

From vision to implementation: simplifying the EU regulatory and supervisory framework for banks

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Ladies and gentlemen,

It is a pleasure to be able to take part once again this year in the *Handelsblatt* Annual Conference on Banking Supervision. Such occasions illustrate how dynamic the environment has become and how important it is for the banking sector to continue to evolve accordingly.

A great deal has happened over the past year. On the one hand, regulators have worked intensively on proposals to improve the quality and practical usability of banking supervisory rules. On the other, the banking sector has been confronted with a marked increase in geopolitical and geoeconomic tensions, while technological change continues to progress at great speed.

These developments influence how risks emerge, how institutions should respond to them, and how supervisory authorities must adapt. At the heart of my remarks today are the measures taken by the public sector — and in particular by the EBA — to promote resilience and efficiency in an environment that is changing rapidly and becoming increasingly uncertain.

In this respect, 2025 marked a turning point. Two milestones are worth highlighting.

First, a new legal framework entered into force with DORA for the supervision of ICT service providers. Against the backdrop of a transformed financial value chain and the central role of ICT third-party providers that had not previously been subject to supervision, this represented an important step at EU level.

In November, we designated 19 ICT service providers that deliver critical services to the EU financial sector, and at the same time began engaging with them. DORA is complex by nature. Nevertheless, the EBA, together with EIOPA and ESMA, has chosen an approach aimed at making implementation as coherent and practical as possible — including through the establishment of a joint, cross-sectoral team bringing together the three Authorities.

The second milestone was the launch of a comprehensive discussion on the efficiency of banking regulation and supervision. This was facilitated by the entry into force of the Basel III reforms at the

beginning of the year. Our objective was clear: to make our rules simpler, clearer, more proportionate and easier to apply in practice.

Simplification does not mean deregulation. It is about reducing unnecessary complexity, eliminating superfluous layers of administrative burden, and ensuring that rules remain understandable and workable for both authorities and institutions. This is a defining feature of a next-generation regulator: a framework that remains effective while being manageable in an environment characterised by artificial intelligence, cyber risks, cloud concentration, tokenisation, digital assets and crypto-assets.

This is where the EBA's work fits in. The regulatory and supervisory framework must continue to provide the safeguards that underpin financial stability. At the same time, it must remain workable. Simplification must not be cosmetic; it should be geared towards ensuring that regulation continues to serve the public interest in a changing environment.

What matters is translating policy objectives into concrete implementation — and thereby supporting a regulatory framework that is fit for purpose, future-proof and internationally credible.

To advance this agenda, the EBA — like other authorities — established a task force on the efficiency of the regulatory and supervisory framework at the beginning of 2025.

The starting point was clear. After more than a decade of reforms, the EU regulatory and supervisory framework had become extensive and, in some areas, highly complex. This raised legitimate questions as to whether all rules and procedures remained justified and fit for purpose, whether the burden for authorities and institutions continued to be proportionate, and where adjustments were needed to address new risks appropriately.

Against this background, the EBA conducted, for the first time in its history, a comprehensive review of the supervisory and regulatory framework. Our aim was to identify areas where streamlining is possible without weakening supervisory insight or the resilience of the sector.

This work resulted in 21 concrete recommendations, published last October. In its report, the EBA identified four priority areas where meaningful simplification can be achieved without weakening the regulatory framework or supervision. These include a review of the *Single Rulebook*, where targeted streamlining can reduce unnecessary complexity and overlap; supervisory reporting; the need for a more holistic understanding of how different supervisory and regulatory areas interact; and the EBA's own internal organisation.

Since then, tangible progress has been made. Within the *Single Rulebook*, areas with potential efficiency gains have been identified. In addition, it has been proposed to deprioritise around twenty per cent of the mandates conferred by the co-legislators. The SREP Guidelines have also been streamlined. Furthermore, a discussion paper on possible simplification measures in the area of credit risk was published last month.

Another area where concrete progress has been made is reporting. The creation of a single EU-wide regulatory reporting framework already represented a major simplification step — replacing 27 national approaches with a harmonised regime. The key challenge now is to further streamline reporting at both EU and national level, in particular through stronger coordination of ad-hoc data requests.

It is assumed that the volume of reporting requirements could be reduced by around 25% without impairing supervisory efficiency. To support this objective, work has begun on establishing an EU-wide register of reporting requirements, with the aim of increasing transparency, promoting convergence and avoiding duplication. The guiding principle is clear: simplification should be felt in the day-to-day reality of institutions — and not remain confined to a theoretical concept.

Let me now turn to small and non-complex institutions.

The principle of proportionality is embedded in the EU framework through the category of small and non-complex institutions (SNCIs). SNCIs benefit from simplified supervisory expectations — particularly within the SREP — and are required to report only around 30% of the data requested from large institutions.

Of course, not every small bank qualifies as an SNCI, and not every SNCI is necessarily small. Nor can the SNCI population as a whole be considered insignificant for national markets or for the EU as a whole.

To qualify as an SNCI, an institution must remain below the threshold of an average of EUR 5 billion in total assets and must also meet a number of qualitative criteria relating to its structure, risk profile and business activities. Conversely, an institution with less than EUR 30 billion in assets may still be classified as “large” if other relevant criteria apply. Proportionality in the EU framework is therefore not a simple size test, but a structured and risk-sensitive assessment.

With EUCLID — the EBA’s European central infrastructure for supervisory data — we now have an EU-wide overview of how competent authorities classify institutions as SNCIs, regular or large. This overview shows that SNCIs and regular institutions make up the overwhelming majority of institutions, while large institutions are relatively few in number but account for the bulk of risk exposures. However, the distribution differs significantly across Member States.

At EU level, only around five per cent of total banking risk exposures are attributable to SNCIs. This average, however, conceals substantial national differences. Germany alone accounts for almost 70% of total SNCI risk exposures in the EU sample, corresponding to around 15% of bank assets in Germany.

This makes clear that in some banking systems, SNCIs are not marginal actors, but key providers of regional financing and an important source of funding for households, SMEs and local markets.

In practice, many institutions below the EUR 5 billion threshold are not classified as SNCIs because competent authorities conclude that the qualitative criteria are not met. In several Member States, SNCI classification therefore cannot be reduced to a question of size; rather, it reflects a deliberate, risk-based supervisory decision.

Taken together, these insights provide a solid basis for the discussion on how simplification measures can appropriately reflect the structural diversity of the European banking landscape. The current SNCI regime reflects observed differences and actual supervisory decisions, not merely theoretical distinctions. Proportionality is particularly relevant where banking systems differ most. Against this background, it appears appropriate to assess how diversity across banking sectors is taken into account in practice and whether the concrete application of the framework is aligned with supervisory objectives.

Let me conclude by summarising the key messages of our efficiency agenda.

First, simplification is not about lowering standards. Robust rules remain essential to protecting the public interest, financial stability and trust in the financial system. At the same time, rules must be designed and implemented in a way that allows institutions to apply them correctly, efficiently and consistently. An excessively complex framework can undermine the achievement of regulatory objectives.

Second, proportionality is not a slogan; it is a core principle. Europe's banking landscape is diverse. This diversity is a source of strength and should be appropriately reflected in the rulebook. Proportionality helps calibrate requirements in a risk-sensitive manner, allocate burdens appropriately, and allow institutions to focus on effective risk management.

Third, simplification is an ongoing process. It requires robust data, cooperation, consistent prioritisation and perseverance. The ongoing work based on the recommendations of the EBA report shows that substantial efficiency gains are achievable when measures are developed on an evidence-based basis, supported politically and geared towards practical implementation.

The EBA will continue to advance this work, with the aim of a regulatory and supervisory framework that is risk-sensitive, future-proof and internationally credible — while also being clear, coherent and workable in practice. In an environment of accelerated change, clarity contributes to resilience. And simplification can help strengthen the framework conditions overall.

Thank you.