

EBA BSG 2024 041

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Banking Stakeholder Group

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15 October 2024 | 09:30 – 15:00

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Location: EBA premises, Paris

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# Banking Stakeholder Group

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## Minutes of the meeting on 15 October 2024

### **Agenda item 1: Welcome and approval of the agenda**

1. The EBA Chairperson welcomed the Members to the first physical meeting of the Banking Stakeholder Group (BSG) in its current composition.
2. The EBA Chairperson announced that Professor Luís Silva Morais passed away and proposed a minute of silence.
3. The EBA Chairperson informed the Members that the Minutes of the 16 July 2024 conference call have been supported by the BSG in the written procedure and would be published on the EBA website.
4. The EBA Chairperson asked the Members whether they had any comments on the agenda of the conference call. The Members did not raise any comments.

### **Conclusion**

5. The BSG approved the agenda of the meeting by consensus.

### **Agenda item 2: Election of the BSG Chairperson and Vice-Chairperson**

6. The EBA Chairperson informed the Members that following the discussion during its first conference call in July, the EBA launched a call for candidates for positions of the BSG Chairperson and Vice-Chairperson as per Article 2 of the BSG Rules of Procedures. Within the deadline for applications, the EBA received four applications for the Chairperson position and five applications for the Vice-Chairperson position.
7. The EBA Head of Governance and External Affairs Unit (GEA) continued by explaining the election procedure and said that the election required a simple majority of the BSG's

Members present at the BSG meeting with each member having one vote. The election would be held by a secret ballot.

8. The EBA Chairperson invited the Members to vote, firstly for the Chairperson position and secondly for two Vice-Chairperson positions.
9. The EBA Chairperson concluded by announcing that the BSG elected Christian Stiefmueller as the BSG Chairperson. He then announced that the BSG elected Julia Strau and Edgar Loew as the BSG Vice-Chairpersons.

### **Conclusion**

10. The BSG elected Christian Stiefmueller as the BSG Chairperson for a period of two years as of 15 October 2024.
11. The BSG elected Julia Strau and Edgar Loew as the BSG Vice-Chairpersons for a period of two years as of 15 October 2024.

### **Agenda item 3: BSG update on the latest developments**

12. The BSG Chairperson introduced the item by noting that notwithstanding the fact that the BSG Chairperson was not elected until this meeting, the BSG Members were active and contributed to the EBA's work on the Development of the Feasibility Report on further Centralisation of the Reporting of Major ICT-related Incidents under Art. 21 of DORA. He thanked the BSG Members who contributed to the work and summarized the BSG's input to the questionnaire circulated by the EBA. He stressed that the BSG supported the proposed centralisation of major ICT-related incident reporting and mentioned several aspects that the EBA might want to consider in its feasibility report.
13. One Member welcomed the EBA's initiative but commented on the timing and deadlines during summer months. Another Member referred to two topics from the report and stressed the importance of having detailed documents on DORA, its implementation and relevant processes as well as developing common risk policies and single EU risk management.
14. The BSG Chairperson concluded by noting the Members' comments.

### **Agenda item 4: EBA Chairperson update on the latest developments**

15. The EBA Chairperson updated the Members on the EBA's latest publications and planned events.
16. Firstly, he thanked the Members who attended the 11th Joint ESAs Consumer Protection Day in Budapest, Hungary on 03 October 2024. There were more than 300 participants on site, of which approximately 120 representatives were from competent authorities (CAs),

110 from the industry and a record number of 27 consumer organisations attended, too. Further participants watched our livestream and recording of the event on the EBA YouTube channel. There were stimulating discussions on how to strengthen consumer protection within the financial services sector while tackling the double challenge of the green and digital transition. The event focused on Artificial Intelligence including the impact of Generative AI on the financial services sector, on how to improve access and experience with financial products and how to ensure that the sustainable finance regulatory framework works better for retail investors.

17. Secondly, the EBA Chairperson informed that the EBA published its Work Programme outlining the key priorities and initiatives for 2025. Throughout next year, the EBA would be i) implementing the EU Banking Package and enhancing the Single Rulebook, ii) enhancing risk-based and forward-looking financial stability for a sustainable economy, iii) enhancing data infrastructure and launching a data portal, iv) starting oversight and supervisory activities under the Digital Operational Resilience Act (DORA) and Markets in Crypto-Assets Regulation (MiCAR), and v) developing consumer oriented mandates and ensuring a smooth transition to the new anti-money laundering and countering the financing of terrorism (AML/CFT) framework.
18. Thirdly, the EBA Chairperson reminded the Members that together with the other ESAs, the EBA published, after the first BSG meeting, the second batch of DORA policy products. He also mentioned that as of October, the ESAs have appointed Marc Andries to lead a new joint Directorate in charge of oversight activities for critical third-party providers established by the DORA. He would be responsible for implementing and running an oversight framework for critical ICT third-party service providers (CTPPs) at a pan-European scale, contributing to the smooth operations and stability of the EU financial sector.
19. Fourthly, the EBA Chairperson informed that in July, the EBA published its Report on structured deposits. The main findings showed that in more than half of the 27 national markets in the EU, structured deposits did not exist, and that the EU market remains very small at an aggregate level, with only €16.7 billion of structured deposits sold between 1 January and 30 September 2023 – the reference period of the Report -, and 95% of which was concentrated in only four EU Member States.
20. He then mentioned that at the beginning of August, the EBA, together with the ECB, published the Report on payment fraud. The Report examined the total number of payment transactions and the subset of fraudulent transactions in terms of value and volume. In addition to the aggregated values, the Report also presented data based on volumes and also sorted by type of payment instruments, i.e. credit transfers, direct debits, card payments, cash withdrawals, and e-money transactions. The EBA and the ECB would continue to monitor fraud data and going forward, would publish the aggregate data on an annual basis

21. The EBA Chairperson continued by saying that the EBA welcomed the entry into force of the new European Banking Package, which implemented the final Basel III into the EU regulation. Furthermore, following the European Commission's adoption of a Delegated Act postponing the application of the revised market risk framework in the EU, the so-called Fundamental Review of the Trading Book (FRTB), the EBA published a no-action letter on the boundary between the banking book and the trading book and shares its considerations on technical questions and issues arising from the postponement.
22. The EBA Chairperson also mentioned that in August, the EBA published the European Resolution Examination Programme (EREP) Report. It set three priorities for resolution authorities and banks for 2025: operationalisation of their resolution tools, liquidity strategies in resolution, and management information system for valuation. The Report also looked at the progress achieved in 2023 and identifies areas of improvement.
23. The Chairperson also mentioned that on 06 and 07 November 2024, the EBA would be organising its 13th Annual Research Workshop, this year on the topic of Boundaries of Banking Regulation.
24. The EBA Chairperson concluded by stressing that one of the main tasks of the BSG was to respond to the EBA consultation papers as part of the public consultation procedure. The EBA had currently three papers for consultation: Consultation paper on draft Implementing Technical Standards overhauling the EBA resolution planning reporting framework with a deadline on 30 October 2024; Consultation paper on draft implementing technical standards for uniform reporting under the Single Euro Payments Area Regulation with a deadline on 31 October 2024, and Consultation paper on draft Implementing Technical Standards on Pillar 3 data hub with a deadline on 11 November 2024.
25. The BSG Chairperson pointed out that the deadlines for the consultation papers were tight. One Member volunteered to coordinate the BSG response to the Consultation paper on draft Implementing Technical Standards on Pillar 3 data hub.
26. The Members welcomed the update. One Member questioned whether the EBA would reflect on the recently published report by Mario Draghi. Other Member appreciated the organisation of the Joint ESAs Consumer Protection Day. This Member also asked the EBA to present the Report on payment fraud at one of the upcoming BSG meetings. Finally, he stressed the importance of the BSG's own initiative work. One Member noted that the EBA should, in its work, reflect on the whole market, specifically also on investment funds.
27. The BSG Chairperson informed that the BSG has already informally discussed a preparation of an own-initiative paper on the Draghi report and its implications on the banking sector.

28. The EBA Chairperson noted that the EBA has been already working on some of the aspects presented in the report by Mario Draghi, mentioning securitization, disclosures, reporting and data sharing.
29. The BSG Chairperson concluded by noting the comments raised by the Members.

#### **Agenda item 5: Risks and Vulnerabilities in the EU**

30. The EBA Senior Bank Sector Analyst (Analyst) updated the Members on the latest developments in the EU related to risks and vulnerabilities and focused on the early August 2024 market turmoil and how EU/EEA banks were affected by the CrowdStrike event. The August event not least showed the high level of nervousness in financial markets. The Analyst stressed that markets remained susceptible to sudden strong corrections, in the wake of substantive persistent uncertainty regarding the economic and rate outlooks, which could have significant impact on banks, including through the link to NBFIs. On the mid-July CrowdStrike event he summarised that based on feedback received from CAs, as well as other sources, while a number of banks in different jurisdictions were affected, including SIs and LSIs, experiencing IT outages, in all cases they recovered their services quickly. He stressed that future IT events or cyber-attacks could have bigger impact on banks and the financial sector. The Analyst continued by summarising trends and developments in supervisory reporting and said that in Q2, the CET1 ratio (fully loaded) remained stable on a quarterly basis. The CET1 ratio was higher for small banks than for the largest ones and this effect was even more pronounced for the leverage ratio. At the same time asset quality tend to be worse at smaller banks. On the other hand, small banks tend to be more profitable than their larger peers, mainly due to higher net interest margins. The Analyst also covered trends in fee income. He mentioned that fee income rose on a yearly basis and that the composition of fee income was stable. Asset management and related products as well as payment – which include current account related fees – remained the key component. Further analysis shows that current account fees as ratio of underlying deposits grew from 2021 to 2023 and stayed flat this year. Asset management related fees have not changed a lot in recent years, when measured as share of underlying volumes. There was wide dispersion among countries in both fees regarding the fee levels but country specific trends over time were rather similar. The Analyst concluded by noting that the liquidity coverage ratio (LCR) increased in Q2, with smaller banks having higher LCRs compared to their larger peers. Market-based issuance was lower than last year and looking forward banks' focus for their funding mix is on retail deposits and senior preferred bonds.
31. The Members welcomed the presentation and the overview of the risks and vulnerabilities. The discussion included questions from the BSG Chairperson and Members related to the CrowdStrike episode, the impacts of macroprudential measures in some countries on commercial real estate (CRE) and the access of smaller banks to the securitisation market. Several Members stressed the importance of further analysis of the securitisation market and that events in the past showed that there are also risks related to securitisations. With

regards to the smaller banks, Members asked for instance about further details on the riskiness of their NPLs. The exchange included the impact of TLTRO repayments on banks' LCR, expectations about EU banks' profitability going forward, as well as the dispersion of bank profitability among countries. In relation to the fees, the income challenges related to rising current account fees for consumers were mentioned by the Members, as well as differences between the fees on current accounts in the EU and other countries and the impact of compliance costs on fees. The impact of geopolitical risks, such as the Middle East conflict were mentioned, the impact of changes in SREP on banks, and the exchange between the EBA and ESMA as well as how the EBA considers other aspects than developments in key risk indicators in their risk assessments.

32. In his response, the Analyst welcomed the feedback provided by the Members as it was also an important input to the EBA's ongoing risk analysis and other work. With regard to CrowdStrike, he acknowledged that a number of DORA requirements could address such incidents. On CRE, the Analyst mentioned that there has still been a certain increase in lending and that anecdotal evidence suggested that banks expanded their CRE lending rather cautiously. He agreed that securitisations would not come without certain risks, but that there were also measures in place that aimed to prevent a repetition of previous crisis in the markets. On LCR related developments one could not see any major decline, but a change in composition of the numerator towards more sovereign exposures – which at the same time implied locked in sovereign bonds bearing higher interest rates. With regards to the fees and charges, he pointed at historical elements that could impact differences between countries. The Analyst stressed that geopolitical risks have been unpredictable and therefore, the impacts of various world conflicts were difficult to measure and remain a key challenge for banks. He also confirmed that the EBA and ESMA have been closely working on the monitoring of the market. On the risk analysis he pointed out that the EBA considers other additional input besides supervisory and similar reporting, such as the forward-looking Risk Assessment Questionnaire, exchange with supervisors at different levels, market data, exchange with market participants, with other authorities and international bodies.
33. The EBA Executive Director explained that the EBA, and the other ESAs, have been preparing for DORA implementation and as part of these preparations, launched a dry-run exercise during the summer period to help financial entities prepare for the future requirement of submitting their registers of information on contractual arrangements with ICT third-party providers. This information should, in future, help manage third-party provider exposure and possible contagion channels. .
34. The EBA Chairperson welcomed the input from the BSG and noted that the ESAs published on an annual basis a joint risk report covering several risks and broader market issues, which was a joint product of the three ESAs. He also referred to the securitisation where the focus should be on how the securitisation market should perform in the future. The EBA

Chairperson concluded by noting the Members' high interest for this type of discussion which would be a recurring item in upcoming BSG meetings.

### **Agenda item 6: CRD-based plans to manage ESG risks – proposed template with minimum content**

35. The EBA Head of ESG Risks Unit (ESG) introduced the item by reminding the Members that the EBA has been mandated under CRD6 to issue Guidelines on the management of ESG risks. As part of it, the EBA was mandated to specify the key contents of plans to be prepared by institutions to monitor and address ESG risks, including those that may arise during transition towards a more sustainable economy. She continued by explaining that following a public consultation on draft Guidelines earlier this year, the EBA has been working on the final Guidelines including the part that would be dedicated to the plans. She clarified that the aim of the presentation was to discuss the possibility to provide a common format or template/tool to support institutions in developing robust and comparable plans. She noted that during the consultation period (January to April 2024), the EBA received 66 responses with overall support but also range of views on some key issues, including draft requirements related to plans. The Head of ESG said that while most respondents were asking for a common format type of template, they did not elaborate on any specific proposals. There was also no specific trend expressed on the structure or tool to be considered for the common format, but respondents flagged the need to ensure interoperability with other relevant frameworks. The respondents stressed that a potential template or common format would enhance comparability, efficiency, consistency, and ease the approval or review processes. However, they also noted that there was a need for more flexibility and a non-rigid framework catering for different needs, in particular referring to SNCIs. They also highlighted that interoperability with other (EU) frameworks related to transition plans should be maximized. Considering these responses, the EBA's draft Guidelines included a template/tool in the Annex and this template or tool would capture all the relevant aspects that should be part of the plans, ensuring comparability in the presentation while not prescribing particular business strategies. The list of expected considerations would take into account proportionality and include references to other EU frameworks. The Head of ESG concluded by briefly describing the structure and formatting of the template/tool.
36. The Members supported the work and the proposal to include a guiding/supporting tool for the development of the plans and expressed their preference for including a tool rather than a template. One Member asked for clarification on how the presented work related to the ECB climate guide. Several Members stressed the importance of used terminology, and one Member questioned whether the plans referred to in this work were to be considered as transition plans. Other Member pointed at environmental rather than social and governance risks that have been considered by the EBA under the presented Guidelines and asked about specific time horizons. Several Members were of the view that any tool/template should aim at guiding the market participants and some Members raised the

issue of interoperability, referring to EFRAG standards and industry initiatives, proportionality and implementation challenges. One Member asked whether investment firms would be in the scope of these Guidelines, another Member stressed the importance of how the tool would be presented to the market and other Member asked about the definition of relevant risks. Finally, one Member asked about the further process envisaged.

37. In her response, the Head of ESG clarified that the ECB had set up a framework and that the discussed Guidelines would be complimentary to the existing rules and extending some aspects of the framework to the larger population of banks than those under the ECB supervision. She added that precise terminology would be defined in the Guidelines and that the time horizons considered were stemming from the legal requirements in the CRD. She admitted that while the Guidelines referred to ESG risks, social and governance factors might be treated in a more qualitative manner. She added that only institutions under the scope of CRR/CRD would be covered by these Guidelines. On the definition of risks, the Head of ESG explained that legal definitions from the CRR have been applied. Regarding further process, she explained that the EBA was proposing that the tool was included directly as an annex to the final Guidelines.
38. The EBA Policy Expert also explained that the tool would allow to identify how proportionality should be applied with regard to the level of granularity of the requirements and potential exemptions of some requirements for small and non-complex institutions. He also clarified that both public and private initiatives related to transition plans have been considered in the process of developing the key contents of the plans that would be required by the Guidelines.
39. The BSG Chairperson concluded by noting the Members' comments.

#### **Agenda item 7: EBA update on MiCAR developments in area of ART/EMT issuance**

40. The EBA Chairperson reminded the Members that MiCAR Titles III and IV entered into application as of 30 June 2024. EBA staff last provided an update on MiCAR to BSG Members in February, and since then, the EBA has been working on several mandates in the area of ART/EMT issuance.
41. The EBA Head of Digital Finance Unit (DF) started by saying that there were six areas in which the EBA has been conducting preparatory actions for MiCAR and she summarised key aspects and activities for each area. Firstly, the Head of DF informed that the EBA, in several cases together with the other ESAs, finalised all policy mandates with the exception of the joint-ESA Guidelines under Art 97(1) which should be completed by year-end, similarly to the EBA own initiative Guidelines on data reporting gaps. Secondly, she referred to the Crypto Supervision Coordination Group (CSCG) which was established in September 2023 to facilitate supervisory dialogue among CAs in preparation for MiCAR supervision and said that it continued working on fostering convergent practice and



exchange of information across CAs via various tools: dedicated presentations of individual ART/EMT issuance projects, supervisory handbook and convergence workshops, market monitoring of ART/EMT projects and authorisations, publication in early July of EBA statement on the application of MiCAR to ART and EMTs and related consumer risks and of the Priorities for supervision of ART and EMT issuers.

42. The MiCAR Supervision Officer (Officer) then continued by briefly updating the Members on recent market developments and said that the total number of EMTs post-MiCAR application date was seven and that the EBA would continue monitoring the market in close cooperation with the CAs. Regarding the area on supervision, the Officer explained that ARTs and EMTs were subject to CAs supervision. However, the EBA has been mandated to take over relevant supervisory responsibilities when they were determined to be 'significant'. Therefore, the EBA, in parallel with the finalisation of the mandates, has been progressing preparatory activities in areas of direct supervision, in particular drafting relevant methodologies, procedures and templates, establishing related IT systems, market monitoring and reporting tools, exchanging supervisory experience with CAs and engaging with relevant third country authorities. In this regard, she also mentioned that by end-2024, the EBA would transition the CSGC to a new Crypto-Asset Standing Committee as required by MiCAR. The Officer also referred to the 'other' tasks under MiCAR and said that MiCAR established two situations in which CAs may request non-binding opinions on the classification of crypto-assets from the EBA (and, as relevant, the other ESAs): request under Article 20(5) for opinion on the evaluation of legal opinion on purported ART (EBA, ESMA) and request under Article 97(3) for opinion on classification of a crypto-asset, including those excluded from MiCAR (all ESAs). These new functions would begin at the start of 2025 and the EBA's focus was on facilitating convergence in crypto-asset classification and on mitigating risks of forum-shopping. MiCAR also provides the EBA with the powers to temporarily prohibit or restrict certain activities or services related to ARTs or EMTs (including those not within the scope of its direct supervision) to address a significant investor protection concern, a threat to market integrity or to the stability of the financial system. The Officer concluded by saying that the EBA has identified several areas for continued attention, in particular addressing published supervisory priorities in authorisations/supervision of issuers, strengthening cooperation and coordination, including at a cross-border level and with third countries, understanding the interconnectedness and risk transmission channels in the crypto-asset sector, continuous monitoring of wider crypto-asset sector and regular risk assessment as well as enhancing the data availability and monitoring techniques.
43. The BSG Chairperson asked whether the role the CSGC played as an information sharing platform between the CAs and EBA would be altered with the new Standing Committee. He further stated that securities tokens and their classification against ARTs was likely to be an issue going forward and asked whether the findings on this would be shared with the other ESAs.

44. One Member asked about the monitoring of EMTs since MiCAR's entry into application in June 2024 and whether the seven so far identified as EMT compliant was this figure in line with the EBA's expectations. Another Member mentioned the benefits of reaching a consensus on different policies and interpretations and called for this to continue. He spoke further about authorisation and how availability to prepare varied among Member States with deadline approaching for end of 2025. He cautioned that there was a risk that CASPs could have to stop doing business as a result. The Member also asked for an update on the review of MiCAR report due in Q1/2 2025 noting that the report was set to discuss areas such as NFTs and DeFi that were left out of MiCAR. Finally, the Member pointed out the confluence of PSD2 and MiCAR and asked how the entities would be supervised given that the payments legislative framework applied to existing exchanges.
45. In her response, the Head of DF stated that the EBA was required to issue opinions on the classification of crypto assets which started with the assessment whether the asset was firstly not excluded from the scope of MiCAR. She continued, stating that in practice if the token did not fall under MiFiD's scope, then it was assessed against the definition of EMT or ART. The EBA has held dialogues with the CAs regarding the classification of crypto assets to gain understanding and inform the future work in that area that would commence in 2025. The Head of DF also said that the market was expected to grow at a relatively slow pace and there could be up to 30 potential products, which could filter into the market over the coming years. On the issuers, she clarified that they were usually already licensed as they were banks or e-money institutions, and a Supervisory Handbook was put at disposal of CAs for align practices. As regards CASPs, she explained that ESMA had a mandate to ensure convergence in this area. She concluded by saying that the EC was to issue a review of the MiCAR report and that the EBA together with ESMA would produce a report on DeFi, crypto borrowing and lending by end of the year to inform EC report.

#### **Agenda item 8: EBA mandate on output floor vs P2R and recap of the EBA report on stacking order and capital buffers**

46. The EBA Policy Expert introduced the item by referring to the EBA report on stacking order published in July 2024 that provided a comprehensive descriptive overview of the EU framework. He also said that the aim of the discussion was to reflect on the EBA mandate under article 104a7 of CRD6, in particular how to operationalise output floor and its interaction with Pillar 2 requirements.
47. The EBA Senior Policy Expert continued by stressing that EBA report on Stacking order and capital buffers provided a highly detailed and well-illustrated overview of the EU framework of capital, leverage and MREL/TLAC, with all its MDA triggers and interactions. In addition, it provided a high-level comparison to the UK and US frameworks. The Report also summarized results from a survey the EBA held with 53 banks on how they determine the management buffers they hold. This explained how much banks aim to have levels of capital and eligible liabilities above the various regulatory thresholds in the capital and

MREL/TLAC stacks (such as for example P2G). In addition, it provided insight on why banks aim to have these levels.

48. The Expert then focused on the new EBA mandate on the interaction between output floor and Pillar 2 requirements (P2R) as per article 104a(7) of CRD6 and the high level reflections on the interaction between the P2R and the output floor. With regards to the temporary cap as per Article 104a(6(a) CRD6, he presented an example to reflect how without the cap an application of floored RWAs would lead to undue P2R increases while the review on double-counting was taking place. In relation to this issue, the Expert referred to the industry roundtable held on 10 September 2024 to which also the BSG participated.
49. The EBA Senior Policy Expert outlined that to facilitate the review process, it would be beneficial if institutions could anticipate whether they become bound by the output floor and how they can inform the CAs at an early stage. This could help the CAs perform the review on double counting. He continued stating the importance of monitoring the effects of the implementation of the output floor, particularly in relation to the ICAAP and SREP processes. He further highlighted the importance of disclosing the effects of the cap on P2R on a bank. The Senior Policy Expert concluded by emphasizing the short timeline.
50. One BSG Member asked relating to the sequencing of the deliverables, and whether it would be preferable to see the SREP Work Programme before then establishing the process in relation to P2R. Another BSG Member welcomed the own initiative report. He mentioned that given different ratios and buffers were applicable, there was a need to reflect on these differences, suggesting the macroprudential review next year by the EC could be an opportune moment. The Member asked whether the absolute amount of P2R would not increase as a result in 2025 all other things being equal. Other BSG Member stated that it was important to have supervisors onboard regarding model deficiencies, and missing clarity on Pillar 2. One Member stated that the amount of P2R should not increase given that the risk intensity has not materially changed. She asked for an overview of the timeline and process of the EBA opinion. Another Member asked for clarity on the overall system as to who would be responsible for trying to harmonise supervisory practices. She referenced the changes in the UK framework where the PRA would rebase P2R in a broad sense and found it important to recognise that the amount would go up if the ratio stayed the same and called for emphasis on the system of capital. Finally, one Member recognized the narrow mandate the EBA has been given but stated that it was important to reflect how P2R assessments impact the other risk drivers when there was so much more capital flowing to Pillar 1.
51. The Senior Policy Expert, in response, stated that the mandate on the interaction between output floor and P2R was due for delivery in April 2025 while CRR3 was already applicable starting in January 2025. As such it was first necessary to produce a deliverable by the end of year under a format to be determined. Furthermore, it was important to consider that there was a more comprehensive review of the SREP Guidelines, which would take longer as it was related to the new banking package in full. He explained the effect of the temporary

cap on P2R, which would apply from the moment that a bank was bound by the output floor, until the finalization of the review on double counting by the CA. Under this application of the temporary cap, becoming bound by the output floor would not lead to an increase in the absolute amount of P2R, to the extent it would derive from an RWA increase due to the output floor. The Senior Policy Expert noted that, generally, developments, such as the one mentioned regarding the UK PRA publication of 12 September 2024, were duly paid attention to the EBA and invited the Members to share studies on the broad topic.

52. The Director of the Prudential Regulation and Supervisory Policy Department stated that it was currently a great opportunity to get views as supervisory body before end of 2024 and make improvements accordingly and not to do so in isolation or in reaction. She reiterated the EBA's commitment to transparency and simplification in its work.

### **Agenda item 9: Consultation Paper on the ITS on the reporting of fees and charges under the Instant Payments Regulation**

53. The BSG Chairperson introduced the item by informing the Members that the EBA published the consultation paper on the ITS on the reporting of fees and charges under Instant Payments Regulation at the end of July with a deadline for responses at the end of October.
54. The EBA Senior Policy Expert (Expert) continued by reminding the Members of the legal background for the work and said that on 19 March 2024, the final text of the Instant Payment Regulation (IPR) amending SEPA Regulation was published in the Official Journal of the European Union. He explained that the IPR mandated payment service providers (PSPs) to make instant credit transfers available to payment service users (PSUs) across the EU at charges not higher than those for non-instant credit transfers, and that PSPs were required to perform daily checks of all their PSUs against lists of sanctioned individuals to ensure compliance with restrictive measures. He noted that these amendments to SEPA brought several benefits, including to consumers, and also highlighted the importance of the PSPs recording the necessary data already now. He invited the Members to respond to the consultation paper within the response period. The Expert then clarified that together with the consultation paper, the EBA published a draft 'preparatory statement' addressed to the PSPs which reminded the PSPs that, for them to be able to comply with the requirement to report data from the future application date of the ITS, they would already now need to record and store the necessary data. In addition, the EBA has been working on a decision covering reporting from the CAs to the EC and the EBA which would be finalized after the consultation period. He further focused on the draft ITS and the timeline for the submission of data from PSPs to the CAs, and from the CAs to the EBA and the EC, and the datapoints required in the draft ITS. The Expert concluded by saying that at the public hearing held on 09 October 2024, the industry representatives did not raise major concerns about the number of datapoints to be reported but were concerned about the short deadlines.

55. In the following discussion, one Member commented on how the reporting burden was substantive. She also argued that banks may not have the breakdown of charges by payment initiation channel, and therefore would need to artificially divide their data to meet the reporting requirements. She called for allowing banks to report at a group level when branches operate for local credit institutions of cooperative banks. She further called for the alignment of the definitions with those of the ECB statistical reporting. Another Member was of the view that the breakdown by payment initiation channel was necessary because banks often applied different fees depending on the channel used. Other Member asked if SEPA Regulation envisaged any powers to sanction banks that have increased the prices of normal transfers instead of lowering the prices of instant transfers. He cited certain bad practices of banks in his Member State and confirmed that the central bank had the tools to make such comparisons. He then asked what measures have been introduced to entrench consumer protection. Another BSG Member stated that under SEPA, the current framework provided that PSPs check the IBAN before the transaction can be made. He asked whether this change could increase the costs for banks and translate into increased fees for transactions. One Member questioned whether rejected transactions related to all rejections or only those carried out in the course of applying sanctions. Finally, one Member asked how EBA was planning to analyse data after it has been collected, especially concerning different channels and parties, as they would refer to different periods.
56. The BSG Vice-Chairperson asked for clarification whether the CAs or the EBA would be the respective competent reporting authority.
57. In this response, the Expert confirmed that the data would be reported to the CAs, who then submit the data to the EBA and the EC. It was then the EC that would produce the final report. He added that the legislative text did not specify the EBA's role with data. He stressed that SEPA Regulation stated that the report to be produced by the EC may be accompanied by a legislative proposal. Thus, if the EC found evidence of adverse impacts on consumers, it may choose to address the issue by proposing to amend SEPA Regulation. The Expert clarified that the EBA aimed at aligning the definition in the ITS with those in the ECB payment statistics regulation, so these should be familiar to the industry. He confirmed that the impact of IBAN checking on charges lies outside the ITS's scope. The report to be produced by the EC should highlight average charges for different types of transfers and any price increases seen in the data would become clear. He stated that finding out the causes of such increases was more difficult, but trends should be clear. The Expert added that the reported data should show if businesses have changed their fees over the time period in question, as well as show the impact on the volumes of different types of transfers. The granularity of the data should give a general sense of trends over time. The intention was to strike the right balance between not overburdening the industry and getting relevant and useful information on instant credit transfers in the market. With regard to the rejections, he confirmed that the requirement applied only in relation to the rejections due to the application of targeted financial restrictive measures.

**Agenda item 10: AOB**

58. The EBA Chairperson announced the upcoming BSG conference call on 04 December 2024 and noted that the calendar of the 2025 BSG meetings have been circulated earlier in October.

## Annex 1: Attendance list

Participants of the Banking Stakeholder Group meeting on 15 October 2024

### Attending

| First Name     | Surname            | Institution   | Country        |
|----------------|--------------------|---|----------------|
| Alin Eugen     | Iacob              | AURSF   | Romania        |
| Anna-Delia     | Papenberg          | Nordic Financial Union  | Germany        |
| Caroline       | Liesegang          | AFME  | Germany        |
| Christian      | Stiefmueller       | Finance Watch   | Germany        |
| Dermott        | Jewell             | Consumers' association of Ireland (CAI)                       | Ireland        |
| Dominique      | Carriou            | European Savings Banks Group                                  | France         |
| Edgar          | Loew               | Frankfurt School of Finance and Management                    | Germany        |
| Erik Isak      | Bengtzboe          | Eurofinas - European Federation of Finance House Associations | Sweden         |
| Gema           | Diaz-Ufano Navarro | Santander   | Spain          |
| Gonzalo        | Gasos              | European Banking Federation                                   | Spain          |
| Guillermo      | De la Fuente       | European Association of Corporate Treasurers                  | Spain          |
| Henrik         | Ramlau-Hausen      | Copenhaguen Business School                                   | Denmark        |
| Jekaterina     | Govina             | Amylyze   | Lithuania      |
| Joshua         | Kaplan             | Satispay  | France         |
| Julia          | Strau              | Raffeisen   | Austria        |
| Kęstutis       | Kupšys             | Lithuanian Consumers Alliance                                 | Lithuania      |
| Laura          | Grassi             | University of Milano  | Italy          |
| Laura          | Nieri              | University of Genova  | Italy          |
| Lyubomir       | Karimansky         | International Banking Institute                               | Bulgaria       |
| Maria          | Angiulli           | Italian Banking Association                                   | Italy          |
| Marieke        | Van Berkel         | European Association of Cooperative Banks                     | Netherlands    |
| Paolo Giuseppe | Grinaschi          | Italian trade union for financial sector                      | Italy          |
| Patricia       | Bogard             | Crédit Agricole   | France         |
| Patricia       | Suarez Ramirez     | ASUFIN  | Spain          |
| Riina          | Salpakari          | Nordea  | Finland        |
| Sandra         | Burggraf           | FIA – European Principal Traders Association                  | France         |
| Sangeeta       | Goswami            | Human Security Collective                                     | United Kingdom |

|       |           |                              |                |
|-------|-----------|------------------------------|----------------|
| Thaer | Sabri     | Electronic Money Association | United Kingdom |
| Vinay | Pranjivan | DECO                         | Portugal       |

**EBA**

|                    |   |
|--------------------|---|
| Chairperson        | Jose Manuel Campa   |
| Executive Director | Francois-Louis Michaud  |
| Director           | Isabelle Vaillant   |
| Heads of Unit      | Philippe Allard<br>Angel Monzon<br>Ruta Merkevičiute  |
| Experts            | Tea Eger<br>Sam Myer<br>Andreas Pfeil<br>Desislava Petrova<br>Slawek Kozdras<br>Gerbert van der Kamp<br>Laura Comino Suarez<br>Sebastian Deka |

For the Banking Stakeholder Group

Done at Paris on 02 December 2024

[signed]

Christian Stiefmueller

BSG Chairperson