

The EBA 2017 work programme (revised)

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List of acronyms

AML	Fourth Anti-Money Laundering Directive
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
AMM	Additional monitoring metrics
AT1	Additional Tier 1
BCBS	Basel Committee on Banking Supervision
BRRD	Banking Recovery and Resolution Directive
CA	Competent authority
CA	Contract agent
CET1	Common Equity Tier 1
CCP	Central counterparty
CMU	Capital Markets Union
CPMI	Committee on Payments and Market Infrastructures
CRA	Credit rating agency
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CRM	Credit risk mitigation
CSDR	Central Securities Depositories Regulation
CVA	Credit value adjustment
DGSD	Deposit Guarantee Schemes Directive
EBA	European Banking Authority
ECB	European Central Bank
ECAI	External credit assessment institution
EDMS	Electronic document management system
EDIS	European deposit insurance scheme
EEA	European Economic Area
EFTA	European Free Trade Association
EIOPA	European Insurance and Occupational Pensions Authority
ELBE	Expected loss best estimate
EMIR	European Market Infrastructure Regulation
ESAs	European supervisory authorities
ESRB	European Systemic Risk Board
EU	European Union
FICOD	Financial Conglomerates Directive
FSB	Financial Stability Board
FTE	Full-time equivalent
HR	Human resources
IA	Impact assessment
ICT	Information and communications technology

IFRS9	Financial Instruments (replacement of IAS 39)
IMF	International Monetary Fund
IRB	Internal ratings-based
IT	Information technology
ITS	Implementing technical standards
JC	Joint Committee
KPI	Key performance indicator
LCR	Liquidity coverage ratio
LGD	Loss given default
MCD	Mortgage Credit Directive
MiFIR	Markets in Financial Instruments Regulation
MLD	Money Laundering Directive
MLR	Money Laundering Regulation
MREL	Minimum requirement for own funds and eligible liabilities
NCA s	National competent authorities
NFC s	Non-financial counterparties
NSA s	National supervisory authorities
NSFR	Net stable funding ratio
PAD	Payment Accounts Directive
PD	Probability of default
PSD1	Payment Services Directive
PSD2	Payment Services Directive (revised)
Q&As	Questions and Answers
RCAP	Regulatory consistency assessment programme
RI	Risk indicator
RTS	Regulatory technical standards
RWAs	Risk-weighted assets
SNE	Seconded national expert
SRB	Single Resolution Board
SRMR	Single Resolution Mechanism Regulation
STC	Simple, transparent and comparable
STS	Simple, transparent and standardised
TAs	Temporary agent(s)
TLAC	Total loss-absorbing capacity
TS	Technical standards
VaR	Value at risk

Executive summary

Introduction

1. In accordance with Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing the EBA, the EBA's work programme provides a comprehensive perspective of the agency's objectives and activities for the next few years in accordance with its mandate and the ambitions of the Management Board.
2. The planning of the EBA's work programme represents an essential exercise in determining the focus of the EBA's work and where it should allocate its resources, allowing for appropriate prioritisation of the EBA's tasks for 2017. The EBA's work programme comprises the annual and multi-annual work programmes.
3. The **2017-2020 multi-annual work programme** is defined by the **strategic areas** the EBA has proposed for the forthcoming years, and summarises the main objectives derived from the mandates specified in the regulation and from the relevant EU banking sector legislation.
4. Each strategic area is complemented with **annual work programme activities** that detail the tasks to be delivered within the year and the resources needed for that purpose. These provide transparency and accountability to the EBA's stakeholders, serving to internally link the day-to-day work and processes to strategic areas.
5. During the first half of 2016, the EBA received a number of urgent requests from the European Commission (the Commission) in the form of calls for advice. It expects to receive more such calls during the coming months. The additional workload resulting from this demand has already affected the tasks that were to be delivered in 2016 and, therefore, those in 2017.
6. Furthermore, the EBA expects a considerable number of legislative reforms from the Commission (as is already reflected in this document), which will affect the 2017 planned work. These are: (i) a review of the CRR and the consequences of the BCBS's revision of the trading book; (ii) implementation of TLAC; (iii) a follow-up on the discussion on proportionality in the regulatory framework; and (iv) developments in the securitisation framework in the context of the CMU.
7. Finally, the EBA has also included the **KPIs**¹ aggregated for each strategic area in order to measure the progress towards meeting its strategic objectives, as well as how the EBA contributes to financial stability in the EU and safeguards the integrity, efficiency and orderly functioning of the banking sector.

¹ Annex I.

The EBA's mission

8. The EBA's mission is to 'to build a single regulatory and supervisory framework for the entire banking sector in the 28 EU Member States,² so as to ensure an efficient, transparent and stable Single Market that benefits its consumers, businesses and the broader economy'.
9. The EBA also plays an important role in promoting the convergence of supervisory and resolution practices to ensure a harmonised application of prudential rules. Finally, the EBA is mandated to assess risks and vulnerabilities in the EU banking sector through, in particular, regular risk assessment reports, transparency exercises and pan-European stress tests.
10. The EBA's mission is derived from its founding regulation and encompasses the following three interlinked strategic objectives:
 - To maintain financial stability in the EU;
 - To safeguard the integrity, efficiency and orderly functioning of the banking sector;
 - To foster consumer protection in all EU Member States by identifying and seeking to address consumer detriment in the financial services sector.

The EBA's challenges in the EU banking landscape

11. Looking forward, these are some of the EBA's challenges in the EU banking landscape:
 - **Monitoring the functioning of the Single Rulebook and enhancing proportionality** – One of the EBA's key tasks is to better understand the effects that reforms have on bank structures, business models, risk-taking and supervisory convergence. The regulatory framework has become extremely complex, especially for banks with very simple business models. Regulators have a duty to assess whether the increase in the compliance burden is always warranted or whether there could be simpler ways to achieve the same prudential outcomes. The EBA has made its best efforts to incorporate the principle of proportionality in its own regulatory products and will continue to work in this direction to achieve a consistent approach across the Single Market;
 - **Completing the adjustment in banks' balance sheets** – Supervisors will have to maintain pressure on banks to actively manage non-performing assets and restore lending capacity. Banks are also adapting their liability structures to the new requirements of the BRRD. The settings of the bank-specific MREL by the resolution authorities will be a key element in driving the adjustment. It will be essential that all relevant parties have a common understanding of the requirements and of the quality and amount of liabilities that can be written down in each case or converted into equity in resolution;

² This envisages the inclusion of the EEA and the EFTA countries in 2016.

- **Digital banking and consumer protection** – The EBA will have to confront the challenges of financial and technological innovation. Digital banking has the potential to disrupt current business models and also raise challenges for the protection of financial service consumers. The EBA has already worked on virtual currencies and crowdfunding. The mandates contained in the PSD2 will allow the agency to focus even more on this area.

The EBA's strategic areas and activities

Introduction

12. Given the challenges in the EU banking landscape and the recent reforms in the EU banking regulation and supervisory architecture, the EBA introduced a multi-annual strategy in the 2016 work programme that has been reshaped for 2017-2020. Based on the EBA's mission (previously described), together with the EBA's experience over its first 5 years, the EBA plans to develop **seven strategic areas for 2017-2020**. It plans:

- To play a central role in the regulation and policy framework with the development and maintenance of the Single Rulebook;
- To promote efficient and coordinated crisis management of credit institutions, investment firms and financial market infrastructures in the EU;
- To promote the convergence of supervisory methodologies and practices to a high standard so as to ensure that regulatory and supervisory rules for going concern and crisis situations are implemented consistently across the EU;
- To identify and analyse trends, potential risks and vulnerabilities stemming from the microprudential level across borders and sectors;
- To maintain and develop the common supervisory reporting framework, as well as to strengthen its role as the EU data hub for the collection, use and dissemination of data on EU banks;
- To protect consumers, monitor financial innovation and contribute to efficient, secure and easy retail payments in the EU;
- To be a competent, responsible and professional organisation, with effective corporate governance and efficient processes.

13. This section describes in detail (i) each strategic area, summarising its main contributions in the coming years and the regulatory framework that will shape its work, and (ii) the main tasks to be delivered within the year under the 2017 activities. Each activity contains:

- Description – A detailed summary of the activity's objectives;
- Expected results – An explanation of the desired outcome;
- Main outputs – A list of expected tasks to be delivered within the year (caveat: not all ongoing tasks are included);
- Additionally, the EBA has included a new section with current priorities and FTE allocation per activity that will be part of a future reprioritisation exercise in light of the 2017 budget approved by the Commission.

Description of the strategic areas and activities

1. To play a central role in the regulation and policy framework with the development and maintenance of the Single Rulebook

14. The EBA contributes to the development of the Single Rulebook by providing one set of rules that govern the EU banking sector across the EU, and that take into account the varied European banking structures. Within the Single Rulebook, the EBA lays down the regulatory foundations for a single EU banking sector comprising both Euro and non-Euro areas. Monitoring the consistent application of the Single Rulebook and its impact on institutions will be key for the EBA's future, including **ensuring that proportionality is embedded within these rules.**
15. By early 2017, the EBA envisages a major impact due to both the **Commission's planned review of the CRR** and the consequences of the **BCBS's revision of the trading book**. Both of these events are likely to require amendments to the CRD IV/CRR TS and will bring new regulatory mandates to the EBA. The details of these reforms and the EBA's mandates stemming from any change to the CRD IV/CRR are still unknown.
16. In light of this revision, the EBA plans to contribute to the BCBS's RCAP on different topics and to assess the implementation of the Basel standards.
17. Additionally, the new framework in place on securitisation (adopted on 30 September 2015) will transform the EBA's work on this activity, bringing due diligence, risk retention and transparency rules together with the criteria for STS securitisations.
18. The EBA stands ready to reshape its Single Rulebook strategy according to the specific features of the EU banking landscape and, therefore, to prioritise its work and resources accordingly.

2017 activities

Activity 1: Capital

Description	To be able to absorb losses in a going or in a gone concern situation, institutions need own funds in sufficient quantity and quality in accordance with applicable European legislation. The EBA monitors the quality of own funds on an ongoing basis and may provide advice and opinions.
Expected results	It will be ensured that the quality of all tiers of capital is maintained to the highest degree and that no deterioration of the quality of capital takes place.
Main outputs	<ul style="list-style-type: none"> ▪ Own funds monitoring; ▪ Recurrent reports for the monitoring of the CET1 list and AT1 issuances; ▪ Interaction of capital rules with the resolution framework.

Activity 2: Internal governance, remuneration and anti-money laundering

Description	<p>EU legislation requires that institutions have robust governance arrangements, including a clear organisational structure, well-defined lines of responsibility, effective risk management processes, control mechanisms and sound remuneration policies.</p> <p>The EBA is working on maintaining sound remuneration policies and practices in line with the intentions of co-legislators, and regularly provides input to the Commission's work. The same holds true for internal governance arrangements.</p> <p>The EBA is also working to ensure that CAs and institutions have effective and risk-based systems and controls in place to tackle money laundering and terrorist financing. As part of this, the EBA works closely with ESMA and EIOPA—through the JC—to promote the development of a common understanding (for CAs and credit and financial institutions) of what the risk-based approach to AML/CFT entails and how it should be applied, both in the context of the AML/CFT (particularly the AMLD) and in the wider context of the ESAs' work on fostering supervisory cooperation and a consistent approach.</p>
Expected results	<p>The EBA will continue to safeguard the CAs' ability to ensure that institutions' remuneration policies for staff members whose professional activities have a material impact on the institutions' risk profile is consistent with sound and effective risk management and aligned with the long-term interests of these institutions.</p> <p>In the area of governance, the EBA will publish Guidelines on internal governance and the suitability of members of the management body and key function holders.</p> <p>The EBA takes steps to ensure that CAs and credit and financial institutions apply the provisions of European AML/CFT legislation effectively and consistently.</p> <p>The EBA is now involved under the supervisory cooperation and consistency approach under the AMLD in cooperation with the European Parliament's Committee of Inquiry into Money Laundering, Tax Avoidance and Tax Evasion.</p> <p>The EBA will start working on the revision of CEBS guidelines on outsourcing of credit institutions' business activities.</p>
Main outputs	<ul style="list-style-type: none"> ▪ Report on high earners (2015 data); ▪ Guidelines on approved higher maximum ratios for variable remuneration (Article 94(1)(g)(ii) of the CRDIV); ▪ Report on exclusions under the RTS on identified staff; ▪ Guidelines on the identification of missing or incomplete data accompanying a wire transfer under the AMLR;
Delayed from 2016	<ul style="list-style-type: none"> ▪ Guidelines on the assessment of the suitability of members of the management body (fit and proper, Article 91(12) of the CRD); ▪ Guidelines on internal governance (Article 74 of the CRD); ▪ RTS on central contact points under the Fourth MLD. ▪ GL on Enhanced Due Diligence; GL on Simplified Due Diligence and GL on Risk Based Supervision under the Fourth MLD.

Activity 3: Liquidity risk

Description	<p>The EBA has developed TS on reporting that have to be regularly updated (see details below). In terms of implementation, the EBA is scrutinising the way in which institutions and NCAs have implemented the CRR and TS provisions, particularly in terms of notifications and the use of options/national discretions.</p>
Expected results	<p>The EBA's deliverables in the area of liquidity are mainly Guidelines, reports and TS on reporting. The EBA will also elaborate, on its own initiative, Guidelines on intraday liquidity risk. The EBA will also contribute to the discussions at an EU level on the introduction of a NSFR in the EU, following the calibration report delivered to the Commission in December 2015.</p>
Main outputs	<ul style="list-style-type: none"> ▪ ITS amending the Commission Implementing Regulation (ITS on supervisory reporting) with regard to the LCR; ▪ ITS amending the Commission Implementing Regulation on AMM amending ITS on AMM;

- Beginning work on the ITS amending the Commission Implementing Regulation (ITS on supervisory reporting) with regard to the NSFR;
- Guidelines on intraday liquidity risk;
- Monitoring national practices on liquidity;
- Assessment of the LCR RCAP.

Delayed from 2016 ▪ GL on disclosure of LCR

Activity 4: Leverage ratio

Description	The leverage ratio is a new monitoring tool that will allow CAs to assess the risk of excessive leverage in their respective institutions. The EBA is working on regular updates of the TS on reporting leverage ratio, including disclosure.
Expected results	In accordance with the CRR, credit institutions will have to report all necessary information on the leverage ratio and its components pending the introduction of a level (or levels) of leverage ratio in the EU (based on the EBA input (i.e. calibration report) provided to the Commission in 2016). The EBA will also contribute to the discussions at the EU level on the calibration of a leverage ratio for EU institutions as a follow-up to its calibration report.
Main outputs	<ul style="list-style-type: none"> ▪ Follow-up to the leverage ratio calibration report; ▪ Possible amendments to the ITS amending the Commission Implementing Regulation (ITS on supervisory reporting) with regard to leverage ratio; ▪ Possible amendments to the ITS on the disclosure of leverage ratio.

Activity 5: Credit risk and credit risk modelling

Description	The EBA's work in relation to credit risk focuses on the development and monitoring of TS, Guidelines and reports regarding the calculation of capital requirements under the standardised approach and the IRB approach for credit risk and dilution risk with respect to all the business activities of an institution, excluding the trading book business, under the CRD IV/CRR. ³
Expected results	The EBA's objective is to contribute to a consistent implementation across the EU of the provisions related to topics such as credit risk adjustments, the definition of 'default', permission to use the standardised/IRB approach, appropriateness of risk weights and/or CRM techniques.
Main outputs	<ul style="list-style-type: none"> ▪ Monitoring ECALs mappings; ▪ Monitoring the public sector entities list; ▪ Reducing contractual reliance on credit ratings (Article 5 of the CRA Regulation); ▪ Report on Member States' laws on external ratings; ▪ Update of the list of risk weights; ▪ Guidelines based on the outcome of the benchmarking exercise;⁴ ▪ Report on the definition of 'default' – Days past due; ▪ Monitoring the impact of the Basel III work on credit risk/credit risk modelling and coordinating its implementation.
Delayed from 2016	<ul style="list-style-type: none"> ▪ (Grouping) Guidelines on LGD in default ELBE and IRB shortfall calculation, Guidelines on downturn LGD calculation and Guidelines on PD estimation; ▪ Two RTS on economic downturn conditions for LGD and the credit conversion factor (clarification regarding the optimal way forward).

Activity 6: Market risk

³ Please also see the related activity 'Consistency of RWAs'.

⁴ The EBA shall decide, in due course, the development of these Guidelines.

Description	Market risk can be defined as the risk of losses in on-balance-sheet and off-balance-sheet positions arising from adverse movements in market prices. From a regulatory perspective, market risk stems from all the positions included in banks' trading books, as well as from commodity and foreign exchange risk positions in the whole balance sheet.
Expected results	The EBA, through the publication of its guidelines, intends to foster convergence in the implementation of some of these new capital requirements, namely the stressed VaR and the incremental risk charge introduced to adequately capture credit risk.
Main outputs	<ul style="list-style-type: none"> ▪ Monitoring the CVA multiplier; ▪ Guidelines on netting; ▪ Guidelines on stressed VaR; ▪ Guidelines on the integrity of the modelling process; ▪ Guidelines on incremental default and migration risk; ▪ Guidelines on stress in correlation trading portfolios; ▪ Guidelines that clarify the treatment of the structural foreign exchange across the EU; ▪ An update of the list of diversified stock indices incorporating any additional relevant indices and applying the quantitative methodology stated in the ITS; ▪ An update of the list of the closely correlated currencies incorporating any additional relevant currencies and applying the quantitative methodology stated in the ITS; ▪ Monitoring the impact of the Basel III work on market risk and coordinating its implementation.
Delayed from 2016	<ul style="list-style-type: none"> ▪ Update RTS on Proxy spreads for CVA ▪ RTS on Exclusion of CVA for 3rd country NFC ▪ RTS on Prudent Valuation (COREP Templates)

Activity 7: Market infrastructure

Description	With the entry into force of the EMIR and the CRD IV/CRR, several provisions require the EBA to draft regulatory TS, issue Opinions and prepare reports on the interaction between credit institutions and investment firms on the one hand and market infrastructures on the other hand.
Expected results	The EBA will perform an analysis on certain aspects of the EMIR and the CRD IV/CRR, including with regard to CCPs.
Main outputs	<ul style="list-style-type: none"> ▪ Guidelines on the supervision of designated credit institutions and central securities depositories (CSDs) authorised to provide banking type of ancillary services;⁵ ▪ Report on Own funds requirements for exposures to a central counterparty; ▪ CCP work under the EMIR; ▪ Report on investment firms (call for advice); ▪ Monitoring the impact of the Basel III work on market infrastructure and coordinating its implementation.

Activity 8: Securitisation and covered bonds

Description	<p>In accordance with the currently applicable CRD IV/CRR framework, the EBA is mandated to draft TS and to issue Opinions and Guidelines on securitisation and covered bonds. Furthermore, the draft securitisation regulation and corresponding draft amendments to the CRR in the context of the CMU include a number of mandates for the EBA to develop draft TS and issue Opinions, Guidelines and reports on various aspects of STS securitisation.</p> <p>The EBA also monitors market developments and analyses the range of practices across Member States in order to ensure consistent implementation of the new regulations. The EBA also closely cooperates with NSAs on securitisation and covered bonds and participates in the international securitisation working groups of the BCBS and the International Organization of Securities Commissions (IOSCO).</p>
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⁵ In accordance with Article 16 of Regulation (EU) No 1093/2010, the EBA may issue these Guidelines.

Expected results	The EBA's objective is to contribute to global and European regulation and policy development on securitisation and covered bonds, as well as to ensure a level playing field and supervisory convergence among EU member states in this field. Expected results include the establishment of a regulatory framework for STS securitisations, a further harmonised legal framework for covered bonds, and more supervisory convergence on the assessment of significant risk transfer for securitisation, as well as the general supervision of securitisation and covered bonds products.
Main outputs	<ul style="list-style-type: none"> ▪ Numerous tasks mandated in the securitisation area under the Commission's CMU proposal (TS, Guidelines and reports, including a TS on securitisation risk retention rules); ▪ Advice in light of the CMU's prospects, which is likely to include activities linked to the Commission's initiatives in the area of covered bonds and securitisations, particularly synthetic securitisations; ▪ Ad hoc deliverables for the JC taskforce on securitisation; ▪ Global framework for STC short-term securitisation.
Delayed from 2016	<ul style="list-style-type: none"> ▪ RTS on disclosures of unencumbered asset

Activity 9: Analysis and operational risks

Description	EU legislation requires that institutions adequately manage and mitigate operational risk, which is defined as the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risks but excludes reputational risk, and is embedded in all banking products and activities. While this risk has always existed in banking and non-banking organisations, its impact has acquired greater relevance given the increased complexity and globalisation of the financial system and the recent materialisation of unprecedented, extremely large losses.
Expected results	The EBA aims at promoting and enhancing the effectiveness of operational risk management and supervision throughout the banking system by developing Guidelines and RTS on operational risk based on the CRD IV/CRR.
Main outputs	<ul style="list-style-type: none"> ▪ ITS on principles for business line mapping; ▪ RTS on the combined use of different approaches; ▪ Support for the EBA notifications system; ▪ Guidelines on concepts of activities that are direct extensions of banking; ▪ RTS on relevant indicators under accounting standards, which are different under Directive 86/635. ▪ Update of the list of authorised credit institutions; ▪ Update of supervisory disclosure templates; ▪ Monitoring the impact of the Basel III work on operational risk and coordinating its implementation.
Delayed from 2016	<ul style="list-style-type: none"> ▪ ITS and RTS on the authorisation of credit institutions.

Activity 10: Structural reforms, shadow banking and large exposures

Description	The EBA has a strong interest in promoting sound structural policies regarding the scope of application of prudential regulations, disclosure standards for the banking and financial industry, as well as exposures seen as transparent and comparable financial statements that strengthen market discipline.
Expected results	The EBA is to develop TS and guidelines, as well as perform an analysis on the Commission's possible proposals for structural reform, shadow banking and large exposures. The EBA will particularly contribute to the discussions at the EU level on the revision of the large exposures regime in the context of the CRR review and an alignment with the Basel standards.

- Main outputs**
- Guidelines on connected clients in terms of large exposures-
 - Monitoring the impact of the Basel III work on structural reforms, shadow banking and large exposures and coordinating its implementation.

Activity 11: Accounting, audit and scope of consolidation

Description The EBA has a strong interest in promoting sound and high-quality accounting, auditing and disclosure standards for the banking and financial industry, as well as transparent and comparable financial statements (which are key elements of market confidence and discipline).

Expected results The EBA will develop TS and Guidelines, as well as provide technical advice in the areas of accounting, audit and scope of consolidation.

- Main outputs**
- Follow-up of the quantitative and qualitative analysis of IFRS9 (second exercise and final conclusions on interactions with prudential requirements);
 - Guidelines on accounting for expected credit losses;
 - Monitoring developments in accounting and auditing standards;
 - Follow-up on the Guidelines on communication between supervisors and auditors;
 - Technical advice (if requested by the Commission) on developments in the market with regard to providing statutory audit services to credit institutions designated as public interest entities in the EU;
 - RTS on consolidation methods.

Activity 12: Q&As and other activities

Description The EBA is committed to the maintenance and development of the Single Rulebook and the monitoring of its implementation by providing support tools such as Q&As, technical support to the Commission's initiatives, and other related matters. The EBA will, in particular, use the answers published via the Q&A tool to inform the CRR review in order to provide an overview of possible errors, inconsistencies or more fundamental issues detected via the tool.

Expected results The EBA will maintain and develop the EU Single Rulebook's Q&As tool.

- Main outputs**
- Provide answers to stakeholders on the implementation of the prudential regulations via the EU Single Rulebook's Q&As tool;
 - Possible integration of a few pieces of legislation (PSD, EMIR, CSDR and related TS, AML, etc.) into the Q&As tool;
 - Review of the Q&As for the Commission's CRD IV/CRR review.

2. To promote efficient and coordinated crisis management of credit institutions, investment firms and financial market infrastructures in the EU

19. The EBA contributes to ensuring a coherent and coordinated crisis management and resolution regime in the EU. It primarily fulfils this role through furthering the Single Rulebook on recovery and resolution and deposit guarantee schemes (DGSs), as well as by facilitating cross-border cooperation in resolution colleges and mediating between authorities where cross-border disagreements arise.

20. The EBA will continue to attend resolution colleges, assist with their development, monitor their efficiency and effectiveness, and assess the consistency of colleges' processes. In particular, it will **promote and monitor the development of resolution plans**, the assessment of resolvability and addressing the impediments to resolvability.

21. The EBA will also continue to engage in ongoing European and international policy discussions on possible regulatory measures related to the crisis management of financial market infrastructures, with a view to highlighting interactions or analogies with the framework for banks.

22. Additionally, in the field of DGSs, the EBA will continue to promote the build-up of robust funding capacity and will work on the first review of the Guidelines on risk-based contributions as mandated by the DGSD.

2017 activities

Activity 13: Resolution policymaking, regulation and external contributions

Description	The EBA is mandated by the BRRD to develop a wide range of binding TS, guidelines and reports on key areas, with the aim of ensuring effective and consistent crisis management procedures across the EU. The bulk of regulatory products under the BRRD have been delivered in 2016.
Expected results	The EBA expects to develop the remaining RTS required by the BRRD and to continue progress on assessment reports, particularly on the MREL. Depending on the practical implementation of the framework in the field, the EBA might consider reviewing some of its existing regulatory products. The EBA expects to intensify its work on crisis management policy with international counterparts, drawing on the experience gained from implementing the current regime.
Main outputs	<ul style="list-style-type: none"> ▪ Follow-up on the MREL report and related tasks; ▪ ITS on MREL reporting templates; ▪ Exploring a possible conclusion for the new Framework Cooperation Agreements with third-country authorities (ongoing work); ▪ RTS for the criteria regarding the application of simplified obligations (joint task under activity 20); ▪ Report on the implementation of simplified obligations (joint task under activity 20); ▪ Support notifications on administrative penalties; ▪ Q&As on support on BRRD (joint task under activity 11); ▪ Participation in FSB work in order to build a framework for international cross-border resolution.

Activity 14: Non-banking resolution policy

Description	While the main elements of the crisis management framework for credit institutions and investment firms are in place both in the EU and in the main global jurisdictions, work is undergoing to provide a recovery and resolution framework that addresses the failure of other financial entities (such as financial market infrastructures or insurers). This work is mainly driven by international bodies such as the FSB, the CPMI/IOSCO and the ESRB for the EU. The Commission is also contemplating a legislative proposal on a recovery and resolution framework for financial market infrastructures.
Expected results	In the context of its involvement with the FSB's and the ESRB's work, the EBA will closely follow developments in the area of recovery and resolution for financial market infrastructures, aiming to foster understanding of the links between financial market infrastructures and other financial institutions and the broader systemic implications of resolution actions in this sector. Against this background, the EBA stands ready to contribute to any Commission proposal on the crisis management framework for financial market infrastructures in cooperation with any national authorities or EU bodies.
Main outputs	<ul style="list-style-type: none"> ▪ Monitoring of preparatory and possible legislative work on CCPs; ▪ Policy contribution and participation in international non-bank forums (FSB, EIOPA, ESRB, etc.).

Activity 15: Resolution oversight and convergence

Description	The EBA's mandate according to the BRRD for mediation covers decisions on group resolution planning, group resolution schemes, and resolvability and the removal of impediments. Where there is disagreement between the group resolution authority and the resolution authorities of subsidiaries on these matters, the EBA can assist in achieving agreement through binding and non-binding mediation—only non-binding mediation can be provided in the context of a group resolution scheme. At the request of the concerned parties, the EBA may also provide other forms of assistance to resolution authorities. In accordance with Article 83 of the BRRD, the EBA is notified after a resolution authority has taken resolution action. The EBA will use the information gathered from this notification to conduct reviews and benchmarking exercises to assess the consistent implementation of the BRRD and promote convergence of practices in resolution.
Expected results	The EBA will gather data on resolution actions, monitor the application of the BRRD and the SRMR, and communicate with resolution authorities in the context of practices observed in resolution. Mediation in the context of joint decisions will be carried out as necessary.
Main outputs	<ul style="list-style-type: none"> ▪ Participation in facilitating resolution colleges; ▪ Resolution colleges' self-assessments and mapping exercises; ▪ Monitoring of resolution cases; ▪ Mediation on resolution matters; ▪ Peer review on a comparative analysis of resolution planning activities.

Activity 16: Deposit guarantee schemes

Description	The EU crisis management framework includes the DGSD, which enhances depositor protection in the EU in the event of bank failure. The EBA's mandate in the area of depositor protection includes completing the Single Rulebook, facilitating cross-border cooperation between DGSs, acting as a hub for DGS data collection and analysis, and monitoring the financing and resilience of DGSs.
Expected results	The EBA expects to continue to monitor the resilience and financing of DGSs in the EU through analysis of data on stress tests, covered deposits and available means of financing. The Single Rulebook will be further enhanced as necessary, following the conclusion of the EBA's review on risk-based contribution methods (including the existing EBA Guidelines). Depending on development with regard to the currently proposed EDIS Regulation, the EBA stands ready to contribute technical advice and assistance.
Main outputs	<ul style="list-style-type: none"> ▪ Monitoring of EDIS developments; ▪ DGS cooperation agreements – Monitoring and promoting conclusions; ▪ DGS cooperation agreements – Mediation on conflicts; ▪ Review of the Guidelines on the calculation of contributions to DGSs; ▪ Supporting notifications for DGS collecting, and managing information on covered deposits, available funding means, risk-based calculation methods, stress test programmes, DGS borrowing and DGS membership; ▪ Cooperation with ESRB; ▪ Q&As on support for DGSD (joint task under activity 11).

3. To promote the convergence of supervisory methodologies and practices to a high standard so as to ensure that regulatory and supervisory rules for going concern and crisis situations are implemented consistently across the EU

23. The EBA's role in promoting supervisory convergence and aiding and **overseeing colleges of supervisors** for the largest cross-border banks will continue to expand. The EBA will further develop the **supervisory methodologies** related to the SREP, will work on additional Guidelines and tools for supervisors covering emerging risks, and will expand its work on the single supervisory handbook.
24. Facilitating and **monitoring the implementation of the Single Rulebook and the convergence of supervisory practices and outcomes** will be key strands to the EBA's mandate on supervisory convergence. To achieve this, the EBA will focus on: mapping, monitoring and benchmarking supervisory methodologies, practices and outcomes based on the existing standards and Guidelines, and training for supervisors.
25. The EBA is mandated by the BRRD to develop Guidelines and TS on crisis preparedness related to **recovery planning, early intervention, and the determination of failing institutions**. Monitoring the evolving practices of institutions and supervisors in this area will be an important activity in future EBA work, and will include benchmarking recovery plans and reports covering good practices in recovery planning. The selection of institutions and the use of simplified obligations for recovery plans will be reflected in a particular report and binding TS.
26. The EBA will continue to assess and promote **consistency of treatment for third countries** against the European framework and, in particular, for their participation in colleges of supervisors and the equivalent or in the regulatory and supervisory framework.

2017 activities

Activity 17: Functioning of supervisory colleges

Description	In its contribution to the work of colleges, the EBA will continue to actively participate in joint risk assessments and joint decisions, proposing priority risk items for college agendas and providing feedback on the functioning of colleges and on enhancing the tools offered to colleges (including risk products and secure IT platforms for sharing information). The EBA will continue to offer mediation in cases where <u>disagreements between CAs</u> arise.
Expected results	The EBA expects the efficient functioning of colleges, leading to timely and well-substantiated joint risk assessments and joint decisions on capital, liquidity and recovery plans.
Main outputs	<ul style="list-style-type: none"> ▪ Annual report on the functioning of colleges; ▪ Annual mapping of cross-border banking groups; ▪ Colleges' newsletters that provide regular updates for home and host supervisors; ▪ Colleges' action plans;⁶ ▪ Annual score card on the assessment of colleges; ▪ Active participation in the work of supervisory colleges and providing feedback on their functioning;

⁶ The number of colleges that the EBA will be able to closely scrutinise is dependent on resources.

- Internal managerial reporting on supervisory assessment of banks.

Activity 18: Supervisory policy and methodology

Description	The EBA will focus on further policy development for the supervisory review process, particularly on emerging risks (including those that are ICT related) or areas where an international practice has been developed. This will incorporate additional guidelines, recommendations and chapters of the single supervisory handbook.
Expected results	The EBA will prepare regulatory products and the handbook to enhance a high standard of supervision.
Main outputs	<ul style="list-style-type: none"> ▪ Amendment of—and/or addition to—the EBA Guidelines on the SREP; ▪ Guidelines on the supervision of branches; ▪ Recommendation on outsourcing to cloud-service providers; ▪ Revision of Guidelines on management and measurement of interest rate risk in the banking book; ▪ Guidelines for the application of supervisory measures to institutions with similar risk profiles;⁷ ▪ Ongoing work on the single supervisory handbook; updated module on Assessment of recovery plans.
Delayed from 2016	<ul style="list-style-type: none"> ▪ Guidelines on IT risk supervision.

Activity 19: Supervisory convergence

Description	Facilitating and monitoring the implementation of the Single Rulebook and the supervisory review process will be a key strand of the EBA's mandate on supervisory convergence. To achieve this, the EBA will focus on mapping and monitoring supervisory practices and outcomes based on the applicable standards and guidelines, the benchmarking of Pillar 2 approaches and the assessment of supervisory convergence in selected areas.
Expected results	The EBA will assist, advise and review supervisory practices. It will also monitor and aggregate information to promote convergence practices, report on supervisory convergence in general, and identify areas of potential divergence (including taking action as appropriate).
Main outputs	<ul style="list-style-type: none"> ▪ Annual report on supervisory convergence; ▪ Supervisory convergence assessment on selected aspects of the SREP;⁸ ▪ Benchmarking of Pillar 2 approaches;
Delayed from 2016	<ul style="list-style-type: none"> ▪ Report on material and emerging technology risks.

Activity 20: Recovery planning and early intervention

Description	The EBA mandate under the BRRD includes additional TS and reports for the preparation and management of crisis situations, particularly in the area of simplified obligations for recovery planning, triggers for early intervention, and the determination of failing institutions. The EBA will also continue to assist supervisors in the practical application of the BRRD framework, monitoring evolving practices, and benchmarking recovery plans.
Expected results	Additional TS, Guidelines and reports will be prepared for crisis prevention and the management of crisis situations by supervisors.
Main outputs	<ul style="list-style-type: none"> ▪ RTS on the criteria for simplified obligations (joint task under activity 13);

⁷ According to Article 103 of the CRD IV, the EBA shall decide, in due course, on the development of these Guidelines.

⁸ The scope and selected topics will be dependent on resources.

- Report on the implementation of simplified obligations (joint task under activity 13).
- Report on benchmarking of recovery plans.

Activity 21: Training for supervisors

Description	Training is an important component in achieving a common supervisory culture and supervisory convergence in practice. The EBA will further extend its training programme for supervisors with a significant part devoted to the supervisory review process, the assessment of recovery plans, and cross-border cooperation among colleges of supervisors.
Expected results	The EBA will train supervisory staff from CAs through both physical training and the introduction of online courses.
Main outputs	<ul style="list-style-type: none"> ▪ Comprehensive training programme for EU supervisors to promote the convergence of supervisory practices.

Activity 22: Third countries' equivalence assessment

Description	The EBA will continue to promote consistency of treatment for third countries in supervisory colleges by assessing the confidentiality framework of several CAs. An important aspect of the equivalence assessment will be providing an Opinion to the Commission on the equivalence of the regulatory and supervisory frameworks of selected third countries so as to assist the Commission in issuing equivalence decisions.
Expected results	This is a long-term project in which the EBA is expected to assess over 40 jurisdictions in 3 years and, later, regularly update these assessments. The scope of this work covers both the CRR and the CRD provisions (i.e. the overall regulatory and supervisory framework). The lack of resources for this activity has a direct impact on the capital requirements of EU banks, as well as on limiting certain exposures in third countries not covered by the assessment.
Main outputs	<ul style="list-style-type: none"> ▪ Recommendation on the equivalence of 3rd countries of the confidentiality regime; ▪ Cooperation agreements with third countries (ongoing).

4. To identify and analyse trends, potential risks and vulnerabilities stemming from the microprudential level across borders and sectors

27. The purpose is to ensure the orderly functioning and integrity of financial markets—as well as the stability of the financial system—by identifying, analysing and addressing key risks in the EU banking sector.

28. The EBA's risk analysis and assessment work will continue to focus on identifying, analysing and addressing key risks in the EU banking sector. The EBA's main focus will continue to be the maintenance and further development of data infrastructure and risk analytics, ensuring a strong quality assurance process and assuring effective usage of the supervisory data.

29. In conjunction with, or independent from, the stress test, the EBA will also run the regular EU-wide transparency exercise. In particular, the EBA will publish detailed data on EU banks' balance sheets, covering their composition of capital, leverage ratio, RWAs by risk type, sovereign exposures, credit risk exposures, and non-performing and forborne exposures. The data will also include market risk and securitisation exposures, and will be primarily based on the regular supervisory reporting data (under the ITS on supervisory reporting). The transparency exercise will accompany the risk assessment report and will cover a wider sample of banks.

2017 activities

Activity 23: Regular assessment for identifying and addressing risks and vulnerabilities

Description	The EBA will continue the work of monitoring market trends and the main developments in the banking sector. The objective is to identify, in a forward-looking fashion, the vulnerabilities and potential risks that may affect EU banks and to identify possible policy actions for addressing them.
Expected results	The EBA expects that a full suite of risk products will be maintained with strong interlinkages with college work and policy recommendations made to the EBA's Board of Supervisors.
Main outputs	<ul style="list-style-type: none"> ▪ Risk assessment of the European banking system; ▪ JC autumn risk report; ▪ JC spring risk report; ▪ Quarterly EU risk dashboards; ▪ Internal updates on liquidity and market developments for the EBA's Board of Supervisors. ▪ Review of the Stress Test Guidelines (GL 32).
Delayed from 2016	<ul style="list-style-type: none"> ▪ 2016 Report on funding plans (Q1 2017)

Activity 24: Thematic assessments and analyses

Description	The EBA will continue its analytical ad hoc work on particular issues that are relevant at specific points in time. This is a natural complement to the regular risk assessment, and allows the EBA to deep dive into key areas for financial stability.
Expected results	Thematic studies that complement the regular risk products will be produced for informing policy decisions.
Main outputs	<ul style="list-style-type: none"> ▪ Assessment of funding plans; ▪ Monitoring of asset encumbrance and reliance on central bank funding; ▪ Other thematic studies (e.g. early warning systems, non-performing loans evolution); ▪ Economic analysis supporting policy measures; ▪ RCAPs and other technical assistance.

Activity 25: Consistency of RWAs

Description	As part of the broader work to address risks in models, the EBA will assist CAs in their assessment of the outcome of banks' internal models, as well as monitor any material differences in RWAs by providing EU-wide benchmarks.
Expected results	This analysis is part of the EBA's effort to restore confidence in internal models and, thus, complete the repair of the EU banking sector (which comprises supervisory consistency, benchmarks for supervisors, and enhanced transparency). Significant mobilisation of data and skilled resources is required across the EU to provide CAs with effective information for selected banking book and trading book portfolios.
Main outputs	<ul style="list-style-type: none"> ▪ 2017 benchmarking exercise and report on credit and market risk; ▪ Computation of EU benchmarks based on data collected from the ITS; ▪ Development of the report to assist CAs; ▪ Follow-up actions (interviews with banks, discussion with supervisors, and possible development of guidelines); ▪ Amendment of the ITS for adjusting the credit and market risk portfolios for the benchmarking exercise, considering the possible regulatory changes.

5. To maintain and develop the common supervisory reporting framework, as well as to strengthen its role as the EU data hub for the collection, use and dissemination of data on EU banks

30. The EBA's objective is to enhance its role as a data hub for the banks in the EU so as to collect, process and disseminate high-quality data for a wide range of stakeholders, as well as improve banks' own disclosures.
31. As a precondition for this, the EBA will keep working to develop and upgrade data infrastructure (in order to accommodate regulatory reporting data) and other information that enables the EBA to discharge its responsibilities. Data needs will further increase in the future as a result of other mandates and an extended role in thematic analysis and IA.
32. In order to complete this work, the EBA seeks to enhance and extend appropriate data quality assurance to the entire database, as well as enhance/upgrade all the risk products, including the risk dashboards and the statistical annexes to the EBA's risk report. This will result in an enlarged sample of high-quality data, which will be used in an extensive range of data visualisation tools.
33. The memorandum of understanding on sharing RIs will continue to be a cornerstone and will require constant maintenance of the EBA's RI database. Furthermore, the contributing sample will be expanded to incorporate the entry of new parties.

2017 activities

Activity 26: Risk infrastructure and tools

Description	<p>The EBA will start in 2017 a new project to expand the data used for the risk and vulnerabilities analysis of the banking sector, assessment of regulatory proposals, as part of EBA risks reports, advices to legislators on future regulation and for the purpose of assessing the impact of EBA regulatory products. This data is also the main input of EBA's EU wide Transparency exercises.</p> <p>This project will impact the data workflows and databases in place, allowing the EBA to collect data from 10.000 entities. The expansion of the sample would entail a need to commit financial and human resources for upgrading the EBA's data infrastructure on a first stage and analysing and support the data on a second stage.</p>
Expected results	<p>High-quality data from a large sample, significant quality checks, and use of such data in an extensive range of data visualisation tools. To assist in the data analysis the following tools will be provided: 3 risk dashboards (Macro, Micro for colleges and Micro for RIs sharing) plus at least 8 Excel interactive tools and 4 XML Map tools for transparency exercise/stress test. In addition, the sample of banks may need to be further increased for impact assessment and regulatory purposes.</p> <p>An expanded sample would offer both significantly improved analysis of the impact of regulation and would enhance the EBA's transparency work.</p>
Main outputs	<ul style="list-style-type: none"> ▪ Maintenance of ITS on supervisory reporting, including Q&As process. ▪ Interaction with CAs and the ECB for ensuring a smooth data flow and effective quality checking ▪ Risk dashboards and other tools for internal and external data users. ▪ Training on data and analysis tools. ▪ Implementing full list of validation rules and additional quality checks in SAS.

- Possible expansion of banks' sample.
- Development of interactive and visualization tools for internal and external data dissemination.
- Data infrastructure project: deployment of the infrastructure to go live in early 2019.

Activity 27: Transparency

Description	This involves the dissemination of high-quality data at the aggregate and bank-by-bank levels for a wide range of stakeholders (investors, analysts, academics, and the public at large), as well as the improvement of banks' own disclosures within and beyond Pillar 3.
Expected results	There will be enhanced market discipline via the EBA's annual transparency exercise, enhanced Pillar 3 and other areas as needed (notably with regard to asset quality and internal models).
Main outputs	<ul style="list-style-type: none"> ▪ Transparency exercise; ▪ Pillar 3 Guidelines implementing the Basel disclosure requirements; ▪ Monitoring, implementing and improving Pillar 3 disclosures.

6. To protect consumers, monitor financial innovation and contribute to efficient, secure and easy retail payments in the EU

34. The EBA will continue to enhance the protection of consumers who use banking and payments products such as mortgages, personal loans, deposits (including structured deposits), payment accounts, payment services and electronic money. In so doing, it will promote transparency, simplicity and fairness for consumer financial products and services across the Single Market.

35. To that end, the EBA will deliver the three mandates conferred upon it by the PAD, with regard to a common terminology, the fee information document, and the statement of fees. The EBA will also start expanding its focus beyond regulatory convergence towards supervisory convergence—for example, by developing an approach for the supervision of the EBA's requirements on consumer protection, such as the EBA Guidelines on product oversight and governance arrangements for retail banking products (EBA/GL/2015/18), the EBA Guidelines on creditworthiness assessments under the MCD (EBA/GL/2015/11) or the EBA Guidelines on arrears and foreclosure under the MCD (EBA/GL/2015/12). Due to resource constraints, the EBA will not be publishing its annual consumer trends report in 2017.

36. Furthermore, the EBA will continue to monitor financial innovations so as to decide which, if any, regulatory response is required to achieve the appropriate balance between the competing demands of ensuring risks are mitigated and allowing market participants to enjoy the benefits of the innovation. The EBA will do so by applying a robust methodological approach with which to identify and assess the benefits and risks of innovations. This will include innovative uses of consumer data and the impact of changing financial technology (fintech) innovations on consumer protection, financial institutions and supervision.

37. The EBA will also continue contributing to efficient, secure and easy retail payments in the EU. It will do so by delivering the mandates under the PSD2. This includes: Guidelines on complaint procedures addressed to NCAs; Guidelines on professional indemnity insurance for payment initiation and providers of account information services; Guidelines on the

authorisation of payment institutions; Guidelines on incident reporting; Guidelines on operational and security risks; the RTS on the method, means and details of cooperation in the supervision of payment institutions operating on a cross-border basis; the RTS on development, operation and maintenance of the EBA register; the ITS on details and structure of the information in the EBA register; the RTS on the criteria to be applied when appointing central contact points; and the RTS on strong customer authentication and common and secure communication.

2017 activities

Activity 28: Protecting consumers

Description	The EBA seeks to foster a consistent level of consumer protection in all EU Member States by identifying and addressing consumer detriment in the banking sector. The EBA also assesses the retail conduct of financial institutions in its regulatory remit, with a view to contribute to the stability, integrity and effectiveness of the financial system.
Expected results	The EBA will deliver the mandates under the PAD and will expand its focus from regulatory convergence towards supervisory convergence. In addition, through the JC, the EBA will work with the other two ESAs in areas of common interest, such as the Joint ESAs' Consumer Protection Day.
Main outputs	<ul style="list-style-type: none"> ▪ RTS on standardised terminology for payment services linked to a payment account under the PAD; ▪ ITS on the standardised format of the fee information documents and symbols under the PAD; ▪ ITS on the standardised format of statement of fees and symbols under the PAD; ▪ An approach for the supervision of the EBA's requirements on consumer protection, such as the EBA Guidelines on product oversight and governance arrangements for retail banking products (EBA/GL/2015/18), the EBA Guidelines on creditworthiness assessments under the MCD (EBA/GL/2015/11), or the EBA Guidelines on arrears and foreclosure under the MCD (EBA/GL/2015/11); ▪ Addressing the application of the existing JC Guidelines on complaint handling by financial institutions (JC 2014/43) with regard to account information service providers and payment initiation service providers under the PSD2, and assessing the extension of those Guidelines to creditors and credit intermediaries under the MCD; ▪ JC – Host and organise the 2017 Joint ESAs' Consumer Protection Day; ▪ JC – Follow-up work on Level 3 measures related to the TS, delivered in 2016 under the packaged retail and insurance-based investment products (PRIIPs) Regulation, including the potential provision of technical advice; ▪ JC – Cross-border supervision of financial services. ▪ Develop repository of national education and literacy initiatives.

Activity 29: Monitoring financial innovation

Description	The EBA monitors innovations in the banking sector with a view to develop regulatory responses that find the appropriate balance between the competing demands of ensuring that firms mitigate the risks arising from innovations and allowing market participants to benefit from the innovation. The EBA does so in fulfilment of Article 9 of the EBA Regulation, which mandates the EBA to 'monitor new and existing financial activities', 'adopt Guidelines and recommendations with a view to promoting the safety and soundness of markets and convergence of regulatory practice' and 'achieve a coordinated approach to the regulatory and supervisory treatment of new or innovative financial activities and providing advice for the [EBA] to present to the European Parliament, the Council and the Commission'.
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Expected results The EBA will publish its views on the innovations it monitors. Should the innovations relate to activities that fall outside the EBA's current regulatory remit, the EBA may issue an opinion addressed to the EU Commission, Council and Parliament. Should the innovation fall within the EBA's remit, the EBA may publish clarifications as to the applicability of existing requirements to the innovation in question, develop new requirements, or inform the wider public. The EBA may do so through the EBA Opinions addressed to CAs, the EBA Guidelines to financial institutions, warnings to consumers, education initiatives or other appropriate means.

Main outputs

- Assess the potential benefits and risks from the commercial use of consumer data and decide which, if any, action is required to address the issues identified;
- Continue monitoring virtual currencies and carry out, where necessary, follow-up work to contribute to a more consistent approach with respect to virtual currencies;
- Assess the benefits and risks arising from innovative types of payments and decide which, if any, mitigating action needs to be taken to address the issues identified, including potential education initiatives;
- Assess the impact of financial technology innovation on consumer protection, financial institutions, regulation and supervision;
- Assess the implications of divergences between Member States about the extent to which particular innovations are considered to fall within the scope of existing EU law, the passporting implications that arise from those divergences, and identify which (if any) action is required from the EBA to contribute to greater homogeneity;
- Continue monitoring financial innovations and take appropriate action where required;
- JC – Opportunities and challenges related to the use of 'big data';
- JC – Completion of the work on automation for financial advice.

Activity 30: Contributing to secure, efficient and easy retail payments in the EU

Description The EBA contributes to efficient, secure and easy retail payments across the EU by developing the mandates conferred on the EBA in the PSD2 and by contributing to a common interpretation of the PSD2.

Expected results The EBA will focus on the development of the mandates under the PSD2, including those related to strong customer authentications, open and secure communication, incident reporting, supervision, passporting notifications, authorisation, complaints procedures, professional indemnity insurance and the EBA register of payment service providers.

Main outputs

- Guidelines on complaint procedures addressed to NCAs under Article 100 of the PSD2;
- Guidelines on the authorisation of payment institutions under Article 5(5) of the PSD2;
- Guidelines on incident reporting under Article 96 of the PSD2;
- Guidelines on operational and security risks under Article 95 of the PSD2;
- RTS on the method, means and details of cooperation in terms of the supervision of payment institutions operating on a cross-border basis under Article 29 of the PSD2;
- RTS on development, operation and maintenance of the EBA register under Article 15 of the PSD2;
- RTS on the criteria to be applied when appointing central contact points under Article 29 of the PSD2;
- RTS on strong customer authentication and common and secure communication under Article 98 of the PSD2;
- Guidelines on professional indemnity insurance under Article 5(4) of the PSD2.

7. To be a competent, responsible and professional organisation, with effective corporate governance and efficient processes

38. The purpose is to improve the effectiveness and efficiency of existing support and administrative processes across the EBA. Moreover, the EBA continues to pursue successful cooperation with the other two ESAs with the aim of leveraging potential economies of scale

in support functions. The support functions are divided into three functions: (i) policy analysis and coordination, (ii) operations and (iii) legal processes.

39. This strategic area will be essential for the EBA's future development to:

- Assure accountability for its budget and overall expenditure;
- Assure transparency and professional conduct;
- Ensure that the agency has people with the right skills, knowledge and experience at the right time to meet priorities;
- Manage the flow of information with internal and external stakeholders.

2017 activities

Activity 31: Policy analysis and coordination processes

Description	<p>The EBA will continue to: undertake independent IAs and perform Quantitative Impact Studies (QIS) exercises; perform peer reviews of CAs; provide support to the Banking Stakeholder Group, the ESAs' JC and the ESAs' Board of Appeal; provide support to the main EBA governing bodies, the Board of Supervisors and the Management Board; provide support for the planning, prioritising, monitoring, execution and follow-up of deliverables stemming from the EBA's work programme; provide external coordination with EU institutions and external bodies (such as the BCBS and the IMF); and facilitate the training of EU banking supervisors.</p> <p>The EBA stands ready to provide advice to the Commission regarding its review of FICOD. The CRR mandates the EBA to provide a regular annual IA on the LCR, as well as a report to assess the appropriateness of its phase-in, as envisaged in the CRR.</p>
Expected results	<p>Evidence-based policymaking from performing IAs requires IA expertise in order to provide the EBA's IA (accompanying the EBA's regulatory products). This reflects the Commission's enhanced commitment to IA.</p> <p>There will be enhanced supervisory convergence from performing peer reviews, identifying and promulgating best supervisory practice, and issuing (where appropriate) due guidance and opinions.</p> <p>Training for CAs' staff will be provided, and the EBA's training capacity will be enhanced. There will be good corporate governance that will support the EBA's governing bodies. There will be enhanced stakeholder awareness and engagement in the EBA's activities, as well as enhanced consideration of stakeholders' views in the development of policy. There will be effective planning of the EBA's activities.</p> <p>The document management process and procedures will be implemented and supported.</p>
Main outputs	<ul style="list-style-type: none"> ▪ Performing IAs that accompany the EBA's regulatory proposals, including producing half-yearly CRD IV/CRR Basel II monitoring reports; ▪ Annual report on the impact and phase-in of the LCR; ▪ Provision of external training to CAs; ▪ Peer review delivery (topic to be decided by the Board of Supervisors in October 2016); ▪ Support for the EBA's participation in the EU and international institutions/bodies; ▪ Development of internal policies/processes to support the EBA's activities; ▪ Support for the chairmanship of JC in 2017; ▪ Work programme and related planning tasks; ▪ Support for the EBA's document management.

Activity 32: Accounting, finance and procurement processes

Description	<p>In the area of accounting and finance, the EBA will focus on ongoing improvement in budget monitoring and execution, including improved efficiency and integration with procurement and contract management. This will be complemented by improvements in</p>
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	the activity-based budgeting system. In the area of procurement, the focus will be on close monitoring and the timely delivery of all procurements (as listed in the 2017 procurement plan) ⁹ and other procurements arising in the year.
Expected results	There will be more effective and efficient accounting, finance and procurement processes.
Main outputs	<ul style="list-style-type: none"> ▪ Execute annual budget; ▪ Implement the annual procurement plan; ▪ Establish and acquire the 2018 budget; ▪ Establish the 2018 procurement plan; ▪ Establish the 2019 preliminary draft budget; ▪ Provide support and follow-up to external and internal audit services requests/reports; ▪ Provide financial and procurement training to the EBA staff; ▪ Prepare the 2016 annual accounts.

Activity 33: HR processes

Description	In the area of HR, the EBA will focus on ongoing efficiency in implementing the establishment plan, and (where appropriate) the introduction of HR-implementing rules in accordance with the new Staff Regulations of officials and the Conditions of Employment of other Servants of the EU, further improvement of HR processes, and the introduction of HR policies in line with the Staff Regulations. HR is also responsible for delivering effective training and staff development.
Expected results	There will be more effective and efficient HR processes. The EBA's staff competences and skills will be enhanced.
Main outputs	<ul style="list-style-type: none"> ▪ Fulfil the establishment plan and its related activities; ▪ Quarterly and annually monitor HR internal indicators; ▪ Apply and deliver HR policies, decisions and implementing rules; ▪ Carry out training needs analysis for the staff and ensure its subsequent implementation.

Activity 34: Communication processes

Description	The focus will be on the development and implementation of the new communication strategy and on measuring the effectiveness, maintenance and enhancement of the interactive Single Rulebook and the Q&As tool. There will also be a focus on the enhancement of the EBA's internal press monitoring and analysis tool.
Expected results	There will be more effective and efficient communications processes.
Main outputs	<ul style="list-style-type: none"> ▪ Implement the communication strategy and measure its effectiveness.

⁹ Please refer to the 2017 procurement plan in Annex II.

Activity 35: Legal processes

Description	The EBA will continue to provide legal analysis and support to the EBA's core functions on institutional, operational and banking and financial law issues. This includes analysis and support on draft regulatory products (TS, Guidelines, recommendations and opinions), representing the EBA before the Board of Appeal and Court of Justice, ensuring that the EBA operates according to its founding regulation and within all other applicable EU and national laws, providing support for the EBA's dispute resolution role, and increasing its capacity to carry out investigations of potential breaches of EU law.
Expected results	There will be more effective and efficient legal processes, support for the expected extension of the EBA's role in relation to the EEA supervisory authorities and financial institutions, and an increased capacity to advise on resolution matters and to identify and investigate potential breaches of EU law.
Main outputs	<ul style="list-style-type: none"> ▪ Legal advice across the EBA's core functions; ▪ Representation of the EBA before the Board of Appeal and Court of Justice; ▪ Identification of potential breaches of EU law, with investigations and recommendations where appropriate; ▪ Updating the EBA rules of procedure and processes following the incorporation of the founding regulation into the EEA agreement.

Activity 36: IT processes

Description	The focus here will be the implementation of the IT strategy to support the EBA's work programme. From a system perspective, it will include further enhancement of the data collection, reporting and analysis platform in relation to the CRD IV/CRR and the linked ITS, as well as enhancements of additional near real-time systems for notifications and sanctions (as defined in the EBA founding regulations). The key internal project will be the Phase III implementation of an EDMS.
Expected results	The EBA expects to: further optimise the implemented IT solutions; promote standardisation in Europe in terms of data exchange, data collection and regulatory reporting; and optimise and standardise the IT processes for governance, programmes and project management.
Main outputs	<ul style="list-style-type: none"> ▪ Implementation of the EBA's IT strategy.

Activity 37: Internal control standards processes

Description	The focus will be to further develop and improve a series of internal measures to ensure that activities are subject to control. The aim will also be to provide reasonable assurance to management of the achievement of the EBA's objectives.
Expected results	There will be more effective and efficient processes for internal control standards.
Main outputs	<ul style="list-style-type: none"> ▪ Annual risk assessment exercise; ▪ Annual business continuity exercise.

Activity 38: Corporate services processes

Description	The focus will be to continue to provide support services to the EBA's core functions (based on specialised knowledge and best practices) in order to serve internal stakeholders and business partners.
Expected results	There will be more effective and efficient facilities, events and missions.
Main outputs	<ul style="list-style-type: none"> ▪ Phase II implementation of the EDMS; ▪ Management of facilities.

The EBA's reprioritisation exercise

40. During the past few years and prior to the application of the work programme, the EBA carried out a reprioritisation exercise due to budget and resources constraints, focusing its efforts on strategic areas for future development and, therefore, rethinking its key priorities.

41. The specific priorities and deadlines were approved by the EBA's Board of Supervisors (which adopts the work programme) in September 2016 on the basis of a proposal by the Management Board.

42. According to the budget adopted in November 2016 by the Budgetary Authority, the EBA's resources will receive 134 TAs. This allocation has been included in the table, together with the priority of each activity.

43. To ensure transparency in the reprioritisation exercise, the EBA has assigned numeric priorities to each activity. The following criteria were applied in this exercise:

- [1] The activity supports the EBA's specific priorities for 2017, contains legal requirements that must be delivered within the year and is aligned with the EBA's overall strategy;
- [2] The activity contains legal requirements and is aligned with the EBA's overall strategy;
- [3] The activity is aligned with the EBA's overall strategy.

44. The key priorities for 2017 are:

- **Liquidity risk and leverage ratio** – The EBA has to deliver two TS amending the Commission's ITS on supervisory reporting with regard to the LCR and on AMM amending ITS on AMM;
- **Credit risk and credit risk modelling** – This activity contains deliverables on the IRB approach, ECAs and LGD that requires a high level of expertise, complexity and quality;
- **Recovery planning and early intervention** – The EBA has been mandated to deliver, for 2017, the RTS and Guidelines on the areas of planning and early intervention that complement the BRRD regulation;
- **Promoting convergence** in supervisory approaches to ensure comparability and consistency in supervisory outcomes across the Single Market, including Pillar 2 and banks' internal models; at the same time, the EBA will enhance market discipline via the EBA's annual **transparency** exercise, enhanced Pillar 3 and other areas as needed, notably regarding asset quality and internal models;
- Improving the framework for the protection of consumers and the monitoring of financial innovation, especially the impact of changing 'fintech', and delivering the mandates under the **PSD2**.

	Priority	TAs (2016)	TAs (2017)	CAs	SNEs	Cost
The EBA (Chair, Executive Director, Personal assistants)		3	3	1		
Department of Regulation (management and support)		3	3	3		
Activity 1: Capital	[2]	1	2			528 000
Activity 2: Internal governance, remuneration and anti-money laundering	[1]	4	4			1 155 000
Activity 3: Liquidity risk	[1]	2	2			560 000
Activity 4: Leverage ratio	[2]	1	1			279 000
Activity 5: Credit risk and credit risk modelling	[1]	7	7			2 052 000
Activity 6: Market risk	[2]	2	2			592 000
Activity 7: Market infrastructure	[2]	2	2			881 000
Activity 8: Securitisation and covered bonds	[2]	3	3		1	946 000
Activity 9: Analysis and operational risks	[2]	6	7	5	1	2 777 000
Activity 10: Structural reforms, shadow banking and large exposures	[2]	2	2			560 000
Activity 11: Accounting, audit and scope of consolidation	[2]	2	2			560 000
Activity 12: Q&As and other activities	[1]	3	4		2	1 364 000
Resolution Unit (management and support)		1	1	1		
Activity 13: Resolution policymaking, regulation and external contributions	[1]	3	4		1	1 226 000
Activity 14: Non-banking resolution policy	[2]	2	2			538 000
Activity 15: Resolution oversight and convergence	[1]	3	3		1	970 000
Activity 16: Deposit guarantee schemes	[1]	1	1			282 000
Department of Oversight (management and support)		3	3	1		
Activity 17: Functioning of supervisory colleges	[2]	3	3	1	2	1 272 000
Activity 18: Supervisory policy and methodology	[1]	1.5	1.5			656 000
Activity 19: Supervisory convergence	[1]	2.5	2.5			660 000
Activity 20: Recovery planning and early intervention	[1]	3	3			783 000
Activity 21: Training of supervisors	[1]	1	1			291 000
Activity 22: Third countries' equivalence assessment	[3]	0	0		1	434 000
Activity 23: Regular assessment for identifying and addressing risks and vulnerabilities	[1]	7	8		1	2 266 000
Activity 24: Thematic assessment and analysis	[2]	1	1			293 000
Activity 25: Consistency of RWAs	[1]	4	4	1	1	1 352 000
Activity 26: Risk infrastructure and tools	[2]	3	4	3	1	1 913 000
Activity 27: Transparency	[1]	1	1			323 000
Consumer protection financial innovation and payments (management and support)		1	1			
Activity 28: Protecting consumers	[2]	2	2	1		744 000
Activity 29: Monitoring financial innovation	[1]	1.5	1.5			447 000
Activity 30: Contributing to secure efficient and easy retail payments in the EU	[1]	1.5	1.5		1	986 000

	Priority	TAs (2016)	TAs (2017)	CAs	SNEs	Cost
Support activities (management and support)		5	5			
Activity 31: Policy analysis and coordination processes	[1]	5	5	4	2	1 837 000
Activity 32: Accounting finance and procurement processes	[2]	7	6	4		1 691 000
Activity 33: HR processes	[2]	2	3	4		1 135 000
Activity 34: Communication processes	[2]	2	2	1		625 000
Activity 35: Legal processes	[2]	9	9	1	1	2 346 000
Activity 36: IT processes	[2]	7	8	4		2 157 000
Activity 37: Internal control standards processes	[2]	1	1	1		319 000
Activity 38: Corporate services processes	[2]	2	2	1		975 000
Total		127	134	37	16	38 775 000

Annex I: KPIs

The KPIs have been classified under the following four types:¹⁰

- **Input** – Measures the resources available/used (i.e. budget execution);
- **Output** – Refers to the products/services delivered (i.e. number of reports published);
- **Outcome/result** – Measures the direct effect of an output (i.e. percentage of completed yearly assessments of colleges);
- **Impact** – Measures the effect of the EBA outputs (i.e. traffic for the EBA website).

Most of the chosen KPIs are based on readily available data and will be updated annually. However and given the nature of the EBA's work careful interpretation of them is required as:

- Performance indicators might not capture the quality of the EBA's regulatory work. The majority of the chosen KPIs measure the number and the timely delivery of the EBA mandates;
- A significant number of KPIs (where the majority of the work on supervisory/resolution convergence and data analysis lies) measure the result and the impact of the EBA's work. This is something that the EBA can influence but cannot control.

The EBA is continuously working on improving these indicators and cannot of course be held solely responsible for achieving results as measured against these indicators. A range of other factors (i.e. the EU economic and financial situation) outside the control of the EBA also affects outcomes.

The table below summarises the KPIs that will be used for 2017 for each strategic area. The outcome in 2016 is used as reference but not as a measure.

¹⁰ Source – Evaluating EU activities: A practical guide for the Commission services, July 2004, DG budget, Evaluation Unit.

Indicator	Short description	Outcome in 2016	Target in 2017	Type	The EBA strategic areas							
					Regulatory and policy framework	Crisis management	Supervisory convergence	Risk analysis	EU data hub	Consumer protection financial innovation and payments	EBA organisation	
Number of TS and Guidelines delivered and recommendations published.	Quantity of TS and Guidelines delivered and recommendations published.	34	52	Output	X	X	X	X	X	X		
Number of reports and opinions delivered and warnings issued.	Quantity of reports and opinions delivered and warnings issued. For warnings a target cannot be set.	51	24	Output	X	X	X			X		
Percentage of the work programme's mandated tasks delivered on time.	Timeliness of the mandated TS Guidelines and opinions delivered.	N/A ¹¹	Above 80%	Output	X	X	X	X	X	X	X	
Composite indicator of supervisory and resolution convergence.	The indicator will be computed as a weighted average of the outcome of direct thematic assessments peer reviews (e.g. heat map) and successful mediation cases (weights to be calibrated).	67.72%	Above 70%	Impact		X	X					
Percentage of completed yearly assessments of colleges.	The EBA provides regular feedback to the consolidating supervisors on the functioning of colleges. This indicator measures the completeness and the level of responsiveness of colleges with regard to the yearly assessment process.	100%	100%	Outcome/result		X	X					
Feedback on training from seminar participants.	Measures the satisfaction of the participants with regard to the quality of the trainings and the seminars organised by the EBA.	87.5%	'Very good' and 'Good' rates exceed 85%.	Outcome/result	X	X	X			X	X	
Data processing.	Timely delivery of 'new' RI to the ESRB – 'Timely' means the first submission to the ESRB 10 days after the remittance date for CAs (up to 3 days delay on the submission = 'Good' between 3 to 10 days = 'Medium' more than 10 days = 'Bad').	"Good" 0 days delay	Up to 3 days delay on the submission.	Outcome/result					X			
Assessment of risks.	Number of risk reports dashboards and thematic studies.	9	11	Output				X				

¹¹ Figure to be provided at the end of 2017.

Indicator	Short description	Outcome in 2016	Target in 2017	Type	The EBA strategic areas							
					Regulatory and policy framework	Crisis management	Supervisory convergence	Risk analysis	EU data hub	Consumer protection financial innovation and payments	EBA organisation	
Transparency and data dissemination.	Bank by bank disclosure through ad hoc transparency exercises and regular publications.	Annual publication of transparency data on the EU banking sector.	Annual publication of transparency data on the EU banking sector.	Output					X			
Budget execution (percentage committed of commitment appropriations)	Measures the level of commitments.	96.8%	95%	Input								X
Number of critical and important audit recommendations received.	Shows the number of critical and important recommendations received on external audits.	0	Target by the end of the year below '3'.	Output								X
Establishment plan achieved (%).	Measures the fulfilment of the establishment plan.	99.5%	100%	Outcome/result								X
Achievements of the target stated in the service level agreements (SLAs) of the EBA applications.	Measures the level of the achieved SLA targets stated in the SLA applications.	99.6%	98%	Output								X
Number of visits to the EBA website.	Volume of individual visits to the EBA website (i.e. traffic on the EBA website following major data releases mandated deliverables etc.).	2972378 visits	#	Impact	X	X	X	X	X	X	X	X

Annex II: 2017 procurement plan

#	Area	Description	Contract type	Procedure	Lead entity	Contract start date	Estimated value EUR
1	HR	Interim staff for administration	Framework	Open	EBA	Jul-17	2 500 000
2	Corporate support	Insurance broking services	Direct	Negotiated	EBA	Jul-17	60 000
3	Corporate support	Stationery supplies	Framework	Negotiated	EBA	Oct-17	60 000
4	Communications	Press communication and consultancy services	Framework	Open	EBA	Feb-18	250 000
5	Various	Data services	Framework	Open	EBA	Feb-17	800 000
6	IT	Future Office Automation Environment (FOAE) (Microsoft services)	Framework	Open	DIGIT	Jun-17	160 000
7	IT	Oracle licences maintenance and Oracle-related highly specialised informatics services	Framework	Open	DIGIT	Feb-17	250 000
8	HR	ICT training for end users (TRAIN USER II)	Framework	Open	DIGIT	Apr-17	300 000
9	IT	Mobile equipment (MEQ IV)	Framework	Open	DIGIT	Jul-17	100 000
10	IT	ICT advice benchmarking and consulting services (ABC IV)	Framework	Open	DIGIT	Oct-17	250 000
11	IT	Acquisition of group and personal multifunctional devices printers scanners etc. and associated services (PrinceSSe II)	Framework	Open	DIGIT	Jan-17	75 000
12	HR	Medical services	Framework	Open	EMA	Jun-17	200 000
13	IT	Telecommunications services	Framework	Open	EMA	Apr-17	750 000
14	HR	Benchmarked staff engagement surveys	Framework	Open	ETF	Apr-17	100 000