requirements in the EBA Guidelines on the management of ESG risks.

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- 12.2 The distributor should sell the product to a consumer who does not belong to the target market only on a justified basis. The distributor should also be able to provide information to justify to the manufacturer why it offered a product to a consumer who does not belong to the target market.
- 12.3 In order to assist the manufacturers in their obligation of product monitoring, the distributor should collect information to permit the manufacturer to decide whether the product the distributor brings to the market meets the interests, objectives and characteristics of the target market on an ongoing basis.
- 12.4 If the distributor identifies any problems regarding the product features, product information or the target market when offering and selling products, the distributor should promptly inform the manufacturer of the issue.