



Banking for a stronger Europe

Simplification, integration and competitiveness



This report, prepared by the three Spanish banking associations AEB, CECA and UNACC, seeks to highlight the essential role of the banking sector in achieving Europe's ambition for growth, innovation, dynamism and competitiveness. This role can be further strengthened by progressing towards a more efficient, proportionate and coherent regulatory and supervisory framework, as well as by deepening the integration of the single financial market.

This analysis is set within the broader European debate shaped by the recommendations put forward by Mario Draghi in his *Report on European Competitiveness* (hereinafter, the Draghi Report), by Enrico Letta in his report *Much More Than a Market* (hereinafter, the Letta Report), and by the issues raised by the European Commission in its *Targeted Consultation on the Competitiveness of the EU Banking Sector*. This report identifies the current obstacles and proposes the measures required for the banking sector to drive competitiveness growth, demonstrating how it can contribute to the challenges outlined in those reports, through concrete and actionable measures that enable a transition from diagnosis to implementation.

This report is addressed to policymakers, regulatory and supervisory authorities, social partners, businesses and the wider public. Its purpose is to contribute to a broader understanding of the role played by the banking sector as a critical infrastructure of the economic system, as well as of the impact that the regulatory and supervisory framework has on its ability to fulfil this function for the benefit of society as a whole.

EY has supported in the preparation of this report. During its elaboration meetings were held with more than 15 Spanish credit institutions, as well as with non-financial business associations, sector experts and think tanks. The authors would like to express their sincere appreciation for their participation and contributions.

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INTRODUCTION

Executive Summary

Europe has the potential to aspire to be a global reference for dynamism, progress, innovation and well-being. It has the economic and social strength, the history, the institutional framework and the talent necessary to materialize this ambition. **The investment needed to achieve it is enormous: 1.2 trillion euros per year.**

On the contrary, inaction would mean a gradual loss of competitiveness and relevance *vis-à-vis* other economic blocks, a lower capacity to influence the international stage and a more limited availability of resources to sustain its social model.

Banks play a decisive role in mobilizing the resources needed to materialize this European ambition. In fact, in Europe, around 70-80%¹ of financing depends on banks. This dependence is even greater in the case of SMEs, which have little access to market financing.

However, and even in this context of high contribution to the European economy, the ability of European banks to fully deploy their role in supporting the economy is limited by three major factors: the growing complexity of the regulatory framework, the lack of efficiency in the supervisory framework, with overlaps and without a genuine comprehensive vision, and the absence of a complete single market. The accumulation of standards, guidance, supervisory expectations, reporting obligations, and prudential requirements has increased compliance costs, reduced the predictability of the framework, and limited the capacity for capital planning, investment, and innovation. At the same time, the fragmentation of the financial single market prevents sufficient scale, hinders the efficient mobility of capital and liquidity, and reduces the ability to compete on a level playing field with other jurisdictions.

There is therefore potential for mobilizing additional finance and investment from more efficient regulation and supervision and a more integrated financial market. The objective should not be to deregulate or lower the standards of financial stability or customer protection, but to build a framework that is proportionate, stable, coherent, proportional and aware of its implications for competitiveness. To this end, the following measures are proposed:

1. Inclusion of an **explicit objective of promoting banking competitiveness and economic growth** within the mandate of regulatory and supervisory authorities, with effective **accountability** on the impact on that objective.
2. **Simplification of the capital framework**, through a **comprehensive view** of requirements, elimination of overlaps, **greater stability and predictability of the capital** required, **rationalization of the macroprudential framework**, and alignment of resolution requirements with international standards (**alignment of MREL with TLAC**). The resolution framework should also ensure the full computability of CET1 for the MREL requirement.
3. **Simplification of the supervisory framework to make it more efficient** and focused on material risks, limiting discretionary decisions arising from interpretations, guidelines and supervisory expectations that go beyond Level 1 legislation.
4. **Simplification of the European regulatory process, including the promotion of regulation based more on regulations and less on directives**, to avoid potential differences in the trans-

1. European Banking Federation (EBF), *Business Finance*, available at: <https://www.ebf.eu/priorities/financing-growth/business-finance/>

position of directives that could generate regulatory fragmentation within the Union (gold-plating), and that allows the completion of the Banking Union. Likewise, **the use of “soft law” must be effectively delimited to avoid the consolidation of a “shadow regulation” that, in practice, generates material obligations without the corresponding legal basis or the controls of binding regulations.**

5. **Completion of European financial integration, completing the Banking Union, including the European Deposit Insurance Scheme, and developing an effective Saving and Investment Union.** This measure would make possible to take advantage of the gains in scale resulting from a larger market, reduce fragmentation, improve the allocation of savings and strengthen the financing capacity of the European economy. Along the same lines, measures such as the facilitation of securitization and the expansion of the investor base are proposed.
6. **Effective application of the principle of proportionality and supervision focused on material risks** and adapted to the size, complexity and business model of each entity.
7. Simplification of **regulatory and supervisory reporting**, including ESG, and implementation of the **“define once, report once”** principle, supported by a common data infrastructure that avoids duplication and improves the quality of the information available to authorities.
8. **Establishing a more coherent, proportionate and technology-neutral digital regulatory framework for payments, data and digital assets.**
9. **Neutrality of the European regulatory and supervisory framework with respect to the different national models of corporate governance, preserving the legitimate organizational diversity of the banking sector and avoiding homogeneous requirements that do not respond to material risks.**

It is essential to make it clear: the goal is not to deregulate. Financial stability, consumer protection and operational resilience must be preserved as key objectives. However, these objectives are compatible with more efficient, proportionate and coherent regulation and supervision, as well as deeper European financial integration.

The potential impact² of this agenda, if implemented in its entirety, is differential for the growth and progress of the European economy.

- **The measures proposed in this report would allow banks to have additional resources for investment in their own strengthening and/or for increasing credit.**
- **With the application of these measures, the banking sector’s capacity to grant credit could increase significantly, by more than 2 trillion euros in the Eurozone, of which more than 250 billion would correspond to Spain.** Although the translation of capital release into credit is not automatic (it depends on the economic situation, the existence of solvent demand, decisions to retain and/or distribute capital, etc.), it is clear that a greater availability of capital above the requirements allows for a greater credit capacity. This is relevant because the future investment needs in Europe and at different junctures must be taken into account³. The aforementioned credit boost

2. Estimate made by EY according to the methodology explained in Annex I.

could have a potential impact of +2.7% of GDP in the Eurozone and +3.6% in Spain, and, eventually, the creation of 2 million jobs in the Eurozone, 300,000 in Spain.

- **The greater financial capacity derived from simplification would also allow for increased banking investment in key areas such as digitalization, cybersecurity, artificial intelligence and technological modernization.** In Spain, this effort could reach up to 1,2 billion euros per year, improving the efficiency, resilience and innovation of the sector; while in Europe this impact could reach up to 12 billion euros per year.
- **The completion of the Banking Union would generate additional macroeconomic gains, with an estimated impact of between 40 billion euros and 114 billion euros per year on EU GDP, representing an approximate increase of between 0.25% and 0.72% of GDP.**
- **In this regard, the full completion of the Capital Markets Union could generate significant additional macroeconomic gains, with an estimated impact of between 45 billion euros and 120 billion euros per year on EU GDP, representing an approximate increase of between 0.28% and 0.76% of GDP.**

Action is needed now. There are numerous diagnoses, reports, analyses, proposals and even consensus, but progress remains limited, while other actors are already acting decisively in this area. A more competitive, solid and integrated banking system would make it possible to better finance households and businesses, strengthen strategic investment, accelerate innovation and contribute directly to economic growth. Acting with ambition, coherence and following up the progress is not just a regulatory option, it is a strategic necessity to achieve Europe's ambition for the future.

3. *It should be noted that there are studies such as GARP (GBI EBF Cumulative Capital, Demand Benchmarking Study) or AFME (Simplifying the EU Capital Stack 2026, March) that, based on a similar vision, estimate that the credit potential that could be unleashed could amount to around 2.7 trillion euros*

CHAPTER 1

01

**Europe's Challenge: dynamism,
innovation and growth**

Europe faces a structural challenge of competitiveness and economic growth. This challenge transcends the current juncture and will condition its prosperity, social cohesion and geopolitical position in the coming decades. Since the beginning of the century, GDP per capita growth in the European Union has been about half that of the United States, while the gap with China has widened in high value-added sectors and strategic technological capabilities⁴. Real disposable income per household in the EU has grown about twice as slowly as in the United States, thus passing on the loss of dynamism to the well-being of European households⁵. Overcoming this gap requires sustained gains in productivity, innovation, and economic adaptability.

Europe needs an unprecedented investment effort and the financial mechanisms to sustain it. The most recent estimates put the EU's additional strategic spending needs at almost €1.2 trillion per year on average in the period 2025-2031, with a particularly sharp increase in defence in the order of €320 billion, which would require raising the investment rate by several points of GDP to levels not seen for decades⁶.

The urgency becomes evident when one looks at the objectives of strategic autonomy that Europe has set for itself. The investment leap implicit in the investment estimates is not abstract: it is the condition for sustaining growth, the green transition, digitalization, defence and

social cohesion. This effort would imply a sustained increase in the European investment rate to historically exceptional levels, comparable to the great cycles of economic transformation of

Illustration 1 – Aggregate and industry-specific challenges identified by the Draghi report



Inability to transform knowledge into large-scale innovation and global industrial leadership. In 2023, total expenditure on R+D stood at 2.22% of GDP and private investment in R+D barely reached 1.51% of GDP



Business growth problems. Practically no company created in the EU has reached a capitalization of more than 100,000 million euros in the last fifty years⁷.



European productivity at around 78% of the US level.



Need to obtain greater autonomy in strategic sectors. Europe depends on imports for more than 80% of its consumption of many critical inputs and accounts for only around 8%-10% of global semiconductor production, well below its economic weight⁸.

4. Letta, Enrico. *Much More Than a Market*. Report to the European Council, April 2024, available at: <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>

5. OECD. *Income Distribution Database (IDD)*, latest available edition, available at: <https://www.oecd.org/en/data/datasets/income-and-wealth-distribution-database.html>

6. Draghi, Mario. *The Future of European Competitiveness – Part A: A Competitiveness Strategy for Europe*. European Commission, September 2024, p. 5; European Central Bank (ECB). “Time to be strategic: how public money could power Europe’s green, digital and defense transitions.” *The ECB Blog*, 25 July 2025, available in: <https://www.ecb.europa.eu/press/blog/date/2025/html/ecb.blog20250725~f26b4ef0f3.en.html>

7. Draghi, Mario. *The Future of European Competitiveness – Part A: A Competitiveness Strategy for Europe*. European Commission, September 2024, pp. 9–10, available at: https://commission.europa.eu/topics/competitiveness/draghi-report_en

8. European Commission. *Study on the Critical Raw Materials for the EU – Final Report*. Publications Office of the European Union, 2023, available at: <https://op.europa.eu/en/publication-detail/-/publication/57318397-fdd4-11ed-a05c-01aa75ed71a1>

the recent past. Without a financial system -and, in particular, a banking sector- capable of mobilizing capital on that scale, those priorities will remain an aspiration.

“Large Spanish firms have been particularly lagging behind in the tech sector, partly due to smaller investments in innovation – no Spanish firm is among the world’s top 50 R&D spenders”, IMF¹⁰

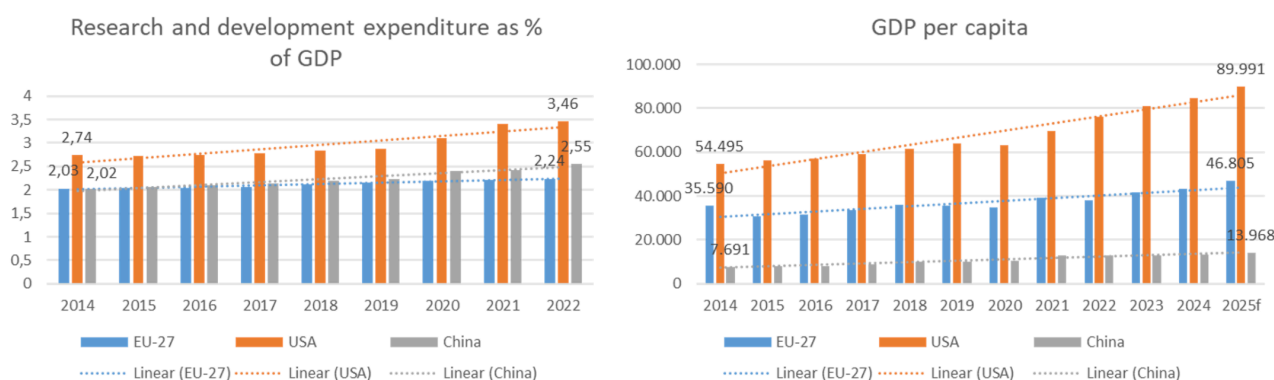
Spain faces these challenges with the same – or greater – intensity due to the magnitude of its pending investment effort. In the next decade, Spain faces a large-scale investment effort to materialize the double energy and digital transition and strengthen its economic autonomy. In particular, the National Integrated Energy and Climate Plan calls for mobilizing between 60,000 and 80,000 million euros in renewable investment until 2030, to which are added projects already identified in areas such

as green hydrogen, whose associated investment exceeds 15,000 million euros up to the same horizon⁹.

Europe has the capacity to achieve this objective. It can legitimately aspire to become a world reference for dynamism, progress, innovation and well-being. Europe has the economic and social strength, the history, the institutional legacy, the talent and the potential necessary to materialize this ambition. There is also political will. What is required now is decisive action.

At the same time, Europe cannot afford not to achieve this objective. The opportunity cost of inaction would be considerable: a gradual loss of competitiveness *vis-à-vis* other economic blocs, a lower capacity to influence the international stage and a more limited availability of resources to sustain its social model. The alternative scenario is not the maintenance of the status quo, but to assume a gradual deterioration in terms of productivity, strategic autonomy and well-being. Along these lines, the Draghi Report warns that Europe will no longer be able to rely on several of the factors that have

Chart 1 – EU, US and China comparison on key variables



Source: Authors' elaboration based on data from the World Bank (WDI), based on UNESCO-UIS for R&D spending, and the IMF (WEO, April 2026); for the observed historical series of GDP per capita of the United States and China, UNdata.

9. Government of Spain, Ministry for the Ecological Transition and the Demographic Challenge (MITECO). National Integrated Energy and Climate Plan (PNIEC) 2023–2030, available at: <https://www.miteco.gob.es/es/energia/estrategia-normativa/pniec-23-30.html>

10. Spain's Productivity Gap *Vis-à-vis* Europe and the United States: Diagnosis and Remedies." IMF Selected Issues Paper No. 2025/077. International Monetary Fund, June 2025, available in: <https://www.imf.org/en/publications/selected-issues-papers/issues/2025/06/13/spains-productivity-gap-vis-vis-europe-and-the-united-states-diagnosis-and-remedies-567671>

sustained its growth in the past and that, in the face of demographic ageing and the expected reduction in the labour force, it will have to rely more on productivity growth to preserve its long-term prosperity.

The aspiration for greater competitiveness and economic growth, innovation and dynamism is of the economy as a whole. This is a horizontal challenge, which affects both strategic sectors (energy, raw materials, digitalization, industry, etc.) and the entire productive fabric and society, and which requires a coordinated, sustained and cross-cutting response.

In conclusion, the dynamization of the European economy requires a large-scale investment effort. To achieve this, Europe will need a solid, competitive banking system with full capacity to act, capable of channelling financing towards the structural transformation required for its future growth.

CHAPTER 2

02

Competitive banking to boost Europe

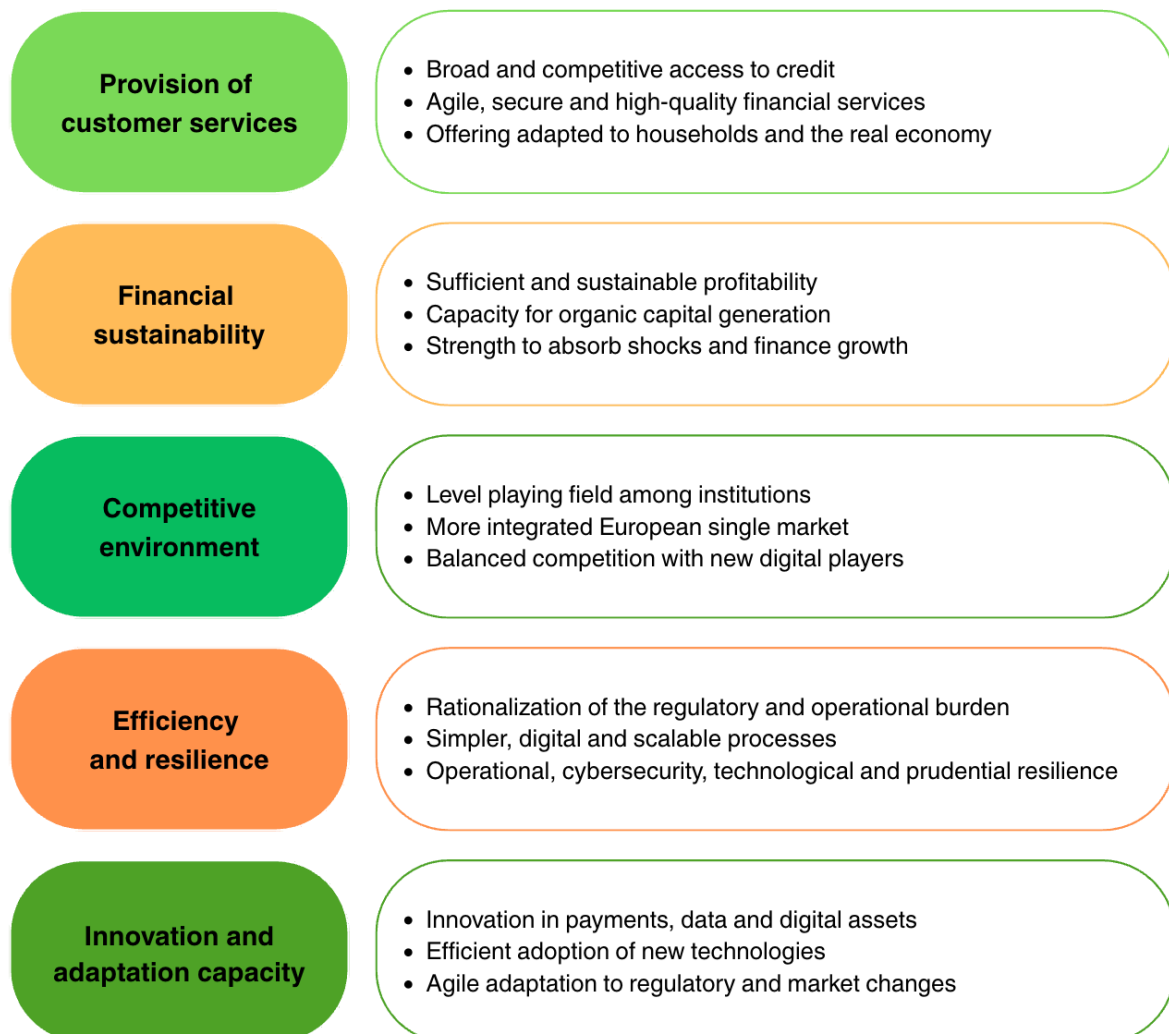
2.1. What is banking competitiveness?

The competitiveness of banks can be defined as its ability to (1) adequately provide its services to its customers, (2) with financial sustainability, (3) in a demanding market environment, (4) acting with efficiency and resilience, (5) and with the ability to innovate and adapt to the strategic challenges it faces.

The starting point of banking competitiveness is the ability of banks to effectively fulfil their essential functions to the economy. Banking performs essential functions for the proper functioning and dynamism of the economy and constitutes a strategic infrastructure to materialize economic and public

policy objectives. When banks are competitive in the provision of services, society receives agile, secure and affordable access to financing and essential financial services. In Spain, this is reflected in an outstanding balance of credit to companies and households of more than 1.1 trillion euros, in more than 80.7 million deposit accounts and in a share of close to 97% of credit financing to households and non-financial companies, which shows the predominant role of credit institutions in channeling financing to the real economy. Likewise, at the end of the first half of 2025 there were 119 million payment cards in circulation (870.3 million at the European level), about 2.4 per inhabitant (2.5 at the European level), and 4,771 million contactless payments (29.6 billion at the European level)¹¹.

Illustration 2 – Competitive banking overview



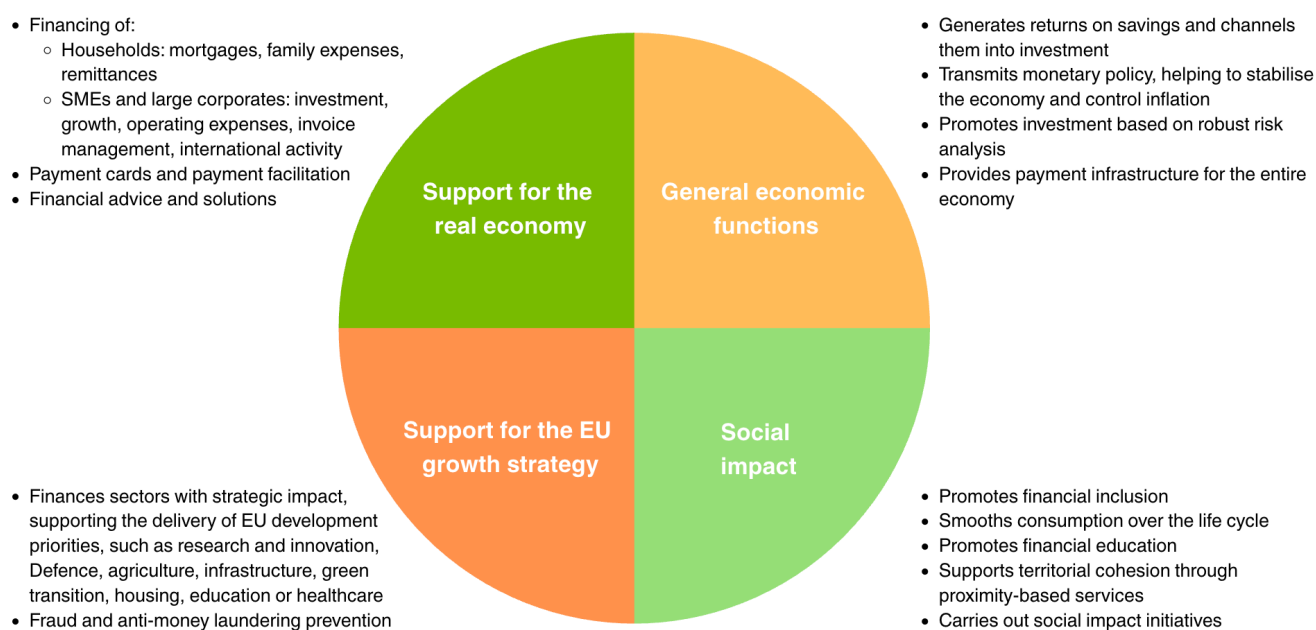
Source: Own elaboration

The strategic role of banks is evident in the European financing model. In Europe, around 70-80% of financing depends on banks, compared to a model much more supported by capital markets in other economies (e.g. the USA around 30-40%)¹². This dependence is even greater in the case of SMEs, which have little access to market financing. **The territorial capillarity of the banking network is also an important element in the assessment of the system.** More than 99%¹³ of the population live in municipalities with access to banking services. This degree of coverage, which combines branches, financial agents or other service provision formulas, helps to mitigate risks of finan-

cial exclusion and reinforces the role of banks as essential infrastructure for the economy, especially in rural or less densely populated environments.

Financial sustainability is an essential condition for banking competitiveness. Profitability is the first line of defense of financial stability and the ability of banks to provide their services. A profitable and sound banking sector can absorb shocks, continue to finance investment, and avoid abrupt adjustments that amplify crises. At the end of 2025, European banks maintained a RoE of 10.4%, confirming a robust position in profitability. In Spain, the latest available data also show a solid situation,

Illustration 3 – Functions performed by banks



Source: Own elaboration

11. FINRESP, *Social Report of the Financial Sector 2024*; Bank of Spain, *Statistics on payments in Spain (first half of 2025)*, statistical press release, 30 January 2026; European Central Bank (ECB), *Payments statistics: first half of 2025*, Press release, 29 January 2026; ECB Data Portal, “Cards and card payments”, H1 2025 indicators

12. European Banking Federation (EBF). *Response to the European Commission’s targeted consultation on the competitiveness of the EU banking sector*. Brussels, 19 April 2026; European Central Bank (ECB). “Corporate loans versus market-based finance: substitutes or complements?” *Financial Stability Review*, May 2023; ECB. “Firm debt financing structures and the transmission of shocks in the euro area.” *Economic Bulletin*, Issue 4/2022

IVIE: *financial inclusion report year 2024*

with an annualized RoE of 14.04%. These data show that profitability should not be interpreted as an end in itself, but as a necessary element to strengthen capital, sustain the granting of credit and preserve the resilience of the banking system in an environment of high macrofinancial and regulatory uncertainty.

Spanish and European banks operate in an extremely competitive environment, in which pressure comes not only from other credit institutions, but also from non-bank financial intermediaries – shadow banking, funds, financing platforms and other market players – and from technology operators that provide financial services or capture relevant parts of the value chain. Currently, 1,922 supervised institutions operate within the scope of European Banking Supervision, of which 111 are significant institutions¹⁴, subject to direct supervision by the ECB, and 1,811¹⁵ are less significant institutions, supervised by national authorities under the supervision of the ECB. In terms of market share, European entities represent 90.2% while subsidiaries of third-country banking groups account for 9.8% of the total assets of the European banking market as of December 2024. There are also non-bank financial operators with a growing weight, although still complementary to that of the banking sector.

Resilience is also an essential dimension of competitiveness since it allows banks to be a factor of stability and recovery in times of crisis, as it has been in recent years in the face of different shocks. Similarly, an operationally efficient bank, which is not weighed down by excessive compliance costs – has more resources for lending or to strengthen

its capabilities. In recent crises (COVID, geo-political shocks and armed conflicts) banking has been a stabilizing factor through credit to the real economy. It is important to highlight the re-silience of Spanish banks. Specifically, in periodic stress exercises, Spanish banks are among those that would suffer the least capital depletion. Likewise, the higher profitability of Spanish banks results in a greater capacity for organic capital generation, by allowing a significant part of recurring profits to be used to strengthen equity. This dynamic helps to maintain comfortable solvency ratios without relying exclusively on capital increases or other extraordinary measures, and provides banks with a greater capacity to absorb losses, finance credit growth and meet growing regulatory requirements. In this regard, the improvement in profitability not only has an economic dimension, but also a prudential one, by strengthening the resilience of the Spanish banking system in an environment of greater macro-financial and regulatory uncertainty.

The current banking situation in Spain is solid and reflects the strength of the system as a whole. In 2025, the Spanish banking system strengthened its solvency and asset quality position once again. At the end of the fourth quarter, and referring to the sector as a whole, the CET1 ratio stood at 13.94%, the total capital ratio at 18.10% and the NPL ratio fell to 2.62%, at recent lows¹⁶. Regular stress carried out by the EBA and the Single Supervisory Mechanism confirm that Spanish banks are among those with the greatest capacity to absorb severe adverse scenarios. At the same time, specifically considering the segment of listed entities, which account for most of the system's assets, there

14. European Central Bank. (n.d.). Overview of significant institutions. ECB Data Portal. Retrieved June 8, 2026, available from: <https://data.ecb.europa.eu/key-figures/supervisory-banking-data/overview-significant-institutions>

15. European Central Bank. (2026, April 21). Number of supervised institutions, less significant institutions, SSM countries, quarterly. ECB Data Portal, available at: <https://data.ecb.europa.eu/data/datasets/SUP/SUP.Q.B01.Z.Z.R0104.T.LSI.Z.Z.Z.Z.C>

16. Bank of Spain. "By 2025, credit institutions will consolidate their favourable position in solvency, liquidity, profitability and asset quality." Statistical press release, 8 April 2026, available in: <https://www.bde.es/wbe/es/noticias-eventos/actualidad-banco-espana/notas-banco-espana/las-entidades-de-credito-consolidan-en-2025-su-posicion-favorable-en-solvencia-liquidez-rentabilidad-y-calidad-de-activos.html>

has been a significant increase in the price-to-book ratio in recent years, which, for the first time in the last 10 years for listed entities, is above 100% at the sector level. This indicator reflects that the market value of these entities is above their book value, reinforcing the perception of solvency and profit-generating capacity. On the other hand, this information shows that the current situation of Spanish banks has nothing to do with the one that existed in 2009 when the financial crisis hit.

This solid situation is not an argument for inaction; on the contrary, it reinforces the urgency of strengthening the structural competitiveness of banks so that they can deploy their full potential in the service of the real economy. Banking competitiveness cannot be understood only with a short-term view, but also over time. Additionally, banks are facing challenges of digitalization and innovation that require investment capacity.

Competitiveness also implies having the capacity to innovate, invest and adapt to new challenges, particularly those associated with digitalization and the incorporation

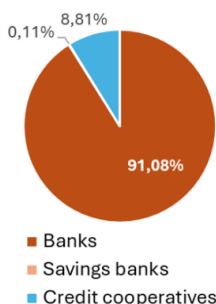
of artificial intelligence. Effective adoption of artificial intelligence is key to improving efficiency, inclusion, and productivity. Digital transformation, cybersecurity and the integration of artificial intelligence have become an essential requirement for banking competitiveness. The incorporation of these technologies is not an internal modernization project that only benefits the sector, but a condition for banks to be able to better serve the economy: streamlining the granting of credit, reducing operating costs, improving the customer experience and expanding access to previously underserved segments. The speed of technological adoption will therefore be decisive for the future competitiveness of the sector.

2.2. Obstacles to banking competitiveness

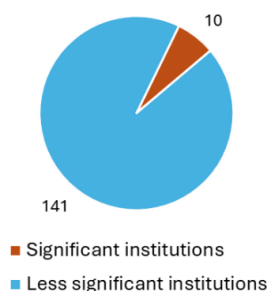
Despite the high contribution of banks to the dynamization of the European economy, banking competitiveness is unnecessarily limited by excessive regulatory and supervisory complexity, as well as by the lack of

Chart 2 - Indicators of the Spanish Financial Sector

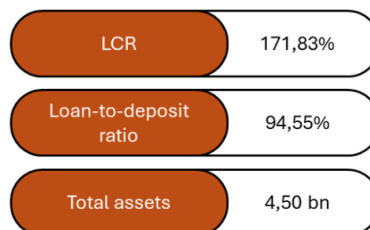
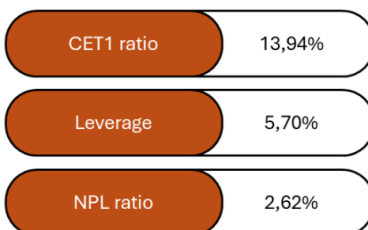
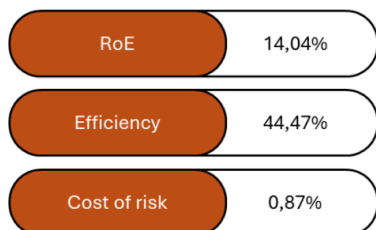
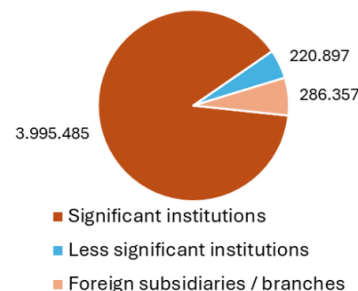
Total consolidated assets in Spain by type of institution



Institutions by significance

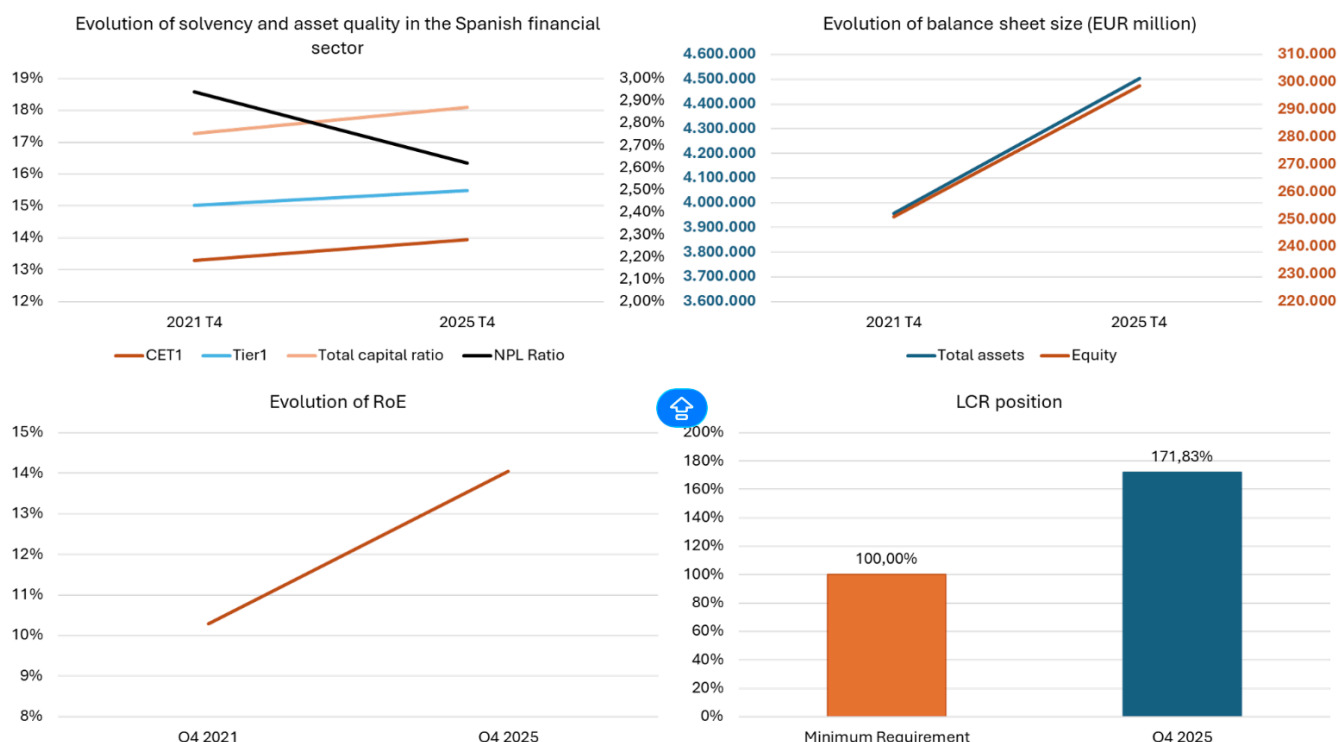


Total sector assets



Source: Prepared by the authors based on public information from the Bank of Spain

Chart 3 - Evolution of the Spanish Financial Sector Indicators



Source: Prepared by the authors based on public information from the Bank of Spain

integration of the single market; This hinders the banking system’s ability to finance the economy, invest in innovation, and provide new services.

Regulation and supervision require institutional simplification the proliferation of rules and legislative levels has given rise to an ecosystem of authorities and bodies with strong coordination challenges to avoid duplication and overlaps) and **supervisory simplification**.

Regulatory complexity hinders the stability and predictability of capital requirements and threatens to become a structural brake on banking competitiveness. One of the most significant challenges facing the European banking sector is the progressive accumulation of regulatory and supervisory obligations, resulting from both primary regulations and lower-level developments, guidance, supervisory expectations and recurrent control exercises. The frequency of regulatory changes, overlapping mandates, the expansion of soft law and the limited visibility of the aggregate impact of

new requirements increase the perception of regulatory risk among national and international investors. To illustrate this, between 2021 and 2023, an average of 83 delegated events were published annually in the financial sector. This phenomenon is not only due to a quantitative accumulation of rules, but also to a structural distortion of the European regulatory model itself, which combines regulatory inflation through mandates with a growing rigidity of primary legislation, simultaneously reducing the agility and legal certainty of the regulatory framework¹⁷. The fact that the EBA has received almost 8,000 regulatory questions¹⁸ illustrates the extent to which the framework requires continuous and iterative interpretative clarifications, which force institutions to reconstruct internal compliance processes more frequently than desirable.

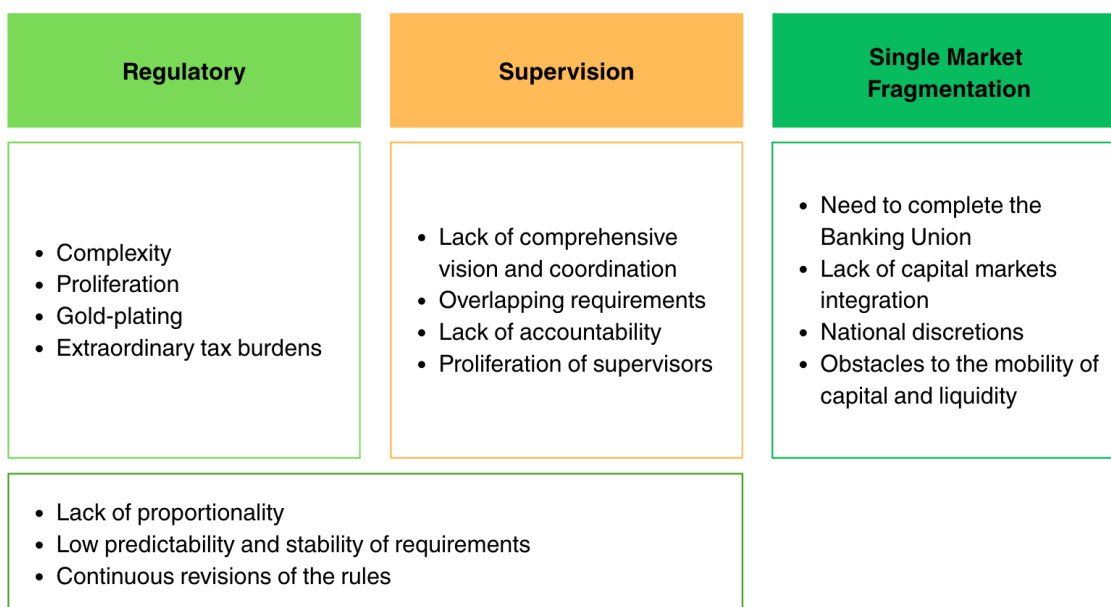
In recent years, the European regulatory framework has been far from offering the necessary stability and predictability. Although the financial crisis is now a long way off, regulatory development has not stopped and

the financial sector has continued to face high regulatory intensity, exceeding 95,000 pages¹⁹. According to recent estimates, in the last five years, regulatory activity aimed at the financial sector has reached an average of 1.3 rules²⁰ per business day, reflecting an increasingly dense, changing and complex framework. This dynamic increases adaptation costs, introduces operational uncertainty and makes it difficult for institutions to plan strategically. In particular, the lack of stability and predictability in capital requirements may lead to a more conservative management of risk-weighted assets, prioritizing exposures with lower capital consumption in the expectation of future regulatory increas-

es whose magnitude and timing are not always anticipated. This reduces the sector's ability to focus resources on finance, innovation and growth, with potential effects on the availability of credit to the real economy.

Europe has also opted in several areas to tighten the regulatory requirements in relation to the international framework (gold plating). In addition, there are differences within the European Union itself in the transposition of directives that aggravate this situation. The tightening of international requirements adds up to 66% of the minimum requirements derived from Basel²¹, and has placed the European regulatory framework at a competitive disadvantage

Illustration 4 - Overview "Obstacles to Banking Competitiveness"



Source: Authors

17. European Association of Co-operative Banks (EACB), European Banking Federation (EBF) and European Savings and Retail Banking Group (ESBG). *Less is More: Proposals to simplify and improve European rule-making in the financial services sector*. February 2025, available in: <https://www.ebf.eu/ebf-media-centre/less-is-more-streamlining-banking-regulation-in-europe/>

18. European Banking Authority. "Search for Q&As." Web page, available at: <https://www.eba.europa.eu/single-rule-book-qa/all>

19. Wright W., M. Bierbaum, and J. Thornhill; "Measuring the volume of EU financial regulation", October 2025, available at: <https://www.newfinancial.org/reports/measuring-the-volume-of-eu-financial-regulation>

20. CECA, Antonio Romero: 'The Spanish banking sector faces current geopolitical risks at a time of strength'. Press release, 25 June 2025, available in: <https://www.ceca.es/notas-prensa/antonio-romero-nuevo-director-general-de-ceca-el-sector-bancario-espanol-afrenta-los-actuales-riesgos-geopoliticos-en-un-momento-de-fortaleza/>

compared to other comparable jurisdictions that have decided to be laxer in their adoption. Europe, in this sense, runs the risk of falling behind other jurisdictions due to this disadvantage. Added to this phenomenon is, on a different level, the existence of differences in the transposition and application of Community legislation between Member States. These national divergences do not constitute gold-plating in relation to international standards, but a source of regulatory fragmentation within the single market, by generating requirements, supervisory practices or operational burdens that are not fully homogeneous between countries.

Alternatively, in other similar jurisdictions, regulators and supervisors are already moving in the direction of simplifying the framework, at a faster pace than in Europe. In this regard, these jurisdictions have already explicitly incorporated objectives linked to competitiveness and economic growth. In the United Kingdom, this approach has resulted in the formal introduction of a secondary objective aimed at facilitating international competitiveness and growth of the British economy, which is already integrated into the PRA's policy framework and is specifically monitored in its annual reports²². The PRA has also decided to delay the entry into force of Basel III until January 1, 2027, referring to uncertainty about implementation in the U.S. and considerations of competitiveness and growth. In the United States, federal authorities have reconsidered the implementation of Basel III *Endgame* which, along with other regulatory measures, is expected to result in a reduction in aggregate capital requirements of 4.8%. In contrast, in the European Union, the final implementation of Basel III will lead to an average increase in minimum Tier 1 capital requirements of 7.8% across the

European system as a whole. These differences in approaches impact the relative competitive position of European banks vis-à-vis their US and UK peers. This gap is very clearly reflected in the size and value of banks. This has direct implications for the valuation of entities. The six largest banks in the United States have a combined market capitalization of more than \$2.3 trillion, compared with less than \$1 trillion for the major European banks, despite operating in economies of similar size. This difference is not only financial: it directly conditions the ability of banks to finance large business projects, compete in capital markets and offer financial services with greater added value. The result is a progressive loss of international weight for European banks.

Banking supervision, which is essential for preserving the stability of the system, has nevertheless areas for improvement in terms of efficiency and coherence. In particular, there is a limited comprehensive view of capital, the existence of overlaps between requirements and insufficient accountability. In addition, supervisory operations can sometimes be inefficient in relation to the resources and efforts required by institutions: in 2025, significant institutions in the EU had, on average, 430 meetings with the ECB, were subject to an average of 7 on-site inspections and internal model investigations and reported approximately 220 *findings* supervisors open at the end of the financial year, each absorbing a significant amount of time and resources²³. The European supervisory authorities have also experienced an expansion in their areas of competence – including prudential supervision, resolution and prevention of money laundering – accompanied by an increase in their resource allocations that has outpaced the growth of the sector itself, without

21. European Banking Federation (EBF). *EBF Responds to EC Consultation on the Competitiveness of the EU Banking Sector*. 19 April 2026, disponible en: <https://www.ebf.eu/ebf-media-centre/ebf-responds-to-ec-consultation-on-the-competitiveness-of-the-eu-banking-sector/>

22. Bank of England / Prudential Regulation Authority (PRA). *Competitiveness and growth: embedding the PRA's new secondary objective. Report covering September 2023 to June 2024, published 30 July 2024*; Bank of England / PRA. *Competitiveness and growth: the PRA's second report. Report covering July 2024 to June 2025, published 26 June 2025*; United Kingdom. *Financial Services and Markets Act 2023*.

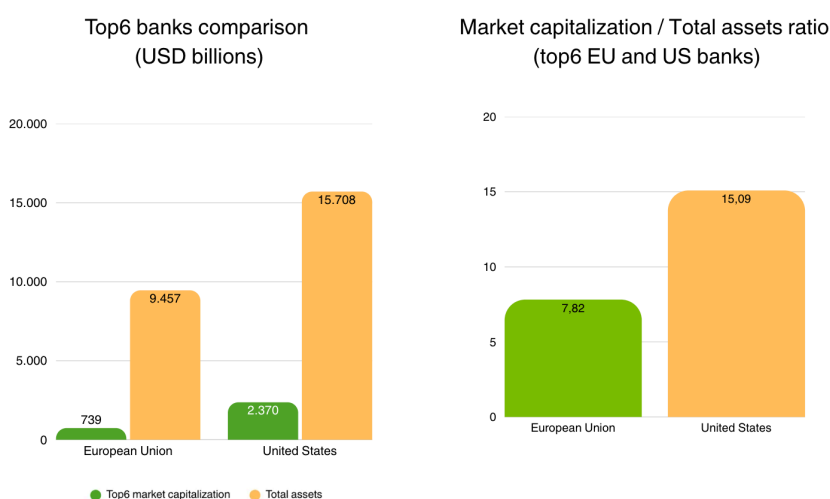
this increase having come at the cost of a reduction by national authorities. This context has contributed to an intensification of supervisory pressure which, in certain cases, may exceed what is strictly necessary to ensure financial stability. Increases in the staff of European bodies and budgets have not come at the cost of reducing national ones. Between 2015 and 2024, the staffing levels of the main European bank supervisory and resolution authorities analysed increased by 8% overall, with particularly significant growth in the SRB (+18%), followed by the ECB (+7%) and the EBA (+6%). This increase reflects a progressive expansion of institutional capacity dedicated to bank supervision, regulation and resolution in the EU over the period, while national authorities have also increased their staff.

Reporting has grown in a cumulative and fragmented manner over time, incorporating new prudential, accounting and statistical requirements without sufficient rationalization of the existing ones. Entities must report large volumes of information to multiple authorities, with definitions that sometimes differ slightly, high levels of granularity and very demanding deadlines, which increases the risk of

errors and duplications. This complexity forces heavy investments in systems, data and internal controls, diverting resources that could be used to manage the business or support the real economy and generating an operational burden that many banks consider disproportionate to the added supervisory value. For example, the same credit exposure may have to be reported in parallel in FINREP, COREP (CRR/CRD) and national statistical statements, with differences in classification, consolidation or segmentation criteria, which requires complex reconciliation processes despite referring, in essence, to the same underlying information.

Regulation and supervision do not sufficiently incorporate the principles of materiality and proportionality, resulting in an unnecessary increase in compliance costs and restrictions on the diversity of the financial system. In the regulatory sphere, a homogeneous approach predominates that does not adequately discriminate between institutions according to their size, risk profile or business model, extending to less complex institutions requirements -in governance, internal control and reporting- designed for systemic banks. This same approach is replicated in supervisory

Chart 4 – Comparison between EU and US



Source: Authors' elaboration based on data from Banksdaily

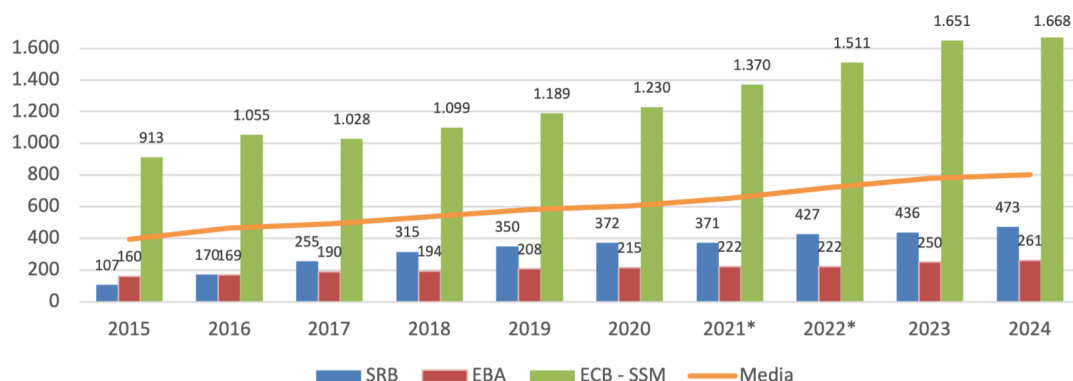
23. European Banking Federation (EBF) & Oliver Wyman. "Bridging the Gap: Enabling European banks to meet Europe's growing investment needs." 9 June 2026, disponible en: <https://www.ebf.eu/wp-content/uploads/2026/06/Report-on-European-Competitiveness.pdf>

practice, where the expectations applied may be resource-intensive and not always aligned with the nature and magnitude of the risks assumed. For example, smaller or less complex institutions may be subject to advanced requirements in terms of risk models, recovery plans or data aggregation and reporting (BCBS 239), with a level of detail and demand comparable to that of systemic institutions, despite the fact that the relevance of their risks and their systemic impact are significantly lower. Overall, this insufficient application of proportionality generates disproportionate operational and administrative burdens, reduces the competitive capacity of institutions and does not necessarily lead to equivalent improvements in terms of financial stability. It is not only a matter of smaller entities replicating what larger entities do except with less depth, but also that there are some issues

that, due to their lack of materiality, are directly excluded from application. Thus, for example, an entity with a simple business model, no relevant international activity, no intensive use of complex internal models and limited systemic interconnection should not be subject to the same advanced expectations of risk data aggregation, granular reporting or recovery planning as a cross-border systemic entity.

The accountability of the European supervisory framework also has significant limitations. In practice, institutional scrutiny is mainly articulated through regular appearances before the European Parliament, generally limited to a small number of sessions per year, which makes it difficult to continuously monitor and analyze in depth the supervisory decisions taken. In addition, formal review mechanisms, such as the *Administrative Board of Review (ABOR)*, have

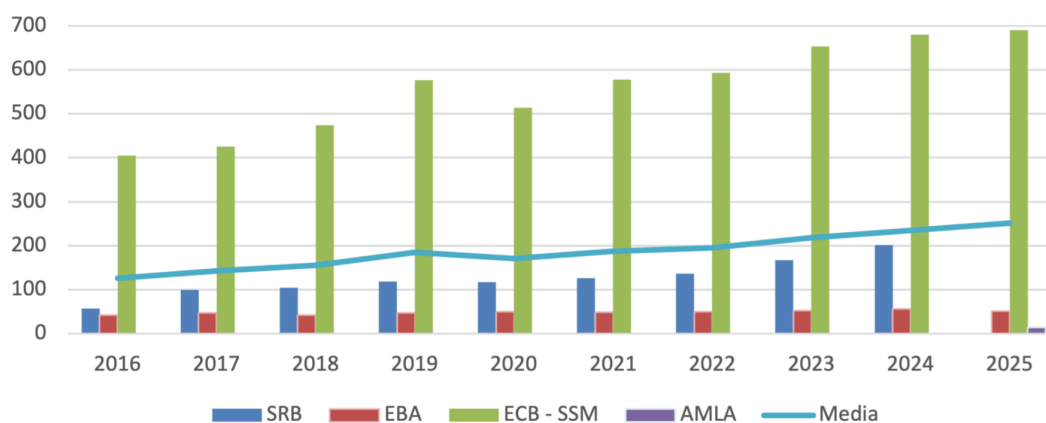
Chart 5 - Number of Full-Time Equivalents of the authorities



Source: Authors' elaboration based on data from the Annual Reports

*For the 2021 and 2022 ECB data, an interpolation has been carried out as public data could not be found

Chart 6 - Annual budget (EUR mn)



Source: Prepared by the authors based on the fees established for each year and published in the Official Journal of the European Union

had very limited use, which calls into question their adequacy as a review mechanism.

The fragmentation of the single market prevents the creation of European credit institutions with sufficient scale. Despite the progress made, the European financial market remains fragmented in key aspects such as the completion of the Banking Union, progress in the single market for savings and investment, capital and liquidity mobility within banking groups, insolvency regimes and taxation. Estimates suggest that the absence of more integrated management within the Banking Union results in around €225 billion of capital and €250 billion of liquidity being ring-fenced in domestic markets, reducing economies of scale, limiting cross-border mergers and weakening the system's ability to act as a true single market²⁴. Advancing the Banking Union and reducing obstacles to cross-border consolidation is a necessary condition for European banks to achieve the size, efficiency and investment capacity that allow them to compete on equal terms with their international counterparts.

The implications of the international presence of banking groups, in particular in third countries are not fully integrated in the European regulatory and supervisory framework. This situation poses at least two different problems. Firstly, European regulation and supervision sometimes tend to not sufficiently recognize the regulatory and supervisory frameworks in place in these jurisdictions, even when they

are broadly aligned with international standards, such as Basel. This can lead to duplication, additional burdens and operational inefficiencies for European entities operating internationally. Secondly, the European framework does not always adequately recognize the benefits of the geographical diversification of banking groups, despite the fact that presence in different markets can help to stabilize results, reduce dependence on a single economic cycle and strengthen the group's overall resilience. As a consequence, European institutions with significant activity in third countries may be subject to requirements that do not fully reflect either the quality of local frameworks or the positive effects of diversification, which may limit their ability to compete on a level playing field in those markets.

“Divergent supervisory expectations also discourage cross-border expansion, reduce predictability and weaken incentives to invest in EU-based market development” Informe CEPS²⁵

“Relative to other large markets, EU banks face a competitive disadvantage owing to the lack of scale that results from an incomplete Single Market” ECB²⁶

“A stronger Banking Union would make European banks and economies stronger and more resilient” SRB²⁷

24. Lannoo, Karel; Thomadakis, Apostolos; and Arnal, Judith. *More Finance, Less Friction: How to Simplify the EU's Financial Regulation and Strengthen Supervisory Structures*. CEPS Task Force Report, March 2026, available at: <https://www.ceps.eu/ceps-publications/more-finance-less-friction-how-to-simplify-the-eus-financial-regulation-and-strengthen-supervisory-structures/>

25. Karel Lannoo, Apostolos Thomadakis and Judith Arnal, *More finance, less friction: How to simplify the EU's financial regulation and strengthen supervisory structures*, Task Force Report, Centre for European Policy Studies / ECMI / ECRI, Brussels, March 2026, available at: <https://cdn.ceps.eu/2026/03/TF-report-financial-regulation-march-2026-formatted.pdf>

26. European Central Bank, *Simplification of the European prudential regulatory, supervisory and reporting framework*, 2025, available at: https://www.ecb.europa.eu/press/pubbydate/2025/html/ecb.simplification_supervisory_reporting_framework202512.en.html

27. Single Resolution Board, *The SRB's approach to simplification*, 2026, available at: <https://www.srb.europa.eu/en/content/srbs-approach-simplification>

CHAPTER 3

03

Measures for banking competitiveness

The transition from diagnosis to action requires a specific agenda of relevant, effective and executable measures. It is essential to make it clear: it is not a matter of deregulating. The proposals set out below do not seek to reopen the foundations of the European prudential framework or to reduce the objectives of financial stability and customer protection. They aim to improve the quality, coherence and efficiency of the regulatory and supervisory framework, so that banks can fully deploy their finance, investment and innovation role in the service of European growth. It is, therefore, a matter of acting on those areas in which well-calibrated adjustments can have a significant impact without compromising the resilience achieved by the financial system.

The measures proposed in this report would allow banks to have additional resources for investment in enhancing their capacities and/or for increasing credit. It is true that the materialization of capital releases in credit is not automatic (it depends on the economic situation, the existence of solvent demand, decisions to retain and/or to distribute capital, etc.), but it is clear that a greater availability of capital above the requirements allows for a greater credit capacity. This is relevant because investment needs in Europe in the future and at different junctures must be taken into account.

Priority Measures

General

1. Incorporating an explicit competitiveness and growth mandate for the ESAs and for supervisors when interpreting the rules.
2. Strengthening effective accountability and the ex-post evaluation of the regulatory and supervisory framework.

Regulation and Supervision

3. Applying a holistic approach to capital requirements and rationalize the macroprudential framework, avoiding overlaps.
4. Ensuring the stability and predictability of capital requirements.
5. Strengthening risk-based supervision and move towards a simpler, more coherent and more predictable model.
6. Aligning the resolution framework with the international framework, particularly as regards the requirement for eligible liabilities for loss absorption and recapitalization.
7. Simplifying the European regulatory architecture and legislative process, and to prevent non-binding rules (soft law) from being consolidated as "quasi-regulation".
8. Ensuring the effective and consistent application of the principles of proportionality and materiality.
9. Redesigning regulatory, supervisory, market and ESG reporting under the principle of "define once, report once".

Single Market

10. Completing European financial integration by finalizing the Banking Union and the Capital Markets Union (Savings and Investments Union – SIU).

Other Measures

11. Simplifying and coordinate the European framework for payments, data and digital assets.
12. Designing a competitive and interoperable digital euro that complements private-sector solutions.
13. Ensuring neutrality with regard to national corporate governance models.

Additional Measures

Regulation and Supervision

14. Optimizing coordination between supervisory requirements and resolution planning
15. Removing the prudential backstop for non-performing loan coverage.

Single Market

16. Strengthening the securitization framework.
17. Establishing common criteria for the interpretation of regulations and conduct requirements.

Other Measures

18. Promoting a structured framework for public-private cooperation.
19. Reducing tax complexity and simplify the banking sector's tax obligations.
20. Rationalizing and apply the digital regulatory framework for financial services in a proportionate manner.
21. Eliminating duplications in market reporting and redesign post-trade flows.
22. Simplifying and proportionately apply the compliance and anti-fraud framework.

3.1. Priority Actions

There are a number of priority measures that constitute the core of the proposed agenda and that concentrate the actions with the greatest capacity to structurally improve banking competitiveness and, through it, the financing of the European economy. Their objective is to act on the elements that most directly limit the ability of banks to fulfil their economic function: the mandate and accountability of the authorities, efficiency in the capital stack, regulation and supervision, effective application of proportionality and the completion of the Single Market.

General

Measure 1: The European regulatory and supervisory framework should incorporate an explicit mandate for banking competitiveness and growth of the European economy in the European Supervisory Authorities (ESAs) and in national and European supervisors, especially in the interpretation and application of the rules, in line with other relevant jurisdictions.

Regulators and supervisors should not only monitor risks. It is essential to explicitly recognize that financial stability and the capacity to finance the real economy are complementary dimensions of a well-designed regulatory and supervisory framework. The proposals within this measure include:

- Robust and systematic cost-benefit analyses in financial regulation.
- Mechanisms that ensure that Level 2 and Level 3 developments do not exceed the mandate given by the co-legislators in Level 1, preventing RTS, guidance or supervisory interpretations from generating material impacts – including capital impacts – not foreseen in the primary rule.
- In supervisory practice, supervisors should internalize the opportunity cost

arising from excessive, duplicate or insufficiently coordinated requirements between authorities, avoiding excessively conservative, uncoordinated or unnecessary burden-generating interpretations. Supervisory decisions substantially affect banks' business models, their investment decisions and their ability to finance the economy. In this vein, incorporating competitiveness as a secondary objective would help to ensure that these broader effects are duly taken into account, without undermining financial stability. The explicit inclusion of competitiveness and growth as a mandate, accompanied by effective mechanisms for sector participation and accountability, would help to incorporate these considerations not only at the legal level, but also in the internal culture of supervisory institutions. It would thus help to incorporate a principle of efficiency (and not only effectiveness) in supervision.

This measure would act as a cross-cutting catalyst for regulatory and supervisory efficiency, facilitating the consistent implementation of the rest of the proposed measures and strengthening the capacity of the European banking system to finance the economy, innovate and compete on a level playing field.

Action 2: Strengthen effective accountability and ex-post evaluation of the regulatory and supervisory framework.

For the competitiveness mandate to have real impact, it must be accompanied by credible mechanisms for participation, review, accountability and ex-post evaluation.

- An effective instance of participation or early intervention of the private sector must be enabled that allows entities to transfer, in an orderly and preventive manner, their concerns regarding regulatory or supervisory actions with material impact, without judicial recourse being the only mechanism available, as

it is usually slow, costly and inadequate to resolve recurring frictions in the ordinary functioning of the system. In parallel, the channels for redress and review against supervisory measures should be strengthened to ensure effective, proportionate and timely control. This measure does not call into question the independence of regulatory and supervisory authorities, but complements it through greater transparency, strengthened motivation, traceability of relevant decisions and control of their effects.

- In addition, it is necessary to subject regulatory and supervisory actions to periodic reviews to verify whether their objectives have been achieved, whether the operational, technological and compliance costs have been proportionate, and whether they have generated undesired effects on the financing capacity, investment, innovation, competition or legal certainty of the institutions. This assessment should also include an analysis of the cumulative impact of existing obligations and the evolution of supervisory activity, taking into account, among other aspects, the number of actions, guides, requirements, requests for information, budget and resources dedicated. The aim is to prevent a declarative simplification agenda from coexisting with a practical expansion of regulatory or supervisory burdens that neutralizes their benefits.

Its expected impact would be to improve regulatory and supervisory quality, strengthen predictability and legal certainty, and consolidate an institutional culture more oriented towards the competitiveness, proportionality and efficiency of the financial system.

Regulation and Supervision

Action 3: Develop a holistic view of capital requirements and streamline the macroprudential framework to eliminate overlaps, improve capital usability and strengthen the economy's financing capacity.

The European Capital Framework has become progressively more complex as a result of the accumulation of Pillar 1 and Pillar 2 requirements, macroprudential buffers, resolution-related requirements including MREL, systemically important institution requirements, additional national measures and new regulatory calibrations. This overlapping of instruments can lead to duplications, accumulated restrictions and less effective usability of capital, making banking intermediation more expensive, making capital planning more difficult and reducing the ability of European banks to compete on equal terms with banks in other jurisdictions. According to AFME²⁸, a bank operating in all EU Member States could be subject to 86 different buffers, in contrast to the US where the capital framework includes only 3 uniform buffers for the entire country. Therefore, **it is proposed:**

- To create a forum or mechanism with a comprehensive view of capital requirements, integrating the microprudential, macroprudential and resolution perspectives, and systematically identifying overlaps, duplications and inefficiencies. This forum should help to simplify the European capital architecture, improve the aggregate clarity of the capital required and ensure that the accumulated resources can be effectively used in situations of stress.
- To rationalize the European capital *stack* with a comprehensive perspective, clarifying the distinction between Pillar 1 and Pillar 2, reviewing the interaction between buffers, distribution restrictions and resolution requirements, and eliminating de-

28. Association for Financial Markets in Europe — AFME, *Simplifying the EU Capital Stack*, March 2026, p. 6, available at: <https://www.afme.eu/publications/reports/simplifying-the-eu-capital-stack/>

viations, duplications or overlaps that are not justified by specific risks or by particularities of the European framework. This review should also ensure that the AT1 and Tier 2 instruments maintain their current real use within prudential management and that capital requirements are transparent, comparable, stable, predictable, proportionate and directly linked to unhedged risks.

- To rationalize the macroprudential framework, not only in terms of the number of instruments available, but also in terms of their interaction, purpose, calibration, and usability in stressful situations. The coexistence of systemic risk buffers, countercyclical buffers, requirements for systemically important institutions and additional national measures can make it difficult to read the aggregate capital required, reduce predictability for institutions and generate divergences between jurisdictions with negative effects on the functioning of the Single Market.
- To reinforce consistency in the activation and deactivation of the buffers, avoiding overlaps and ensuring that each instrument has a differentiated purpose, a clear material justification and a calibration proportionate to the risk it intends to cover.
- In particular, consideration should be given to the elimination of the *Systemic Risk Buffer* (SyRB) in cases where its contribution is redundant compared to other buffers, as well as the introduction of

buffer limits for systemically important institutions (OSII), in order to improve consistency across jurisdictions and reduce fragmentation within the Single Market.

- Finally, the influence of supervision on the capital management buffer that the institutions give to themselves (the so-called *management buffer*, understood as the capital buffer defined internally by each institution above the supervisory requirements according to their management criteria) must be assessed. It is observed that, de facto, sometimes the supervisor, beyond the explicit requirements, also makes indications on the recommended sizing of this buffer, which is an additional conditioning factor to capital management and a kind of additional “shadow” requirement. The measure in this case is that this buffer is defined exclusively by the management criteria of each entity.

The aim is not to limit the authorities’ ability to act in the face of macro-financial risks, nor to relax solvency standards, but to improve the regulatory quality of the capital framework, strengthening its coherence, proportionality and effectiveness.

The simplification of capital requirements would make it possible to eliminate overlaps that AFME²⁹ has estimated at around 2 percentage points, which could translate into an additional credit capacity of between 150,000 and 225,000 million euros in Spain and approximately 1.7 trillion euros in the euro area as a whole. Overall, this measure would contribute to a more efficient, profitable European banking system that

29. Association for Financial Markets in Europe (AFME), *Simplifying the EU Capital Stack* (2026, March) https://www.afme.eu/media/igffcnp/afme_eucapitalstack26_05.pdf

30. European Central Bank, *Simplification of the European prudential regulatory, supervisory and reporting framework*, December 2025, section “Reduce the number of elements in the risk-weighted and leverage ratio framework”, available at: https://www.ecb.europa.eu/press/pubbydate/2025/html/ecb.simplification_supervisory_reporting_framework202512.en.html

31. Single Resolution Board, *The SRB’s approach to simplification*, 2026, section “Overall principles”, available at: <https://www.srb.europa.eu/en/content/srbs-approach-simplification>

is able to keep up with the EU's strategic priorities.

“To reduce the complexity of the capital stacks it would increase transparency and facilitate capital planning for banks and investors, particularly for banks operating across multiple jurisdictions” ECB³⁰

“Capital stack simplification in particular has to be looked at holistically” SRB³¹

Action 4: The stability and predictability of capital requirements should be strengthened to reduce uncertainty, facilitate capital and balance sheet planning, and preserve the financing capacity of European banks throughout the cycle.

Beyond the structural complexity of the framework, banks face difficulties in anticipating the evolution of their capital requirements in the medium term with sufficient visibility. This uncertainty derives, among other factors, from recurrent methodological changes, new technical standards (e.g. regulatory technical standards (RTS) or Q&A of the EBA) with an impact on capital, supervisory adjustments of variable intensity, stress-testing, the interaction between microprudential and macroprudential decisions, and the use of certain buffers whose incidence is not always fully predictable ex ante. This lack of stability in requirements raises the cost of planning, makes it difficult to define capital and financing strategies, reduces visibility for investors and governing bodies and can encourage excessively conservative management of the business (due to its impact on risk-weighted assets), with potential effects on the ability to grant credit. Predictability does not imply regulatory immobility nor does it limit the supervisory capacity to respond to real changes in risk. It means that institutions, investors and governing bodies can reasonably anticipate the evolution of their capital requirements and distin-

guish between variations resulting from effective changes in the risk profile and those caused by methodological adjustments or accumulation of prudential layers.

Therefore, the **measure** should be aimed at providing the European framework with greater stability, greater transparency on the formation of P2R and P2G, more orderly regulatory and supervisory calendars, more stable criteria in methodological reviews and clearer communication on the conditions for activation, use and release of capital buffers. A more stable and predictable framework would strengthen market confidence, improve the capacity to absorb orderly shocks and allow European banks to support investment, growth and economic transformation more continuously.

Action 5: Supervision should strengthen its risk-based approach and move towards a simpler, more coherent and predictable model.

Strengthening truly risk-based supervision is essential to reduce unnecessary burdens, increase the transparency of the European supervisory framework and focus resources – both supervisors and institutions – on the truly material risks. In recent years, the supervisory process has experienced a significant increase in complexity and intensity, derived not only from the accumulation of formal tools (SREP, on-site inspections, stress tests, review of internal models), but also from the proliferation of requirements considered to be of high severity that are based on guidelines, recommendations or supervisory expectations rather than on regulations. This evolution has been accompanied by inconsistencies and misalignments between different supervisory actions, for example, between horizontal and vertical inspections, both in the criteria applied and in their intensity, as well as between requirements derived from different functions or authorities. Likewise, the administrative and operational burden associated with processes such as internal model validation, recurrent inspections or requests for information is resource-intensive in terms

of time, personnel and costs. In addition, there is an additional layer of requirements linked to stress testing or benchmarking exercises which in practice can lead to ad hoc material adjustments or surcharges on capital requirements, leading to capital requirements based on aggregate benchmarks rather than on the specific risk profile of each institution. In this context, the **measure** should be aimed at:

- Focus the supervisory activity on the basis of clear criteria of materiality, effective risk and complexity, i.e. supervisory requirements should focus on areas that are truly material to the viability and stability of the supervised entity.
- This implies, in particular, that when supervision is based on interpretations of non-binding guidelines, no recommendations are derived, or that they are of low severity.
- Improve coordination between horizontal and vertical inspections to ensure a supervisory “single voice”; make internal model review processes more efficient and predictable; ensure consistency between stress tests, benchmarking and the rest of the supervisory requirements; and strengthening mechanisms for interaction with institutions, especially in the intermediate stages of inspection processes.
- It is also essential to incorporate an integrated view of the total supervisory effort required of each institution, preventing the accumulation of independent actions from generating, in aggregate, disproportionate burdens.

The aim is not to reduce supervisory demands, but to make them more focused, consistent and risk-based. The application of this measure could translate into a potential investment capacity in high value-added activities of between 230 and 300 million euros in Spain and between 3,000 and 4,000 million euros in the euro area

as a whole.

Action 6: The resolution framework should be aligned with the international framework, especially with regard to the requirement for liabilities eligible for losses and recapitalization.

The MREL framework must be simplified, aligning it with the TLAC and gaining consistency to reinforce its effectiveness, proportionality and alignment with the real resolution strategy of each institution. Simplifying and making the MREL framework more consistent is key to strengthening proportionality, reducing financing costs and ensuring that resolution requirements are aligned with the real strategy of each institution. Specifically, it is proposed to align the MREL requirement with the international standard of the TLAC, which allows the orderly resolution of institutions without imposing more burdensome or complex requirements than in other jurisdictions. This would affect the calibration of the MREL, adjusting it to that of the TLAC -combined with the 8% of Total Liabilities and Own Funds on internal loss absorption. In any case, this measure should not lead to an increase in the requirement or affect recapitalization adjustments.

The aim is not to reduce the credibility of the resolution framework, but to ensure that the loss-absorbing capacity is required in an efficient, comparable and risk-adjusted manner and to the applicable resolution strategy, facilitating capital planning and requirement predictability, avoiding burdens that do not provide a proportionate improvement in resolvability, thus freeing up resources to finance growth, investment and economic transformation. On the other hand, it is also important that banks have the flexibility to decide with which eligible instruments they wish to meet the requirement and, in particular, that they can choose to meet it in full with equity instruments if this is how it best fits into their funding strategy – recognizing the advantages that CET1 capital has in this respect, and reserves within it-, because they lack explicit maturity and/or dependence on wholesale

markets.

This measure, on top of capital release effect which is already considered in measure 3, would reduce the issuance of higher-cost subordinated liabilities, which could lead to savings in financing costs of almost 700 million euros in Spain and more than 4,500 million in the Eurozone that could be allocated to additional investment capacity for high value-added activities.

Action 7: The European institutional architecture and regulatory process should be simplified to strengthen the regulatory quality, legal certainty and predictability of the framework. This should include effectively delimiting the use of “soft law” to avoid the consolidation of “shadow regulation”.

The European institutional architecture and regulatory process should be comprehensively simplified with the aim of strengthening regulatory quality, legal certainty, predictability of the applicable framework and competitiveness of the European banking sector. The increasing complexity of the regulatory framework articulated in multiple regulatory layers, including Level 1, Level 2, and Level 3, and accompanied by a proliferation of regulations, directives, technical standards, guides, Q&As, supervisory expectations, and interpretative practices, has resulted in a system that is fragmented, unpredictable, and increasingly difficult to implement.

This regulatory complexity also generates a parallel effect of supervisory complexity, reflected in the multiplicity of authorities, functions, teams and counterparties that intervene on the same institutions, both at European and national level. In practical terms, the accumulation of regulatory levels and interpretative instruments has configured a broad ecosystem of authorities and bodies with significant coordination challenges, which hinders a consistent application of the rules and favours the appearance of overlaps, duplications, differences in criteria and unjustified accumulation of requirements. The result is an increase in operational burden, compliance costs, legal uncertainty and complexity in reg-

ulatory management, with a direct impact on the ability of European institutions to finance the economy, innovate and compete on a global scale. In this context, the proposed **measure** includes:

- Comprehensively simplify both the regulatory and institutional architecture, reinforcing coherence between regulatory levels and improving coordination between authorities. This implies introducing effective filters of materiality, coherence and impact in the regulatory process; clarifying the relationship between Level 1, Level 2 and Level 3; to reduce the proliferation of interpretative instruments; review unjustified deviations from international standards; and strengthening institutional accountability.
- In this sense, moving towards a greater use of regulations over directives would contribute to reducing gold-plating and strengthening regulatory convergence in the Single Market.
- In addition, the use of non-binding rules or soft law must be strictly delimited, preventing guides, Q&As, supervisory expectations or interpretative practices from being consolidated as a form of “shadow regulation” that, in practice, generates material obligations without the corresponding legal basis or the controls of binding regulations. In recent years, these layers of supervisory requirements have come to operate de facto as an autonomous body of requirements, with a direct impact on the ordinary management of institutions, their strategic decisions, their internal models, their capital projections and their risk-weighted assets.
- This phenomenon is amplified by supervisory discretions, both in the microprudential area – including Pillar 2 – and in the macroprudential sphere. According to the ECB, the non-prescriptive ele-

ments of the framework, including Pillar 2 and macroprudential buffers, account for around a third of total capital requirements, while Pillar 2 – P2R and P2G – accounts for approximately 20-21% of the total. These figures highlight the real magnitude of this supervisory layer within the prudential framework and its ability to indirectly increase total capital requirements, including through amplifying effects on RWAs derived from requirements on internal models, supervisory constraints or methodological adjustments.

A simpler, more coordinated and disciplined framework would reduce unnecessary costs, avoid duplication, facilitate operational implementation and improve the predictability of the regulatory environment. Simplification should be measured as a net reduction in effective burden, and not as a mere formal rearrangement of existing obligations. In this regard, various European reports (Letta and Draghi) have estimated that an ambitious rationalization of the regulatory framework could free up to 150,000 million euros in administrative burden for the European economy as a whole. Moving in this direction is key to strengthening the Banking Union, improving the efficiency of the system and strengthening the capacity of the European banking sector to finance the economy, innovate and compete on a global scale.

“Guidelines should be focused on providing clarification rather than introducing mandatory additional specifications to the Level 1 or Level 2 texts”
ESMA³²

Measure 8: Effectively and consistently apply the principle of proportionality and materiality according to the size, complexity, business model and risk profile of each institution.

The effective application of the principle of proportionality is essential to ensure that the European regulatory and supervisory framework responds to the size, complexity, risk profile and real business model of each institution. Although proportionality is formally recognized in European legislation, its practical application is still not very material, without a significant effect on the difference in burden and requirement on smaller and simpler institutions compared to larger and more complex ones. In practice, non-significant institutions, medium-sized banks and institutions with less complex models can bear obligations, expectations and supervisory interaction frequencies close to those of larger or more complex institutions, with compliance costs that weigh proportionately more on their operational efficiency and funding capacity. For example, an small and non-complex institutions (SNCI) must submit about 3,500 annual reports to Supervision, when, given the nature of its activities, it should be aimed that an annual reporting threshold of less than 1,000 would allow sufficient supervisory information to be maintained. This reduction should not be addressed through modifications to existing reports, which require new investments that must subsequently be amortized, but through the effective elimination of current reports that do not provide proportional value. The **measure** must be aimed at:

- Having a truly differentiated supervisory regime, based on objective criteria of materiality, risk, size and complexity, and not on a uniform application of requirements designed for systemic or highly complex institutions. Proportionality must result in certain areas not being applied (due to lack of materiality) to smaller and simpler institutions (and not only in the fact that they must do the same as larger ones but with less intensity, since in practice this ends up leading to very similar levels of demand) or to smaller entities that be-

32. Securities and Markets Stakeholder Group — ESMA, SMSG own initiative report on simplification, ESMA24-229244789-5408, 30 September 2025, section 6, “ESMA’s guidelines and Q&As”, p. 9, available at: https://www.esma.europa.eu/sites/default/files/2025-09/ESMA24-229244789-5408_SMSG_advice_on_simplification.pdf

long to banking groups.

- This requires simplifying and adapting reporting templates, governance requirements, supervisory processes, supervisory expectations, remediation obligations and documentary uploads, as well as strengthening convergence between the ECB, the EBA and national competent authorities to reduce discretion, duplication and variability in practical application.
- Likewise, the application of the principle of proportionality should not be limited exclusively to smaller institutions, but should also be extended to large groups, where the accumulation of requirements may be excessively granular or poorly aligned with the added supervisory value: both in terms of reporting – for example, in the frequency or level of detail of information requested, such as in ESG areas or in cases where equivalent requirements are not required in other jurisdictions, such as in governance (with demands for information and processes that may exceed what is reasonable for senior management), and in supervision (in terms of the number and scope of inspections).

The aim is not to lower the quality of supervision, but to make it more efficient, targeted and risk-based. It would also materialize by raising the threshold for small and non-complex institutions (SNCI) from €5 billion to €10 billion and the threshold for significant institutions (SIs) from €30 billion to €45 billion, taking into account that these thresholds have not been updated since 2014. Real proportionality would make it possible to free up compliance resources to be allocated to effective risk management, digitalization, customer service, SME and household financing, and talent attraction, while strengthening the diversity, resilience and competitiveness of the European banking system.

Measure 9: Redesign regulatory, supervisory,

market and ESG reporting under the “define once, report once” principle, streamlining reporting obligations to reduce duplications, improve data quality and strengthen proportionality.

European banking supervision has adopted a data-intensive model that can entail particularly high technological and operational costs for small and medium-sized banks. This **measure** is specified in two areas of action:

- Simplification of reporting, evolving from a fragmented model, based on multiple templates, taxonomies, ad hoc requirements and parallel requests from different authorities, to a common data architecture in which information is defined only once and can be reused by supervisors, resolution authorities, market authorities and sustainability frameworks in accordance with their respective mandates. This transformation should be applied to both prudential, supervisory and market reporting and the sustainability (ESG) framework, preventing sustainability from becoming a parallel layer of reporting, compliance and supervision disconnected from the actual availability of data, the maturity of methodologies and the effective usefulness of information for investors, supervisors, entities and customers. The measure must be based on a principle of proven need, so that only those reports, templates, metrics or data whose effective use and supervisory, prudential, investor or market value are clearly identified are maintained. In the ESG space, streamlining is particularly necessary to build a stable, sequenced and internationally aligned framework, based on available data, mature standards, verifiable metrics and clear proportionality criteria.
- Ensure that each piece of data is reported only once (“report only once”). Once a piece of data is reported to an authority, it should be incorporated into a Europe-

an “supervisory data room”, understood as a common, secure and governed environment for access and reuse of supervisory data, which prevents institutions from having to repeatedly submit equivalent information with different formats, calendars, taxonomies or levels of granularity. Such an architecture should facilitate automation, strengthen consistency between prudential, resolution, market and sustainability frameworks, and allow for a more efficient use of information by authorities, without shifting disproportionate administrative burdens to banks. The different supervisors would have access to this “supervisory data room”, each according to their competencies and can obtain the necessary information from it without the entity having to report it more than once.

The aim is not to reduce supervisory capacity, limit authorities’ access to relevant information or lower climate or sustainability ambition, but to improve the quality, traceability, comparability and usefulness of the requested data. An integrated and streamlined reporting model would reduce operating costs, improve the quality of information, facilitate automation, protect investors, strengthen supervisory efficiency and prevent regulatory complexity from hindering the financial intermediation necessary to finance the economy and achieve sustainability objectives. In terms of impact, streamlining regulatory, supervisory and market reporting could generate an estimated annual saving of between €70 million and €120 million in Spain and between €900 million and €1,600 million in the euro area. Overall, this measure would strengthen the banking sector’s ability to invest in strategic sectors, improve its operational efficiency and contribute more effectively to the competitiveness and sustainability of the European economy.

“Simplification of legislative texts and of their implementation will be easier to achieve and more effective if the different levels of the legislative process strictly follow the natural hierarchy outlined in the Lamfalussy process”;
ESMA³³

Single Market

Action 10: Banking financial integration, including a fully operational EDIS, and markets should be completed to strengthen the scale, efficiency and financing capacity of the European economy.

Completing European financial integration is a necessary condition for strengthening the scale of the financial system, improving the allocation of savings and expanding the financing capacity of the European economy. The Banking Union remains incomplete due to the absence of a European deposit insurance scheme, while the fragmentation of capital markets continues to limit the cross-border mobility of savings, capital and liquidity, as well as their efficient allocation towards productive investment. Therefore, the necessary integration refers to both banking and markets.

- The completion of the Banking Union requires overcoming regulatory fragmentation, the blocking of capital and liquidity within the euro area and the common protection of deposits through the European Deposit Insurance Scheme (EDIS). Within these elements, for EDIS to effectively fulfil its role in terms of competitiveness, integration and financial stability, it is not enough to create a common deposit guarantee mechanism. There is also a need to remove or significantly reduce the barriers that continue to hinder cross-border banking. These barriers

33. *Securities and Markets Stakeholder Group — ESMA, SMSG own initiative report on simplification, ESMA24-229244789-5408, 30 September 2025, section 5, “Areas under remit of the co-legislators”, p. 8, available at: https://www.esma.europa.eu/sites/default/files/2025-09/ESMA24-229244789-5408_SMSG_advice_on_simplification.pdf*

affect multiple areas – regulation, consumer protection, absence of a specific administrative settlement framework, insolvency, marketing, data, etc. – and continue to limit the possibility of operating in practice as a true single banking market. In addition, the completion of the Banking Union should be accompanied by a review of the joint functioning of the deposit guarantee funds, the Single Resolution Fund and the existing backstop mechanisms. As the European framework has broadened the scope of resolution and strengthened the use of resolution tools over ordinary settlement, it is necessary to analyze whether it is still efficient to continue accumulating resources in national deposit guarantee funds on the same current terms, or whether their design should be reviewed. This reflection should cover the national Deposit Guarantee Funds (DGFs), the Single Resolution Fund, the common backstop and its interaction with a possible EDIS, avoiding duplications, overlaps and accumulations of resources that do not respond to a clearly justified need. In parallel, it is imperative to ensure that the resolution framework works effectively in practice. Although the framework has developed significantly, it has not yet been fully tested in complex scenarios and continues to present operational deficiencies. In particular, a key element for its credibility is still lacking: a European liquidity instrument in resolution that would allow a solvent entity to be viable once recapitalized.

- On the other hand, the Savings and Investments Union (SIU) is a necessary complement that connects the completion of the Banking Union with the deepening of capital markets. Its aim should be to mobilize European savings – currently fragmented and largely channeled into low-yielding instruments or outside the EU – more efficiently towards financing productive investment, innovation,

the green and digital transition, defense, infrastructure and business growth. To this end, the SIU cannot limit itself to a capital markets agenda, but must be supported by a banking system that is truly integrated, competitive and capable of operating cross-border under homogeneous conditions.

Progress on these elements (EDIS, avoiding fragmentation, Savings and Investment Union) would make it possible to build a deeper, more efficient and operational single financial market, but only if the regulatory, supervisory, insolvency, customer protection, marketing and data barriers that currently hinder the cross-border provision of financial services are simultaneously addressed. Ultimately, these elements need to be resolved to ensure that EDIS can operate efficiently and on a sound footing, strengthening the confidence, financial stability and real integration capacity of the European banking system.

Further integration would reduce structural costs, strengthen financial stability, reduce the link between banking risk and sovereign risk, and make it easier for the European financial system to finance the European Union's strategic priorities on a more scale and efficient basis. At the same time, financial integration should not be confused with the homogenization of business models. A competitive Single Market must allow coexistence between pan-European groups with the capacity to finance large-scale operations and specialized, regional or local entities that play an essential role in the financing of SMEs, micro-companies and regions. In terms of impact, the available estimates suggest that a further deepening of the Banking Union, including the establishment of EDIS, could generate between 40,000 and 114,000 million euros of additional GDP for the European Union as a whole. In addition, the deepening of the Capital Markets Union could generate, over a long-term horizon of 30 years, a cumulative increase in the European Union's GDP of between €1.3 trillion and €3.6 trillion. In addition, the full completion of the Capital Markets Union could

generate significant additional macroeconomic gains, with an estimated impact of between 45 billion euros and 120 billion euros per year on EU GDP, representing an approximate increase of between 0.28% and 0.76% of GDP

Other Measures

Action 11: Simplify and coordinate the European framework for payments, data and digital assets to boost a secure, interoperable, technology-neutral and competitive digital financial ecosystem. To do this, it is necessary to:

- Strengthen the coherence and simplification of the European financial digital framework. Europe needs a coherent, proportionate and technology-neutral digital financial framework that enables the efficient deployment of innovative solutions in payments, data, digital identity and digital assets, avoiding regulatory overlaps, operational duplication and disproportionate burdens on financial institutions and service providers. The accumulation of horizontal rules – such as those relating to data protection or cybersecurity – and sector-specific frameworks – such as DORA, PSD3, PSR, instant payments or regulations on digital assets – can lead to inconsistencies, non-harmonized interpretations and divergent requirements on the same risks, increasing implementation costs, legal uncertainty and technological complexity. This rationalization should be embedded in a broader digital vision, which strengthens coordination between horizontal and sectoral frameworks and takes advantage of existing synergies between payments, digital identity, data management, cybersecurity and digital assets. In particular, different regulatory frameworks should not lead to imposing redundant obligations on the same processes, systems, data and technological infrastructures. To this end, it is key to promote a harmonized interpretation of

existing rules, a consistent application between authorities and jurisdictions, and a clear delineation of responsibilities between actors who provide comparable functions within the digital financial ecosystem. The aim is not to reduce standards for security, data protection, operational resilience, fraud prevention or interoperability, but to ensure that European digital and payments regulation is consistent, predictable, scalable and applied in a coordinated manner.

- Simplify and streamline the European payments framework. In the area of payments, it is essential to simplify and streamline the European payments package in order to accelerate the effective deployment of instant payment solutions, strengthen European strategic autonomy and consolidate efficient, secure and interoperable pan-European infrastructures. Measures such as beneficiary verification, the universality of instant payments or fraud monitoring pursue relevant objectives of security, innovation and market integration; However, an implementation with insufficiently coordinated schedules, perimeters and technical specifications can generate technological, operational and economic frictions for entities and payment service providers. The framework should therefore clarify perimeters, align timetables, simplify technical specifications and review possible duplications before introducing new obligations. A simpler and more harmonized framework would reduce structural costs, accelerate the pan-European uptake of payment solutions based on instant payments, facilitate the development of new business models and strengthen equivalent conditions of competition between financial institutions, new digital providers and other actors carrying out functionally comparable activities. A more integrated digital financial ecosystem would also contribute to strengthening Europe's strategic au-

onomy in digital payments and financial services, favouring a greater presence of interoperable, efficient and secure European solutions. In a context where European national card schemes currently account for around 39% of card payment volume in the euro area, it is particularly important that regulation facilitates – and does not hinder – the consolidation of competitive pan-European alternatives.

A more coherent digital and payments framework would allow instant payments to be consolidated as a basic infrastructure of the Single Market for consumers, businesses, businesses and public administrations.

Action 12: The digital euro should be designed as a complementary and interoperable infrastructure that contributes to strengthening the efficiency, resilience and strategic autonomy of the European payments system.

In a context in which the development of the digital euro is already part of the European agenda, it is key to ensure that its design takes into account criteria of public utility, proportionality and financial stability, as well as its adequate integration with existing private solutions. In particular, its implementation should take into account its possible implications on bank deposits, financial intermediation or the cost of financing institutions. To maximize its effectiveness and minimize risks, the deployment of the digital euro should be carried out in a gradual and phased manner, allowing the progressive adaptation of all actors – institutions, infrastructures and users – and facilitating a continuous assessment of its impact. It is also essential to make the most of and reuse existing infrastructures, standards and solutions, particularly in the field of electronic and instant payments, avoiding duplication of investment and ensuring interoperability with current systems. The design of the digital euro must also take into account in a balanced way elements such as holding limits, distribution model, clearing system and functionalities, in order to preserve financial stability and avoid unwanted disintermediation

dynamics. The aim should be to ensure that the digital euro brings clear added value in terms of efficiency, innovation and European autonomy in payments, strengthening competition and the resilience of the system without displacing efficient private solutions.

Measure 13: The neutrality of the European regulatory and supervisory framework with respect to the different national models of corporate governance should be guaranteed, preserving the legitimate organizational diversity of the banking sector and avoiding homogeneous requirements that do not respond to material risks.

It is intended to ensure that European regulation and supervision assess the effectiveness of corporate governance in terms of prudential and managerial outcomes – clarity of responsibilities, internal supervisory capacity, effective independence, risk control and quality of decision-making – and not in terms of the formal adoption of a particular organizational model. This approach should be based on principles and results, not on the formal reproduction of homogeneous internal structures. In practice, this means preventing supervisory guidance, informal expectations, horizontal reviews or supervisory practices from *de facto* promoting a preference for certain management structures, corporate models, control functions or internal architectures where there is no clear regulatory basis or material prudential justification. The aim is not to reduce the requirements of good governance, but to ensure that they are applied in a proportionate, neutral and compatible manner with the legitimate diversity of existing models in Europe, including listed, cooperative, mutualist, foundational, dual or monist models.

To this end, it is necessary to strengthen the principle of neutrality in supervisory interpretation, to clearly distinguish between binding legal requirements and non-binding expectations, and to prevent evaluation processes from turning organizational recommendations into homogeneous obligations. A results-based approach would preserve financial stability and the quality

of internal governance, while reducing adaptation costs not justified by material risks, limiting supervisory divergences between Member States and strengthening the proportionality of the European regulatory framework.

3.2. Additional Measures

There is an additional group of measures, with a significant impact, that complement the priority actions described above and make it possible to address specific areas where regulatory complexity, fragmentation or lack of proportionality may limit the ability of the financial system to accompany European growth.

These measures would have two types of foreseeable impact: 1) An increase in credit capacity of around 40,000 million in Spain and 375,000 million in the Eurozone, and 2) Efficiency gains in credit institutions of around 100 million per year in the Spanish banking sector, and 1,500 million in the Eurozone as a whole. approximately. These savings could be devoted to alternative internal investments (such as the adoption of artificial intelligence, for example).

Action 14: Coordination between prudential supervision and resolution preparation should be optimized to reduce overlaps, strengthen institutional coherence and target requirements towards effectively executable capacities in a crisis situation.

There is a need to simplify and better coordinate the planning, testing, simulation, governance and reporting cycles associated with bank resolution, preventing banks from facing parallel, recurring or partially overlapping demands from different authorities when they do not provide clear additional value to effective resolution. There are numerous resolvability requirements closely related to prudential and supervisory requirements (Operational Continuity in Resolution -OCIR- and Operational Resilience Regulation -DORA-; liquidity analysis, access to market infrastructures -FMI's-, etc.).

The proposed **measure** is for the SRB, ECB, EBA and national authorities to coordinate to make integrated requirements that allow joint compliance with what is required by these authorities, thus simplifying the burden of compliance on institutions without lowering the standard of demand. This would include aligning schedules, avoiding duplicate requirements, and grading the intensity of the demands according to the size, complexity, risk profile, resolution strategy, and degree of resolvability of each institution. The impact of this measure materialized in aspects such as the elimination of duplications and the simplification of compliance requirements

Measure 15: Eliminate the “prudential NPL backstop” as a prudential measure that has already been overcome, avoiding unnecessary burdens on banks.

The so-called NPL *backstop* was introduced in 2019, forcing capital consumption as non-performing loans increased in age. This “floor” made sense at a time when it was necessary to encourage the resolution of the legacy of non-performing assets accumulated after the financial crisis and to establish a homogeneous basis for action in the European Union against non-performing loans.

In the current context, in which financial institutions have significantly reduced their levels of NPLs, have strengthened their credit risk management capacities and operate under stronger and more harmonized supervisory frameworks, maintaining this mechanism may generate additional prudential costs that do not respond to the current reality of risk. In fact, it is an example of the permanence of measures beyond when the circumstances justify them.

If it remains, it could also introduce procyclical effects, penalize certain financing operations and limit the ability of banks to accompany business investment, especially in strategic sectors or in phases of greater economic uncertainty. Therefore, the elimination of the NPL backstop would simplify the prudential framework, avoid

duplication with existing supervisory tools, and free up financial capacity to support growth and competitiveness, while maintaining prudent and effective credit risk management.

Action 16: The European securitization framework should be strengthened to mobilize the bank balance sheet and channel finance into the real economy.

The development of a deeper, more liquid and operational European securitization market can make a significant contribution to expanding the financing capacity of the real economy, provided that a sound and transparent prudential framework is preserved. Securitization is a useful tool for balance sheet management and risk transfer, freeing up capacity for new financing for households, SMEs and productive investment. However, the European framework remains highly complex in terms of due diligence, disclosure, prudential treatment and operational requirements, especially in private transactions or simple structures. The **measure** must be aimed at:

- Review the framework for simple, transparent and standardized securitizations (STS framework) and the Securitization Regulation.
- Simplify low value-added documentary obligations, apply greater proportionality according to the complexity and risk profile of each transaction, and harmonize the applicable supervisory approaches.

The aim is not to lower prudential safeguards, but to make the framework more usable, comparable and efficient, favoring a more appropriate allocation of risk and greater lending capacity without increasing systemic risk. The impact of this measure would allow securitization in Europe to increase by about 50%, according to AFME³⁴.

This increase would reduce the financing costs of the entities. Additionally, if there is a transfer of risk, it would increase the potential credit capacity by around 15,000 and 20,000 million for Spain, and around 200,000 and 300,000 million for Europe. Finally, there is a third positive impact regarding market depth, given that the offer of financial products grows, allowing investors to opt for these instruments.

Measure 17: Common criteria should be established in the interpretation of regulations and in conduct requirements that facilitate activity at European level – for example, in relation to digital customer registration – to reduce national divergences and facilitate a more efficient provision of financial services.

The cross-border provision of financial services remains constrained by national differences in areas such as customer identification, digital registration (*onboarding*), consumer protection, mortgage credit, pre-contractual information and rules of conduct. These divergences make operations more expensive, make it difficult to scale pan-European digital platforms and reduce the effectiveness of the Financial Single Market. Sometimes, discrepancies are observed in the interpretation of European regulations by different national authorities, which can lead to practical divergences in their application and particularly affect entities operating cross-border. It is therefore necessary to harmonize the criteria for the interpretation and application of these regulations, reducing the margins of national discretion that may give rise to divergent approaches to formally common obligations. Not only are there divergences that need to be corrected between EU Member States, but it is also possible to find differences in the regimes of conduct within Spain, for example, which generates friction and operational complexities by having to adapt within the same country to different regional frameworks.

34. Association for Financial Markets in Europe (AFME). (2013). *The economic benefits of high quality securitisation to the EU economy*. AFME, disponible en: www.afmestneconomicbenefitsofhighqualitysecuritisationtotheeueconomy.pdf

The **measure** is aimed at establishing common and public criteria that allow a more homogeneous application of these frameworks, without reducing user protection or prevention standards. In particular, redundant documentation should be simplified, low value-added reporting obligations reviewed, understandable digital formats should be favored and proportionality should be strengthened in the processes applicable to SMEs, micro-enterprises, the self-employed and retail customers. In this context, recent European initiatives such as Business Wallets under DAS2 can help to facilitate more homogeneous identification and onboarding processes, although their development is still at an early stage and their effective deployment will require progressive and coordinated implementation between Member States, as well as appropriate incentives for their adoption by the market. Further practical harmonization would improve the customer experience, reduce compliance costs, facilitate common digital models and strengthen the effective integration of the European financial market.

Action 18: Promote a structured framework for public-private collaboration to strengthen European economic resilience.

Public-private partnerships can be an essential element in strengthening the competitiveness of the European Union. There are many areas of action in which private entities alone cannot cover financing needs that do have high social value. In these areas there is room for collaboration with the public sector through mechanisms such as second-tier banking, provision of public guarantees, first-loss mechanisms, channeling of public investment programs, etc. In these cases, banks can provide their capillarity, risk analysis capacity, additional financing, etc. The proposed **measure** relates to:

- Identify strategic sectors for the EU that, due to their characteristics (level of technological maturity, degree of penetration in the EU, capacity to access finance) are particularly suitable for public-private financial collaboration.

- Identify the appropriate instruments (loans, guarantees, grants, etc.) and public entities (public development banks, European banks, public investment agencies, etc.) in each case.
- Promote a public-private collaboration plan that gives visibility to the real sector and financial institutions on the investment path they can take.

All this would directly contribute to strengthening the competitiveness and strategic autonomy of the European economy.

Measure 19: Tax complexity should be reduced and tax compliance applicable to the financial sector should be simplified.

Tax fragmentation and the complexity of certain tax obligations continue to generate compliance costs, interpretative uncertainty and operational frictions, especially in cross-border contexts. Although taxation responds to specific national competences and sensitivities, a more integrated Financial Single Market requires progress in simpler, more homogeneous and digitized procedures, avoiding duplication and low value-added information requirements. Likewise, the imposition of extraordinary taxes on bank profits at times of higher profitability generates a lack of predictability, decreases investor attractiveness and generates asymmetric effects throughout the economic cycle. The abolition of this type of extraordinary tax would strengthen the capacity of institutions to support economic growth, channel financing towards productive investment and meet the demands arising from the digital and sustainable transition, while preserving the resilience of the financial system. Likewise, the elimination of this tax would contribute to improving the relative competitiveness of Spanish institutions compared to banks in other European jurisdictions where there are no equivalent figures or where the sectoral tax burden is less intense. By eliminating the extraordinary tax on Spanish banks, a release of capital would be achieved that would be equivalent to an increase in potential credit capacity of ap-

proximately 25,100 million euros³⁵.

Measure 20: The digital regulatory framework applicable to financial services should be streamlined and applied proportionately.

The digital transformation of the financial sector requires a coherent, secure and technology-neutral regulatory framework. In particular, it is important to prevent small or non-complex institutions from enduring difficult requirements when they lack effective capacity to negotiate, audit or modify the terms and conditions of large technology providers. Likewise, the regulation of artificial intelligence should clearly distinguish between high-risk uses, traditional analytical models, internal automation and tools to support compliance or risk management. The objective is to reinforce real resilience and security, avoiding documentary burdens or redundant controls that divert resources from innovation, digitalization and improvement of customer service.

Measure 21: Market reporting and post-trade flows should be redesigned to eliminate duplication and improve data reuse.

The European market and *post-trade* reporting framework continues to show significant duplications between regimes such as MiFIR, EMIR and SFTR, with definitions, events, formats and supervisory purposes that are not always sufficiently aligned. This fragmentation generates high operational and technological costs, recurrent reconciliation processes and remediation programs that do not always provide proportionate value in terms of supervision, transparency or market integrity.

The measure should be aimed at systematically applying the principles of data reuse and “report once”, clarifying perimeters between regimes, harmonizing taxonomies and eliminating redundant reports when the same information already covers the corresponding supervisory need. The

objective is not to reduce the information available to the authorities, but to improve its quality, consistency and usability, allowing entities and supervisors to concentrate resources on effective risk analysis and not on reconstruction or permanent reconciliation of data.

Action 22: The compliance, anti-fraud and retail credit framework should be applied with greater proportionality and results-orientation.

The framework applicable to the prevention of money laundering, sanctions, payment fraud, KYC, retail credit and consumer protection must reinforce its orientation to risk, materiality and real effectiveness. The accumulation of formal controls, periodic mechanical reviews, documentary obligations and criteria that are not always coordinated can generate operational friction without a proportional improvement in prevention, protection or responsible granting of credit.

The **measure** should be aimed at simplifying due diligence processes when there are no signs of risk, streamlining fraud reporting, assigning responsibilities according to the effective prevention capacity of each actor in the payment ecosystem, and adjusting the solvency assessment to criteria of amount, product, risk profile, and materiality. Likewise, it is necessary to apply proportionality in AML/KYC for rural activities, self-employed, microenterprises, new residents and small entities, preventing excessively rigid controls from ending up generating financial exclusion or displacement of formal activity outside the system. The aim is not to relax prevention or user protection standards, but to concentrate resources on the really relevant risks and improve the relationship between operational cost and preventive effectiveness.

35. Estimate made by the Spanish banking associations

Below are some quotes from representatives of various economic sectors on the importance of banking competitiveness in order to better finance the European and Spanish economy:

CEOE (Spanish Confederation of Business Organizations)

"The most immediate priority must be a genuine simplification of the regulatory and supervisory framework (which also affects the regulation and supervision of capital markets). Europe has built a safer financial system, but at the cost of making it less dynamic. The Association for Financial Markets in Europe (AFME) has estimated that banking regulation amounts to the equivalent of 14 full Harry Potter series or 44 days of non-stop reading. It is impossible to apply such high levels of regulation. In the US, the discussion is no longer about simplification but modernisation.

The accumulation of rules, capital requirements, and supervisory layers reduces banks' capacity to transform savings into credit facilities. The European Banking Federation estimates that between €2.7 and €4.1 trillion remains tied up due to supervisory discretion. The EU must move toward a model that combines stability with competitiveness.

The United Kingdom, for example, has introduced a growth mandate for its prudential supervisor, showing that it is possible to balance both regulatory oversight and growth. Integrating a growth dimension into the mandate of the European supervisory authorities would send a clear political signal that financial regulation is not only about stability, but

also a key component of Europe's broader industrial strategy.

For this reason, advancing the Capital Markets Union, along with smarter, less bureaucratic, and growth-oriented regulation, is essential for SMEs to continue generating employment, innovation, and prosperity. SMEs are the driving force of Europe's economy; both their success and the continent's depend on preserving a stable, competitive financial system that effectively supports the real economy".³⁶

CEPYME (Spanish Confederation of Small and Medium-sized Enterprises):

"For SMEs, the availability of bank financing to support their operation and growth is key. In this sense, within the debate on regulatory and supervisory simplification, as well as integration of the single market, there are several elements that are very important from the perspective of SMEs:

- 1. Efficiency in regulation and supervision so that entities can transfer this efficiency to SME services.*
- 2. Achievement of a true single market that allows the integration and growth of financial institutions without reducing competition, facilitating SMEs' access to a greater range of services.*
- 3. Diversity of banking models that allow the different needs and life phases of SMEs to be met"³⁷.*

SEOPAN (Association of Construction Companies and Infrastructure Concessionaires):

"Spain faces large public investment needs over the next decade (estimated at 280,000

36. Fernández de Mesa, Í. (2025). Europe's SMEs demand a dynamic and deep single market. Euractiv, 7 December 2025. Available in: <https://www.euractiv.com/opinion/europes-smes-demand-a-dynamic-and-deep-single-market/>

37. Interview with CEPYME during the preparation phase of this report.

million euros in infrastructure creation and 127,000 million euros in infrastructure conservation and maintenance). In order for this volume of investment to be executed, it is very important that banks can help with their financing by collaborating to structure these investments from a financial point of view. From this perspective, it is necessary that this financing is not limited by banking regulation that is inefficiently restrictive”³⁸.

AESMIDE (Association of Contractor Companies with Public Administrations):

“Banking, as an engine of economic growth, channels capital into productive projects, which energizes the markets and is key to innovation and job creation in Spain. It must therefore contribute to strengthening sectors critical to economic stability and national security. The support by the Banking sector for the military industry and technological modernization in the sectors of Defense, infrastructure, energy independence, investment in AI, quantum computing, cybersecurity, advanced manufacturing, production and raw materials for SMEs in supply chains and dual technologies... it is essential for the strengthening of the industrial sector. In the coming years and given the international geopolitical situation, the defense industry will need greater funding to develop the products necessary to constitute a strong and stable Industrial and Technological Base that facilitates Spain’s strategic autonomy and, of course, the necessary acceleration to have this investment would contribute to it.

Therefore, for the economy to advance in a healthy way, it is necessary for the credit ecosystem to function in harmony with the needs of companies and society. Regulation in the banking sector seeks to ensure finan-

cial stability, however, regulatory simplification can help maintain resilience without stifling the economy’s profitability or financing capacity”³⁹.

Agri-food Cooperatives:

“Agri-food cooperatives are a key player for territorial cohesion, the modernization of the primary sector and the generation of added value in rural areas. Looking to the future, they address major transformational challenges for which they need to have financial support. It is essential that banks have an efficient framework of action that allows them to provide adequate financial solutions to the challenges of this sector”⁴⁰.

38. Interview with SEOPAN during the preparation phase of this report.

39. Interview with AESMIDE during the preparation phase of this report.

40. Interview with Agri-food Cooperatives during the preparation phase of this report.

CHAPTER 4

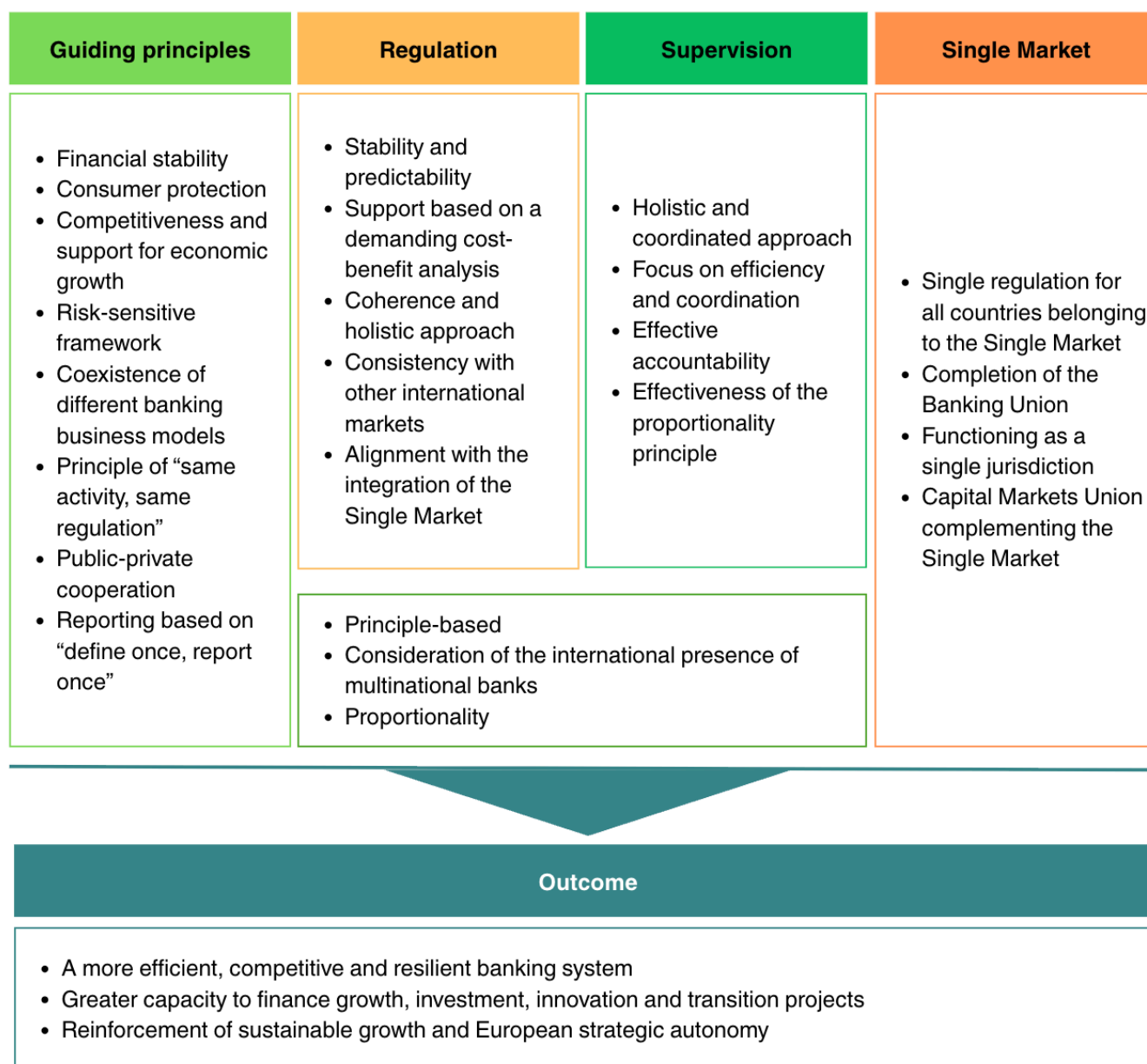
04

**Aspirational model supporting
the competitiveness of banking**

Through the measures proposed in the previous section it will be possible to achieve a model that protects financial stability and consumers of financial services while optimizing the capacity of banks to finance and boost the real economy. The aim is not to question the need for regulation and supervision, but to examine how they can evolve to maximise their contribution to European economic growth, investment and progress.

In short, Europe cannot win the battle of competitiveness with a banking system designed only to not fail.

Illustration 8 – Overview "Aspirational Framework"



Source: Own elaboration

CHAPTER 5

05

Conclusions

Banking competitiveness is a structural condition of European growth. Europe's ability to grow, innovate and strengthen its strategic autonomy depends to a large extent on the strength and competitiveness of its financial system and, in particular, its banking system. In deeply banked economies such as Europe, competitive banking is not a sectoral objective, but a necessary condition for mobilizing investment, channeling savings and transforming strategic priorities into real economic activity.

Financial stability and competitiveness are not conflicting objectives. The experience of the last decade shows that stability and competitiveness are not exclusive goals, but complementary dimensions of the same framework of the common good. An overly restrictive system may be formally safe, but economically inefficient; just as a system without adequate safeguards would be unsustainable. The challenge is to find the balance that preserves the resilience achieved without turning it into a structural brake on growth.

The proposed measures would make it possible to place the competitiveness and growth of the economy as explicit criteria of the European regulatory and supervisory framework. Incorporating this objective into the actions of the authorities does not mean lowering the standards of financial stability or user protection but rather improving the quality of regulatory and supervisory decisions. A clear competitiveness mandate, accompanied by cost-benefit analyses, impact assessments and accountability mechanisms, would allow for better weighting of the effects of rules and supervision on the financing, efficiency, innovation and growth capacity of the real economy.

Simplifying the capital framework would strengthen banks' predictability, efficiency, and financing capacity. A comprehensive view of capital requirements would identify overlaps and make the interaction between Pillar 1, Pillar 2, macroprudential buffers, resolution constraints and supervisory requirements more transparent. Similarly, a simpler, more propor-

tionate MREL framework that is better aligned with the TLAC logic would reduce unnecessary financing costs and facilitate more stable planning. These measures do not seek to reduce the resilience of the system, but to ensure that prudential resources are required in a coherent, predictable way linked to real risk, freeing up capacity to finance households, companies and productive investment. In any case, this MREL framework must recognize the advantages that CET1 capital (and reserves within it) have among the liabilities eligible to bear losses, because they lack explicit maturity and/or dependence on wholesale markets.

Simpler, more proportionate and risk-based regulation and supervision would free up resources towards higher value-added activities. The reduction of unnecessary burdens, the delimitation of the use of non-binding regulations (*soft law*), the simplification of the regulatory process, the effective application of proportionality (including an explicit recognition of the role of the various models of entities, such as social economy entities) and supervision focused on material risks would contribute to reducing operational and administrative costs. This would allow banks to allocate more resources to effective risk management, digitalization, innovation, improved customer service and financing of the real economy, without undermining the quality of supervision or financial stability.

Completing the Financial Single Market would expand the scale, integration and competitiveness of European banks. The completion of the Banking Union, including EDIS, an effective European framework for liquidity in resolution and the end of common support for the Single Resolution Fund, would strengthen confidence, reduce national fragmentation and facilitate more efficient management of capital and liquidity within the Banking Union. In turn, a deeper Capital Markets Union would complement the role of bank credit, better mobilize European savings and finance innovative, strategic and long-term projects.

Measures in payments, digital framework

and sustainability would allow European regulation to be adapted to new challenges without adding unnecessary complexity. A simpler and more coordinated payments framework would facilitate the efficient deployment of instant payments and strengthen European strategic autonomy. More coherent digital regulation for data, artificial intelligence, digital identity, crypto-assets and technology services would reduce overlaps and encourage innovation. Similarly, a more streamlined, proportional, and usable ESG framework would allow funding to be channeled into the sustainable transition without turning sustainability into a parallel reporting and compliance burden. Taken together, these measures would strengthen a more efficient, innovative banking system that is capable of contributing to European growth.

The proposed agenda would preserve financial stability and, at the same time, strengthen the capacity of banks to finance investment, innovation and growth. Banking competitiveness is not a sectoral goal, but a lever for Europe and Spain to mobilize savings, gain scale, strengthen their strategic autonomy and transform their economic priorities into real activity.

Impacts:

- **With the application of these measures, the banking sector's capacity to grant credit could increase significantly, by more than 2 trillion euros in the Eurozone, of which more than 250,000 million would correspond to Spain.** It is true that the materialization of capital releases into credit is not automatic (it depends on the economic situation, the existence of solvent demand, decisions to retain and/or distribute capital, etc.), but it is clear that a greater availability of capital above the requirements allows for a greater credit capacity. This is relevant because the investment needs in Europe in

the future and at different junctures must be taken into account⁴¹. The aforementioned credit boost could have a potential impact of +2.7% of GDP in the Eurozone and +3.6% in Spain, and, eventually, the creation of 2 million jobs in the Eurozone, 300,000 in Spain.

- **The greater financial capacity derived from simplification would also allow for increased banking investment in key areas such as digitalization, cybersecurity, artificial intelligence and technological modernization.** In Spain, this effort could reach up to 1.2 billion euros per year, improving the efficiency, resilience and innovation of the sector; while in Europe this impact could reach up to 12 billion euros per year.
- **The completion of the Banking Union would generate additional macroeconomic gains, with an estimated impact of between 40 billion euros and 114 billion euros per year on EU GDP, representing an approximate increase of between 0.25% and 0.72% of GDP.**
- **In this regard, the full completion of the Capital Markets Union could generate significant additional macroeconomic gains, with an estimated impact of between 45 billion euros and EUR 120 billion euros per year on EU GDP, representing an approximate increase of between 0.28% and 0.76% of GDP.**

Europe is a success story on many fronts, including in financial regulation and supervision. It can be once again. It is not a question of making drastic pendulum movements, moving from overregulation to deregulation, but of finding the virtuous balance that allows a regulatory and supervisory model that promotes the ability of banks to boost and activate the econ-

41. It should be noted that there are studies such as GARP (GBI EBF Cumulative Capital, Demand Benchmarking Study) or AFME (Simplifying the EU Capital Stack 2026, March) that, based on a similar vision, estimate that the credit potential that could be unleashed could amount to around 2.7 trillion euros

omy, financial stability and the protection of the users of their services.

Action is needed now. There are numerous diagnoses, reports, analyses, proposals and even consensus, but progress remains limited, while other actors are already acting decisively in this area. A more competitive, solid and integrated banking system would make it possible to better finance households and businesses, strengthen strategic investment, accelerate innovation and contribute directly to economic growth. Acting with ambition, coherence and follow-up is not only a regulatory option: it is a strategic decision for the economic future of Europe and Spain.

ANNEXES

01

Methodological Note

The methodology followed to estimate the potential impacts of the measures included in this report is detailed below⁴². The estimate seeks to approximate the order of magnitude of the effect that the measures could generate. In this sense, the results should be interpreted as estimates of potential impact and not as direct forecasts of automatic materialization, since their realization will depend on additional factors such as general economic conditions and management decisions, among others. The measures have been divided according to their impact channel and final impact into:

- Catalytic measures: measures whose direct impact has not been quantified in isolation, but which are necessary to enable structural changes, promote an evolution of the organizational culture and accelerate the materialization of other measures with a quantified impact.
- Capital release: measures whose final impact is estimated as an increase in the potential credit capacity of the financial system. The impact on credit capacity has been estimated in two steps: 1) It has been assumed that 50% of the paid-up capital is allocated to alternative uses to credit growth such as shareholder remuneration or solvency reinforcement⁴³; and 2) For the conversion into credit capacity of the rest of the capital released by GARP⁴⁴, that €1 of paid-up capital is equivalent to €10-15 of potential additional credit, having used 12.5 as an approximation (consistent with the ECB's estimate in 2020⁴⁵). However, the report clarifies that the conversion of this capacity into credit actually granted is not automatic, as it depends on external factors such as the economic situation, the existence of solvent demand, the risk appetite of the institutions and market conditions. Likewise, the additional potential credit capacity has translated into potential impacts on GDP and employment, without defining a specific time horizon for materialization, as it is subject to the aforementioned factors. The transfer of credit to impact on GDP has been estimated following a study by the ECB⁴⁶ and GDP to employment following another report by this authority⁴⁷.
- Release of operating resources: measures that generate efficiency gains for the banking system, favoring greater efficiency in processes and freeing up resources that could be used to invest in activities of high strategic value for banks, such as digitalization, artificial intelligence, accessibility or other differential capabilities.
- Annual additional GDP: measures whose impact has been directly estimated in terms of potential GDP growth, based on official reports from the European Commission and linked mainly to the completion of European banking and financial integration. This potential growth also translates into job creation.

42. This methodology has been proposed by EY as collaborators in the preparation of this report.

43. Based on Stability Reports from the European Banking Authority (EBA) [Link] and the Bank of Spain (BdE) (Spring 2025)

44. GARP Benchmarking Initiative (GBI) and European Banking Federation (EBF). (2025, May 7) GBI EBF Cumulative Capital, Demand Benchmarking Study

45. European Central Bank (ECB). (2020, March 20). ECB Banking Supervision provides further flexibility to banks in reaction to coronavirus. Implicitly, by stating that the release of 120,000 million euros of capital is equivalent to 1.8 trillion euros of potential increase in credit, the estimates provided by other agents are being validated

46. Kristina Barauskaitė et al. (ECB), The impact of credit supply shocks in the euro area: market-based financing versus loans

47. European Central Bank (ECB). (2012, July) Economic and Monetary Developments: Output, Demand and the Labour Market

The main reports that have supported the estimates are:

- Global Association of Risk Professionals, & European Banking Federation. (2025, May 7). GBI EBF 2025 cumulative capital demand benchmarking stud
- European Banking Authority. (2025, June). Risk assessment report: June 2025.
- Bank of Spain. (2025). Financial stability report: Spring 2025.
- European Central Bank Banking Supervision. (2020, March 20). ECB Banking Supervision provides further flexibility to banks in reaction to coronavirus.
- Association for Financial Markets in Europe. (2026, March 18). Simplifying the EU capital stack.
- Fraise, H., Lé, M., & Thesmar, D. (2017, June). The real effects of bank capital requirements (Working Paper Series No. 47). European Systemic Risk Board
- Dzezulskis, S., Libertucci, M., & McPhilemy, S. (2026). Understanding the banking sector capital framework in the European Union (Occasional Paper Series No. 387). European Central Bank.
- Association for Financial Markets in Europe. (2013, November). The economic benefits of high-quality securitisation to the EU economy
- European Banking Authority. (2021, June). Study of the cost of compliance with supervisory reporting requirements.
- Prudential Regulation Authority. (2025, June 26). Competitiveness and growth: The PRA's second report. Bank of England.
- European Commission. (2022, September 15). Cyber Resilience Act: Impact assessment. Directorate-General for Communications Networks, Content and Technology.
- European Securities and Markets Authority. (2025, June 23). Call for evidence on a comprehensive approach for the simplification of financial transaction reporting (ESMA12-437499640-3021).
- European Parliamentary Research Service. (2023, February). Increasing European added value in an age of global challenges: Mapping the cost of non-Europe (2022–2032) (PE 734.690). European Parliament.
- European Commission. (2025, December 4). Commission staff working document: Impact assessment report accompanying the proposals as regards the further development of capital, market, integration and supervision within the Union (SWD(2025) 943 final).

ANNEXES

02

List of acronyms

ABOR ECB Administrative Board of Review
AEB Spanish Banking Association
AMLA EU Anti-Money Laundering Authority
AT1 Additional Tier 1
CEPS Centre for European Policy Studies
CET1 Common Equity Tier 1
CNMV National Securities Market Commission
CRD Capital Requirements Directive
CRR Capital Requirements Regulation
DORA Digital Operational Resilience Act
EBA European Banking Authority
EBF European Banking Federation
ECB European Central Bank
ECB-SSM European Central Bank – Single Supervisory Mechanism
ECSC Spanish Confederation of Savings Banks
EDIS European Deposit Insurance Scheme
EFRAG European Financial Reporting Advisory Group
EMIR European Market Infrastructure Regulation
ESAs European Supervisory Authorities
ESBG European Savings and Retail Banking Group
ESG Environmental, Social and Governance
ESMA European Securities and Markets Authority
EU European Union
FCA Financial Conduct Authority
FMIs Financial Market Infrastructures
FTE Full-Time Equivalent
GAR Green Asset Ratio
ICO Official Credit Institute
KYC Know Your Customer
MEDE European Stability Mechanism
MiFID Markets in Financial Instruments Directive
MiFIR Markets in Financial Instruments Regulation
MREL Minimum Requirement for own funds and Eligible Liabilities
NBFI Non-Banking Financial Intermediation
PNIEC National Integrated Energy and Climate Plan
PRA Prudential Regulation Authority
PSD Payment Services Directive
PSR Payment Services Regulation
Q&A Questions and Answers
RTS Regulatory Technical Standards
RWA Risk-Weighted Assets
SFDR Sustainable Finance Disclosure Regulation
SFTR Securities Financing Transactions Regulation
SMEs Small and Medium Enterprises
SRB Single Resolution Board
STS Simple, Transparent and Standardised securitisation
TLAC Total Loss Absorbing Capacity
UNACC National Union of Cooperative Banks
WDI World Development Indicators (World Bank)

