

# 2021 EBA POLICY RESEARCH WORKSHOP

## “The New Normal in the Banking Sector – Reshaping the Insights”

Paris, 16-17 November 2021

### CALL FOR PAPERS

How will the future of the banking sector look like in the new normal that is emerging from the COVID-19 pandemic? As a response to the crisis, policymakers took unprecedented measures to minimize the impact of the crisis on growth and financial stability. Banks reacted by focusing on business continuity, adapting their internal procedures and technologies, transitioning employees into a remote-working environment and supporting affected clients in many different ways. In parallel to the response to the pandemic emergency, the EU have set up ambitious climate and energy targets as part of the European Green Deal with a specific action plan to support transition to a more sustainable economy. There is a clear expectation for the banking sector to contribute to the financing of the post COVID-19 recovery which will be both greener and more resilient. The pandemic has also accelerated the digital transformation, provoking rapid technological change and influencing the banks’ operational environment. This process is generating new challenges and opportunities to financial institutions, consumers and policymakers alike. It can be expected that the landscape of financial intermediation will continue to evolve, thus forcing banks to adapt in a proactive manner.

Looking forward, in the short term conditions for the banking sector may continue to be affected by the lagged impact of COVID-19 crisis and its consequences on non-performing loans, corporate insolvencies, unemployment and bank credit losses. At the same time, banks will have to adapt to new operating models with more remote working, less branches, changing client preferences and increasing demand for new products. Many of these changes require banks to adopt new technologies, which highlights the role of cyber risk as an objective for operational risk management. Challenges are also coming from the necessary compliance with the European Green Deal and sustainable finance policies. The EU banking sector has significant exposures to climate risks which underscores the need by banks to support the transition of their clients and counterparties.

These developments raise several research questions that call for detailed analysis and open discussion. How will banks adapt their business models, invest in digital transformation and increase their cyber resilience in challenging conditions? How will banks navigate the digital and green transition needs? What role will social factors play in sustainable and resilient business models? How to reconcile financial regulation and supervision with a growing customer demand for digital services, sustainability and flexibility? How should banks respond to the challenges posed by public and private digital currency initiatives? How to better balance the costs and the benefits of financial innovation? Are stress tests a suitable tool to determine a bank’s riskiness in an environment characterised by structural change? How can policymakers safeguard financial stability while the financial system transitions to the new normal?

The 2021 EBA Policy Research Workshop will analyse these questions. The workshop aims at bringing together economists and researchers from supervisory authorities and central banks, as well as leading academics, to discuss the new normal in the banking sector. The organisers are inviting submissions of policy-oriented, preferably empirical, research papers. Researchers from supervisory authorities and central banks are especially encouraged to submit papers for presentation. Submissions are particularly welcome on the following topics:

- Evolution of financial intermediation, business models, level of competition and consolidation in the banking sector
- COVID 19 support measures and their interplay with credit risk, non-performing loans, insolvencies, deposits, interest revenues and fee income
- Revenue pressure, dividend payments, branch contractions, remote-working, operational efficiency, interaction between banks and customers, digital capabilities and data analytics
- Recovery strategies combining green and digital transformation while also considering social factors
- Main developments and trends in new technologies and sustainability, identification of relevant risk drivers, adaption of new technologies and financial stability implications of new sources of risk
- Banking, regulation and security in a digital and sustainable world, innovations in financial products, payment systems, credit markets and their risks, financial inclusion and consumer protection

Interested parties should submit their draft papers and any queries to [research.conferences@eba.europa.eu](mailto:research.conferences@eba.europa.eu) at the European Banking Authority.

The submission deadline is **Friday, 09 July 2021**.

Contributors will be notified by early **September 2021**.

#### **PROGRAMME COMMITTEE**

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