Written Statement – ECON Hearing EBA Chair François-Louis Michaud

28 September 2026

Check Against Delivery
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Es gilt das gesprochene Wort

Dear Madam Chair,

Dear Members of European Parliament,

It is a pleasure to appear before you for the first time as EBA Chair, and I look forward to continuing to deepen our open, constructive relationship and accountability to ECON.

A partner ready for the work ahead

I want to start with a simple message: the EBA stands ready to work with you. We have an ambitious legislative agenda in front of us, not least the upcoming package on banking competitiveness and the securitisation file, and the EBA is eager to provide evidence-based contributions to the discussions. We have data, technical expertise, and our governance brings together all 27 Member States and 3 EEA/EFTA countries, including micro- and macroprudential, resolution and conduct authorities as well as representation from central banks and other institutions and agencies at EU level (ECB/SSM, ESRB, AMLA, EIOPA and ESMA). Our track record shows that our advice has shaped EU policies time and time again. I will get back to this.

Speaking of track record, I'd also like to use this opportunity to note that the European Parliament's recent discharge report was adopted without any recommendations. We have taken this institution's scrutiny seriously over the years, and this is reflected in the latest discharge. We run a tight ship and operate as lean as possible. That is because we leverage the expertise of national competent authorities rather than duplicating it. And we have built a genuine capacity to forge consensus and to promote an EU-wide, united supervisory culture. That combination, rigour on facts, thorough analysis, agility, and consensus-building, is what I intend to preserve and strengthen.

A resilient EU banking sector

Let me turn to substance. EU banks are in strong shape and have proven resilient over the past years. At the start of this year, EU banks' core equity tier 1 sat above 16% while it was 13% ten years ago. EU banks' profitability has also strengthened markedly in recent years, with return on equity reaching around 11%, well above pre-pandemic levels and closing the gap vis-à-vis global competitors. EU performance is now broadly comparable with or above other major peers such as the UK and Japan.

This is not an accident. It is the direct result of the prudential framework this Parliament helped build after the last crisis: the Banking Union with its Single Rulebook and its more integrated supervisory as well as recovery and resolution architecture. That framework has been tested in recent years, namely by a global pandemic and geopolitical instability. We have observed that it has held on, with our banks staying strong. In fact, throughout the turmoils, EU banks have continued to lend to European businesses and citizens. That show of resilience is a European achievement.

But we cannot rest on our laurels

Though we can be proud of the resilience of the EU banking sector, we must also look outside of the Union. Our economy, and therefore our banks, operate in a global system with fierce competition. EU banks remain important players on the world stage. However, their share of assets among the global top 50 banks by size has fallen from around 35% in 2011 to just above 20%. Basel III implementation is proceeding at very different speeds across jurisdictions, challenging our banks' standing vis-à-vis other competitors. Bringing it back to the Single Market, third-country banks account for more than 10% of EU banking assets, a rising trend in recent years. EU banks have been ceding ground to US and UK players in some sectors, especially in wholesale and capital market-related activities. What's more, our banks are increasingly more exposed to non-bank financial intermediaries, and those are predominantly linked to foreign jurisdictions.

EU banks do dominate customer-facing activities and the retail market. However, I should use the plural when referring to that market. Indeed, retail banking remains fragmented along national borders inside the EU, far from a truly European one. This fragmentation has a significant impact on EU banks, as it prevents them from obtaining the scale they need to make retail activities sufficiently profitable.

Furthermore, this lack of scale reduces their ability to make necessary digital investments. We observe that EU banks' investment in technology is lagging behind other competitors. Frontier AI models are set to deeply transform our economies and societies. They pose significant challenges to our banks in terms of cyber security. Through DORA, we have strengthened our operational resilience. Going forward, the EU needs to build up its own AI capacity, which will require substantial investment.

This picture points to one conclusion: through the Banking Union, we have achieved significant resilience. However, it remains incomplete and we see areas where fragmentation prevails. We urgently need to reach a true Single Market for banking, especially as technology and new entrants raise the bar on the scale and the ICT investment banks need to stay competitive.

Now is the time to act on competitiveness

This is why I welcome the Commission's competitiveness report. It is ambitious, and it forces a genuine reflection among co-legislators, supervisors and industry about what a competitive European banking sector should look like. The direction is clear: EU banks need to scale up, our prudential framework needs to be simplified, and our institutional setup needs to integrate further.

The EBA has been at the forefront of this debate. In October last year, our Task Force on Efficiency published a set of 21 recommendations to improve the prudential framework. We have been working hard since last October to implement them. Today, we have delivered on 10 of those 21 recommendations. One of the EBA's first moves was to design a method to assess upcoming Level 2 mandates and determine how burdensome they are versus how essential they are for stability. This allowed us to deprioritise pending mandates stemming prudential regulation. We are also applying this to the stock of our existing Level 2 products, seeking to streamline where possible.

A more recent example of this efficiency work is our proposals to slash reporting requirements. We have been publicly consulting on plans to cut up to 50% of the reporting burden in a way that does not hamper supervision.

This June, we published a comprehensive report on the capital stack. Our experts studied the layering of buffers and requirements on banks, and our Board of Supervisors adopted a set of recommendations to simplify it. This is the type of low-hanging fruit that can deliver simplification.

Other work is in motion: we are also looking at the framework from a holistic perspective, asking what can be improved on coordination and cooperation while also gathering information on the overall capital in the system. In addition, we are advancing work on fostering proportionality for the Small and Non-Complex Institutions.

A clear strategic direction

Let me conclude. I see the EBA's role along three lines going forward: as the Union's next-generation regulator, new frontier supervisor and a service provider.

I have already talked about the EBA's regulatory perspective. Our goal is to continue providing evidence-based technical rules and insights. We believe that our Rulebook should be based on modern analytical approaches with transparency and accountability.

Turning to supervision, the EBA is developing supervision at new frontiers, using innovative solutions. For instance, the EBA built its capacity to assume the role of direct supervisor of significant issuers of asset-referenced tokens (ARTs) and electronic money tokens (EMTs) under MiCA. On a joint front, the 3 ESAs are responsible for the oversight of critical ICT third-party providers (CTPPs) under DORA. In fact, the EBA is the lead overseer of the 19 designated CTPPs. This year, the EBA also took on its new supervisory role as the central validator of pro forma initial margin models, as mandated by EMIR 3. Over the summer, we onboarded more than 220 counterparties using ISDA SIMM across the EU. We are now conducting the initial validation of ISDA SIMM, working closely with competent authorities and other regulators worldwide. We aim to issue our first validation decision by the end of this year, marking the beginning of our ongoing monitoring of ISDA SIMM from 2027 onwards.

Finally, let me end my intervention by insisting on the fact that our expertise and skills at the centre of the supervisory community can help reap synergies for our stakeholders. As such, we are not only leveraging our data and knowledge to develop policies or assess risks. We also aim to increase the efficiency of our respective organisations. For instance, we provide training programmes to national competent authorities so that their expertise keeps pace with the new risks they supervise. We are also forging data partnerships with other institutions, such as AMLA and the ESRB, so resources are shared, not duplicated.

Let me end by saying again that the EBA is fully committed to supporting co-legislators and supervisors and that I look forward to deepening our collaboration with you.