



European  
Commission

# 2021 EU BANKING PACKAGE

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Today's package completes the implementation of the Basel III reforms to ensure banks remain resilient and capable of withstanding future crises.

## What's in it?



### Basel III: new rules on internal models

A new limit will be introduced to ensure risks are not underestimated when banks use their own calculation models.



### Better supervision

Supervisors will have stronger tools to oversee EU banks, including complex banking groups. Minimum standards will be introduced to supervise third-country branches of banks in the EU.



### Sustainability

Banks will be required to take Environmental, Social and Governance (ESG) risks into account when managing their business.



### Implementing Basel III with EU-specific adjustments

In implementing the Basel III reforms, the specificities of the EU banking sector and economy have been taken into account. For example, EU banks finance many small companies that do not have a rating and provide funding to low-risk mortgages. Overall, capital requirements will not increase significantly: on average, less than 10% for EU banks at the end of the transition.

## Why do we need this?

Following the financial crisis, regulators across 28 jurisdictions – including the EU – agreed on international standards to strengthen banks: **the Basel III agreement**.

Thanks to the reforms already implemented, the EU banking sector entered the COVID-19 crisis on a much more resilient footing.

**Today's proposals mark the final step in this reform of banking rules.**

## With this package:



- banks will become more resilient to future shocks
- supervisors will have the necessary tools to supervise banks
- we are putting sustainability at the core of banks' risk management

**→ we are protecting financial stability and citizens' savings**