
EBA RESPONSE TO THE TARGETED CONSULTATION ON THE COMPETITIVENESS OF THE EU BANKING SECTOR

17 April 2026

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Question by question: EBA response

Overview of EBA replies

The EBA answered to 43 out of 95 questions:

- 15 replies in section 1,
- 2 replies in section 2,
- 26 replies in section 3.

Section 1 - Banking competitiveness in the EU and globally

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

Since its inception, the EBA has been contributing to the stability and effectiveness of the European financial system. The institutional and regulatory framework built-up have increased the resilience and robustness of the EU banking sector to withstand shocks and recent crises, such as the COVID pandemic or geopolitical tensions, with no evidence of negative effects on banks' capital costs and lending.

Banks' balance sheets are essential to support economic growth in the EU. Total EU/EEA banks assets are on an upward trend EUR 29 tn were reported as of June 2025, indicating a 3.7% increase compared to June 2024. This represents a rise of over EUR 1 tn, primarily due to an increase of approximately EUR 635 bn (3.6%) in loans and advances, and EUR 484 bn (12.8%) in debt securities. As of June 2025, EU/EEA banks had their largest holdings in loans and advances (EUR 18.2 tn), and debt securities (EUR 4.3 tn).

EU/EEA banks' cash balances continued their decreasing trend, and they fell just below EUR 3 tn – a level comparable to the beginning of the Covid pandemic. Despite these adjustments, the composition of EU/EEA banks' assets remained largely unchanged, with small changes in the share of debt securities (14.7% versus 13.5% in Q2 2024) and a continued decrease in the proportion of cash balances (10.2% versus 11.8% in Q2 2024). Indications from preliminary Q3 results analysis are that total assets as well as client loans have remained broadly stable compared to Q2 data. (1)

In spite of heightened macroeconomic and geopolitical uncertainty, EU/EEA banks continued expanding their household loan portfolio, with a particular focus on mortgage lending, as confirmed by the EBA's Autumn 2025 RAQ (2): more than 60% of banks expect an increase in demand for mortgages and only 5% expect demand to decrease, while around 35% of banks suggest demand will increase for consumer credit. The factors driving this demand for household loans include for instance interest rate levels and real estate dynamics.

Over 12 months, lending to households increased by 2.9% YoY (+EUR 200bn). The total loans to households were close to EUR 7.2 tn, primarily driven by a surge in mortgage loans (+2.8% YoY), reaching EUR 4.6 tn. Consumer credit increased much more sharply (+5.8% YoY), albeit at a lower pace during the first half of 2025 was much slower (+1.1% YtD) due to rising uncertainty. Dutch and Italian banks drove this increase, primarily through mortgage lending (+4% YoY), while banks from Germany, France and Spain reported slow or even negative growth.

The effect of macroeconomic uncertainty seems to have more impact on corporate lending than household lending. The EBA's RAQ results show that demand for corporate loans has been mainly supported by sector-specific investments and interest rate levels, while real estate dynamics were also a positive contributor. However, input cost pressures and tightening of credit standards mitigated the demand for corporate loans.

In Q2 2025, EU/EEA banks reported EUR 6.4 tn corporate loans, around 1.8% higher than a year earlier. This represented an increase of more than EUR 115 bn. Loans to SMEs increased by 1.2% (EUR 30 bn) and towards for loans collateralised by CREs by 1.7% (EUR 24 bn), indicating that the growth in corporate loans was a result of a considerable increase in non-SME lending or large corporates (+2.3%). Q3 2025 data show a marginal growth in outstanding loans towards SMEs and CREs, while lending to large corporates remained stable. German and Dutch banks were the main drivers of the increase in non-SME lending, with the former also contributing notably to the growth in SME loans. While corporate lending growth has been subdued compared to household lending, loans to defence spending and investment in infrastructure rose (see also Question 2).

References:

- (1) EBA Risk Assessment Report, December 2025, [Risk Assessment Report Autumn 2025.pdf](#)
- (2) EBA Risk Assessment Questionnaire, Autumn 2025, [RAQ Booklet graphs Autumn 2025.pdf](#)

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

The EBA finds that credit demand has been met by the banking industry overall, as evidenced by its regular risk assessment reports and questionnaires. However, lending trends are uneven across segments and across countries.

Banks continue to be a key funding source for households and corporates. The EBA December 2025 Risk Assessment Report (1) shows that household lending, especially mortgages, has been the primary driver of loan growth. Demand for mortgages and consumer credit remained strong, underpinned by their lower interest rates and consumer confidence. During the last year, lending to households increased by 2.9% YoY, or around EUR 200bn. The total loans to households were close to EUR 7.2 tn, primarily driven by a surge in mortgage loans (+2.8% YoY), reaching EUR 4.6 tn.

At the same time, for corporate credit lending growth is markedly slower. In Q2 2025, EU/EEA banks reported EUR 6.4 tn corporate loans, around 1.8% higher than a year earlier. This represented an increase of more than EUR 115 bn. Loans to SMEs increased by 1.2% (EUR 30 bn) and towards loans collateralised by CREs by 1.7% (EUR 24 bn). The increase in non-SME lending or large corporates stood at +2.3%. Data as of Q3 shows a marginal growth in outstanding loans towards SMEs and CREs, while lending to large corporates remained stable. German and Dutch banks were the main drivers of the increase in non-SME lending, with the former also contributing notably to the growth in SME loans.

While corporate lending growth has been relatively subdued compared to households, there are sectors that have benefited more due to policy direction influenced by geopolitics and need for support for increase in defence spending and investment in infrastructure.

For example, the biggest increase in relative and absolute values across all sectors was for exposures towards energy and related utilities sector. Banks increased their lending by more than 10%, or EUR 33 bn on a YoY basis. These activities include mainly power plants (fossil fuels, nuclear, hydro, solar, wind, etc.) but also grid operation and electricity supply to end-users. The activity with the second fastest growth rate was information and technology (5%, or EUR 11 bn YoY), reflecting the drive towards digitalisation of European economies.

According to responses from the EBA's risk assessment questionnaire (2), these trends are anticipated to further intensify in the future. More than half of the banks expect loan demand for security and defence as well energy and utilities to increase in the next 12 months, while around 40% of the banks expect increasing demand from the technology and telecommunication sector. At the same time EU/EEA banks are increasingly prioritising project financing, with a heightened focus on infrastructure development lending.

References:

- (3) EBA Risk Assessment Report, December 2025, [Risk Assessment Report Autumn 2025.pdf](#)
- (4) EBA Risk Assessment Questionnaire, Autumn 2025, [RAQ Booklet graphs Autumn 2025.pdf](#)
- (5) EBA Pillar 3 Data Hub, [Home](#)

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

Market fragmentation in the EU banking sector creates significant barriers for both consumers and businesses seeking to access products and services across borders.

Looking at consumer products, the absence of cross-border legal recourse to foreclose and repossess the mortgaged property discourages the supply of mortgages across the EU. Indeed, when a creditor authorised in Member State A receives a mortgage application from an applicant that resides in Member State B, creditor A is unlikely to grant it because in the case of resident B defaulting on loan repayments, creditor A would find it challenging to have legal recourse to foreclose and repossess the property in Member State B.

Market fragmentation also exists in retail payments: the only payment solutions that are operational across the entirety of the EU/EEA are credit card schemes that are US-based. There is no EU-based alternative available, and recent attempts like the European Payments Initiative (EPI) or the digital euro are many years away from reaching a significant, let alone comparable, scale.

Very small Enterprises may face similar barriers within the EU because foreign banks lack access to standardised and reliable financial information.

Reference:

- (1) Opinion on the EBA's response to the EC call for advice on the review of MCD, EBA/Op/2022/07, June 2022

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

The EU banking landscape includes large cross-border universal banks, domestic retail and mortgage lenders, cooperative and savings banks with strong regional SME links, as well as digital and specialised institutions. The presence of various business models enables EU banks to provide support to different segments of the economy based on their income structures, funding profiles, and geographic footprints. This fosters both competition and resilience.

From universal banks to specialist lenders, from 'bricks and mortar' to 'digital only (neo) banks, model diversity helps serve the needs of different types of customers across different geographies, thus providing the real economy with the funding it needs. Diversity and diversification also mitigate concentration and interconnectedness risks, contributing to banking sector resilience and financial stability including in a climate of rising geopolitical risk.

Overall, the diversity observed in the EU banking sector contributes to the broader resilience of the financial system, underpinning financing of the real economy. The EBA's regular risk monitoring confirms that this diversity has contributed to stable funding structures (deposit-based models),

sound capitalisation and broadly resilient profitability across bank types. The 2025 EU-wide stress test covered 64 banks from 17 EU and EEA countries, representing 75% of EU banking sector assets. Despite bearing combined losses of €547 billion under the adverse scenario, which assumed a GDP contraction of 6.3% in the EU, a 5.8 percentage point rise in unemployment, sharp asset price corrections and severe trade fragmentation, the aggregate CET1 ratio remained above 12%, and all participating banks stayed above their minimum CET1 total SREP capital requirements. The results confirmed that faced with these strongly severe adverse conditions, EU banks would remain able to maintain their credit provision activities (1). As underlined in the EBA Risk Assessment Report from June 2025 (2), the diversification of assets in EU banks has increased the resilience of the EU/EEA banking sector.

References:

- (1) EBA EU-wide banking stress test, 01 August 2025, [2025 EU-wide stress test - Results.pdf](#)
- (2) EBA Risk Assessment Report, June 2025, [Risk Assessment Report Spring 2025.pdf](#)

Question 8: What are in your view the main risks faced by EU banks today?

While the EU banking sector showcases strong resilience, the EBA identified a set of key risks in its recent analytical and supervisory data publications, such as its December 2025 Risk Assessment Report (RAR) (1) and 2025 EU-wide stress test (ST) (2).

Firstly, geopolitical and macro-financial risks: geopolitical fragmentation, trade disruptions and market volatility remain key downside risks. Abrupt repricing could affect funding conditions and asset valuations.

Secondly, asset quality and sectoral vulnerabilities: although NPL ratios remain low, Stage 2 exposures stay elevated in commercial real estate and parts of the SME portfolio, reflecting high sensitivity to refinancing risks and weaker growth prospects. A deterioration in macrofinancial conditions could translate into higher credit losses, particularly in interest rate-sensitive sectors. The December RAR 2025 notes that EU banks significantly increased their exposures to NBFIs in recent years, particularly in the Cayman Islands and the UK, while exposures to US remain the most significant.

Exposures to non-EU counterparties totaled EUR 4.6tn, representing a 4.8% increase compared to June 2023 levels (EUR 4.4tn). Following a strong rise, exposures towards non-EEA remained stable during the last year.

The rise was primarily attributed to US (+14%) and the Cayman Islands (+64%) exposures. Exposures to the US amounted to EUR 1.3tn and towards the Cayman Islands to EUR 210 bn. During the last year, exposures towards UK counterparties also increased notably (+3.2%) to EUR 940 bn, while exposures towards Japan decreased by more than 20% to EUR 171 bn.

Interlinkages with NBFIs increase the risks for EU banks given the opacity and idiosyncratic risks hidden in this sector. These trends underscore the importance of their ongoing monitoring and

prudent risk management. Developments related to some bankruptcies in the US automotive parts sector and volatility related to US regional banks in mid-October placed focus on the NBFIs. They also affected financial markets in the US and Europe. Though of a short-term nature, it showed how quickly financial markets may weaken and spread globally.

Thirdly, profitability sustainability: According to EBA supervisory data (4), EU banks' profitability remains robust, largely supported by net interest income (NII). However, margin compression risks are increasing as funding costs rise and interest rates decline, potentially weighing on internal capital generation over the medium term. EU banks' RoE remains high (10.7%) although it has declined by around 20 bps over the past year. The continuous negative impact of NII contributed to 185 bps to the RoE decline. Other revenue items (NFCI and NTI) contributed to this decline – despite their increase in absolute values – while other operating income had a positive contribution. However, the lower contribution of NFCI and NTI was mostly compensated by the positive impact of the expense items. There are notable RoE disparities between countries, with many Eastern countries exceeding 15% RoE, whereas several Western countries fall below 10%. Going forward, most banks do not expect an increase in their RoE (67% of banks answered negatively in the RAQ). First indications from Q3 supervisory reporting data are that EU banks' RoE remained stable.

Fourthly, transition risk: This category refers to factors stemming from large transforms impacting our economies and societies. This category includes ICT and operational resilience risks: Through its work supporting the implementation of the Digital Operational Resilience Act (DORA) and its Guidelines on ICT and security risk management (6), the EBA identifies cyber threats and third-party concentration risks (e.g. cloud services) as rising vulnerabilities. Transition risk also includes ESG and climate-related risks: In its Guidelines on the management of ESG risks (7) and related environmental risk monitoring, the EBA underlines that banks face both physical and transition risks, alongside persistent data gaps and modelling uncertainty. Transition risk also covers risks associated with demographic trends and how it can impact economic growth.

References:

- (1) EBA Risk Assessment Report, December 2025, [Risk Assessment Report Autumn 2025.pdf](#)
- (2) EBA EU-wide banking stress test, August 2025, [2025 EU-wide stress test - Results.pdf](#)
- (3) EBA Risk Assessment Report, June 2025, [Risk Assessment Report Spring 2025.pdf](#)
- (4) EBA Pillar 3 Data Hub, [Home](#)
- (5) EBA Risk Assessment Questionnaire, Autumn 2025, [RAQ Booklet graphs Autumn 2025.pdf](#)
- (6) EBA Guidelines on ICT and security risk management (EBA/GL/2019/04), 29 November 2019, supplemented by amending [Guidelines EBA/GL/2019/04 on ICT and security risk management](#) (EBA/GL /2025/02)
- (7) EBA Guidelines on the management of environmental, social and governance (ESG) risks (EBA/GL/2019/04), 08 January 2025, [Final Guidelines on the management of ESG risks.pdf](#)

Question 9: What are in your view the main risks stemming from EU banks today?

From a systemic perspective, the main risks stemming from EU banks relate less to solvency concerns and more to potential pro-cyclical behaviour, concentration exposures and interconnectedness - see EBA December 2025 Risk Assessment Report (1) and its 2025 EU-wide Stress Test (2).

Firstly, pro-cyclical tightening of credit conditions: asset quality risks are concentrated in specific portfolios (notably CRE and parts of the SME segment). If macroeconomic conditions deteriorate, banks may tighten credit standards further, amplifying investment slowdowns, particularly in interest rate-sensitive sectors. While capital buffers remain strong under the 2025 stress test, credit supply effects remain a key transmission channel to the real economy.

Secondly, concentration in vulnerable sectors: Elevated Stage 2 exposures in commercial real estate suggest that stress in this sector could spill over through refinancing risks, valuation adjustments and reduced lending capacity. In 2024, the proportion of Stage 2 loans for consumer credit reported by EU/EEA banks rose by over 2 p.p., reaching 11.8%, which equates to an increase of EUR 25 bn (+29%). During the same period, EU/EEA banks also indicated a higher allocation of Stage 2 loans collateralised by RREs (EUR +27 bn, +8%). The share of Stage 2 mortgages increased from 7.7% in December 2023 to 8.2% in end of 2024. Stage 2 loans to NFCs remained stable last year; however, loans collateralised by CRE exhibited the highest Stage 2 allocation (17.7%), followed by loans directed towards SMEs (14.8%), both figures being close to those reported one year earlier.

Thirdly, interlinkages with NBFIs: increasing exposures and risk transfer links between banks and private credit funds or other NBFIs. Stress in leveraged or liquidity-mismatched segments of the non-bank sector could transmit back to banks via credit lines, guarantees or securitisation structures. See EBA reply to question 8.

Fourthly, operational and cyber spillovers: Through its work on ICT and security risk management (EBA/GL/2019/04) (4) and DORA implementation, the EBA highlights systemic risks from cyber incidents or critical third-party service provider concentration. Disruptions could have economy-wide effects, given banks' central role in payments and financial intermediation. As a related risk, 38% of respondents in the EBA Risk Assessment Questionnaire also point to ICT failures as a main driver of operational risk. Reflecting ICT risk, supervisory reporting points to strongly increasing losses at banks in new IT risk events in 2024. Losses increased to approximately EUR 6.5 bn in 2024, compared to approximately EUR 2.8 bn in 2023. Reported losses in new IT risk events are at their highest level since 2020 (approximately EUR 6.7 bn), when risks were heightened in the pandemic. During the first four months of DORA ICT-incidents reporting to the ESAs in 2025, the EBA received reports on more than 1 200 incidents, affecting mostly IT systems, payment services and online banking.

Finally, cross-border fragmentation risks: Although EU banks are well capitalised, the EBA has repeatedly noted that structural market fragmentation may limit efficient cross-border liquidity and capital allocation. In stress, this could amplify national financial stability pressures. (4)

References:

- (1) EBA Risk Assessment Report, December 2025, [Risk Assessment Report Autumn 2025.pdf](#)
- (2) EBA EU-wide banking stress test, 01 August 2025, [2025 EU-wide stress test - Results.pdf](#)
- (3) EBA Guidelines on ICT and security risk management (EBA/GL/2019/04), 29 November

2019, supplemented by amending [Guidelines EBA/GL/2019/04 on ICT and security risk management](#) (EBA/GL /2025/02), 11 February 2025

- (4) EBA Risk Assessment Report, December 2024, [EBA Risk Assessment Report - Autumn 2024.pdf](#)

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

The EBA and ESMA's Technical advice on the IFR/IFD prudential framework published in October 2025 (1) indicates that the existing regime is broadly fit for purpose but would benefit from targeted revisions to improve proportionality, clarity, supervisory consistency, and competitive conditions.

The advice recommends proportional rules to reduce operational costs for smaller firms, or firms providing less complex activities, and to align regulatory burdens more closely with actual risks. It also calls for better alignment between prudential requirements and actual business models to reduce distortions, support market making activity, and increase firms' ability to scale within the EU. Finally, the advice argues for a more predictable framework encouraging cross border provision of investment services, reducing legal uncertainty, and promoting EU wide market integration.

Furthermore, by adapting prudential rules to new technologies (e.g. crypto assets) and business models, the EU ensures a regulatory environment conducive to innovation while maintaining safety and stability.

Reference:

- (1) EBA/ESMA Technical Advice in response to the Commission call for advice on the investment firms prudential framework, EBA/Rep/2025/29 ESMA35-24871704-2858, 15 October 2025, [Final report on the Call for Advice on the investment firms prudential framework.pdf](#)

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

Competition between banks and non-bank entities (investment firms, financial conglomerates, FinTechs and other market intermediaries) has generally enhanced efficiency and innovation in EU capital markets, but also introduced new fragmentation and interconnectedness risks.

As evidenced in the EBA's July 2024 Risk Assessment Report (1), the onset of FinTechs, incl. BigTech, and central bank digital currencies (CBDCs) is poised to significantly reshape the landscape of EU/EEA banking, with potentially profound implications for profitability (see below). FinTechs, leveraging advanced technologies, might, for instance, provide personalised financial services, faster transactions and often an improved customer experience. As customers increasingly gravitate towards these digital platforms, traditional banks may face a decline in their income. However, whereas banks might also try to replicate FinTechs, other banks acquire FinTechs to add respective experience to their business.

The EBA's Autumn 2025 Risk Assessment Questionnaire (2) shows that EU banks do not anticipate an increase in profitability over the next 6-12 months. Their answers are motivated by a wide range of reasons outlined in the December 2025 Risk Assessment Report (3). Importantly, the report underlines that additional challenges for profitability may also come from elevated competition from FinTech firms and CBDC. The latter may require ad hoc investment, which would at the same time presumably result in improvements in banks' information and communication technology (ICT) systems. It might also affect banks' NII and fee income, besides incurring related operational costs. Depending on the design choices, CBDCs might also offer new revenue streams (e.g. fee income).

References:

- (1) EBA Risk Assessment Report, July 2024, [Risk assessment report July 2024.pdf](#)
- (2) EBA Risk Assessment Questionnaire, Autumn 2025, [RAQ Booklet graphs Autumn 2025.pdf](#)
- (3) EBA Risk Assessment Report, December 2025, [Risk Assessment Report Autumn 2025.pdf](#)

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

The EBA has published in-depth analysis on the presence of non-EU financial institutions in the EU banking market, including its November 2025 Report on the market share of subsidiaries of third country banking groups in the EU (EBA/REP/2025/34) (1), and its Report on EU/EEA banks funding structure and their dependence on asset and liability exposures in foreign currency (EBA/REP/2025/33) (2).

In those reports, the EBA underlines that non-EU banking group subsidiaries play an important role in the EU banking market. As of December 2024, the market share of subsidiaries of third country banking groups in the EU was 9.8% of total EU banking sector assets, 8% of loans, 6% of debt securities and 29% of derivatives. Although their overall market share remains relatively modest, the market shares in certain areas, such as interest rate derivatives, fee income earned from commodity trading and from providing collective investment services, are in some cases indicative of the dominant role played by non-EU institutions in the EU banking market.

The subsidiaries of third country banking groups are mainly focused on lending and derivatives businesses. These two asset classes together represent 69% of the assets reported by subsidiaries

of third country banking groups (51% for loans and 18% for derivatives). For EU banking groups, loans and derivatives represent 72% of reported assets (65% for loans and 7% for derivatives).

By counterparty, the market share is highest in assets towards credit institutions and other financial corporations. Exposures towards these two sectors represent 66% of banking assets reported by subsidiaries of third country banking groups as of December 2024, which is well above the share reported by EU banks on those two counterparties (25% of banking assets reported by EU banks).

In the spirit of TFE recommendation 18 on periodic assessments on the adequacy of the regulatory framework, the EBA is performing comparative quantitative analyses of EU and US capital regimes.⁽³⁾

References:

- (1) EBA Report on the market share of subsidiaries of third country banking groups in the EU (EBA/REP/2025/34), November 2025, [Report on CfA on the market share of subsidiaries of third country banking groups in the EU.pdf](#)
- (2) EBA Report on EU/EEA banks funding structure and their dependence on asset and liability exposures in foreign currency (EBA/REP/2025/33), November 2025, [Report on EU banks funding structure and their dependence on fx funding.pdf](#)
- (3) EBA report on regulatory and supervisory efficiency, EBA/REP/2025/26, 1 October 2025, [TFE Report](#)

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

In the 2025 November EBA report on the analysis of the market share of subsidiaries of third country banking groups in the EU based on December 2024 data (1), the EBA found evidence of high market share of fee income earned in certain banking services, such as commodities (65.09%), fiduciary transactions (48.24%), central bank administrative services for collective investment (30%), corporate finance (29.37%), custody (23.70%) and foreign exchange (18.52%). The market share of fee income coming from services for collective investment and fiduciary transactions remained stable compared to a year earlier. However, the market share of fee income coming from services related to commodities, custody, foreign exchange corporate finance declined.

The EBA supervisory reporting also collects data on the breakdown of assets by the service provided. This data shows the market share in the assets involved in the different services provided to the EU single market. In this reporting template, banks report the assets involved in the services provided either if they belong to the bank or if they belong to clients but are assets under management (or in custody) in the reporting bank. For some services, the market share is concentrated in a few banks with ultimate parent in one or two countries.

The market share of subsidiaries of third country banking groups is high in central administrative services for collective investment (55.37%), fiduciary transactions (40.16%) and custody assets (21.86%). The market share in fiduciary transactions has increased by 11.3% since December 2023, the market share in central administrative services for collective investment has increased by 2.3%

and the market share in custody assets has increased by 1.3%. The other categories remained stable or experienced a decrease which is the case of the market share in payment services.

In the case of the market share in assets involved in collective investment services (55.37%), more than 85% comes from three banks whose ultimate parent is domiciled in the United States and that operate in Belgium and Germany.

Reference:

- (1) EBA Report on the market share of subsidiaries of third country banking groups in the EU (EBA/REP/2025/34), November 2025, [Report on CfA on the market share of subsidiaries of third country banking groups in the EU.pdf](#)

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

Digitalisation has fundamentally transformed the activities and business models of EU banks, pivoting the sector from exclusive reliance on branches to an approach that leverages online and mobile interfaces to facilitate access to financial services 24/7. The transformation is pervasive, although uneven across banks, with technologies like artificial intelligence (AI), cloud computing, Big Data analytics, and biometrics used by over 80% of EU banks. This is evidenced in the results from the EBA Risk Assessment Questionnaire (RAQ) from Spring 2025 (1) (2).

Regarding front and back-office processes, digitalisation is driving significant operational efficiencies by automating processes and tasks related to credit scoring, risk modelling and fraud detection. Furthermore, a majority of banks are rolling out AI, including Generative AI, to optimize internal processes including coding, marketing, and legal analysis. While banks adopt these advancements due to potential cost reductions and productivity gains, they also face operational risks, arising from risks related to the reliability and explainability of AI-driven decisions and of AI-facilitated cybersecurity threats.

In terms of innovative products and services, banks are using innovative technologies to better match financial products to customers' needs. In this context, some banks are also acquiring FinTech firms as a strategic means to accelerate their adoption of innovative technologies and to expand their product and service offering through the integration of specialised digital capabilities. Additionally, some are expanding into new types of services, such as crypto-assets services, in particular custody of crypto-assets, the issuance of e-money tokens (EMTs) and services involving the tokenisation of assets using DLT. While banks' expansion into new services offer transformative potential and can improve the accessibility and convenience of financial products and services, they also pose challenges related to consumer and investor protection (e.g. fraud and lack of financial literacy), and operational risks. Furthermore, digitalization may foster the decrease of physical presence of financial institutions throughout the territory of Members States, especially in less dense places. (3)

Regarding business models, the evolution of the banking value chain is increasingly influenced by APIs and platforms, as well as new distribution channels, such as white labelling, with a model now employed by approximately 35% of EU banks to offer services and distribute products under the

brands of third-party partners, such as e-commerce platforms. This is evidenced by the October 2025 EBA Report on white labelling of financial services and products in the EU (EBA/REP/2025/30) (3). This allows banks to reach new customer segments and leverage network effects through embedded finance and ecosystem platforms. In fact, the EBA Report notes that although white labelling is often used to distribute products and services in the same jurisdiction as the one in which the provider is established (i.e. the 'home' Member State), the results of the 2024 RAQ survey identify that white labelling is being used increasingly to provide services cross-border (i.e. into 'host' Member States). However, this shift creates a high reliance on third-party technology providers, many of which are non-EU companies, resulting in concentration risks and potential single points of failure.

Finally, banks face intense competitive pressure from non-bank players, including FinTechs, who are leveraging new and emerging technologies to unbundle traditional services like payments and loans. To ensure the sustainability of their business models and maintain market share, incumbent banks are making significant efforts to rapidly integrate these technologies and digital innovations. Keeping pace is essential for banks, as new entrants often possess vast data resources, agility, little or no legacy and necessary expertise that allow them to challenge banks' traditional ownership of the customer relationship.

References:

- (1) EBA Risk Assessment Questionnaire (RAQ), Autumn 2024, [RAQ Booklet graphs Autumn 2024.pdf](#)
- (2) EBA RAQ, Spring 2025, [RAQ Booklet graphs Spring 2025.pdf](#)
- (3) EBA Report on white labelling of financial services and products in the EU (EBA/REP/2025/30), October 2025, [Report on white labelling.pdf](#)

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

Trust in data use, data security, clear and transparent communications, capacity to contest and complain, and digital financial literacy are essential for enhancing client confidence. Regarding AI, confidence is built when consumers understand how their (input) data is used by AI tools and how AI models reach decisions (e.g. on identifying possible investment products that may be suitable) that affect their rights. EBA's January 2020 report on Big Data and Advanced Analytics (1) identified the "elements of trust" that must accompany use of emerging technologies in data and AI, such as explainability, fairness and avoidance of bias, data protection and quality, security and consumer protection. Those elements of trust have been integrated into the AI Act framework as requirements on all high-risk AI systems requirements and their providers and deployers.

Regarding tokenisation, the EBA is monitoring the diverse range of products and services that the banking sector is developing and experimenting with, including the consumer protection risks associated with them. While the EBA has identified very few cases of tokenised deposits to-date

(see EBA's December 2024 Report on tokenised deposits (2)), interest in tokenisation is increasing and approximately 10-15% of banks are expecting to engage in tokenisation projects within the next 2 years. For end-users, as for all financial products and services, it will be important to ensure understanding of the product features, risks and therefore suitability of relevant products.

In general, enhancing consumers' digital financial literacy helps them make informed choices, support the identification of fraud and scam attempts, and understand their rights regarding redress and complaint options. Moreover, clear communication regarding who the contracting party is, particularly in complex platform ecosystems or white labelling arrangements, is vital for client confidence. Consequently, the EBA, jointly with the other ESAs, published in October and December 2025 factsheets addressed to consumers (3-4). They warn them about online financial frauds and scams and about risks and limited protection for certain crypto-assets and providers. Furthermore, the EBA published in 2025 reports and factsheets on white labelling of financial services and products and on DeFi and crypto lending and staking, highlighting risks to consumers.

Finally, the entry into application of the Digital Operational Resilience Act (DORA) in January 2025 enhances the digital operational resilience of the EU financial sector by addressing cyber risks and the dependency of the financial sector on technology companies, thus contributing to continuous and uninterrupted provision of financial services to customers and safety of their data.

References:

- (1) EBA Report on Big Data and Advanced Analytics (EBA/REP/2020/01), January 2020, [Final Report on Big Data and Advanced Analytics.pdf](#)
- (2) EBA Report on tokenised deposits (EBA/REP/2024/24), December 2024, [Report on Tokenised deposits.pdf](#)
- (3) Joint ESAs factsheet on online financial frauds and scams in an Artificial Intelligence world, December 2025, [Factsheet on online financial frauds and scams in an artificial intelligence world](#)
- (4) Joint ESAs warning on crypto-assets, December 2025, [Warning on crypto-assets](#)

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

Digitalisation appears to be prominently "consolidated" among EU banks. For example, more than 80% of EU banks use Cloud Computing, Big data analytics and biometrics, more than 60% use digital or mobile wallets, and the vast majority (>90%) have rolled out AI technologies, with a majority of banks also already using GenAI. These figures stem from the EBA Risk Dashboards based on results from the Spring 2025 Risk Assessment Questionnaire (1). It is also based on analysis featured in the special section on AI in the November 2024 Risk Assessment Report (2) and the EBA's September 2025 Factsheet on the rising application of AI, including GenAI, in the EU banking and payments sector (3).

Regarding GenAI, according to EBA surveys to EU banks (see in references above), there appears to be a considerable interest in exploring its potential in multiple use cases (mainly for customer support via LLM-based chatbots, staff support agents and call centre uses, as well as to optimise

internal processes in coding and programming, legal and compliance analysis, transaction monitoring, anomaly detection, document summarization or incident triage) also in financial terms. Banks are planning to increase the investments in GenAI twice their current investments during the period 2025-2027. However, EU banks also appear to be approaching investments into AI and GenAI with a measured level of financial commitment, reflecting the early stages of the adoption of those technologies and the need to carefully assess the return on investment of specific use cases. Moreover, larger banks and specialized digital banks are at the forefront of investments into AI and GenAI, while smaller banks or those with a more local business model may be lagging behind.

References:

- (1) EBA RAQ, Spring 2025, [RAQ Booklet graphs Spring 2025.pdf](#)
- (2) EBA Risk Assessment Report, November 2024, [EBA Risk Assessment Report - Autumn 2024.pdf](#)
- (3) EBA factsheet on the rising application of AI in the EU banking and payments sector, September 2025, [GPAI - Digital Finance Factsheet Series](#)

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

The emergence of significant new players is already underway in the EU banking and payments sector, with FinTechs (e.g. payment institutions, e-money institutions, non-bank lenders) leveraging digital infrastructure to distribute financial services, including cross-border (e.g. via dedicated apps, websites, or platforms). This is evidenced in the EBA's 2018 Report on the Impact of FinTech on credit institutions' business models (1), the EBA's 2021 Report on the use of digital platforms (2) and the EBA's 2022 report on technical advice to the EC on non-bank lending (3).

However, new entrants' growth may take different shapes. On the one hand, FinTechs may broaden their portfolios to cover other types of financial services, potentially evolving to become neobanks that provide a broad spectrum of financial services (with the exception of deposit-taking) and potentially non-financial services. On the other hand, some FinTechs may merge into groups with multiple subsidiaries providing different financial services (e.g. a payment institution, a non-bank lender, a crypto-asset service provider). Alternatively, some FinTechs may partner with banks, for instance to distribute financial services to end-users via 'white labelling' (i.e. under the brand of the FinTech) or may partner with non-banks to embed financial services (e.g. payment services) in digital interfaces, such as digital marketplaces – see EBA's 2021 Report on digital platforms, and the EBA's 2025 Report on white labelling (4).

In addition, certain FinTechs may also operate as technology or ICT service providers to banks, supplying critical outsourced technological components, as remarked in the EBA Guidelines on outsourcing arrangements (5). Finally, some FinTechs may be acquired by banks and thus be consolidated in banking groups, as mentioned in the BIS Working Paper 1251 on consumer financial data and non-horizontal mergers (6).

To date, while BigTechs are providers of ICT and other technology services to the EU banking and payments sector, few BigTechs are carrying out directly financial services activities in the EU. Those that are providing financial services are typically focused on payment services. This is evidenced in the joint-ESA BigTech 2025 monitoring results as published in the form of a factsheet (7), confirming little change compared to 2023 results published in the February 2024 Report stocktaking BigTech's direct financial services provision in the EU (8).

The entry of FinTechs (and, to some extent, BigTechs) creates procompetitive digital disruption and digital transformation incentivising incumbents also to integrate innovative technologies to modernise front and back-office processes in order to preserve market share. See the EBA's 2018 Report on the impact of FinTech on banks' business models.

However, ineffective risk mitigation and level playing field issues can arise from the fact that FinTechs are typically subject to activities-based regulation and supervision regardless of the range of financial services undertaken. This can be contrasted with the position for banks who are subject to entities-based prudential and other requirements encompassing their full activities on a holistic basis. Moreover, non-bank mixed activity financial groups are not subject to any form of prudential consolidation (nor, in the majority of cases, subject to the financial conglomerates supervision framework).

References:

- (1) EBA Report on the Impact of FinTech on credit institutions' business models, July 2018, [EBA BS 2018 \(Report on the impact of Fintech on incumbent credit institutions' business models\).docx](#)
- (2) EBA Report on the use of digital platforms, September 2021, [EBA Digital platforms report - 210921.pdf](#)
- (3) EBA Report on technical advice to the EC on non-bank lending, April 2022, [Report on response to the non-bank lending request from the CfA on Digital Finance.pdf](#)
- (4) EBA Report on white labelling of financial services and products in the EU (EBA/REP/2025/30), October 2025, [Report on white labelling.pdf](#)
- (5) Linda Jeng, Jon Frost, Elisabeth Noble and Chris Brummer, Consumer financial data and non-horizontal mergers, BIS Working Papers, No. 1251, 19 March 2025, [Consumer financial data and non-horizontal mergers](#)
- (6) EBA revised Guidelines on outsourcing arrangement, EBA/GL/2019/02, 25 February 2019, <https://www.eba.europa.eu/sites/default/files/documents/10180/2551996/38c80601-f5d7-4855-8ba3-702423665479/EBA%20revised%20Guidelines%20on%20outsourcing%20arrangements.pdf>
- (7) Joint ESAs stocktaking of BigTechs' direct financial services activities in the EU, 2025, [BigTech final revisions](#)
- (8) Joint ESAs Report on 2023 stocktaking of BigTech direct financial services provision (JC 2024 02), February 2024, [Report on 2023 stocktaking of BigTech direct financial services provision.pdf](#)

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

The EU Digital Finance Strategy introduced a number of new legislative measures to supplement the traditional financial sector regulatory framework with a view to facilitating innovation while mitigating emerging or amplified risks (e.g. DORA, MiCA, and the AI Act).

Continued emphasis should be placed on (i) ensuring a robust and convergent implementation of these frameworks, through consistent supervisory processes, activities and methodologies, also considering that these are crosscutting regulatory regimes which may at times overlap; (ii) deepening cross-sectoral and cross-disciplinary supervisory coordination, considering new tasks and mandates may be dispersed among various authorities (e.g. financial sector supervisors, consumer protection authorities, data protection authorities, AI Act market surveillance authorities, and competition authorities); and (iii) continuously monitoring innovative developments in order to ensure proactive and timely knowledge-sharing between industry and supervisors on emerging opportunities, challenges and risks.

In this respect, attention is drawn to the EBA's ongoing innovation monitoring activities, in close coordination with the other ESAs and the EC, in three priority areas (i) AI/ML; (ii) crypto, tokenisation and digital euro; (iii) value chain evolution, including the role of BigTech. A key part of this work is to support supervisors in developing knowledge about cutting-edge innovations in order to enhance ongoing supervisory activities (e.g. our 2025 work on 'white labelling' (1) resulted in the inclusion of this topic in the Union Strategic Supervisory Priorities for 2026/7). This knowledge-building is complemented by the EU Supervisory Digital Finance Academy (SDFA) (2), to which the EBA contributes, as well as cross-sectoral activities in the setting of the joint-ESA European Forum for Innovation Facilitators (EFIF) (3), the latter acting as a coordination mechanism for innovation facilitators across the EU, supports structured supervisors and industry engagement and fosters a better understanding of emerging technologies and business models. In 2026 the EBA is Chairing the EFIF and, among other topics, is promoting a deeper understanding of embedded finance trends in the EU. (4)

References:

- (1) EBA Report on white labelling of financial services and products in the EU (EBA/REP/2025/30), October 2025, [Report on white labelling.pdf](#)
- (2) EU Supervisory Digital Finance Academy (SDFA), [Homepage - EU-SDFA](#)
- (3) Joint-ESA European Forum for Innovation Facilitators (EFIF), [Cross sectoral work | European Banking Authority](#)
- (4) EBA Digital Finance, [Digital finance | European Banking Authority](#)

Section 2 - The single market and the banking union

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

This question touches on an important recommendation set out in the October 2025 EBA Report on the efficiency of the regulatory and supervisory framework. Recommendation 11 calls to initiate a reflection on the existing balance of the home-host responsibilities and the use of waivers in the Single Market in the context of the Banking Union.

Indeed, the EBA finds that the current EU regulatory framework for capital and liquidity requirements has delivered important benefits in terms of financial stability, depositor protection and a consistent prudential baseline across Member States. Harmonised rules, consolidated supervision and enhanced supervisory coordination have strengthened the resilience of banking groups and supported effective risk oversight at group level.

At the same time, experience suggests that the existing framework has not fully translated into a level of market integration commensurate with the degree of regulatory harmonisation achieved. The continued application of both consolidated and individual requirements, together with differences in supervisory practices and the ongoing relevance of host country considerations, may limit the effective allocation and mobility of capital and liquidity within cross border banking groups. These constraints can reduce the potential efficiency gains of operating on a cross-border basis and may act as a disincentive to further integration of the EU banking sector.

From a prudential perspective, the current balance between home and host responsibilities reflects legitimate concerns related to financial stability, crisis preparedness and the protection of local stakeholders. However, this balance may also result in frictions or overlaps, including between prudential and resolution requirements, and in a cautious use of available waivers. Such outcomes may limit risk sharing within groups and reduce the scope for internal support mechanisms.

The possibility of managing capital and liquidity to a greater extent at group level raises several important concerns that warrant careful consideration. These include ensuring that sufficient resources are accessible at the level of individual entities in stress situations, preserving the effectiveness of supervision and monitoring across jurisdictions, and maintaining consistency with resolution planning and crisis management arrangements. These challenges may be further accentuated by increasing digitalisation and new cross-border business models, which can complicate the identification and oversight of risks at local level.

In this context, any further steps towards enhanced group level management of capital and liquidity should be approached with caution and be grounded in a thorough assessment of potential risks and safeguards. Particular attention should be paid to the interaction between prudential and resolution frameworks and to the appropriate balance of home and host responsibilities, with the objective of supporting financial stability while allowing for a measured and well supervised deepening of Single Market integration.

Question 35: Do you consider that the EU economy benefits from the presence of large, cross-border banks active across the single market?

The EBA considers that the EU economy benefits from the presence of large, cross-border banking groups operating across the Single Market.

While the EBA remains business model agnostic, it is important to underline that a diverse ecosystem of banking institutions comprising domestic, regional, and cross-border players constitutes a key source of both efficiency and resilience within the financial system. Different types of institutions bring complementary strengths: smaller and more specialised banks may be better positioned to serve local communities and niche markets, while larger cross-border groups can leverage economies of scale, broader diversification, and integrated service provision across jurisdictions.

In particular, cross-border banks contribute to a more efficient allocation of capital and liquidity within the Union. By operating across multiple Member States, these institutions can channel financial resources towards the most productive investment opportunities, thereby supporting economic convergence and enhancing the overall functioning of the Single Market. This capacity becomes especially relevant in periods of asymmetric shocks, where geographically diversified banking groups are better placed to absorb losses and maintain the provision of credit across regions.

From a financial stability perspective, cross-border activity can also enhance resilience. Diversified income streams and risk exposures across jurisdictions may reduce the vulnerability of banking groups to country-specific downturns. At the same time, the presence of well-supervised cross-border institutions contributes to a more integrated and shock-absorbing financial system at the European level.

The development of the Single Market and the Single Rulebook has been instrumental in enabling such cross-border activity. Harmonised prudential requirements, supervisory convergence, and common regulatory standards have reduced barriers to entry and operation across Member States, thereby facilitating the expansion of banking groups beyond their home jurisdictions. These frameworks aim precisely to ensure that cross-border banking can take place on a sound and consistent basis, without compromising financial stability or supervisory effectiveness.

That said, the benefits of cross-border banking are contingent on an appropriate regulatory and supervisory framework, including the resolution framework. Ensuring consistent application of EU rules, effective cooperation among competent authorities, and robust crisis management arrangements remain essential to fully realise these benefits. In this regard, continued progress towards Banking Union, including in areas such as crisis management and deposit insurance, would further support the safe and efficient integration of banking markets.

Reference:

- (1) 2024 EBA Annual Report, EBA/REP/2025/17, June 2025, [2024 Annual Report.pdf](#)

Section 3 - Complexity and effectiveness of the regulatory framework

Question 51: The single rulebook for banking is based on both directives and regulations. Unlike regulations, directives must be transposed into national law, which can lead to different

applicable legal framework applicable across Member States. In your view, which provisions currently set out in directives, such as the Capital Requirements Directive (CRD), the Bank Recovery and Resolution Directive (BRRD) or the Deposit Guarantee Scheme Directive (DGSD), would be more effectively established through directly applicable regulations, and for what reasons, if any?

Setting provisions through directly applicable regulations fosters convergence within the EU banking sector as national divergent implementation legislation or gold-plating attempts may not be possible. Where necessary, national implementation measures could still be provided for (e.g. for supervisory powers or governance).

However, the necessity of directly applicable rules in the Level 1 may also differ by area. On the one hand, for example the rules for the FRTB and the credit risk framework may more meaningfully been set out by the EBA or other agencies. On the other hand, there are numerous examples where centralisation and guidance have proven essential to further harmonisation, notably outside banking legislation through the IMMV (as foreseen in EMIR), where the EBA's role as central validator has significantly reduced the burden on competent authorities, and within the CRR, where the Structural FX RTS has improved supervisory practices and the level playing field across the EU while preserving proportionality within the framework.

In the long-term, the EBA is planning to advise the EC on promoting a framework that relies more on directly applicable rules (regulation and technical standards rather than directives and guidelines). In that context, it will be looking into the articulation of requirements across Level 1, 2 and 3 texts (TFE Recommendations 1, 2 and 16).(1)

Reference:

- (1) EBA report on regulatory and supervisory efficiency, EBA/REP/2025/26, 1 October 2025, [TFE Report](#)

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

More broadly, while the CRD provides the most detailed and robust set of supervisory and enforcement powers, similar minimum standards should be embedded across financial services legislation to ensure that conduct and payments supervisors are equipped with tools comparable to those available to prudential authorities

Question 56: How would you rate the degree of accountability of various authorities responsible for banks?

The EBA ensures accountability and transparency through regular engagement with EU institutions and stakeholders, including at least annual hearings of the Chairperson before the European Parliament's ECON Committee, the publication of its annual and multi-annual work programmes and annual report, and exchanges with the Parliament in the discharge process.

This framework is complemented by cooperation with the European Court of Auditors and the European Commission's Internal Audit Services, the timely publication and sharing of Board of Supervisors' minutes with the European Parliament, participation in Council meetings upon invitation, and ongoing exchanges and ad hoc cooperation with stakeholders in response to questions and requests.

As to supervisory and resolution authorities within its remit, the EBA – together with ESMA and EIOPA – developed joint principles on supervisory independence that also cover accountability and transparency. CAs will be assessed against these principles.

In preparing L2, L3 products, the EBA reaches out to stakeholders for consultation on its draft products. Any consultation in writing may be complemented by dedicated hearings and roundtables. In addition, the EBA stakeholder group (Banking Stakeholder Group BSG) is updated with a list of published consultation papers and respective deadlines regularly to provide input and feedback.

References:

- (1) EBA Work Programme (annual basis)
- (2) EBA Chairperson statement for the annual ECON hearing

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

The European banking sector operates in a complex environment marked by continuous regulatory updates and emerging technological developments. According to a descriptive report named “stacking orders and capital buffers – reflections on management buffer practices in the EU”, the EU's prudential and resolution framework is more complex than those of other jurisdictions, notably the UK and the US. In this context, EBA acknowledges the need for a structured approach to simplification to enhance supervisory convergence, reduce unnecessary administrative burdens, and promote efficiency.

Preserving the resilience and robustness of the banking sector in the EU remains key. Therefore, the EBA's report on the Efficiency of the Regulatory and Supervisory Framework builds on the following guiding principles: i) preserving the resilience of the EU financial system and its international credibility by remaining committed to implementing the Basel standards, ii) enhancing the ability of supervised entities to reap the benefits of the Single Market for all (single licence principle), iii) preserving and deepening the Single Market and the Banking Union and iv)

maintaining a level playing field in the EU, with appropriate proportionality adjustments and no fragmentation of the Rulebook.

Within the EBA Report on the Efficiency of the Regulatory and Supervisory Framework suggested setting up key building blocks for achieving simplification through a clear top-down prioritisation process, supported by concrete work plans (Recommendation 2). Identifying priority areas/building blocks for reducing complexity and ensuring consistent implementation across competent authorities (e.g. ensuring that new rules are introduced via regulations, as far as possible, and that, when directives are needed for legal reasons, they are implemented as consistently as possible) should help deliver simplification that enhances efficiency without compromising prudential objectives. The suggested building blocks were: credit risk, governance and remuneration, ESG, supervisory processes and resolution.

Until now, the EBA has delivered its review of the credit risk framework by publishing a discussion paper setting out concrete proposals to enhance the efficiency and simplicity of the credit risk framework within the remit of EBA's credit risk mandates. In addition to exploring potential policy simplifications, the paper also looks at improving the presentation of the framework by consolidating EBA products and aligning key regulatory definitions, thereby making the EBA's credit risk outputs more coherent and easier to navigate. It further highlights a number of challenges linked to specific mandates in the credit risk area and sets out measures to be applied in future mandated reports assessing the appropriateness of several elements laid down in the Capital Requirements Regulation (CRR).

Other areas of interest for potential efficiency gains and simplifications that are currently explored by the EBA are reporting (Recommendations 4 to 8), the interplay of the different capital/buffer/MDA requirements (Recommendation 9), the use of waivers in the Single Market and the respective balance of home-host-responsibilities (Recommendation 11), the application and definition of the SNCI definition (Recommendation 10), strengthened supervisory convergence instruments (Recommendations 17 and 19) and holistic supervisory platforms (Recommendation 14).

All these potential efficiency gains are explored in accordance with the guiding principles.

In addition, the interplay of L2, L3 with L1 and/or L1 alone may also give rise to complexity. For example, in the area of reporting the EBA's possibility to conduct sufficient change management with regards to reporting requirements is arguably also limited by L1 that does not take sufficiently into account that each new addition to the rule book and the accompanying reporting requirements is not mutually coordinated, resulting in many successive application dates for new reporting requirements rather than a fewer combined application dates where more reporting changes are grouped together.

References:

- (1) EBA report on stacking orders and capital buffers. Reflections on management buffer practices in the EU, 15 July 2024, [Stacking Order report](#)
- (2) EBA report on regulatory and supervisory efficiency, EBA/REP/2025/26, 1 October 2025, [TFE Report](#)

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

The current banking framework aims to grant the necessary risk sensitivity under the least complex regulation possible. As the European banking sector evolves within a complex environment marked by emerging technological developments and new risks it is of paramount importance to also review whether risks are still sufficiently addressed by regulation.

Hence, when conducting the analysis of the credit risk framework leading to the publication of the discussion paper (1) mentioned above the EBA emphasised that it has to balance several key objectives, including risk-sensitivity, comparability, and cost-efficiency. In general, greater risk sensitivity inevitably leads to longer and more detailed rules, as it requires capturing a wide range of risk drivers and institutional specificities.

Given the multiple dimensions involved, the discussion paper therefore argues against a single, overarching answer to the broad question posed and instead advocates a case-by-case assessment. It proposes an analytical framework that weighs key factors such as the materiality of the exposures concerned and the materiality of potential miscalibrations, allowing to distinguish where additional complexity is justified by meaningful risk differentiation and where simpler approaches can achieve comparable prudential outcomes more efficiently.

On the other hand, while a certain degree of complexity is inevitable to comprehensively account for both traditional and emerging risks, it is also important to properly adhere to the proportionality principle in supervision, reduce complexity for smaller and less complex banks

Reference:

- (1) EBA [Discussion paper on simplification and assessment of the recent credit risk framework](#)

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

The EBA has developed work on the output floor over several years. In August 2019, it provided detailed advice on the implementation of the output floor in response to the European Commission's Call for Advice, setting out its initial analytical approach and policy considerations. Building on this foundation, the EBA subsequently examined the specific interaction between the output floor and Pillar 2 requirements, culminating in its January 2025 Opinion, which clarified how supervisory judgment under Pillar 2 should be applied in the presence of the output floor. The conclusions of this Opinion were then operationalised and taken forward in the October 2025 consultation of the revised SREP guidelines under the CRD, ensuring that the interaction between these elements is addressed in a coherent manner within the supervisory framework, in particular within the recommendation 9 under which EBA aims to reflect the overlaps between the pillar 1

and the pillar 2 related to the CRR3 changes, and also the potential overlaps related to the P2, the buffers and the introduction of the output floor.

References:

- (1) EBA report on regulatory and supervisory efficiency, EBA/REP/2025/26, 1 October 2025, [TFE Report](#)
- (2) EBA Opinion of the European Banking Authority on interaction between Pillar 2 requirements and the output floor, EBA/Op/2025/01, 21 January 2025

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

The EBA has published a descriptive report named “stacking orders and capital buffers – reflections on management buffer practices in the EU” providing some evidence relating to the matter.

The EBA is currently exploring the efficiency of the Pillar 2 as part of its TFE Recommendation 9 on the interplay of capital/buffer/MDA requirements and the multitude of tiers of own funds and TLAC/MREL.

References:

- (1) EBA report on stacking orders and capital buffers. Reflections on management buffer practices in the EU, 15 July 2024, [Stacking Order report](#)
- (2) EBA report on regulatory and supervisory efficiency, EBA/REP/2025/26, 1 October 2025, [TFE Report](#)

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

The EBA has published a descriptive report named “stacking orders and capital buffers – reflections on management buffer practices in the EU” providing some evidence relating to the matter and is currently also exploring the efficiency of the Pillar 2 within its workstreams under TFE Recommendation 9 on the interplay of capital/buffer/MDA requirements and the multitude of tiers of own funds and TLAC/MREL.

That report highlighted that larger institutions and G-SIIs often cover nearly all of the regulatory stacks applicable to them (i.e. typically the 10 stacks mentioned below for G-SIIs). Most institutions set a management buffer target based on the risk-based CET1 ratio. In this case, the management buffer target was on average 2.4 percentage points above the P2G, on top of which, there was on average a 1.7 percentage points of additional headroom.

Reference:

- (1) EBA report on stacking orders and capital buffers reflections on management buffer practices in the EU – 15 July 2024

Question 66: Are, in your view, the various elements of the framework aimed at reducing NPLs working as intended?

Overall, the EU framework for addressing non-performing loans can be assessed as broadly effective, while not yet complete. Evidence from successive EBA Risk Assessment Reports and supervisory data over recent years shows that NPL ratios across EU banks have fallen markedly from post-crisis levels and remain close to historical lows, reflecting the combined impact of prudential backstops, strengthened supervisory expectations, improved risk management, and the development of secondary markets. Early-stage risk identification has improved, and supervisory convergence has been reinforced through the EBA's guidelines on non-performing and forborne exposures, supported by enhanced disclosures and data standardisation. At the same time, structural frictions persist. Secondary market activity remains uneven across Member States, with pricing and investor appetite still affected by differences in insolvency regimes, collateral enforcement, and taxation. Recovery timelines continue to vary significantly across jurisdictions, underlining the importance of more efficient and predictable judicial and enforcement frameworks. Moreover, elevated Stage 2 exposures in certain sectors point to the continued need for strong forward-looking risk identification, prudent provisioning, and realistic collateral valuation. In sum, the framework has substantially reduced legacy risks and strengthened resilience, but ensuring its effectiveness through a potentially weaker credit cycle will depend less on major prudential recalibration and more on targeted improvements in insolvency frameworks, secondary market depth, and early-stage risk management.

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

The latest published EBA Basel III monitoring report (based on December 2023 data) showed that the output floor is the main driver for the increased in the minimum required capital for EU banks under the fully loaded implementation of the Basel III framework. However, the five year transitional period for the implementation of the output floor and the additional transitional arrangements foreseen in the CRR3 will soften the impact of the output floor during the first years of its implementation. In this sense, Table 9 of the aforementioned report, shows that the output floor impact is minimal during the first five years of its implementation. The largest increase in the impact of the output floor is observed in 2030, where the percentage of the output floor increases from 70% (2029) to 72.5% (2030) and the impact increases by around 60 basis points (i.e. from 0.8% to 1.4%). In that year, the impact of the output floor in the context of the EU-specific implementation is still transitional, as the additional transitional arrangements. The full impact of the output floor will materialise only in 2033. In this sense, it is difficult to assess the full impact of

the fully loaded output floor as it can be expected that during the transitional period the banks will anticipate it by rearranging their balance sheets/ loan portfolios.

Reference:

- (1) EBA Basel III monitoring exercise results based on data of 31 December 2023, EBA/REP/2024/22, 7 October 2024: <https://www.eba.europa.eu/sites/default/files/2024-10/eee3e459-52f3-4fe5-a911-18f9adf1d6cb/Basel%20III%20monitoring%20Report.pdf>

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

Some key conclusions were drawn from the so far experiences. Procedures for existing macroprudential tools should be simplified and tools should be harmonised while keeping sufficient flexibility so that the framework can tackle the heterogenous nature of cyclical systemic shocks and structural features across EU Member States.

Calibration of macroprudential buffers:

Regarding the calibration of macroprudential buffers, the EBA noted that following the release of CCyB and SyRB buffers during the COVID-19 pandemic it was important to rebuild the regulatory capital buffers to sufficient levels so that those buffers can be released when the next crisis occurs. In this context, the EBA also called for strengthening the function and relevance of the CCyB as a cyclical buffer. Thus, the EBA expressed support for a more pro-active use of the CCyB with more indicators for the buildup of the buffer, potentially shorter implementation periods, and clear communication concerning the time when a national authority expects to increase them again after their release.

The calibration of other macroprudential tools:

National authorities have made use of measures in accordance with Articles 124, 164, and 458 of the CRR due to financial stability considerations. The EBA noted that it is important to maintain a clear allocation of responsibilities, powers, and close cooperation between all authorities involved in microprudential and macroprudential functions.

Beyond the cooperation and coordination proposals, the EBA also noted that the procedures underpinning these measures could be simplified while emphasizing the temporary role and last resort character of these measures (under article 458 CRR).

Nevertheless, the implementation of the output floor could render adjustments to capital requirements via other macroprudential measures less relevant. However, it was acknowledged in the EBA reply to the Commission CfA that there might be some room for measures that target real estate exposures.

The EBA is currently also exploring the efficiency of the macroprudential buffer framework as part of its workstreams under TFE Recommendation 9 on the interplay of capital/buffer/MDA requirements and the multitude of tiers of own funds and TLAC/MREL.

Reference:

- (1) EBA report on regulatory and supervisory efficiency, EBA/REP/2025/26, 1 October 2025

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

The setting of the level of the O-SII buffer is under the responsibility of national authorities.

The EBA is currently exploring the efficiency regarding the identification of O-SIIs and the calibration of the buffer for systemically important banks within its workstreams under TFE Recommendation 9 on the interplay of capital/buffer/MDA requirements and the multitude of tiers of own funds and TLAC/MREL. The objective is to provide a holistic review of calibration methodologies that captures all relevant capital requirements.

References:

- (1) EBA Guidelines on the criteria for the assessment of O-SIIs (EBA/GL/2014/10)
- (2) EBA report on regulatory and supervisory efficiency, EBA/REP/2025/26, 1 October 2025

Question 73: Is the current share of releasable buffers⁵ (countercyclical buffer and the systemic risk buffer) in the total combined buffer requirement adequate, so as to ensure that sufficient resources can be released in a downturn to support lending to the economy?

The release of the buffers was needed so far only during one episode – the COVID19 pandemic, which offered some insights into the functioning of macroprudential buffers. According to the figures provided in the EBA reply to the Commission CfA, CCyB released between December 2019 and June 2021 amounted to EUR 17.6 bn or 20 bps of European Economic Area (EEA) banks' total risk-weighted assets (RWAs), but the available releasable buffer was very uneven across countries. Several national authorities also released the systemic risk buffer (SyRB), either fully or partly. The release of the SyRB between December 2019 and June 2021 added another EUR 33.5 bn or 38 bps of EEA banks' total RWA to the released capital.

These releases, complemented by the prompt measure taken by supervisors to frontload the change in P2R capital composition and allow banks to fully use capital and liquidity buffers, including the Pillar 2 Guidance (P2G), effectively supported banks' credit supply. On the contrary, banks did not draw on remaining buffers (non-released or non-releasable).

The EBA noted that the magnitude of the pandemic-induced gross domestic product (GDP) shock was cushioned by significant public support measures. Significant fiscal, monetary and prudential support measures - including the release of regulatory capital buffers – were introduced during the COVID-19 pandemic. This allowed banks to continue lending. Limits on dividend payments also helped strengthen bank capital positions. The COVID-19 pandemic experience underlined the need to build releasable capital buffers for some banks. Such approach increases banking sector resilience and its lending capacity also in adverse scenarios not related to the financial cycle (e.g. COVID-19 pandemic).

As outlined in Q70, the EBA also called for strengthening the function and relevance of the CCyB as a cyclical buffer. Thus, the EBA expressed support for a more proactive use of the CCyB with additional indicators for the build-up of the buffer, potentially shorter implementation periods, and clear communication regarding the timing of when a national authority expects to increase them again after their release.

The EBA is currently exploring the efficiency regarding the releasability of buffers within its workstreams under TFE Recommendation 9 on the interplay of capital/buffer/MDA requirements and the multitude of tiers of own funds and TLAC/MREL.

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

Article 458 measures are meant to serve as a macroprudential, temporary tool of last resort. They have been used quite frequently by several authorities since 2014, mostly to increase risk weights due to elevated risks in real-estate exposures. Currently, there are three jurisdictions with active measures under article 458 CRR.

The EBA is currently exploring the efficiency regarding the streamlining of the buffer framework within its workstreams under TFE Recommendation 9 on the interplay of capital/buffer/MDA requirements and the multitude of tiers of own funds and TLAC/MREL, also in light of the complexity of process under article 458 CRR.

Question 75: Are there areas that create undue complexity in the crisis management framework and if yes, how could this undue complexity be reduced without undermining financial stability?

The European banking sector operates in a complex environment marked by continuous regulatory updates and emerging technological developments. In this context, EBA acknowledges the need for a structured approach to simplification to enhance supervisory convergence, reduce unnecessary administrative burdens, and promote efficiency. Within the EBA Report on the Efficiency of the Regulatory and Supervisory Framework suggested setting up key building blocks for achieving simplification through a clear top-down prioritisation process, supported by concrete work plans. Identifying priority areas/building blocks for reducing complexity and ensuring consistent implementation across competent authorities should help deliver simplification that enhances

efficiency without compromising prudential objectives. The suggested building blocks are: credit risk, governance and remuneration, ESG, supervisory processes and resolution.

Within the simplification work on resolution, the amendment of the RTS on resolvability and the operational functioning of colleges has already been done with final report published in January 2026 (1). Other work may follow.

With regards to crisis preparedness, it is important to mention the important role given to the EBA under the CMDI to coordinate union-wide simulation exercises. Those simulations will cover the coordination and cooperation between authorities in particular CAs and RAs during the deterioration of the financial situation of institutions in a crisis and will test holistically the application of the crisis management framework.

To prepare for this role, the EBA published last year a Handbook on simulation exercises for resolution authorities, setting out a structured framework of methodologies and good practices to strengthen operational preparedness through coordinated simulation exercises. This testing focus has further expanded to include all stages of the crisis continuum and in particular to include recovery planning where the EBA has also recently published a report assessing institutions' recovery plan dry runs.

References:

- (1) Regulatory Technical Standards on the content of resolution plans and group resolution plans, the assessment of resolvability, and the operational functioning of resolution colleges under Directive 2014/59/EU (EBA/RTS/2026/03), January 2026
- (2) EBA Handbook on simulation exercises for resolution authorities, EBA/REP/2025/20, July 2025, [Handbook on simulation exercises for resolution authorities.pdf](#)

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

The EBA is currently exploring the efficiency regarding MREL within its workstreams under TFE Recommendation 9 on the interplay of capital/buffer/MDA requirements and the multitude of tiers of own funds and TLAC/MREL.

Question 77: How can the determination of MREL targets be rendered less complex, while preserving the resilience of the system?

The EBA is currently exploring the efficiency regarding MREL within its workstreams under TFE Recommendation 9 on the interplay of capital/buffer/MDA requirements and the multitude of tiers of own funds and TLAC/MREL.

Question 78: Do you consider that the prior permission regimes for the redemption and replacement of MREL resources should be simplified?

Within its review of the Single Rulebook the EBA is currently also exploring potential efficiency gains in the area of resolution regarding the Prior Permission Regime looking at the extensive information, the strict timing requirements, and the decision timeline.

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

The EBA is currently exploring the potential and the limits of implementing holistic supervisory college platforms bringing together all the authorities involved in the supervision of a given bank across regulated areas (macroprudential, microprudential, resolution, conduct et al.). With the TFE Recommendation 14 on holistic supervisory college platforms, the EBA may leverage on its unique position to bring authorities from various horizons together in pilot cases for specific institutions (e.g. GSIBs) to coordinate the setting of measures towards supervised entities (including setting of requirements), to avoid duplication, overlaps, inconsistencies or missed angles. Additionally, the EBA explores the use of common IT platforms and the facilitation of data sharing for such platforms (recommendation 15).

Question 82: What ways could be envisaged to reduce undue complexity in the interactions across the three parts of the framework, including in relation to the capital stack and governance arrangements between the authorities in charge of the prudential, macroprudential and crisis management rules, without undermining financial stability?

The EBA is currently exploring the potential and the limits of implementing holistic supervisory platforms bringing together all the authorities involved in the supervision of a given bank across regulated areas (macroprudential, microprudential, resolution, conduct et al.). With the TFE Recommendation 14 on holistic supervisory college platforms, the EBA may leverage on its unique position to bring authorities from various horizons together in pilot cases for specific institutions (e.g. GSIBs) to coordinate the setting of measures towards supervised entities (including setting of requirements), to avoid duplication, overlaps, inconsistencies or missed angles. Additionally, the EBA explores the use of common IT platforms and the facilitation of data sharing for such platforms (recommendation 15).

Question 83: How could the governance arrangements across the three parts of the frameworks be improved, having in mind the objective of ensuring the adequacy of requirements applying to individual banks and avoiding overlaps?

The EBA is currently exploring the potential and the limits of implementing holistic supervisory platforms bringing together all the authorities involved in the supervision of a given bank across

regulated areas (macroprudential, microprudential, resolution, conduct et al.). With the TFE Recommendation 14 on holistic supervisory college platforms, the EBA may leverage on its unique position to bring authorities from various horizons together in pilot cases for specific institutions (e.g. GSIBs), to avoid duplication, overlaps, inconsistencies or missed angles. Additionally, the EBA explores the use of common IT platforms and the facilitation of data sharing for such platforms (recommendation 15).

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

The EBA is committed to ensure proportionality of the rules and further reducing compliance costs, in particular for smaller institutions, without loosening the prudential standards.

Within its workstreams under the Report on Efficiency of the Regulatory and Supervisory Framework (recommendation 10) as well as in light of the EBA mandate under Article 519f CRR to provide a report on the suitability of the prudential framework for SNCIs by 31 December 2027 the EBA will explore whether more proportionality may be introduced in the framework and is open to consider a more systematic application of simpler rules for the SNCI category while maintaining a single bank regime and/or will explore whether the SNCI category should be expanded.

In any case, when assessing policy options it should be considered that while smaller and less complex banks are associated with lower systemic importance in nature, they can still pose relevant financial stability issues (due to potential interconnection) and thus involve material time and supervisory resources during crisis. Proportionality should not be detrimental to a proper measurement of risks and a sound implementation of the prudential framework. Therefore, any simplification for smaller banks should be accompanied by a credible, flexible and efficient crisis management framework.

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

The European banking sector operates in a complex environment marked by continuous regulatory updates and emerging technological developments. In this context, EBA acknowledges the need for a structured approach to simplification to enhance supervisory convergence, reduce unnecessary administrative burdens, and promote efficiency. Within the EBA Report on the Efficiency of the Regulatory and Supervisory Framework suggested setting up key building blocks for achieving simplification through a clear top-down prioritisation process, supported by concrete work plans. Identifying priority areas/building blocks for reducing complexity and ensuring consistent implementation across competent authorities should help deliver simplification that enhances

efficiency without compromising prudential objectives. The suggested building blocks were: credit risk, governance and remuneration, ESG, supervisory processes and resolution.

Regarding the building block on governance, first steps to streamline and raise efficiency have been made in the context of the revision of the guidelines on internal governance, the development of Guidelines on third-party risk management and the revised joint suitability assessment framework for banks and investment firms which all introduced targeted simplification and streamlining measures designed to reduce administrative burden and provide greater flexibility and clarity for institutions and supervisors.

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

The EBA is currently finalising a consultation paper that should render reporting more efficient by introducing new reporting requirements to reflect recent regulatory developments, while in the same time incorporating the EU-wide stress testing data needs into the regulatory reporting framework, refining existing requirements based on supervisory experience and aiming at reducing reporting burdens through the elimination of certain templates and data points, lowering reporting frequencies, enhancing proportionality, and expanding the use of a 'core plus supplement' approach.

Additionally, in order to streamline the current reporting across both the EU and the reporting requests from national competent and resolution authorities, the EBA started substantial work on strengthening the coordination of data requests. To these ends, it is developing common rules on ad hoc data requests and is establishing a public EU-wide reporting repository in cooperation with CAs and leveraging on the existing SSM repository of data collections that would enhance transparency, improve alignment between EU and national levels and avoid duplications.

In 2021, the EBA has published its cost of compliance study.

The EBA has contributed over the years to develop a uniform EU-wide reporting framework. Such common EU-wide reporting framework brings substantial efficiency and simplification benefits for financial institutions and for authorities compared with 27 different reporting regimes. This work has allowed to develop a common referential for risk analysis and supervision. Proportionality is embedded in the framework as illustrated by the fact that Small and Non-Complex Institutions (SNCIs) are reporting only up to 30% of the amount of data that large institutions report. Furthermore, following the 2021 EBA Cost of Compliance study, reporting costs for financial institutions associated with the EBA reporting framework were reduced by ca 20%. The EBA is also promoting and working on an integration of prudential, resolution and statistical reporting within the Joint Bank Reporting Committee (JBRC), with ECB and CAs/RAs.

On the other hand, subsequent changes to the regulatory framework resulted in a further expansion of the reporting framework and there are also reporting requests from competent authorities that continue to grow. This proliferation, as well as EU's new priorities, calls for a further simplification of the reporting framework in a holistic manner, considering both existing reporting

requirements (stock) and future changes (flow), harmonised EU requirements and national ones. More stability in reporting requirements, as well as more predictable and coordinated changes across different types and requesters of data are perceived as key to reduce or minimize the reporting burden for supervised entities.

Question 92: What factors linked to reporting obligations in the regulatory framework contribute most to the compliance costs?

In 2021, the EBA has published its cost of compliance study. In that report the EBA gives account of the top 10 cost drivers:

- Complexity of the underlying regulatory requirements. The single biggest driver: rules themselves are difficult to interpret and implement.
- Scope of the EBA ITS supervisory reporting requirements. The breadth and volume of mandatory data under EBA Implementing Technical Standards (ITS).
- Overall scope of supervisory reporting requirements (general)
- Implementation time for major changes to reporting frameworks. Frequent updates require costly and rapid system/process changes.
- Complexity of EBA ITS reporting requirements. Not just scope, but how technically complex the templates and definitions are.
- Internal transformations and calculations needed for compliance. Data must be adjusted, aggregated, and recalculated internally before submission.
- Data sourcing and extraction challenges. Pulling consistent data from multiple internal systems is costly and fragmented.
- Data quality and validation requirements. Extensive checks, reconciliations, and error corrections increase workload.
- Frequency of reporting and updates. Regular submissions (monthly/quarterly) multiply operational costs.
- Resubmissions and error corrections (including validation feedback loops). Fixing errors after submission leads to repeated effort and manual intervention.

On 10 April 2026, the EBA published a consultation paper on its revised Implementing Technical Standards on supervisory reporting and on supervisory benchmarking reporting. These revisions under consultation aim to deliver a simpler, more efficient and more proportionate reporting framework.

The proposals aim to reduce the reporting burden for EU banks while ensuring that supervisory authorities continue to receive the information they need to fulfil their supervisory responsibilities.

The envisaged revisions would better align reporting requirements with supervisory needs, reduce the number of data points across the EU harmonised reporting by around 50% (despite the addition of new reporting requirements related to IFRS 18, ESG and the Fundamental Review of the Trading Book - FRTB), and strengthen proportionality, in particular for small and non-complex institutions (SNCIs).

Separate EU-wide stress test and supervisory benchmarking data collections would be integrated

into regular reporting. This would reduce overlaps, increase consistency, simplify reporting processes and make requirements more stable over time.

To foster transparency and coordination, the EBA will develop an EU-wide public repository of European and national supervisory data requests and issue guidance on data-request best practices. As a first step, today's package includes an overview of national supervisory data collections and ongoing simplification efforts by competent authorities.

The proposed changes would apply from September 2027. In the meantime, the EBA will support implementation through close engagement with stakeholders via the public consultations, related hearings and a workshop.

Those measures contribute to EBA's work towards integrated prudential and statistical reporting supported by a common data dictionary as part of the Joint Bank Reporting Committee (JBRC) initiative. They build on modern data modelling solutions, including Data Point Model (DPM) 2.0 standards and DPM Studio.

Reference:

- (1) EBA Cost of Compliance report, EBA/Rep/2021/15, July 2021, [here](#)

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

In general, reporting requirements may be modernized and streamlined by European harmonised reporting requirements like EBA supervisory and resolution reporting with technical packages for modern efficient digital implementation (DPM, XBRL-CSV taxonomies), validations and QAs.

Under the Recommendations of the Report on Efficiency of the Regulatory and Supervisory Framework regarding reporting the main areas for efficiency gains in the area of reporting are the following:

Reporting reduction: reviewing and reducing existing reporting requirements across all modules of both the EBA and CA/RA additional requirements with the objective of reducing the current reporting costs by 25% overall, in line with the European Commission's expectations. This should be balanced with proportional supervisory approaches based on standard reporting

Coordination of requests: introducing a public EU data request repository to provide transparency and better align EU and national reporting requirements and avoid overlaps in the reporting initiatives and requirements, including for ad hoc requests.

Change management: assess the impact of any reporting changes ex ante, provide more predictability to reporting changes and deepen the engagement with stakeholders to better understand reporting needs and challenges. Fewer and less frequent changes to the reporting requirements and improved predictability on upcoming reporting changes are perceived as key to reduce or minimize the reporting burden for supervised entities.

In the long run, the EBA remains committed to the long-term objective of an **integrated reporting framework across sectors**, leading to several benefits reducing costs of producing, collecting, using and sharing regulatory reporting by creating an integrated glossary of definitions, a common data dictionary and removing overlaps in reporting. This is reflected in the mandate and work plan of the Joint Bank Reporting Committee (JBRC).

Annex - Inventory of evidence in support of EBA response to European Commission consultation on banking competitiveness

The below provides a list of all sources referenced in the EBA reply to the Commission consultation.

EBA risk analysis

- **EBA Risk Assessment Report – Autumn 2025 (December 2025)**
<https://www.eba.europa.eu/sites/default/files/2025-12/8acb45c4-912b-4f0f-b887-37b8fc058779/Risk%20Assessment%20Report%20Autumn%202025.pdf>
- **EBA Risk Assessment Report – Spring 2025 (June 2025)**
<https://www.eba.europa.eu/sites/default/files/2025-06/93431cb8-4877-4325-82f9-0a41ba71e45a/Risk%20Assessment%20Report%20Spring%202025.pdf>
- **EBA Risk Assessment Report – Autumn 2024 (November 2024)**
<https://www.eba.europa.eu/sites/default/files/2024-11/f03ee0c1-7258-4391-8bf1-578924956049/EBA%20Risk%20Assessment%20Report%20-%20Autumn%202024.pdf>
- **EBA Risk Assessment Questionnaire – Autumn 2025**
<https://www.eba.europa.eu/sites/default/files/2025-12/063a8860-830a-49e6-9515-7003db629d89/RAQ%20Booklet%20graphs%20Autumn%202025.pdf>
- **EBA Risk Assessment Questionnaire – Spring 2025**
<https://www.eba.europa.eu/sites/default/files/2025-06/8b04db15-e8c0-47c1-9c28-ea5ee356637c/RAQ%20Booklet%20graphs%20Spring%202025.pdf>
- **EBA Risk Assessment Questionnaire – Autumn 2024**
<https://www.eba.europa.eu/sites/default/files/2024-11/76fd734f-e7fb-48ec-b833-f1d788350082/RAQ%20Booklet%20graphs%20Autumn%202024.pdf>
- **EBA EU-wide Banking Stress Test 2025 Results – August 2025**
<https://www.eba.europa.eu/sites/default/files/2025-08/0178b9c5-2f0d-42ee-8226-6fa0a87c0d6c/2025%20EU-wide%20stress%20test%20-%20Results.pdf>
- **EBA Pillar 3 Data Hub**
<https://edap-public.eba.europa.eu/ExternalLinks/index?id=Mg==>

Basel III, capital and buffer framework

- **EBA Basel III Monitoring Report – October 2024**
<https://www.eba.europa.eu/sites/default/files/2024-10/eee3e459-52f3-4fe5-a911-18f9adf1d6cb/Basel%20III%20monitoring%20Report.pdf>

- **EBA Report on Stacking Orders and Capital Buffers – Reflections on Management Buffer Practices – July 2024**
(Published July 2024 – EBA)
- **EBA Opinion on the Interaction between Pillar 2 Requirements and the Output Floor – January 2025**
https://www.eba.europa.eu/sites/default/files/2025-01/EBA-Op-2025-01_P2R_output_floor.pdf

Regulatory efficiency, simplification and proportionality

- **EBA Report on the Efficiency of the Regulatory and Supervisory Framework (October 2025)**
https://www.eba.europa.eu/sites/default/files/2025-10/EBA-REP-2025-26_Regulatory-and-supervisory-efficiency.pdf
- **EBA Discussion Paper on Simplification and Assessment of the Credit Risk Framework (February 2026)**
<https://www.eba.europa.eu/sites/default/files/2026-02/36c98e00-5648-4319-98a2-7593b7201ddc/Discussion%20paper%20on%20simplification%20and%20assessment%20of%20the%20credit%20risk%20framework.pdf>

Market structure, competition and third-country banks

- **EBA Report on the Market Share of Subsidiaries of Third-Country Banking Groups in the EU (November 2025)**
<https://www.eba.europa.eu/sites/default/files/2025-11/d76c012c-4a13-4ed8-9517-849cb5c07fb4/Report%20on%20market%20share%20of%20subsidiaries%20of%20third%20country%20banking%20groups%20in%20the%20EU.pdf>
- **EBA Report on EU/EEA Banks' Funding Structure and FX Dependence (November 2025)**
<https://www.eba.europa.eu/sites/default/files/2025-11/4790b745-3ad5-4810-b876-e854b92d2549/Report%20on%20EU%20banks%20funding%20structure%20and%20FX%20dependence.pdf>

Digitalisation, innovation, ICT and ESG risks

- **EBA Report on White Labelling of Financial Services and Products (October 2025)**
<https://www.eba.europa.eu/sites/default/files/2025-10/d47ae798-fe20-4d22-8113-bf669afb3b3d/Report%20on%20white%20labelling.pdf>
- **EBA Report on Big Data and Advanced Analytics (January 2020)**
https://www.eba.europa.eu/sites/default/files/document_library/Final%20Report%20on%20Big%20Data%20and%20Advanced%20Analytics.pdf

- **EBA Report on Tokenised Deposits (December 2024)**
<https://www.eba.europa.eu/sites/default/files/2024-12/4b294386-1235-463f-b9b5-08f255160435/Report%20on%20Tokenised%20deposits.pdf>
- **EBA Factsheet on the Rising Application of AI in the EU Banking and Payments Sector (September 2025)**
<https://www.eba.europa.eu/sites/default/files/2025-09/146b3558-d026-47bf-a872-f05e93ed30d2/Rising%20application%20of%20AI%20in%20EU%20banking%20and%20payments%20sector.pdf>
- **EBA Guidelines on ICT and Security Risk Management (EBA/GL/2019/04, amended 2025)**
<https://www.eba.europa.eu/sites/default/files/2025-02/Final%20report%20on%20amending%20GLs%20on%20ICT%20risk%20and%20security.pdf>
- **EBA Guidelines on the Management of ESG Risks (January 2025)**
<https://www.eba.europa.eu/sites/default/files/2025-01/Final%20Guidelines%20on%20the%20management%20of%20ESG%20risks.pdf>

FinTech, BigTech and non-bank finance

- **EBA Report on the Impact of FinTech on Credit Institutions' Business Models (July 2018)**
https://www.eba.europa.eu/sites/default/files/document_library/Publications/Reports/2018/Report%20on%20the%20impact%20of%20Fintech%20on%20incumbent%20credit%20institutions%27%20business%20models.pdf
- **EBA Report on the Use of Digital Platforms (September 2021)**
https://www.eba.europa.eu/sites/default/files/document_library/Publications/Reports/2021/EBA%20Digital%20platforms%20report%20-%20210921.pdf
- **EBA Technical Advice on Non-Bank Lending (April 2022)**
https://www.eba.europa.eu/sites/default/files/document_library/Publications/Reports/2022/Report%20on%20response%20to%20the%20non-bank%20lending%20request%20from%20the%20CfA%20on%20Digital%20Finance.pdf
- **Joint ESAs Factsheet on BigTechs' Direct Financial Services in the EU (2025)**
<https://www.eba.europa.eu/sites/default/files/2025-10/EFIF%20factsheet%20on%20BigTechs.pdf>
- **Joint ESAs Report on 2023 Stocktaking of BigTech Direct Financial Services (February 2024)**
<https://www.eba.europa.eu/sites/default/files/2024-02/Report%20on%202023%20stocktaking%20of%20BigTech%20direct%20financial%20services%20provision.pdf>
- **BIS Working Paper No. 1251 – Consumer Financial Data and Non-Horizontal Mergers (March 2025)**
<https://www.bis.org/publ/work1251.pdf>

Crisis management and resolution

- **EBA RTS on Resolution Planning, Resolvability and Resolution Colleges (January 2026)**
https://www.eba.europa.eu/sites/default/files/2026-01/EBA-RTS-2026-03_Resolution_planning_and_resolvability.pdf
- **EBA Handbook on Simulation Exercises for Resolution Authorities (July 2025)**
<https://www.eba.europa.eu/sites/default/files/2025-07/Handbook%20on%20simulation%20exercises%20for%20resolution%20authorities.pdf>

Reporting and burden reduction

- **EBA Cost of Compliance Study (July 2021)**
https://www.eba.europa.eu/sites/default/files/document_library/Publications/Reports/2021/EBA%20Cost%20of%20Compliance%20study.pdf
- **EBA Consultation on Revised ITS on Supervisory Reporting (April 2026)**
<https://www.eba.europa.eu/regulation-and-policy/supervisory-reporting/consultations-on-revised-its-on-supervisory-reporting>
- **Joint Bank Reporting Committee (JBRC)**
<https://www.eba.europa.eu/regulation-and-policy/supervisory-reporting/joint-bank-reporting-committee>



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