



EBA BS BSG 2022 013 rev. 1

Board of Supervisors and Banking
Stakeholder Group

21 April 2022

Location: EBA premises

Joint Board of Supervisors and Banking Stakeholder Group 21 April 2022 – Minutes

Agenda item 1: Welcome and approval of the agenda

1. The Chairperson welcomed the Members of the Board of Supervisors (BoS) and the Members of Banking Stakeholder Group (BSG) at the EBA premises.
2. The Chairperson asked the BoS and BSG whether there were any comments on the draft agenda. There were no comments on the agenda.
3. Finally, the Chairperson informed the BoS and BSG that the Minutes of the last meeting have been approved in written procedure.

Conclusion

4. The BoS and BSG approved the agenda of the meeting.

Agenda item 2: Report on the activities of the BSG

5. The Vice-Chair of the BSG started by conveying the Chair's regret she could not make the trip to Paris and attend the first physical meeting after two years where meetings were only virtual.
 6. The presentation by the Vice-Chair followed, starting with the objectives and processes of the 2021-22 EBA-BSG working plan, which includes strategic (the risk reduction package, EU-wide EBA stress testing framework, building AML/CFT infrastructure, managing ESG risks) and horizontal priorities (addressing the aftermath of COVID-19, establishing a culture of sound and effective governance and good conduct in financial institutions), deliverables (responses to consultations and discussion papers, own initiative advices, workshops with EBA staff).
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7. The eight internal working groups (WG) were introduced with details on their structure. It was explained that the main role of each WG coordinator is the preparation of own initiative papers and answers to EBA consultations, which are circulated to all BSG members for comments.
8. Each WG coordinator was given the floor to bring an update on the working plan. The focus of WG 1 is Capital and Liquidity and the main priority for 2021-2022 is to follow up the implementation of Basel Rules in the EU. For that purpose, the group organised a workshop on Basel III in January 2022 with speakers from the EBA, COM-FISMA and ECB. The outcome of this workshop should result in a report to be presented in the following weeks. The BSG WG 2 worked quite heavily in the last two years on stress test, guidelines on reporting disclosure related to COVID19, Pillar III issues, Remuneration and [SREP](#). The WG3, focusing on consumer protection, has had no call for contributions as no consultation on the topic has been issued. The WG 4 concentrated on the response to four consultation papers on PSD 2 and its coordinator reminded of the workshop on Financial Inclusion and Digitalisation. The WG 5 plans for the organisation of a workshop on Sustainable Finance in the fall of this year. The WG 6, on AML and CFT, produced an own initiative paper on de-risking, another one on remote customer onboarding and a response on the EBA consultation on the role of AML and CFT compliance at the last meeting on October 2021. Finally, the WG 7, post COVID19 recovery, is on stand-by, as the latest developments on that matter appear better than expected for the moment.

Agenda item 3: Implications of the conflict in Ukraine

9. The EBA Chairperson introduced the item which should provide an overview of the impact of the conflict in Ukraine on the EU regulatory framework with a specific focus on the sanctions regime and the AML/CFT implications.
10. He underlined that the EBA has held extraordinary BoS meetings in February and March, in connection with the Russian aggression against Ukraine, issued a public statement and undertaken other activities with a view to support convergent approaches and facilitate the implementation of sanctions against Russia.
11. A presentation on the EBA activities in respect of EU Sanctions against Russia and Belarus by an EBA staff followed. The emphasis lied on the five packages of EU sanctions that have been adopted so far against Russia (RU) and Belarus (BY), organised along two lines, one on the prohibition of certain transactions with RU and BY individuals and entities and the other on aims at the freezing of funds and economic resources. These types of sanctions are complemented by the general prohibition to participate, knowingly and intentionally, in activities the object or effect of which is to circumvent the measures.
12. In connection with the EU sanctions, the EBA undertakes the role of a forum for open discussion among CAs on war's consequences on the EU financial system. The EBA is engaged in facilitating the sharing of the interpretation of sanctions via the set-up - in cooperation with the European Commission - of the EBA Sanctions Q&A, in assessing the adequacy of current

regulatory framework (prudential, financial inclusion, crypto-assets) via-a-vis the sanctions, in and in other activities that may arise/be requested from time to time.

13. Around 120 Questions have been submitted via the EBA Sanctions Q&A which mainly focus on the scope of application of the restrictive measures, on the risk of circumvention and on the prohibition to accept deposit above EUR 100k.
14. The EBA staff also mentioned the work developed by the EBA as part of its AML/CFT mandate, which is related to financial exclusion, de-risking by banks, financial crime risks and work to raise awareness on the need to protect vulnerable persons.
15. Two BSG members made a presentation of the BSG perspective. They explained that sanctions are not only imposed by the EU, but also limitations imposed by the National Bank of Ukraine concerning customers of banks, direct transactions and corresponding networks. They underlined the fact that the proposed sanction package for the banks must be implemented instantly, sometimes over the weekend, which is a challenge for the compliance departments. Some EU regulations might appear too general and not indicating implementation details, which has led to questions / doubt on who should apply them and which transactions should be blocked. Also, regarding the questions submitted through the tool (EBA Sanctions Q&A), they noted that around 70% have been answered, an understandable fact, given that the COM has to assess all the implications. They stressed that although there are delays with the answers, the banks have managed to implement the sanctions in one or two days. Other challenges arise from the fact that some sanctions imposed by the EU may differ from the ones imposed by other third countries, especially the US. They mentioned that on the subject of transfer of funds into and out of Ukraine (Hryvnia), the Ukrainian National Bank has made efforts to still accept card payments and keep the economy going. Finally, they concluded that so far, cyber security has not been a great issue, with a very limited number of attacks on the banking systems, and the assessment that business continuity has not been heavily challenged, but they noted however that these issues should be carefully monitored.
16. A BoS member, representing a Competent Authority of one of the Member States, noted that the timing, magnitude and the severity of the sanctions were not envisaged by Russia in the war planned cost. The members underlined that the real challenge will be to maintain the coherence, severity and efficiency of these sanctions and simultaneously enable access to financial services and products to millions of refugees and non-EU citizens by relaxing and simplifying the approach in many AML/CFT aspects.
17. The Chairperson informed the BSG members that the EBA was preparing a statement to provide clarity on how the AML/CFT Regulation should be applied in order to make sure there is proper balance between customer onboarding and financial inclusion when financial institutions are onboarding the large number of refugees arising from the invasion.
18. The Head of the EBA AML/CFT Unit explained that the EBA and the EU Competent Authorities have taken good note of the uncertainty that continues to exist and how the EBA 2016 Opinion

on AML/CFT apply in this context. She mentioned that this opinion was issued in a very different background but continue to be relevant in relation to what financial institutions can do to comply both with the AML/CFT obligations and also provide customers with access to the financial system. She concluded that the EBA will keep working on new guidelines on financial inclusion and AML/CFT.

19. Members from the BSG and BoS welcomed the presentations and supported the way forward presented by the EBA.

Agenda item 4: Update on Digital Operational Resilience

20. The Chairperson introduced the item by reminding the BoS and BSG that the DORA (Digital Operational Resilience Act) trilogue procedure has started in early January and explaining that the French Presidency was optimistic that an agreement could be reached by June. To this end, the EBA in close coordination with EIOPA and ESMA, were preparing for the new mandates and roles envisaged under DORA.
21. The EBA Head of Digital Finance Unit (DF) updated the BoS and BSG on the main aspects of DORA. She said that the legislative proposal consisted of a regulation applicable to wide range of financial entities and a Directive stipulating the changes to sectoral Directives to enable their coexistence. She explained that the proposal contains four key aspects – ICT risk management, ICT-related incidents, Digital operational resilience testing, and ICT third party risk management. With regards to the timelines, the Head of DF clarified that the EBA expected that if political agreement was reached in June 2022, DORA would enter into force in Q1 2023 and apply from Q1 2025. She continued by providing an overview of the expected policy and reporting mandates, the new tasks and preparatory work to be done ahead of DORA implementation, including establishing a new Joint Committee (JC) sub-committee given that most of the mandates were joint ESAs' mandates. She also noted that the EBA has established an internal project team on DORA operational preparedness and that the team conducted an internal stock take exercise on the range of ICT supervisory practices and ICT risks in 2021 and was currently analysing the DORA proposal and the EBA Guidelines on ICT and security risk management. Finally, the Head of DF concluded by saying the ESAs had a number of exchanges with industry stakeholders and on 23 October 2020, the EBA hosted a closed workshop to collect views of ICT service providers on the DORA framework. She also mentioned that the ESAs were considering organising structured joint events with stakeholders in the coming months to obtain views on the DORA legislative developments.
22. A presentation by a BoS Member followed. In this presentation, the BoS Member focused on the most important divergences between the three versions of the level 1 text and policy, oversight and other tasks to be entrusted to the EBA and the other ESAs. He also referred to the governance of the oversight framework and noted that allocation of sufficient and adequately skilled resources was required. He concluded by stressing the need for three frameworks – a pan-European systemic cyber incident coordination framework; the EU hub

for centralised reporting of major ICT-related incidents; and coordination with ENISA on advanced resilience testing and designation of critical TPPs.

23. A BSG Member reflected on the two presentations. He said that DORA was a very new and unusual piece of legislation with many horizontal aspects. With regard to ICT risks, cyber risks and testing, he stressed that skilled resources should be involved and that the ESAs should be very transparent when identifying shortages. The BSG Member noted that ICT providers usually operate horizontally and therefore, the ESAs should consider this aspect in their work. He also supported a close cooperation between the ESAs and ENISA. On the stakeholder cooperation, he asked for broader engagement with the industry and said that the BSG would welcome close cooperation and exchange of expertise. Finally, he stressed the interaction of the DORA proposal with the recovery and resolution framework.
24. One BSG Member questioned whether there was any international cooperation on these issues and also asked on the JC governance. Furthermore, she asked if the BSG should closely cooperate with stakeholders' groups of the other ESAs.
25. Another BSG Member stressed the importance of the interaction between DORA and resolution framework.
26. One BoS Member asked for some clarification on how the JC work on DORA would affect the other work of the EBA's committees and what the future of the ICT SREP Guidelines would be in that context.
27. The Chairperson stressed that an enhanced collaboration on horizontal issues was indeed needed and that despite some uncertainty on the final mandates, the ESAs were already discussing future cooperation in the most homogenous way.
28. On the JC governance, the Head of DF explained that there would be workstreams under the sub-committee on DORA which would focus on delivery of the policy mandates under DORA. With regard to the SREP Guidelines, she said that the EBA was assessing what implications could DORA bring which would be reviewed when the DORA legislation was final.
29. The Chairperson concluded by noting the comments and stressing that the EBA would further inform the BoS and BSG when the DORA legislation would be finalised.

Participants of the Joint BoS and BSG meeting on 21 April 2022¹

Chairperson: Jose Manuel Campa

<u>Country</u>	<u>Voting Member/High-Level Alternate</u>	<u>National/Central Bank</u>
1. Austria		
2. Belgium	Jo Swyngedouw	
3. Bulgaria	Stoyan Manolov	
4. Croatia	Sanja Petrinic Turkovic	
5. Cyprus	Constantinos Trikoupis	
6. Czech Republic	Marcela Gronychová	
7. Denmark	Jesper Berg/Thomas Worm Andersen	Morten Rasmussen
8. Estonia	Andres Kurgpold	Timo Kosenko
9. Finland	Marco Myller	Hanna Freystatter
10. France	Dominique Laboureix/Emmanuelle Assouan	
11. Germany	Raimund Röseler	
12. Greece	Kyriaki Flesiopoulou	
13. Hungary	Csaba Kandracs	
14. Ireland	Gerry Cross	
15. Italy	Andrea Pilati	
16. Latvia	Santa Purgaile	
17. Lithuania	Simonas Krepsta	
18. Luxembourg	Claude Wampach	Christian Friedrich
19. Malta		Oliver Bonello
20. Netherlands	Maarten Gelderman/Sandra Wesseling	
21. Poland	Kamil Liberadzki	Pawel Gasiorowski
22. Portugal	Ana Paula Serra	
23. Romania	Catalin Davidescu	
24. Slovakia	Tatiana Dubinova	
25. Slovenia	Primoz Dolenc/Damjana Iglic	
26. Spain	Angel Estrada	
27. Sweden		
<u>EFTA Countries</u>	<u>Member</u>	
1. Iceland	Elmar Asbjornsson	
2. Liechtenstein	Markus Meier	
3. Norway	Morten Baltzersen	Sindre Weme
<u>Observer</u>	<u>Representative</u>	
1. SRB	Sebastiano Laviola	
<u>Other Non-voting Members</u>	<u>Representative</u>	
1. ECB/SSM	Sofia Toscano Rico	
2. European Commission	Martin Merlin	

¹ Liga Kleinberga (Financial and Capital Market Commission); Jose Coelho (Banco de Portuga); Kurt Van Raemdonck (NBB); Luca Serafini (Banca d'Italia); Brita Hrenovica (Finanstilsynet); Eida Mullins (Central Bank of Ireland); Pawel Gasiorowski (Narodowy Bank Polski); Pascal Hartmann (FMA); Marek Sokol (CNB); Liza Lunstroo, Annemijn van Rheden; Jurriaan Paans (DNB); Christian Elbers; Julia Blunck (BaFin); Iris Taleb (SRB); Stefan Barriga (EFTA); Christian Toftager (Danish FSA); Marc Peters (EC)

3. EIOPA
 4. ESMA
 5. EFTA Surveillance Authority
 ESRB
- Natasha Cazenave
 Marco Uccelli
 Toumas Peltonen, Emilio Hellmers

BSG:

Patricia	Suárez Ramírez	ASUFIN	Consumers
Jennifer	Long	International Monetary Fund	Consumers
Monica	Calu	Asociatia Consumers United/Consumatorii Uniti	Consumers
Vinay	Pranjivan	Associação Portuguesa para a Defesa do Consumidor	Consumers
Martin	Schmalzried	Confederation of Family Organisations in the EU	Consumers
Christian	Stiefmueller	Finance Watch AISBL	Consumers
Tomas	Kybartas	The Alliance of Lithuanian consumer organisations	Consumers
Julia	Strau	Raiffeisen bank International AG	Financial institutions
Christian	König	Association of private Bausparkassen	Financial institutions
Eduardo	Avila Zaragoza	BBVA Group	Financial institutions
Johanna	Orth	Swedbank	Financial institutions
Véronique	Ormezzano	BNP Paribas	Financial institutions
Erik	De Gunst	ABN AMRO Bank	Financial institutions
Sébastien	De Brouwer	European Banking Federation	Financial institutions
Sebastian	Stodulka	European Savings and Retail Banking Group (ESBG) & World Savings and Retail Banking Institute (WSBI)	Financial institutions
Elie	Beyrouthy	European Payment Institutions Federation	Financial institutions
María	Ruiz de Velasco Camiño	ABANCA	Financial institutions
Monika	Marcinkowska	University of Lodz	Top-ranking academics
Concetta	Brescia Morra	University Roma Tre	Top-ranking academics
Edgar	Löw	Frankfurt School of Finance & Management	Top-ranking academics
Alin Eugen	Iacob	Association of Romanian Financial Services Users	Users of Banking Services
Poul	Kjær	Copenhagen Business School	Users of Banking Services

EBA

Executive Director
 Director of Economic and Risk Analysis Department

Francois-Louis Michaud
 Jacob Gyntelberg

Director of Prudential Regulation and Supervisory Policy
Department

Isabelle Vaillant

Director of Innovation, Conduct and Consumers Department

Marilyn Pikaro

Director of Data Analytics, Reporting and Transparency
Department

Meri Rimmanen

Heads of Unit

Philippe Allard; Angel Monzon; Jonathan Overett Somnier

EBA experts

Tea Eger

Mihnea Sarca

Anna Gardella

For the Board of Supervisors and the Banking Stakeholder Group

Done at Paris on 18 July 2022

[signed]

José Manuel Campa

EBA Chairperson