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## Written Statement

José Manuel Campa, Chairperson  
European Banking Authority (EBA)

ECON Committee, European Parliament  
24 October 2022

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Honourable Chairwoman, honourable Members of the European Parliament,

Again, we meet in crisis management mode. At last year's ECON hearing, we seemed to be moving out of the worst phase of the COVID-19 pandemic. This year, the Russian invasion of Ukraine has not only brought dire human suffering but also sped up the cycle and accelerated some changes in the post-pandemic world. We see a regime shift in inflation and (interest) rates start to increase. Higher energy prices are putting pressure on citizens and the economy yet emphasising the need to fast-track our (green) transition towards net zero targets.

Not only the outside world has changed this year, the EBA internally has also undergone significant changes as an organisation reaching its maturity. Our governance structure and teams now reflect the priorities going forward. We set up a new department focusing on the entire data value chain and units dedicated to environmental, social and governance (ESG) risks, digital finance and anti-money laundering/counter-terrorist financing (AML/CFT). In addition, the ethics and compliance function has been strengthened.

In my statement, I will not only expand on the most recent EBA achievements but also lay out our response to the most recent crises and challenges ahead.

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## The EBA and answers to current crises

In times of heightened uncertainty, banks continue to be resilient with capital ratios at robust levels of CET1 fully loaded ratio at 15%. Banks have ample liquidity buffers with the liquidity coverage ratio (LCR) at 164,9% and net stable funding ratio (NSFR) at 126,9%. But downside risks related to the deteriorated macroeconomic outlook are looming and may impact future funding conditions. Banks continued their lending activities. However, there are early signs of asset quality weakening despite NPL ratios still declining in the first half of 2022. IFRS9 stage 2 loan levels are now above pandemic levels. Banks profits will likely benefit from raising rates, loan growth and low impairments but this benign picture may change as economic growth declines and rates increase further.<sup>1</sup>

As much as Europe has shown its readiness to act during crisis with the quick release of COVID-19 regulatory and supervisory relief measures, current events require us to be vigilant to prevent any spill-over of current tensions into banks' balance sheets. To that end, early coordination, sharing of expertise and taking speedy actions, where needed, remain crucial.

Right after the Russian invasion of Ukraine, we facilitated exchanges between competent authorities, financial institutions and the European Commission to clarify provisions in the EU's sanctions regime. Together with relevant authorities we urged to ensure proper implementation of the sanctions against Russia and Belarus by all financial institutions.<sup>2</sup> In terms of relief measures, ensuring financial inclusion for displaced persons from Ukraine was a priority to allow access to basic financial products and services.<sup>3</sup> We also helped to clarify what financial institutions and supervisors can do to protect vulnerable persons from abuse by criminals. And supported the EU Commission and relevant national authorities in the monitoring on sanctions with the development of templates of voluntary use. In addition, we collected and filtered queries related to the scope of the restrictive measures as they apply to banks.

As the consequences of the Russian invasion triggered turmoil at the energy markets, we advised on the possible responses to the current levels of margins and the excessive volatility in energy derivatives markets.

The high volatility at energy markets combined with supply shortages over the medium-term effectively showcase the need to accelerate the transition to a more sustainable economy. As EBA, we follow a sequential approach focusing at this juncture on better embedding ESG risks in institutions' practices and fostering transparency on ESG risks in banks' balance sheets. Our EBA standards for pillar 3 disclosures on key ESG risks<sup>4</sup> help to put the taxonomy into practice and to allow for comparison of sustainability-driven performance. The data provide more transparency on

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<sup>1</sup> EBA Risk Dashboard. Data as of Q2 2022, 6 October 2022. [Available here](#).

<sup>2</sup> EBA Press Release: EBA calls on financial institutions to ensure compliance with sanctions against Russia following the invasion of Ukraine and to facilitate access to basic payment accounts for refugees, 11 March 2022. [Available here](#).

<sup>3</sup> EBA Press Release: EBA calls on financial institutions and supervisors to provide access to the EU's financial system, 27 April 2022. [Available here](#).

<sup>4</sup> EBA ITS: Final draft implementing technical standards (ITS) on prudential disclosures on ESG risks in accordance with article 449a CRR (EBA/ITS/2022/01), 24 January 2022. [Available here](#).

the impact of physical and transition risks on banks' balance sheets as well as their risk mitigation strategies.

Over the summer, we published our contribution to the international debate on whether and how to incorporate environmental risks into the Pillar 1 prudential framework for credit institutions and investment firms. Feedback on the discussion paper<sup>5</sup> will be included in our report to be delivered in 2023. Not preempting the final statement in the report, we would however like to stress that it is important that our prudential response on ESG matters remains risk based. The upcoming climate stress test will certainly provide further evidence on the how to best adjust the framework and guide our decisive action on climate change. Going forward, a well-funded and stable banking system will be the backbone of the transition investment needs.

## Regulatory fundamentals and ambition

While current events require quick reactions, the crisis agenda should not divert us from our regulatory mission. The fundamentals need to be right to preserve the resilience of the financial system. That means we must constantly update, deepen and adjust the Single Rulebook where necessary.

Let me emphasise some regulatory milestones achieved over the last year:

- Finalisation of the mandates from the European regulatory agenda. In the area of market risk, we concluded phase 3 of our roadmap<sup>6</sup> on the implementation of the fundamental review of the trading book (FRTB) reporting requirements and regulatory products related to the FRTB standardised approach (SA).<sup>7</sup> In addition and according to our mandate, we clarified the criteria for identifying shadow banking<sup>8</sup> entities, the definition of banking services and entities, as well as criteria for excluding entities established in 3<sup>rd</sup> countries from being deemed as shadow banking entities.
- Consolidation of the new regime for investment firms. We provided further guidance on the application of thresholds and thereby the classification of investment firms<sup>9</sup> together with the clarification of the disclosure requirements on investment policy<sup>10</sup>, governance

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<sup>5</sup> EBA Discussion Paper on the role of environmental risks in the prudential framework (EBA/DP/2022/02), 2 May 2022. [Available here.](#)

<sup>6</sup> EBA market and counterparty credit risk roadmap, 27 June 2019. [Available here.](#)

<sup>7</sup> EBA RTS on gross jump-to-default (JTD) amounts under article 325w(8) CRR (EBA/RTS/2021/09), 22 October 2021. [Available here.](#) EBA RTS on the residual risk add-on (EBA/RTS/2021/10), 22 October 2021. [Available here.](#)

<sup>8</sup> EBA RTS on criteria for the identification of shadow banking entities under Article 394(4) CRR (EBA/RTS/2022/06), 23 May 2022. [Available here.](#)

<sup>9</sup> EBA RTS on the reclassification of investment firms as credit institutions under Article 8a (6)(b) CRD (EBA/RTS/2021/17), 20 December 2021. [Available here.](#) EBA RTS on provision of information for the effective monitoring of credit institution thresholds (EBA/RTS/2021/18), 20 December 2021. [Available here.](#)

<sup>10</sup> EBA RTS on disclosure of investment policy by investment firms under Article 52 IFR (EBA/RTS/2021/08), 19 October 2021. [Available here.](#)

arrangements<sup>11</sup> and sound remuneration policies.<sup>12</sup> Further EBA work complemented on how authorities should measure the risk investment firms face or pose to others<sup>13</sup> and specified exemptions from liquidity requirements.<sup>14</sup> In addition, together with ESMA we developed the common procedures and methodologies for the supervisory review and evaluation process (SREP) as part of the tailored regime for investment firms.<sup>15</sup>

- Adjustment of the resolution framework. We provided additional guidance on recovery plan indicators' calibration, monitoring and breaches notification<sup>16</sup> as well as facilitated the resolvability work for cross-border groups, with a more recent complement devoted to increase preparedness to transfers, and its monitoring in resolution colleges.<sup>17</sup> In addition, the EBA continued monitoring banks' funding plans over 2021 to 2023, minimum requirement for own funds and eligible liabilities (MREL) shortfalls and TLAC/MREL eligible liabilities.<sup>18</sup>
- Continuous monitoring of the regulatory framework such as on IFRS9 implementation<sup>19</sup> which revealed banks' adaptation and implementation efforts on the one hand but also the high level of judgment leading to a high variety of practices. Other monitoring related to legacy instruments revealed that institutions made significant efforts to implement the EBA opinion on the prudential treatment of such instruments.<sup>20</sup>
- Enhanced reporting and disclosure. The EBA finalised its report on a consistent and integrated system for collecting statistical, resolution and prudential data<sup>21</sup> which outlined how a feasible integrated reporting system could look like, what are the main principles that would guide the setting up of the system and what were the feasible actions identified to achieve an integrated reporting system, actions that we are now starting to put in place. Proportionality was also high in our agenda, with the publication of our report on cost of compliance with supervisory reporting requirements. In addition, we further developed the

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<sup>11</sup> EBA Guidelines on internal governance under IFD (EBA/GL/2021/14), 22 November 2021. [Available here.](#)

<sup>12</sup> EBA Guidelines on sound remuneration policies under IFD (EBA/GL/2021/13), 22 November 2021. [Available here.](#)

<sup>13</sup> EBA RTS on Pillar 2 add-ons for investment firms under Article 40(6) IFD (EBA/RTS/2022/07), 21 July 2022. [Available here.](#)

<sup>14</sup> EBA Guidelines on liquidity requirements exemption for investment firms (EBA/GL/2022/10), 29 July 2022. [Available here.](#)

<sup>15</sup> Joint EBA and ESMA Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) under Directive (EU) 2019/2034 (EBA/GL/2022/09 and ESMA35-36-2621), 21 July 2022. [Available here.](#)

<sup>16</sup> EBA Guidelines on recovery plan indicators under Article 9 of BRRD (EBA/GL/2021/11), 9 November 2021. [Available here.](#)

<sup>17</sup> EBA Guidelines for institutions and resolution authorities on improving resolvability (EBA/GL/2022/01), 13 January 2022. [Available here.](#) and Guidelines on transferability to complement the resolvability assessment for transfer strategies (EBA/GL/2022/11), 27 September 2022. [Available here.](#)

<sup>18</sup> EBA report on funding plans (EBA/REP/2021/25), 6 September 2021. [Available here.](#)

<sup>19</sup> EBA Report on IFRS 9 implementation by EU institutions (EBA/REP/2021/35), 24 November 2021. [Available here.](#)

<sup>20</sup> EBA Opinion on legacy instruments: outcome of its implementation (EBA/Op/2022/08), 7 July 2022. [Available here.](#)

<sup>21</sup> EBA Report on the feasibility of the integrated reporting system (EBA/REP/2021/38), 16 December 2021. [Available here.](#)

single and comprehensive pillar 3 package with the release of comparable disclosures on interest rate risks for banking book (IRRBB) and on ESG risks.<sup>22</sup>

- Alignment of supervisory priorities with new trends and developments. We released the updated SREP guidelines<sup>23</sup> which now better articulate the principle of proportionality, incorporate the assessment of money laundering and terrorist financing risks, review the provisions on pillar 2 add-ons and guidance as well as outlines the impact of ESG risks. In addition, we have bundled our convergence work in two dedicated programmes, the European Supervisory Examination Programme (ESEP)<sup>24</sup> as well the European Resolution Examination Programme (EREP)<sup>25</sup> in order to proactively drive the priorities in supervisory and resolution practices through the selection of topics deserving European traction.
- Peer reviews, such as the one on NPE management, together with implementation reviews complement our supervisory convergence work and depict how regulation is being implemented.

There are some further areas I would like to highlight:

First, securitisation. Moving our economy towards a more sustainable future as well as managing the post-pandemic impact and asset quality challenges will require market finance. Securitisation remains a key instrument for bridging bank and asset-based financing. To this objective, we helped to refine and adjust regulatory requirements where necessary and set out the way forward for unlocking the potential of the sustainable securitisation market.

- Regulatory consolidation by specifying the Securitisation Regulation on risk retention requirements, as well for non-performing exposure (NPE) securitisations,<sup>26</sup> and on minimum performance-related triggers determining the application of sequential amortisation for on-balance-sheet securitisations that feature non-sequential amortisation.<sup>27</sup>
- Removal of impediments to secondary markets for defaulted exposures as follow up on the Action Plan of the European Commission to tackle Non-Performing Loans (NPLs) in the aftermath of the COVID-19 pandemic.<sup>28</sup>

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<sup>22</sup> EBA ITS on disclosure of information on exposures to interest rate risk on positions not held in the trading book in accordance with Article 448 CRR (EBA/ITS/2021/07), 10 November 2021. [Available here](#).

<sup>23</sup> EBA Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing under CRD (EBA/GL/2022/03), 18 March 2022. [Available here](#).

<sup>24</sup> EBA 2022 European Supervisory Examination programme (ESEP) for prudential supervisors (EBA/REP/2021/33), 12 November 2021. [Available here](#).

<sup>25</sup> EBA 2022 European Resolution Examination programme (EREP) (EBA/REP/2021/32), 12 November 2021. [Available here](#).

<sup>26</sup> EBA RTS specifying the requirements for originators, sponsors, original lenders and servicers relating to risk retention pursuant to Article 6(7) SECREG (EBA/RTS/2022/04), 1 April 2022. [Available here](#).

<sup>27</sup> EBA RTS on performance-related triggers in STS on-balance-sheet securitisations (EBA/RTS/2022/08), 19 September 2022. [Available here](#).

<sup>28</sup> EBA RTS with regard to specifying the calculation of specific credit risk adjustments (EBA/RTS/2021/15), 13 December 2021. [Available here](#).

- Assessment of the green securitisation market<sup>29</sup> in its very early stages with the proposal to apply the European Green Bond Standard on an adjusted basis. At this point in time, the use of proceeds approach at the originator level may be the way forward with a need to monitor the market to assess the need to develop a dedicated framework once the EU economy has further transitioned.

Second, the EBA continued in its role of providing expertise and analyses to the EU institutions. In our response to the Call for Advice, the EBA provided its analyses and views on the review of the macroprudential framework, which is defined in the CRR and the CRD.<sup>30</sup>

- The EBA proposed targeted changes to the macroprudential framework. Those recommendations suggest clarifying roles and responsibilities in the interplay of macroprudential with capital requirements and the functioning of the buffer framework. The EBA provided further input on the way forward for methodologies on systemically important institutions (O-SIIs) and the setting of buffer rates and looked at the ability of current macroprudential tools to address environmental, crypto assets and cyber security risks.

Third, the EBA provided its input on the application and impact of the revised Payment Services Directive (PSD2) with our response to the corresponding Call for Advice from the EU Commission.

- Drawing on our expertise and stakeholder feedback to review the rules for payment services, the EBA put forward more than 200 proposals to enhance competition, facilitate innovation, protect consumers' funds and data, foster the development of user-friendly services and prevent exclusion from access to payment services. To that end, the EBA proposed not only to merge PSD2 and the Electronic Money Directive but also to clarify the application of Strong Customer Authentication (SCA), to mitigate new security risks that have recently arisen for customers and to address concerns about particular authentication approaches used by some players in the market. Further areas for review are the enforcement of SCA to some transaction types and to remedy unwarranted de-risking practices that have led to some legal entities being excluded from access to payment accounts. With a growing footprint of financial data, the EBA looked into the transition from open banking to open finance to ensure customers' control of data on the one hand as well as the provision of tailored financial products on the other hand.

Further milestones in shaping the future of retail payments in the EU were the following:

- Building on more than 1200 responses received in its prior consultation, the EBA revised its previous Technical Standards on strong customer authentication and secure communication (SCA&CSC)<sup>31</sup>, with a view to further removing obstacles to account access

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<sup>29</sup> EBA report on developing a framework for sustainable securitisation (EBA/REP/2022/06), 2 March 2022. [Available here.](#)

<sup>30</sup> EBA advice on the review of the macroprudential framework, 29 April 2022. [Available here.](#)

<sup>31</sup> EBA Report on the amendment of its Regulatory technical standards (RTS) on strong customer authentication and secure communication (SCA&CSC) (EBA/RTS/2022/03), 5 April 2022. [Available here.](#)

faced by account information service providers (AISP). More specifically, and subject to the successful adoption of the revised Standards by the EU Commission, there will be a new mandatory exemption to SCA for information access via AISPs while the scope of voluntary exemptions will also be reduced. The EBA has also extended the timeline for renewal of SCA from 90 to 180 days, further embedding the competition enhancing objective of the Directive.

- Given that any potential revision of PSD2 will still be many years away, and in response to several inquiries received, the EBA also provide more clarity on the application of the 'limited network exclusion' under PSD2. To that end, the EBA issued Guidelines aimed at ensuring that excluded payment instruments are used only in the limited way that the Directive intended, thus reducing potential risks that may arise for the users of such instruments.<sup>32</sup>

Furthermore, our regulatory agenda would be incomplete without thinking of the protection of consumers in the changing financial system. In our response to the Call for Advice on the Mortgage Credit Directive (MCD), we emphasised changes that would improve consumer protection and harmonise practices across the EU.<sup>33</sup>

- The EBA recommended to clarify the scope of the MCD. Moreover, we see need in updating the rules on pre-contractual and advertising information that is disclosed to customers, especially in light of new digital channels and artificial intelligence systems. In addition, borrower-based measures in the information to consumers would promote responsible borrowing and lending.

Another strand of work continued to be the protection of depositors under the current Deposit Guarantee Schemes Directive (DGSD). To that end, we issued Final Guidelines on the reporting of available financial means of DGSs to ensure that only funds that credit institutions contributed will count towards reaching the target level of the DGS fund.<sup>34</sup> We also issued a consultation paper on the revised draft Guidelines on the contributions that credit institutions are to make to the funding of said DGSs<sup>35</sup> and provided our advice to the EU Commission as it prepares for a potential proposal for a revision of the DGSD.

The EBA's regulatory achievements are of course closely linked to your policy making. With great interest, we follow the ECON committee's progress on the finalisation of Basel III which will further enhance the resilience of our banking sector. The EBA's most recent Basel III Monitoring Report<sup>36</sup> shows that the full implementation would result in an average increase of 15.0% of the current

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<sup>32</sup> EBA Guidelines on limited network exclusion under PSD2 (EBA/GL/2022/02), 24 February 2022. [Available here.](#)

<sup>33</sup> EBA Opinion on the European Commission request for technical advice on issues related to the Mortgage Credit Directive (EBA/Op/2022/07), 23 June 2022. [Available here.](#)

<sup>34</sup> EBA Guidelines on the delineation and reporting of available financial means of Deposit Guarantee Schemes (EBA/GL/2021/17), 17 December 2021. [Available here.](#)

<sup>35</sup> EBA Consultation Paper on the revised draft Guidelines on methods for calculating contributions to Deposit Guarantee Schemes (EBA/CP/2022/10), 29 July 2022. [Available here.](#)

<sup>36</sup> EBA Report on Basel III Monitoring (data as of December 2021) (EBA/REP/2022/21), September 2022. [Available here.](#)

Tier1 minimum required capital of EU banks at full implementation in 2028. To comply with the new framework, EU banks would need EUR 1.2 billion of additional Tier 1 capital. This is an investment that will bring macroeconomic benefits and an improvement to the prudential framework. We need to close the existing gaps among as well as within the standardised versus internal model approaches and maintain a risk sensitive approach for regulatory capital, also for smaller banks. Also, the proposal on the output floor is the pragmatic way forward. However, it is important that the transitory arrangements for mortgages, unrated corporates and derivatives dealers remain truly time-limited to adhere to a timely, consistent and in a faithful implementation of Basel III in EU.

Looking at the broader legislative and policy agenda, we must keep our ambition high, especially during times of crisis. Our ambition must remain to build a truly European market of financial services. We need to close the pending gaps in the system itself. I am not only talking of EDIS here to complete the banking union but also of the granular changes which would help to integrate our markets and allow for private risk-sharing. Our ambition should not end with having resilient 27 European banking markets but have as an objective the strong European single market.

### **EBA as shaper and enabler of the regulatory future**

As BigTech and technology firms enter the sector, customer behaviour and revenue is shifting towards more digital and data driven. This calls upon the EBA to adjust the regulatory rules to the new perimeter. Beyond that, new delivery mechanisms by other-than-usual players and deeper structural interdependence will require us to think regulation and supervision differently.

In addition to the joint ESAs' advisory to the EU Commission on digital finance<sup>37</sup>, the EBA has provided complementary analysis on lending provided by non-bank intermediaries, including technology companies and digital platforms.

While data show that the magnitude of non-bank lending remains very small compared to credit provided by banks, we have observed that in the EU FinTech has been increasing quite steadily over the last years, while trends outside the EU show that BigTechs and other FinTech intermediaries have already developed and successfully rolled out business models for lending. Limited lending volumes put the task on us to scrutinise supervisory and regulatory obstacles to scaling up, the potential growth of new forms of lending also warrants a close monitoring of upcoming risks, to avoid that any sudden increase will remain unaddressed.

Our analysis tells us that non-bank lending providers are far from operating in a single EU market, as the respective regulatory regimes remain across the EU. Alongside proposals for more

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<sup>37</sup> Joint European Supervisory Authority response to the European Commission request for technical advice on digital finance and related issues: regulation and supervision of more fragmented or non-integrated value chains, platforms and bundling of various financial services, and risks of groups combining different activities (ESA/2022/01), 31 January 2022. [Available here](#).

harmonised prudential supervision, we are also alerting to ensure sound consumer protection as well as address regulatory gaps for AML requirements.

Where we had mandates, we refined the regulatory landscape to account for innovative providers and activities. One example is the prudential and disclosure framework for crowdfunding service providers<sup>38</sup> which specifies the information to be disclosed to reduce asymmetry between service providers and investors, and to ensure that providers are subject to a minimum set of common standards in terms of credit risk assessment, governance, and risk management structures.

Within the work conducted to continuously monitor financial innovation, the EBA has investigated the possible use of machine learning techniques in the context of internal-ratings based IRB models for credit risk. In particular, the EBA issued a discussion paper aimed at understanding the opportunities provided by those innovative techniques and to investigate the related challenges in complying with regulatory requirements.<sup>39</sup>

As the European Parliament has progressed on MiCA and DORA, the EBA is now actively preparing the upcoming regulatory mandates envisaged by the new regulations. Importantly the new framework is mandating the EBA with new supervisory and oversight roles. Under MiCA, in less than two years from now, the EBA will be tasked to assess and supervise significant issuers of Electronic Money Tokens (EMTs) and Asset Referenced Tokens (ARTs). Under DORA, starting from 2025, the EBA and the other ESAs will be overseeing critical third-party providers (CTTPs) of ICT services to financial entities for the risks they may pose to financial entities and to the EU financial system as a whole. The regulatory as well as the supervisory work envisaged by the new framework will require the EBA to cooperate closely with different types of authorities, including financial, data, cyber, consumer protection and competition authorities.

ICT risk, including cyber risk and data security, is currently the most prominent driver of increased operational risks.<sup>40</sup> The EBA is continuously monitoring the ICT risk landscape and aim at fostering a common supervisory culture and practices as highlighted in the EBA convergence plans. In 2021, the EBA also performed an internal exercise to assess ICT supervisory practices and identify any potential gaps and challenges in the light of DORA. The Peer Review on the supervisory approach in the implementation of the EBA Guidelines on ICT Risk Assessment under the SREP show that EU competent authorities have largely implemented the Guidelines and apply them in their supervisory practices.

Let me now turn to the area of AML/CFT.

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<sup>38</sup> EBA RTS on individual portfolio management of loans offered by crowdfunding service providers under Article 6(7) ECSR (EBA/RTS/2021/11), 12 October 2021. [Available here](#). EBA RTS on credit scoring and pricing disclosure, credit risk assessment and risk management requirements for crowdfunding service providers under Article 19(7) ECSR (EBA/RTS/2022/05), 29 April 2022. [Available here](#).

<sup>39</sup> EBA Discussion Paper on machine learning for IRB models (EBA/DP/2021/04), 11 November 2021. [Available here](#).

<sup>40</sup> EBA Risk Assessment of the European Banking System, December 2021. [Available here](#).

The AML/CFT challenge cannot be fought in isolation. This is why, since our inception, we have been working to foster a common approach to AML/CFT by national competent authorities and financial institutions across the single market, and to equip them to apply this approach effectively.

Over the last twelve months, we have put in place a holistic regulatory framework to tackle ML/TF risks comprehensively, across all sectors and across all stages of a financial institution's life cycle. This framework now comprises of close to 30 technical standards, guidelines and opinions, including 13 instruments that specifically address prudential supervisors, and it is now nearly complete.

- Update and consolidation of the AML/CFT rulebook. The Supervisory Review and Evaluations Process (SREP) guidelines now include specific ML/TF risk references.<sup>41</sup> A new set of guidelines set out in practical steps how and in what situations prudential and AML/CFT supervisors should work with each other and with Financial Intelligence Units to ensure that they can all act on the best information possible.<sup>42</sup> In addition, our guidelines on risk-based AML/CFT supervision have been extended to address those areas that supervisors found difficult to get right, such as ML/TF risk assessments and choosing the right supervisory tools for different purposes.<sup>43</sup> New instruments where this was necessary to address new or emerging risks, in particular the AML/CFT compliance officer guidelines,<sup>44</sup> and the remote customer onboarding guidelines.<sup>45</sup> With our forthcoming guidelines on access to financial services, we will build on our de-risking work and which have taken on a new significance because of the war in Ukraine, as mentioned earlier.<sup>46</sup>

In addition, we are working to ensure the effective implementation of these standards, by building supervisory capacity and intervening where necessary to strengthen the EU's AML/CFT defenses.

Over the first nine months of 2022 alone, we ran eight training courses for EU supervisors with more than 1100 participants in total on important topics such as colleges and the effective AML supervision of life insurers. More events will follow later this year on, for example, the use of SupTech for AML/CFT supervisory purposes.

We also continue our programme of in-depth assessments of competent authorities' approaches to tackling ML/TF risk. This includes our implementation reviews, where we have assessed, and issued tailored recommendations to 14 competent authorities from 12 Member States so far,<sup>47</sup>

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<sup>41</sup> EBA Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing under CRD (EBA/GL/2022/03), 18 March 2022. [Available here](#).

<sup>42</sup> EBA Guidelines on cooperation and information exchange between prudential supervisors, AML/CFT supervisors and financial intelligence units under Directive 2013/36/EU (EBA/GL/2021/15), 16 December 2021. [Available here](#).

<sup>43</sup> EBA Risk-Based Supervision Guidelines (EBA/GL/2021/16), 16 December 2021. [Available here](#).

<sup>44</sup> EBA Guidelines on the role, tasks and responsibilities AML/CFT compliance officers (EBA/GL/2022/05), 14 June 2022. [Available here](#).

<sup>45</sup> EBA Consultation paper on draft Guidelines on the use of remote customer onboarding solutions under article 13(1) of Directive (EU) 2015/849 (EBA/CP/2021/40), 10 December 2021. [Available here](#).

<sup>46</sup> EBA Opinion on 'de-risking' (EBA/Op/2022/01), 5 January 2022. [Available here](#).

<sup>47</sup> EBA Report on competent authorities' approaches to AML CFT supervision of banks (round 2 – 2020/21) (EBA/REP/2022/08), 22 March 2022. [Available here](#).

with a further 13 reviews of competent authorities in 10 Member States currently underway. It also includes our ongoing assessment under Article 9a (5) of the EBA Regulation of competent authorities' efforts to manage ML/TF risks in the payments sector, which is due to conclude year with a public report and action points as appropriate. Through our assessments, we know that collectively, as supervisors, we are on the right trajectory: we can see that competent authorities are prioritising the fight against financial crime and that they are building up AML/CFT resources and capacity. We can see that reforms are underway to make supervision more intrusive and robust overall. And we are finding that because of the EBA's significant engagement in this area, cooperation between different authorities at home and abroad is now a priority. There is no question that most supervisors need to do more still, and we are here to support them with specific feedback and tailored advice as necessary.

The third focus in AML/CFT is the monitoring of risks and trends and intervene where necessary to put things right.

I have previously spoken about our extensive work to support the set-up and monitor the effective functioning of close to 300 AML/CFT colleges to make sure that the right risks are picked up and acted upon,<sup>48</sup> and I have also spoken about our work to assess how vulnerable the EU's financial sector is to the risks highlighted by the Luanda Leaks.<sup>49</sup>

Our big focus this year has been the setting up of our new, central, EU AML/CFT database, EuReCA. EuReCA was launched in January and receives reports from all competent authorities, including the ECB, on serious AML/CFT deficiencies they have identified in individual financial institutions. To-date, we have received nearly 190 submissions, and the numbers are growing daily. We are confident that EuReCA will transform how we tackle ML/TF risks in the EU: we have already shared information from EuReCA with prudential and AML/CFT supervisors, we have used information to challenge competent authorities where necessary, with tangible outcomes, and we are it to identify and act upon wider risks and trends, including those that we will highlight in our forthcoming Opinion on ML/TF risks in the EU's financial system.

Let me conclude with a few words on AMLA. Over the past seven years, we have used all our powers to strengthen the EU's ML/TF defenses. We have acquired unique insights and technical expertise, which we have made available to the co-legislators through our 2020 response to the Commission's Call for Advice,<sup>50</sup> and throughout the last months as negotiations of the new framework got underway.<sup>51</sup> We are confident that many of the reforms now on the table will help make the EU's AML/CFT regime more robust, and we remain fully committed to playing our part: now, as we finalise our policy mandates, including those we have been given under the new Fund Transfers Regulation; soon, as we prepare to hand over our mandate to the new AML Authority, and going

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<sup>48</sup> EBA Report on the functioning of anti-money laundering and counter-terrorist financing colleges in 2021 (EBA/REP/2022/18), 1 September 2022. [Available here](#).

<sup>49</sup> EBA report on competent authorities' responses to the 2020 Luanda Leaks (EBA/REP/2022/05), 22 February 2022. [Available here](#).

<sup>50</sup> EBA Response to the EU Commission request for technical advice on the future AML/CFT framework in the EU (EBA/Op/2020/14), 10 September 2020. [Available here](#).

<sup>51</sup> EBA response letter on the AML/CFT legislative package (EBA-2022-D-3882), 24 March 2022. [Available here](#).

forward, as a trusted partner who continues to bring the important, prudential component to the fight against financial crime.

### **Conclusion – the EBA on a refined mission**

In its 11th year of existence, we see that the EBA’s mission is shifting towards a more dynamic role in the family of European institutions. The Single Rulebook remains the anchor. This anchor ensures stability and resilience. But preserving this stability requires to have an outward-looking strategy. Geopolitical escalation risk, changing macro-economic conditions, digital innovations and pressing sustainability concerns are a reminder that we need to keep a constant eye on changes so as to calibrate the EBA’s efforts to the benefit of EU citizens and our economy.

As we moved from one crisis into another, the EBA offered the expertise and the forum for open exchange among stakeholders to advise on the way forward. And we seek to continue this path at European as well as on international level in close dialogue with you.

Thank you for your attention.