

---

# **EBA REPORT ON THE EFFICIENCY OF THE REGULATORY AND SUPERVISORY FRAMEWORK**

**EBA/REP/2025/26     1 OCTOBER 2025**

---



# Table of Contents

---

EBA proposals for a more efficient regulatory and supervisory framework in the EU ..... 3

    Introduction ..... 3

    Regulatory mandates ..... 3

    Reporting..... 5

    Holistic picture ..... 6

    EBA’s working arrangements with its members ..... 8

# EBA proposals for a more efficient regulatory and supervisory framework in the EU

---

## Introduction

1. In the context of the overall EU effort towards simplification and efficiency of the EU regulatory and supervisory framework, the EBA has started the review of four key areas: (i) the production of Level 2 (L2) and Level 3 (L3) regulatory products addressed to financial institutions, (ii) the reporting burden for these institutions, (iii) the EBA's contribution to the overall EU prudential regulatory framework and (iv) internal working arrangements.
2. For each of these four areas, the EBA has assessed the current situation, identified possible improvements to the efficiency of the regulatory and supervisory framework that could be made over different time horizons: by the end of 2025, in the short term (2026) or medium-long term (beyond 2026).
3. These proposals have been developed in accordance with 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, 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.
4. These proposals were prepared by a Task Force on the Efficiency of the Regulatory and Supervisory Framework (TFE) composed of Board of Supervisors' members and EBA staff <sup>1</sup> and approved by the EBA Board of Supervisors.
5. The outcome of this assessment and related proposals on the four key areas are hereby detailed, together with specific recommendations that the EBA will include in its work programme.

## Regulatory mandates

6. As a result of the legislators' objective of creating a Single Market for banking and financial activities in the EU, the development of regulatory products by the EBA has been

---

<sup>1</sup> Members of the EBA TFE : Helmut Ettl (AT FMA), Chair, Nathalie Aufauvre (FR ACPR), Louise Mogensen (DK FSA), Christopher Buttigieg (MT FSA), Thijs van Woerden (ECB-SSM), François-Louis Michaud (EBA), Isabelle Vaillant (EBA), Meri Rimmanen (EBA), Philippe Allard (EBA – TFE Secretary)

considerable since the Authority's establishment in 2011. These products played an important role in fostering a single prudential framework in the EU, which in turn reduced complexity as they limited potentially divergent practices at the level of the bank or member state.

7. Nevertheless, since 2011, banking and financial activities as well as the EU supervisory landscape have continued to evolve. Despite the revisions made as part of the ongoing regular activities, a specific assessment of whether existing L2 and L3 products are still appropriate is, therefore, necessary to ensure that the Single Rulebook remains adequate and efficient. Moreover, to prevent undue regulatory complexity and optimise the allocation of public and private sector resources, it is useful to review the extent to which upcoming L2 or L3 mandates would effectively contribute to the overarching objective of increasing the efficiency of the regulatory and supervisory framework.
8. For that purpose, the EBA has developed a **methodology to assess the materiality of L2 and L3 mandates**. This methodology takes into account the materiality of a given L2 and L3 mandate for both the institutions within its scope and the regulator or supervisor, together with additional criteria, such as the type of institutions subject to the mandate and the possible sensitivity of stakeholders to this mandate. Following a two-step approach, this methodology helps identify whether a mandate is complex and/or stakeholder-sensitive and which categories of institutions (large, small or all financial institutions, authorities, non-banks, investment firms) are in scope, using both quantitative and qualitative information. In a second step, two additional aspects are taken into account: (i) whether the mandate is burdensome for the institutions that are within its scope (this burden is assessed in terms of regulatory requirements but also with regards to potential IT or operational developments for the financial institutions within the scope) and (ii) whether this mandate is useful for the regulatory and/or the supervisory community, taking into account the existing regulatory framework and the possibility to fulfill this mandate through *ex post* convergence rather than additional *ex ante* harmonisation.
9. An application of this methodology to the EBA's upcoming **L2 and L3 mandates** shows that 20% of these mandates could be deprioritised. In practice, this would require an EBA agreement with the European Commission (EC) and co-legislators.
10. Going forward, this methodology will be used by the EBA when engaging with co-legislators during the negotiation of future legislation. It would underpin the EBA's assessment of the usefulness of the L2 and L3 mandates under consideration. It will also be used by the EBA when preparing its annual work programme to prioritise the allocation of its resources ([Recommendation 1](#)).
11. With regards to the **current Single Rulebook**, the EBA is launching a review of all the regulatory products it has developed (L2 and L3) since its establishment, starting with the most complex building blocks – i.e. credit risk, followed by governance and remuneration, ESG, and supervisory and resolution processes ([Recommendation 2](#)).

12. As part of the supervisory processes review, the EBA EU-wide stress test exercise, carried out with supervisors every other year, is undergoing a strategic streamlining to reduce the burden on both supervisors and institutions while preserving its analytical value. Central to this simplification is the effort to refine the bottom-up approach by reducing the complexity and volume of data templates, aligning stress test metrics more closely with supervisory reporting, and targeting unnecessary duplication. This aims to lower reporting costs for banks and enhance the efficiency of supervisory processes without compromising data quality and maintaining transparency as much as possible. In parallel, a more balanced and hybrid stress testing framework is being advanced, combining top-down and bottom-up methodologies. A collaborative platform will be established to facilitate the joint development and use of top-down models.
13. In parallel, a consolidation of the Single Rulebook complemented by a digital overhaul to make it more user-friendly will be launched in 2026 ([Recommendation 3](#)).

## Reporting

14. Over the years, the EBA has contributed to developing a uniform EU-wide reporting framework. This brings massive efficiency and simplification benefits to financial institutions as well as authorities compared with the existing 27 different reporting regimes. This work has developed a common basis 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 data reported by large institutions. Furthermore, following the 2021 EBA Cost of Compliance study, reporting costs for financial institutions associated with the EBA reporting framework were reduced by around 20%. The EBA is also promoting and working on an integration of prudential, resolution and statistical reporting, with the European Central Bank (ECB) and Competent and Resolution authorities (CAs/RAs).
15. On the other hand, subsequent changes to the regulatory framework since the Capital Requirements Directive and Capital Requirements Regulation (CRD/CRR) were first introduced have resulted in a further expansion of the reporting framework while reporting requests from CAs have continued to grow. This proliferation, as well as the EU's new priorities, call 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 would also avoid unwarranted reporting burden.
16. The EBA remains committed to working with the Joint Bank Reporting Committee for the long-term objective of developing an **integrated reporting framework across sectors**, which will reduce the 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 ([Recommendation 4](#)).

17. In the meantime, efficiency benefits can be reaped from three types of action with the objective of reducing reporting costs<sup>2</sup> by 25% overall, in line with the EC's expectations:

- **Reporting reduction:** reviewing and reducing existing reporting requirements across all modules of both the EBA and CA/RA additional requirements. This should be balanced with proportional supervisory approaches based on standard reporting ([Recommendation 5](#));
- **Coordination of requests:** introducing a public EU data request repository to provide transparency ([Recommendation 6](#)), better align EU and national reporting requirements, and avoid overlaps in the reporting initiatives and requirements, including for *ad hoc* requests ([Recommendation 7](#));
- **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 ([Recommendation 8](#)).

## Holistic picture

18. The applicable regulatory framework for credit institutions has been developed over time to address specific weaknesses and limit potentially very damaging externalities from financial crises. It covers a wide scope, including micro-prudential, macro-prudential, and resolution regulation, but also anti-money laundering, market, conduct, consumer protection and sectoral rules (ESG, digital, AI), with EU and national rules enshrined in different types of instruments and the involvement of a large number of national and European CAs. This creates a variety of obligations for institutions: quantitative requirements (capital, liquidity, limits and thresholds), qualitative requirements (organisational measures such as fit and proper, *ex ante* risk management and *ex post* remediation measures), information and data requests, financial levies.

19. While this overall framework has proved effective (high resilience to recent shocks) so far, it is admittedly complex. Addressing this complexity holistically could potentially require a number of more fundamental changes regarding the design, execution and calibration of the framework. However, some simple practical steps can already be envisaged to start improving the implementation of the existing framework. On this basis, some advice could be addressed to the EC.

20. **Regarding the complexity of the rules (design):** the current rules come in high numbers and are often very technical, reflecting the complexity of financial activities, sometimes with overlapping content. Existing rules should therefore be examined to check whether they are

---

<sup>2</sup> Costs incurred from compliance with EU regulatory reporting, national and ad hoc requests, including ongoing costs and implementation costs. [Cost of compliance with supervisory reporting | European Banking Authority](#) (2021)

necessary, overlapping or underlapping, and, where necessary, if they should be better articulated and simplified.

21. In the short-term, the EBA will reflect on how to streamline the capital/buffer/MDA requirements, as well as the multitude of own funds, leverage and TLAC/MREL requirements ([Recommendation 9](#)). It will also seek to foster more proportionality being introduced in the framework through a more systematic application of simpler rules for the Small non-complex institutions (SNCI) category while maintaining a single bank regime. ([Recommendation 10](#)).
22. These short-term actions could be complemented with initiatives such as a reflection on the expansion of the SNCI category ([Recommendation 10](#)) and a reflection on the existing balance of the home-host responsibilities and use of waivers in the Single Market ([Recommendation 11](#)). In addition, the EBA should leverage its unique composition to foster harmonisation in key risk management concepts and supervisory expectations across regulatory frameworks and promote consistency between various pieces of regulations and regulated activities ([Recommendation 12](#)). In that context, information sharing possibilities and arrangements should be facilitated with a view to re-using reported data across authorities from different sectors ([Recommendation 13](#)).
23. **Regarding the coordination of public sector action** (execution): In the short-term, the EBA will consider leveraging on its unique position among EU financial supervisory authorities to set up supervisory platforms bringing authorities from various horizons together in pilot cases for specific institutions (e.g. GSIBs) ([Recommendation 14](#)). The EBA will explore ways to support the work of these platforms with a common IT platform for information sharing and supervisory coordination ([Recommendation 15](#)).
24. In the long-term, the EBA will provide its advice and opinions to the EC to promote a framework that relies more on directly applicable rules (regulation and technical standards rather than directives and guidelines). In that context, it will make recommendations aiming at revisiting the articulation of requirements across Level 1, 2 and 3 texts ([Recommendation 16](#)).
25. **Regarding the ultimate impact of the framework:** In the short-term, the EBA will provide a more detailed account of supervisory convergence in the EU, building on a number of initiatives and efforts it is already engaged into with its members ([Recommendation 17](#)).
26. In the long term, given its unique composition and impact assessment capacity, the EBA could report periodically to co-legislators on the adequacy and the impact of the EU regulatory and supervisory framework (including the overall calibration of prudential requirements resulting from micro, macro and resolution frameworks) ([Recommendation 18](#)).



## EBA's working arrangements with its members

27. Since its creation, the EBA has developed most of its regulatory work with CAs drawing on its internal working substructures and on the dialogue with the industry in a rather bottom-up approach. Overall, this has allowed the EBA to deliver high quality standards albeit at a relatively slow pace.
28. Moreover, after almost 15 years of *ex ante* harmonisation work, focus may shift on ensuring a proper implementation of the existing rulebook through supervisory convergence action.
29. Supervisory convergence is one of the three core missions of the EBA since its creation, together with the building up of a single rulebook and financial stability monitoring. Considering that the Single Rulebook has reached a level of maturity and should be subject to a review to increase its efficiency in the coming years, a shift of focus and resources from *ex ante* harmonisation towards *ex post* supervisory convergence appears timely.
30. There are several supervisory convergence tools available (peer reviews, benchmarking, Q&As, exchanges on practices...). Peer reviews is one tool that may be reasonable to increase *ex post* convergence. However, they would require clearer risk-based prioritisation, a simplified process that would facilitate contributions and increased support from CAs to be more effective. This also means that **CAs should also rebalance the resources allocated to the EBA work towards supervisory convergence tasks** ([Recommendation 19](#)).
31. With regards to internal working arrangements, the following adjustments will be introduced:
- **Top-down guidance to selected policy development:** key deliverables of the work programme will be discussed *ex ante* by the Board of Supervisors to give early strategic steer, including on the way the Level 1 mandate should be implemented. This process would benefit from carrying out impact assessments at an earlier stage. It will be complemented by regular thematic discussions with the BoS on the development of EBA policies per topic ([Recommendation 20](#)).
  - **Less permanent EBA substructures and stronger BoS-substructures dialogue:** the number of permanent working substructures should be reduced or evolve more dynamically over time, which will help rebalancing the respective importance of *ex ante* harmonisation and *ex post* supervisory convergence work. In addition to their existing written status updates, Standing Committees will present their work programme to the BoS and report on topical issues, and each substructure should have a formal mandate to be adopted by the EBA BoS with specific requirements with regards to simplicity and efficiency ([Recommendation 21](#)).
32. The detailed list of these recommendations is presented below, with additional information:
- **Time horizon** (immediate, short-term or long-term): the time horizon corresponds to the moment where a recommendation should materialise into a deliverable to be potentially



published by the end of the year (immediate), in 2026 (short-term) or beyond 2026 (long-term). For each of these recommendations, the EBA work will start in 2025 or 2026. In some cases, these recommendations should produce deliverables at different time horizons (e.g. recommendation 10 on SNCI where a more systematic application of proportionality for SNCI is envisaged in the short term while further work on the SNCI category could be considered for the long term).

- **Lead institutions:** most of these recommendations are under the remit of the EBA only but some of them will require a coordination action with other EU institutions such as the EC, competent authorities as defined in article 4(2) of the EBA founding Regulation or the other ESAs.
- **Impact on level 1:** information on whether the output of these recommendations may lead to a proposal to the EU co-legislators for changes to the level 1 legislation (not expected, possible or expected) is also provided.

#	Recommendation	Horizon	Lead	Impact on Level 1
<b>Production of regulatory mandates</b>				
1	Set up a methodology to assess the materiality of L2 mandates	Immediate	EBA	Possible
2	Review of the single rulebook by building blocks			
2.1	Credit risk	Immediate	EBA	Expected
2.2	Governance and remuneration	ST	EBA	Possible
2.3	ESG	ST/LT	EBA	Not expected
2.4	Supervisory processes - including stress tests	ST/LT	EBA	Not expected
2.5	Resolution	ST	EBA	Not expected
3	Consolidated single rulebook	LT	EBA	Not expected
<b>Reporting</b>				
4	Integrated reporting	LT	EBA	Not expected
5	Review and reduce existing reporting requirements	ST	EBA, CA	Not expected
6	Implement a public EU repository of CA data requests	ST	EBA, ECB, CA	Not expected
7	EU-National coordination of reporting initiatives	ST	EBA, ECB, CA	Not expected
8	Change management actions	ST	EBA	Not expected
<b>Holistic picture</b>				
9	Reflect on the streamlining of capital/buffer/MDA requirements and the multitude of tiers of own funds and TLAC/MREL	ST/LT	EBA	Expected
10	Introduce a more systematic application of simpler rules for the SNCI category while maintaining a single bank regime and explore the expansion of the SNCI category	ST/LT	EC/EBA	Expected
11	Reflect 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	LT	EBA, CA, EC	Possible
12	Increase consistency across risk management concepts and expectations across regulated areas	LT	ESAs/JC	Not expected
13	Facilitate information sharing and re-use of reported data across authorities	LT	EC/ESAs	Possible
14	Set up supervisory platforms bringing authorities from various horizons together	ST	EBA, CA	Not expected
15	Develop common IT platforms (one stop shop) for info sharing and supervisory coordination	ST	EBA	Not expected
16	Revisit the respective roles of L1/2/3, rely more on directly applicable rules	LT	EC/EBA	Not expected
17	Provide a more detailed account of supervisory convergence in the EU	ST	EBA	Not expected
18	Periodically report to co-legislators about the adequacy and impact of the EU framework	LT	EBA	Not expected
<b>Internal organisation</b>				
19	Rebalance EBA/CAs allocation of resources towards ex post convergence	ST	EBA/CA	Not expected
20	Introduce top-down guidance to selected policy developments	ST	EBA	Not expected
21	Review the number of substructures, their mandate and strengthen their dialogue with BoS	ST	EBA	Not expected



Tour Europlaza, 20 avenue André Prothin CS 30154  
92927 Paris La Défense CEDEX, FRANCE  
Tel. +33 1 86 52 70 00

E-mail: [info@eba.europa.eu](mailto:info@eba.europa.eu)

<https://eba.europa.eu>