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Betreft Consultatiereactie Nederland over het concurrentievermogen van de Europese bankensector

Geachte voorzitter,

De Europese Commissie heeft een consultatie geopend over het concurrentievermogen van de Europese bankensector.[1] Het is goed dat de Europese Commissie aandacht heeft voor dit onderwerp. Ik vind het belangrijk dat Nederland actief betrokken is bij deze discussie. Vandaar dat het kabinet ervoor heeft gekozen om, in samenwerking met de Nederlandsche Bank (DNB), op de consultatie te reageren.

Via deze weg stuur ik uw Kamer graag een afschrift van de reactie van het kabinet op de consultatie, net als een begeleidend non-paper met de belangrijkste, meest concrete, voorstellen die het kabinet doet om het Europees regelgevend raamwerk voor banken te verbeteren.

Hoogachtend,

de minister van Financiën,

E. Heinen

[1] Europese Commissie (2026). *Targeted consultation on the competitiveness of the EU banking sector.*

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL MARKETS UNION

General affairs
Policy definition and coordination

CONSULTATION DOCUMENT

TARGETED CONSULTATION ON THE COMPETITIVENESS OF THE EU BANKING SECTOR

Disclaimer

This document is a working document of the Commission services for consultation and does not prejudge the final decision that the Commission may take.

This document does not constitute a final policy position or a formal proposal by the European Commission.

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INTRODUCTION

A competitive EU banking sector is crucial for the success of the savings and investments union and is an integral part of the Commission Communication adopted on 19 March 2025[1]. Banks play a vital role as financial intermediaries, connecting savers and businesses, and remain the main source of financing of the EU economy.

The Communication announced that the Commission would publish in 2026 a report assessing the overall situation of the banking system in the single market, including the evaluation of the banking sector's competitiveness.

The banking sector reforms undertaken in the EU in the past 15 years, including the set-up of the banking union, have significantly contributed to financial stability in the EU and globally. They resulted in more resilient and safer banks, more transparency and level playing field, credible rules to resolve banks in case of failure and safeguard the confidence of depositors and markets in the system.

However, the single market for banking is at the crossroads of several old and new political debates in the EU, notably on competitiveness, financing the green and digital transitions and defence needs, cross-border banking consolidation and global competition, regulatory stability, burden reduction and proportionality. At the same time, cross-border banking activity across the single market is limited and the banking union remains incomplete, hindering development opportunities that could better support the financing of EU economy.

This consultation seeks stakeholders' feedback on the state of the banking sector in view of informing the preparation of the Commission's work to achieve a true single market in banking, improve capital mobility across the EU and foster the international competitiveness of the EU banking sector.

This targeted consultation seeks stakeholders feedback on three main areas:

1. Banking competitiveness in the EU and globally
2. The single market and the banking union
3. Complexity and effectiveness of the regulatory framework

The responses to this consultation will provide important guidance to the Commission when preparing, if considered appropriate, a Commission Communication on the competitiveness of the banking sector as part of its efforts to deliver on the savings and investments union.

[1] European Commission, 19 March 2025: *Savings and Investment Union – A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU*

The objective of this targeted consultation is to gather views on the broad range of issues mentioned above from financial institutions, including credit institutions and industry associations, but also their clients, namely savers, businesses and consumer associations, as well as national authorities and Ministries, the European Supervisory Agencies, EU authorities and institutions, as well as academics, non-governmental organisation and research institutions.

Respondents are encouraged to provide explanations for each of their responses. Where possible, respondents are encouraged to provide qualitative evidence and quantitative data in their responses and to substantiate their reasoning with concrete examples, legal references, and specific suggestions. At the end of the consultation, respondents have the possibility to upload files to support their replies. If size limitations are constraining, respondents may upload several files. These will be published together with the responses to the targeted consultation.

All interested stakeholders are invited to reply **by 19 April 2026** at the latest to the **online questionnaire** available on the following webpage: https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-competitiveness-eu-banking-sector-2026_en

Please note that in order to ensure a fair and transparent consultation process **only responses received through the online questionnaire will be taken into account and included in the report summarising**

In order to ensure a fair and transparent consultation process **only responses received through the online questionnaire will be taken into account and included in the report summarising the responses**.
While some questions are general, others are directed towards specific stakeholders, i.e. credit institutions, their clients and consumer associations, investors or supervisors. As not all questions are relevant for all stakeholders, respondents may choose to reply to a sub-set of questions that are most relevant for them.

This consultation follows the normal rules of the European Commission for public consultations. Responses will be published in accordance with the privacy options respondents will have opted for in the online questionnaire.

Responses authorised for publication will be published on the following webpage: https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-competitiveness-eu-banking-sector-2026_en#consultation-outcome

Any question on this consultation or issue encountered with the online questionnaire can be raised via email at fisma-banking-sector-competitiveness@ec.europa.eu.

Consultation questions

Sections	Sub-sections	# Questions
1. Banking competitiveness in the EU and globally	1.1. Contribution of the banking sector to the EU economy	9
	1.2. Competitiveness and competition of the EU banking sector	3
	1.3. Banks and other financial institutions as enablers of capital markets	3
	1.4. Cross-border activities in the EU banking sector	5
	1.5. International level playing field	6
	1.6. Digitalisation	5
	Sub-total	*31*
2. The single market and the banking union	2.1. The impact of prudential requirements on market integration	3
	2.2. Market consolidation	2
	2.3. Non-prudential barriers to market integration	1
	2.4. Protection of depositors	4
	2.5. Liquidity in resolution	2
	2.6. Sovereign exposures and risk reduction	3
	Sub-total	*15*
3. Complexity and effectiveness of the regulatory framework	3.1. General assessment	*13*
	3.2. Prudential framework	*11*
	3.3. Macroprudential framework	*6*
	3.4. Crisis management framework	5
	3.5. Interactions across parts of the framework	4
	3.6. Proportionality	4
	3.7. Corporate Governance	3
	3.8. Reporting and disclosures	5
	Sub-total	*51*
	Total	*97*

Intern gebruik

1. Banking competitiveness in the EU and globally

A competitive banking sector is key both to the resilience of the financial sector and to boost the Union's economic growth, to the benefit of Union citizens and businesses.

This section of the consultation seeks stakeholder's views on general questions regarding the contribution by the banking sector to a more competitive EU economy, including in terms of financing strategic priorities as referred to in the Competitiveness Compass for the EU[2]. It asks questions on the competitiveness of banks themselves and driving factors, competition in the banking markets, both within the EU and globally, cross- border activity, international level playing field, the role of banks in capital markets and the importance of digitalisation in driving competitiveness.

1.1. Contribution of the banking sector to the EU economy

Banks perform essential intermediation and maturity transformation functions and play a role across almost all sectors of the economy. Therefore, their capacity to finance a competitive EU economy—including small and medium enterprises (SMEs), infrastructure, innovation, defence as well as the green, digital and social transitions, among other policy priorities—is crucial as banks remain for the time being the most used source of financing by EU businesses.

This section aims at gathering views and evidence on whether banks' contribution to the EU economy is satisfactory or could be improved, and what are the areas where respondents observe important competitiveness gaps versus other third country banking players.

(1) **How is the banking sector currently supporting economic growth in the EU, and to what extent (for example, by providing loans to households and businesses, supporting innovative sectors, and helping channel investments into capital markets (including for retail investors))? How could banks do more to boost productivity and economic growth, thereby supporting the priorities of the EU and accelerating the green, digital and social transitions? Please give concrete examples and evidence.**

As indicated by the consultation, the European economic remains primarily financed through the banking system, and as such is critical for supporting economic growth (see also e.g. Popov (2017)). Evidence from the ECB Survey on the Access to Finance of Enterprises in the euro area indicate that access to bank loans, on the whole, is not a major concern, with other factors (such as staff shortages or rising production costs) constraining production more. A recent study by Dutch government does show that there is evidence of a shortage of financing for tickets above EUR 50 mln. for scale-ups and below EUR 1 mln. for SMEs, but this problem is not necessarily limited to bank financing.[1]

Banks could further boost economic activity by reducing matching frictions and costs, and by competing more intensely across borders. Substantial heterogeneity in bank market concentration remains across borders, which may well dampen the pass-through of easier ECB monetary policy (see e.g. Kho (2025)). Substantial heterogeneity also remains across countries in the use of capital market investments, as for example documented by Basten, Cucic and Schepens (2026): banks could facilitate such investments more, potentially adding fee revenue, but this could also come at the cost of reducing their market power over their deposits.

(2) **Is current credit demand adequately met by banks and how is the demand and the capacity to meet it likely to evolve in the medium and long-term? Are you observing barriers affecting bank financing in support of the economy, including in areas identified as political priorities by the EU or Member States? Please elaborate by providing evidence and identifying economic sectors where access to credit could be improved.**

Yes, current credit demand in the EU is broadly being met by banks.

From the demand side, firms report only low to moderate concerns regarding access to bank financing. The ECB's Survey on the Access to Finance of Enterprises in the euro area finds that

[1] Kies voor de Baten. IBO bedrijfsfinanciering (2024).

only 7% of firms for whom bank loans were relevant experienced obstacles in obtaining them. Access to finance is therefore not a primary constraint for most firms. Instead, firms identify their main barriers to production as shortages of skilled labour (59%), rising labour and production costs (59%), customer acquisition challenges (51%), and competitive pressures (43%).

On the supply side, EU/EEA banks have expanded their lending capacity over the past decade in line with economic growth. Between 2016 and mid-2025, total loans and advances held by banks increased from €15.1 trillion to €18.2 trillion (EBA supervisory data), which is in line with the EU economy in that period which grew from EUR 14.9 trillion in 2016 to EUR 18.6 trillion in 2025. According to the EBA's Autumn 2025 Risk Assessment Questionnaire, banks expect to further increase their exposures across SMEs, residential mortgages, consumer credit, large corporates, and project finance.

Research by the Dutch government has shown that in the Netherlands, banks remain key for financing non-financial enterprises, although non-bank financing is becoming more prevalent.[2] *Two categories which have been identified as requiring further attention are scale-up financing (of approximately EUR 50 million) and financing below EUR 1 million for start-ups and SMEs. Banks have become less active in financing SMEs, both relatively and in absolute terms, while non-bank financing in this category has been increasing. While these conclusions could point to reduced accessibility in bank financing for certain businesses, it is difficult to disentangle supply and demand factors and data availability is limited. For example, the research found that businesses have relied more on internal means than on external financing and banks provide financing for businesses in different ways, e.g. through leasing. The annual review of financing conditions for businesses in the Netherlands meanwhile concluded that access to financing is not seen as important obstacle by most of the companies, both large enterprises and SMEs.*[3]

(3) For the following types of clients seeking financing, how would you assess the ability to access finance and the availability of financing options? What obstacles may limit the ability of banks to provide credit to these clients? **No answer.**

(i) a retail client

(ii) a SME

(iii) a corporate (non-SME)

(4) To what extent does market fragmentation affect consumers' and businesses' cross-border access to banking products and services? Please give examples, such as but not limited to IBAN discrimination and difficulties of businesses and individuals to open a bank account, lack of harmonisation of banking products, challenges linked to open finance data sharing. Please provide data if available. **No answer.**

(5) **To what extent does the EU economy benefit from a diversified banking sector? How would you further encourage the diversity of the EU banking sector landscape, with banks operating across different business models (universal, investment, savings, mortgage financing, cooperatives, digital banks, etc.)? Please elaborate whether and how banking sector diversity matters.**

A diversified European banking sector reduces risk, lowers borrowing costs and access to finance and improves client choice:

[2] Kies voor Baten. IBO bedrijfsfinanciering (2024).
[3] CPB (2026). Financieringsmonitor 2025.

- *Reduces systemic risks: When banks operate with highly similar business models and asset exposures, a single shock can affect them simultaneously, amplifying systemic vulnerabilities. A more diversified banking ecosystem increases resilience: difficulties in one type of institution or market segment are less likely to propagate across the entire financial system. Importantly, banks need not be large to be systemically relevant; homogeneity alone can create correlated fragilities. Diversity mitigates these risks. At the loan level, specialization also strengthens risk management. Simoens & Tamburrini (2025) find that roughly a year before a firm defaults, a bank highly specialized in that firm's sector assigns it a probability of default about 3–4 percentage points higher than a generalist bank would, enabling earlier intervention (e.g. stricter loan terms or provisions) to prevent losses.*
- *Lowers borrowing costs and access to finance: Kuhmann (2025) shows that euro-area banks with more specialized lending portfolios tend to offer more favourable credit terms to firms operating in their focus sectors. A one-standard-deviation increase in specialization is associated with approximately a 5-basis-point (0.05%) reduction in loan interest rates and around 15% higher loan volumes to firms in the bank's preferred industries, compared with less specialized lenders. These advantages likely stem from more accurate information, more efficient screening, and stronger competitive dynamics. Moreover, when monetary policy tightens or economic conditions weaken, specialized and smaller banks tend to sustain lending to their core client groups and adjust interest rates more gradually. In doing so, they partially shield these borrowers from abrupt credit contractions.*
- *Improves client choice: currently, especially in retail banking, consumers are tied to banks with either a branch or group established in their own country. Once a bank-customer relationship has been established, consumers are quite sticky and inelastic.[4] A larger diversity of choices in retail banking could lead to more competition or more incentives for consumers to switch their banking services.*

(6) **Do you consider that national promotional banks and public guarantee institutions provide a complementary contribution to the activities of commercial banks in financing the EU economy?**

Yes. National promotional banks like BNG Bank and NWB Bank in the Netherlands complement commercial banks by focusing on public and semi-public sectors, financing long-term public infrastructure with lower risk and social returns, while commercial banks serve broader markets with profit-driven risk considerations.

Promotional bank loans are defined as loans granted on a non-competitive, not-for-profit basis, guaranteed by the government, and with the purpose to advance the policy objectives of the government. Promotional banks therefore operate under a non-commercial strategy, financing the public domain on the most favourable terms possible.

The main public domain sectors that are serviced by promotional banks in the Netherlands are the decentral government (municipalities, water authorities, and provinces), social housing, healthcare, education, and public infrastructure & energy. For investments in these sectors there is generally less market efficiency due to low returns and societal objectives that are less attractive to finance from commercial perspective.

The promotional banks in the Netherlands are state-owned, shareholders are the Dutch State, municipalities, provinces, and water authorities. The banks are not subject to commercial return expectations, although they do have specified targets set by shareholders.

The complementary contribution to the EU economy of promotional banks can be summarised by the following three factors:

- *Clear role differentiation: Promotional banks finance public and semi-public sectors such*

[4] ACM (2024). Rapport concurrentie op de Nederlandse spaarmarkt.

- *as decentral governments and housing corporations, focusing on public tasks and infrastructure, whereas commercial banks serve businesses, households, and institutions with a focus on risk-return trade-offs, resulting in minimal client overlap.*
- *Different time horizons and risk approaches (additional to markets): Promotional banks specialize in long-term, stable financing with low credit risk and high societal benefits, accepting lower risk-return trade-offs that commercial banks avoid due to capital and return demands, thus filling gaps left by commercial banks.*

Contribution to market stability: Promotional banks can act countercyclically by continuing credit during times of financial stress. Furthermore, they price public and semi-public services in a cost-oriented manner, enabling a more stable and efficient banking and fiscal system overall.

(7) **To what extent would the EU economy benefit from the following changes in the banking landscape?**

	To a very large extent	*To a large extent*	Neutral	*To a small extent*	Not at all	No opinion
Cross-border bank consolidation			X			
Domestic bank consolidation			X			
Banking services offered across the single market	X					
Digitalised banking services		X				
Other (please indicate)						

Please explain.

Consolidation should not be pursued as a policy objective in itself but should remain a market-driven process assessed on a case-by-case basis by the competent authorities, including prudential supervisors and competition authorities. The potential benefits and risks of consolidation differ across Member States: in already concentrated national banking markets, further domestic consolidation may heighten concerns about competition, whereas in more fragmented markets it can improve efficiency and strengthen risk diversification within institutions through broader interbank and intra-group diversification. Against this backdrop, market-driven cross-border consolidation within the Banking Union can support financial integration and risk dispersion, provided that such transactions do not materially increase systemic risk and fully maintain prudential safeguards and resolvability.

(8) **What are in your view the main risks faced by EU banks today?**

The capital position of EU banks has improved significantly over the past decade, and current healthy profitability further strengthens their ability to absorb risks. At the same time, EU banks operate in a risk environment shaped by heightened geopolitical and geoeconomic uncertainty, interacting with elevated financial market vulnerabilities and rising sovereign and non-bank risks. Persistent trade tensions, geopolitical fragmentation and policy uncertainty weigh on economic growth and corporate profitability, increasing credit risk—particularly for export-oriented firms and SMEs—while also raising the likelihood of cyber and operational disruptions. Moreover, digitalisation can accelerate the pace of deposit withdrawals when such disruptions interact with a loss of confidence.

Financial market vulnerabilities have also become more prominent. High and increasingly concentrated asset valuations, especially in US equity markets driven by optimism around AI-related sectors, leave banks exposed to abrupt market corrections and spillovers through both their direct market positions and their links to non-bank financial intermediaries. Sovereign risks are also more salient: high public debt levels, rising defence and transition-related spending needs, and higher long-term interest rates challenge fiscal

sustainability in parts of the euro area, with potential feedback loops for banks through valuation losses, increased funding costs and reduced collateral values.

These risks are amplified by banks' growing interlinkages with the non-bank financial sector, including greater reliance on market-based and short-term funding, increased exposures to private credit, and concentrated US-dollar activities. As a result, stress can propagate more rapidly across institutions and markets, underscoring the importance of a system-wide perspective in monitoring and mitigating risks.

Moreover, international regulatory fragmentation can increase systemic risks, as weaker coordination may lead to divergent or less consistent prudential standards, undermining bank resilience and complicating efforts to ensure a level playing field and regulatory harmonization. It also raises the likelihood that shocks spill over into the EU financial system.

(9) **What are in your view the main risks stemming from EU banks today?**

EU banks play a critical role in supporting investment, credit provision and economic activity across the single market. Problems in the banking sector therefore risk weakening the competitiveness of the European economy and lowering output. While banks remain well capitalised, they continue to represent potential sources of systemic risk. We would like to highlight two key channels:

First, interconnectedness with non-bank financial institutions (NBFIs) has grown in scale and opacity. Banks now rely more heavily on market-based and short-term funding provided by NBFIs, hold increasing exposures to private credit and investment funds, and operate within tightening liquidity interdependencies. These links mean that stress originating in the non-bank sector, through margin calls, forced asset sales or funding withdrawals, can rapidly transmit to banks. Because these markets often lack transparency and can exhibit high leverage, shocks may propagate more abruptly and with limited early-warning signals, increasing the risk of system-wide liquidity strains.

Second, geopolitical and geoeconomic risks create an additional systemic channel. Heightened geopolitical fragmentation, persistent trade tensions and rising cyber-threat exposure increase the likelihood that shocks, whether economic, political or operational, spill over into the banking system. Banks' credit portfolios remain vulnerable to geopolitical shocks, particularly for export-oriented firms and sectors reliant on global supply chains. At the same time, growing dependencies on third-party providers for critical services, including cloud, data and payments infrastructure, make banks more exposed to operational disruptions triggered by geopolitical incidents, cyberattacks or sanctions-related constraints. Such disruptions could impair key banking functions.

Finally, we see risks for the strategic autonomy of the EU banking sector as a whole, especially in investment banking and banking services which benefit from economies of scale. For an elaboration, please refer to question 10.

1.2. Competitiveness and competition in the EU banking sector

The competitiveness of banks reflects their ability to perform effectively and remain profitable, innovative and resilient, highlighting their capacity to attract and retain customers, generate profits and adapt to changes compared to competitors. A competitive and profitable banking sector is key, as it contributes to the resilience of the financial system and to the growth and competitiveness of the EU economy, supporting EU

businesses at home and abroad, as well as EU citizens. A competitive EU banking market also serves the EU's strategic autonomy objectives as referred to in the Competitiveness Compass for the EU.

This section seeks stakeholders' feedback on the current level of competitiveness and competition in the EU banking sector and the different factors behind the competitiveness of EU banks.

(10) In which of the following dimensions of competitiveness is the EU banking sector performing well?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
EU banks produce financial products at low cost and/or offer financial services at a low price			X			
International competitiveness: EU banks are able to maintain and increase their market shares in international markets				X		
Innovation competitiveness: EU banks are able to supply qualitative or innovative, original financial products or services			X			
Other (please indicate)						

Please explain and indicate for the different business areas (wholesale and investment banking, retail banking, etc.)

Neutral on 'EU banks produce financial products at low costs and/or offer financial services at a low price. *In the Netherlands, we observe that prices for payment services are relatively low. However, we also observe that SME loans are relatively expensive, which can be partially explained by market inefficiencies (Brouwer et al. (2024) ESB, 109(4830), 86-89). In the retail savings market, we observe that savings rates offered to retail consumers are also relatively low, also (at least partially) caused by market inefficiencies. In the Dutch saving market, a few large banks serve most customers, while many smaller and foreign banks have only minimal market shares and, given consumers' low willingness to switch, exert little to no competitive pressure on the major banks. (Autoriteit Consument & Markt, 2024).*

Somewhat disagree on 'International competitiveness: EU banks are able to maintain and increase their market shares in international markets', *where it comes to non-universal banking activities. ECB research (2023) shows that US banks dominate global investment banking and have increased their global market share, to the detriment of the market share of EA banks. Recent EP research (April 2025) and research of the Dutch MoF (June 2025) shows that EU banks have especially difficulties competing in the areas of M&A underwriting and equity capital markets. Based on Finrep/Corep data available to DNB, we see that US affiliates' activities are more focused on wholesale and investment banking (corporate finance) compared to EU banks, based on income statements. In terms of assets, US affiliates also hold a relatively large market share in the EU derivatives market, confirming their relatively high share in trading activities. This is in line with the EBA (2022) analysis on the activities of non-EU banks.*

We see that many European banks have scaled back their activities in these sectors after the Great Financial Crisis, while banks from other jurisdictions have increasingly entered the European market. Trading, market making and investment banking require broad market access and economies of scale, of which European banks are arguably benefiting less in a European market which is fragmented and not fully harmonized, particularly also capital markets. Banks also face increasing competition by other players which are not always subject to similar standards. It is important for European strategic autonomy that European financial institutions remain an important provider of services in these markets.

Neutral on 'Innovation competitiveness: EU banks are able to supply qualitative or innovative, original financial products or services'. *We are aware of some examples of innovation in the Dutch banking sector (e.g. instant payments, blockchain, automation of credit approval processes, chatbots, open-banking APIs). However, we are not in a position to provide a comprehensive assessment of the overall level of innovation competitiveness, nor to express a judgement on the quality, originality or effectiveness of individual products or services.*

(11) What are the main regulatory and non-regulatory factors that determine and drive the competitiveness of EU banks? Please specify the factors per market segment: savings, payments, retail banking, corporate banking, investment banking (including underwriting, brokerage, custody, settlement, market making, etc.).

Limited opinion as limited data is available. Recent research by the Dutch MoF indicates that Dutch banks have difficulty competing on the investment banking market due to increased competition due to globalisation of the capital markets, lack of economies of scale, and client's preference of clients to do business with high-value brands with good track records. Given that the European Single Market is still fragmented, European banks cannot reap the benefits of a deeply integrated capital market and economies of scale that US banks have.

(12) How would you assess the current level of competition in the banking sector within the single market?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
EU banks face high levels of competition within their Member State of establishment				X		
EU banks face high levels of competition in the EU market						X
EU banks face high levels of competition in global markets/ markets outside of the EU			X			
Traditional banks are challenged by new developments in a number of product lines and areas (e.g. digital banks/FinTech in specific areas such as payments, tokenisation of assets, etc)	X					
Other (please indicate)						

Please explain.

Somewhat disagree 'EU banks face high levels of competition within their Member State of establishment'. *A recent review by the competition authority shows that the Dutch retail savings market is highly concentrated and that competition is low, also given consumers' low willingness to switch (Autoriteit Consument & Markt, 2024). In the SME lending market, we see similar results due to the limited number of banks operating in this segment (ACM, 2015; DNB, 2025). In the residential mortgage we see more competition, especially from non-banks. (De Nederlandsche Bank, 2016)*

No opinion on 'EU banks face high levels of competition in the EU market'. *No data available, besides aforementioned observations in the Netherlands. For ECB / EC to comment on.*

Neutral on 'EU banks face high levels of competition in global markets/ markets outside of the EU'. *Limited data is available, although recent research do show that Dutch banks have difficulties competing on the international investment banking market, especially M&A underwriting and equity capital markets.*

Fully agree on '*Traditional banks are challenged by new developments in a number of product lines and areas (e.g. digital banks/FinTech in specific areas such as payments, tokenisation of assets, etc'****.*** *We see increased activity and competition from Fintechs and other non-banks in areas such as payments (e.g. Mollie, Adyen), instant (SME) Lending.*

1.3. Banks and other financial institutions as enablers of capital markets

(13) According to many analysts, EU banks are persistently undervalued by investors when compared to international peers. If you agree with this assessment, what could explain this undervaluation?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Limited scale and inefficiency of EU capital markets (limited depth, insufficient liquidity, etc.)		X				
Macro-economic environment (economic growth, inflation, fiscal situation, interest rates, demographics)		X				
Limited growth and scaling up prospects due to market fragmentation and different national rules		X				
Underinvestment in new technologies						X
Supervisory practices (e.g. potentially impacting the level of dividend distribution and share buybacks)			X			
EU regulatory/ resolution frameworks (including international level playing field)			X			
Internal factors (low risk appetite, bank governance/culture)						X
Uncertain or ineffective market exit for inefficient or distressed banks						X
Other (please indicate): lower fee and commission income, legacy NPL exposure, and possible overbanking.	X					

Please explain.

While valuations of EU banks have been rising in the past year, it is true that EU banks have been persistently undervalued in comparison to international peers and in price-to-book ratios. This is possibly due to the lower profitability of EU banks in the past 15 years that dent investor confidence in the sustainability of higher returns on equity as well as higher perceived tail risks of sector-specific taxation and tail risk for a return to a low interest rate environment; Key drivers of lower profitability are lower income from fees and commissions, the higher average cost-to-income ratio and some legacy non-performing exposures built up during GFC, although the latter have been

decreasing. Moreover, there are signs that Europe is overbanked and that the need for further consolidation in the European banking sector has long been part of academic and sector discussions. Sources: is Europe overbanked?; ECB – understanding the profitability gap between EA and US global systemically important banks.

(14) Does the prudential framework adequately account for the activities and the complexity of intermediaries performing financial services other than core banking services? Are there any perceived undue limitations to such activities? Reference is made to financial services performed by investment firms, financial advisors, custodians, wealth managers, market makers or other liquidity providers that are not primarily or not at all engaging in deposit taking and granting loans.

Intermediaries engaging in financial service activities generally have myriad business models that differ significantly from those of banks and consequently have a different prudential risk profile. A prudential framework should accommodate for these differences while adequately addressing risks.

Regarding the prudential framework for investment firms (IFR/IFD), it is our view that the framework should better reflect that subjecting investment firms trading on own account to prudential banking requirements should be the exception because the prudential rationale for doing so is usually not present.

For instance, the class 1 minus category in the IFR/IFD automatically subjects those investment firms to CRR/CRD requirements. However, there is no assessment whether prudential banking requirements are actually appropriate and relevant considering the risk profile of the individual investment firm. The existence of this category could create incentives for investment firms to limit their growth in the European market and/or increase business activities in non-EU jurisdictions, to prevent being subjected to prudential banking requirements that they deem inappropriate.

Therefore, it is our view that the necessity of this category should be reviewed and subsequently reconsidered. In the absence of international standards for investment firms, safeguarding a level playing field while addressing risks to financial stability is a crucial objective for EU regulatory efforts.

(15) How would you assess the competition between banks and other entities performing financial services (such as financial conglomerates, investment firms, FinTechs, etc.) from the perspective of the overall functioning of capital markets (provision of liquidity, transparent market information and pricing, scaling up of trading venues etc.)?

Fintechs constitute an important subsector of the financial sector, contributing to higher efficiency through innovation. We see that Fintechs are increasingly able to compete with banks, e.g. in payments. At the same time, we see many forms of cooperation between banks and Fintechs. Innovations in data provision and payment technologies support the overall functioning of capital markets.

Investment firms play increasingly important and diverse roles in the efficient functioning of, and participation in, capital markets.

Investment firms trading on own account can be well-equipped to perform important capital market activities like market making, without a risk to deposits as they do not hold them. Moreover, those investment firms in general tend to stay active in markets longer in case of volatility. This can be explained by the fact that their business model allows them to do so and the fact that banks have changed their behaviour in response to post-GFC regulatory reform.

We observe in general that since the GFC the competitive landscape between those investment firms and investment banks has evolved. Some of the drivers of this evolvement were technological innovation by these investment firms and regulatory constraints on banks post-GFC. Investment firms involved in market making are dominant in most electronically traded, highly standardised markets, whereas large investment banks have retained their dominance in bespoke OTC derivatives and structured products for corporate and institutional clients. However, there is limited

competition on request-for-quote platforms where investment firms trading on own account compete with investment banks in providing prices for relatively standardised instruments with low inventory risk.

Investment firms also compete with banks in areas such as brokerage and asset management which can lower prices for these services and giving investors more options to participate in capital markets.

1.4. Cross-border activities in the EU banking sector

Reports[3] show that in the last decade cross-border banking activities in the Euro Area have not grown and banking sector consolidation has shown limited progress. This is also illustrated by statistics on, amongst others, the share of EU cross-border total assets, market concentration and mergers activity.

This section seeks feedback from stakeholders on the possible reasons behind the lack of progress on integrating the single banking market, which may differ by market segment.

(16) For retail banking as well as for wholesale and investment banking, would you agree with the following statement: *'The EU banking market is highly fragmented along national borders, domestic entities mainly cater for domestic clients, cross-border activity is subdued, and it is very difficult for clients to get banking services across the single market.'*

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Retail banking		X				
Wholesale and investment banking			X			

Please explain.

The retail banking sector is fragmented, while for wholesale and investment banking this is somewhat the case. Data is providing a mixed picture.

Data shows that also in the Netherlands, the banking sector is highly concentrated domestically. Almost 90% of all assets of the banks incorporated in the Netherlands is with banks that are also head quartered in the Netherlands. This has only reduced marginally from around 93% ten years ago (link dashboard). This shows that cross-border activity via subsidiaries from other EU (or non-EU) banks is very limited.

Reverse, over the last fifteen years, Dutch banks increased their cross-border EU assets of counterparties established in other EU countries (measured both on a direct cross-border basis and via subsidiaries in other EU Member States) by 50% to EUR 1800bn (of which only a minor proportion (EUR 50-60bn in 2025) was related to retail customers), while the domestic assets of Dutch banks increased by 25% to EUR 1250bn over that same period (link to database). This suggests that Dutch banks have become relatively more active across the EU over the past fifteen years.

(17) What are, in your view, the benefits and the costs associated with the current level of cross-border banking activities in the EU, and what would be the benefits and costs associated with further integration of banking activities in the EU? Please also include quantitative estimates if available.

More integration of banking activities in the EU benefits both consumers and businesses that use the banks' services and banks.

First of all, more integration may lead to stronger competition between banks. For clients of a bank,

this means they have more choice. They are free to choose the bank that offers the best conditions in terms of price, rates or services. Also, businesses are less dependent on a limited number of banks to get a loan and will have better access to raising funds.

On the side of banks, there are also some benefits associated with further integration. Banks will have a larger market to operate on which will give them more opportunities to attract clients and raise profits. In a less fragmented market, it will also be easier the achieve economies of scale. This could help European banks to better compete with non-European banks. Moreover, with further integration, banks would be able to efficiently use resources between subsidiaries of the same bank. The ECB estimated that around €250 billion of liquidity is trapped in subsidiaries of EU banking groups given the absence of cross-border liquidity waivers (ECB 2021).

Better integrated banking sectors can also provide financial stability benefits as banks are better able to absorb asymmetric shocks through cross-border private risk sharing. This can bring further, long-term economic benefits. At the same time, further integration of banking activities can lead to bigger and more complex banks that may result in risks for financial stability, and hence economic prosperity.

(18) What factors prevent EU banks from engaging in more cross-border activity within the EU or make cross-border activity more costly?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Divergent implementation of EU banking rules across Member States		X				
Supervisory divergence/gold-plating by Member States/national supervisors		X				
Requirements for allocation of capital and liquidity at local level		X				
Non-harmonised macroprudential buffers		X				
National discretion in intragroup large exposure limits		X				
Incomplete banking union (lack of a European deposit insurance scheme, liquidity in resolution, etc.)	X					
Non-prudential barriers (insolvency, investor protection, company law, taxation)	X					
Political barriers (government direct or indirect interference)		X				
Complexity and length of mergers and acquisition supervisory authorisation procedures			X			
Costs/risks of mergers and acquisitions						X
Absence of economies of scale from engaging in cross-border activities						X
Other (please indicate)						

Please explain.

Member State options, discretions and topping up of European legislation during transposition result in additional costs and regulatory uncertainty for banks operating across borders or wanting to operate across borders. Cross-border banking benefits from uniform supervision and the use of regulations instead of directives, to prevent heterogeneity from arising when nationally competent authorities set expectations or when directives are heterogeneously transposed into national law (ECB, 2025). While macroprudential buffers crucially foster financial stability, macroprudential buffers could also be of (negative) impact on cross-border activity by subsidiaries (Ponte Marques, Vila Martín, Salleo, Cappalletti, 2025). Non-harmonised application of certain macrobuffers may be a relevant factor in banks' decisions to engage in cross-border activity. For example, exposures in another Member State may attract a higher or lower macroprudential buffer requirement than exposures in their home Member State.

In general, the fragmentation in the EU banking sector along national lines could be the result of multiple factors: consumers prefer to entrust their banking services to national banks and they are sticky, the EU banking sector is arguably overbanked and the regulatory framework complicates cross-border mergers and acquisitions. Aside from regulatory barriers increasing costs of international consolidation (e.g. due to trapped liquidity and limited transferability of DGS payments), there are anecdotal signs of political involvement in cross-border mergers in favour of home-banks.

(19) Why have EU banks generally relied more on subsidiaries rather than branches and the free provision of services for their cross-border activities within the banking union and the single market? **No answer**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Incompatibility with internal organisational strategy and budgets						
Preference for domestic markets						
Preference of Member States/national authorities for subsidiaries, as they bring more employment, tax revenues, supervisory control, etc (moral suasion)						
Client preferences (language, trademark recognition)						
Lack of trust in deposit guarantee schemes of the host Member States						
Group resolution strategy						
Non-prudential barriers like divergences in contract and civil laws, labour laws, product features, consumer protection rules, foreclosure rules, etc.						
Other operational benefits linked to the legal form of a branch vs. subsidiary						
Other (please indicate)						

Please explain.

(20) Could you provide a quantitative estimate of the additional requirements and costs (e.g. liquidity requirements, capital requirements, resolution or macroprudential requirements, operational costs in % of balance sheet, etc.) for a banking group that makes use of subsidiaries as compared to the same banking group relying on branches or freedom to provide services? **No Answer**

1.5. International level playing field

Large EU banks compete directly with large international banks, both globally and in the EU market. A level playing field among these global players is critical when it comes to the regulatory framework, to ensure appropriate competition, fair treatment and outcomes for customers and global financial stability.

This section seeks stakeholders' feedback on the state of the international level playing field in banking and the challenges faced by EU banks when competing globally.

(21) **What is your assessment of the level playing field in the European banking market, with regards to the presence of significant non-EU financial institutions?**

Ensuring a level playing field in the European banking market will partially depend on the effective and consistent national implementation of CRD VI. While foreign branches in the EU could theoretically benefit from eased capital requirements in their home state, restrictions on their European activities limit their significance. For foreign subsidiaries, we do not expect direct benefits from regulatory divergence of the home country as subsidiaries of non-EU banks are required to fully comply with EU banking regulation and supervision. However, divergence in overall capital requirements between EU and non-EU entities on group-level could to some extent have an impact on the propensity of group-entities for risk-taking. Moreover, the level playing field could be affected by divergent practices regarding market access following from differences in the national interpretations of terms in EU banking legislation that are relevant for market access. In this regard, we refer for example to the EBA opinion on elements of the definition of credit institutions and on aspects of the scope of authorisation of 18 September 2020.

For banking services that do not require an establishment in the EU, the level playing field could be impacted more significantly by regulatory divergence. This applies to activities that are excluded from CRD VI and services covered by equivalence decisions under MiFID II/MiFIR, for which the United States was deemed equivalent in 2018.[5] *Available Federal Reserve data from the cross-country exposure lending survey indicate that U.S. banks currently provide a large share of their services directly to the European market.*

We currently do not consider the playing field, as it pertains to US GSIBs, to be uneven where it concerns capital requirements at the highest level of consolidation. Rigorous SSM analysis concluded that if US rules for calculating risk-weighted asset (TREA) applied in the EU, SSM capital requirements would be "significantly higher for the European G-SIBs".[6] *Similarly, a study by Bruegel concluded that capital requirements for US banks were higher than for EU counterparts, meaning that the level playing field is tilted in favour of EU banks.*[7]

While we are aware of recent changes to US GSIBs' capital requirements regarding the

[5] Equivalence decisions under MiFID II/MiFIR and PSD2 Regulatory Technical Standards on Strong Customer Authentication and Secure Communication
[6] Banking supervision beyond capital (europa.eu); Fading crises, shifting priorities: a supervisory perspective on the regulatory cycle, Working Paper, 15 April 2025.
[7] The quickly fading memory of why and when bank capital is important. See also Annex 1.

enhanced supplementary leverage ratio (e-SLR) and TLAC[8] *and the consultation concerning the US' Basel implementation and G-SIB methodology, we currently do see these mainly as an initiative to roll back US goldplating. Any changes made to the regulatory framework in other key jurisdictions require careful analysis on their potential impact on the level playing field, before feeding into discussion on the EU regulatory framework. For global financial stability and the EU, it is important to avoid a global race-to-the-bottom.*

(22) **According to many analysts, EU banks have lost market share in the provision of investment banking services to EU clients compared to non-EU banks. If you agree with this assessment, what are the reasons for this decline?**

We agree with this assessment. Based on a preliminary analysis on Finrep/Corep data, we noted the relatively sizeable presence of US affiliates in respectively the derivatives market, wholesale financing and investment banking. It is difficult to pinpoint the exact reasons, but we expect that US banks in particular have economies of scale in their home state because of the deeply integrated US capital market. US affiliates abroad can benefit from these economies of scale, as well as from the technology and expertise available at parent institutions.

(23) **To what extent do the following difficulties faced by EU banks hinder their ability to compete globally?**

	To a very large extent	*To a large extent*	Neutral	*To a small extent*	Not at all	No opinion
Divergent banking prudential rules applying to EU and non-EU banks impact international strategic choices by EU banks				X		
Supply side factors (e.g. cost competitiveness, innovation, depth of home market).		X				
EU supervisory practices affect expansion in other jurisdictions				X		
Other (please indicate): the lack of economies of scale resulting from fragmentation in banking and capital markets		X				
Other (please indicate): LAC requirements					X	

Please explain.

Please see the information provided under question 21 and 22.

From an international perspective, regulatory divergence across jurisdictions, including differences in market access, creates structural barriers to cross border expansion. In practice, banks operating under stricter regulatory regimes could face lower entry barriers when expanding to other markets, compared to banks originating from more lightly regulated jurisdictions. Furthermore, differences in market access for the provision of banking services in the EU and third-country jurisdictions could give EU headquartered banks a competitive disadvantage vis-à-vis their international competitors when these competitors have easier access to the EU internal market than the EU headquartered banks have access to the home markets of these competitors.

(24) **To what extent do the rules on internal governance and remuneration policies of**

[8] Federal Register: Regulatory Capital Rule: Modifications to the Enhanced Supplementary Leverage Ratio Standards for U.S. Global Systemically Important Bank Holding Companies and Their Subsidiary Depository Institutions; Total Loss-Absorbing Capacity and Long-Term Debt Requirements for U.S. Global Systemically Important Bank Holding Companies.

financial institutions create a competitive disadvantage for EU financial institutions vis-à-vis non-EU financial institutions?

To a very large extent	*To a large extent*	Neutral	*To a small extent*	*Not at all*	No opinion
			X		

Please explain.

While this does not generally apply across the financial sector, investment firms may face specific competitive disadvantages. Internationally active investment firms may be at disadvantage vis-à-vis non-EU financial institutions in several ways:

- *when similar requirements in third countries are less stringent than EU requirements. This can manifest itself when stricter EU requirements must be applied to third country undertakings of an EU group (e.g. the consolidated application of IFD internal governance and remuneration requirements).*
- *when a non-EU financial institution provides investment services/activities through an EU banking subsidiary (e.g. the stricter criteria for investment firms than banks to establish risk and remuneration committees).*

(25) Do EU-headquartered banks and investment firms face regulatory constraints that hinder their competitiveness vis-à-vis non-EU financial firms? If yes, what are the key constraints?

European banks vis-à-vis non-EU financial firms: European banks operating in multiple Member States often have a network of local subsidiaries. These subsidiaries are subject to local taxation and face barriers for moving liquidity and capital from one subsidiary to the other, leading to higher costs. Non-EU banks more often choose to operate within the EU with one subsidiary, sometimes in combination with branches, providing a limited advantage in competitiveness.

From an international perspective, differences in market access for the provision of banking services in the EU and third-country jurisdictions could give EU headquartered banks a competitive disadvantage vis-à-vis their international competitors when these competitors have easier access to the EU internal market than the EU headquartered banks have access to the home markets of these competitors.

European investment firms vis-à-vis non-EU investment firms: The requirements for European investment firms, stemming from the prudential framework, can differ from the requirements in other jurisdictions, due to the absence of global standards. In competing with international peers outside the EU, EU based firms may have to subject their third country subsidiaries to IFD requirements regarding governance, remuneration, transparency and risk management. These requirements differ from those of international competitors, which can have implications for the attractiveness of EU markets for both new investment firms and established (EU headquartered) investment firms.

In order to maintain a level playing field between the EU and global markets, it is important that the framework allows investment firm groups with subsidiaries in third countries to waive the application of the aforementioned IFD requirements to such subsidiaries when appropriate (i.e. while maintaining the objective of being sufficiently prudent) and subject to the authorisation of the competent authority. Therefore, maintaining the current scope of the Group Capital Test or introducing possibilities to waive governance and remuneration requirements for third country subsidiaries of EU investment groups is needed. Moreover, it is important that the application of the FRTB and CVA methodologies for capital requirement purposes is optional for class 2 investment firms. These methodologies have been specifically designed for banks.

(26) **What factors are constraining the ability of EU banks to finance large-scale projects,**

including in the areas of digitalisation, climate transition and defence, compared to their international peers? In particular, to what extent do differences in profitability, cost structures, balance-sheet capacity, risk-appetite, scale, or regulatory and market conditions explain any observed gaps?

EU banks are already making meaningful contributions to large scale strategic projects, particularly in energy transition and digitalisation. According to the EBA's Autumn 2025 Risk Assessment, the strongest increase in bank exposures occurred in the energy and utilities sector, where lending rose by over 10% year on year (around €33 billion). This includes fossil, nuclear, hydro, solar and wind generation, as well as grid operation and electricity supply, supporting both strategic autonomy and the shift to a greener economy. The second fastest growing segment was information and technology, with lending up 5% (€11 billion), reflecting strong support for digitalisation.

In defence, DEFIS surveys indicate SMEs face a persistent equity financing gap of around €2 billion and a debt gap of €1–2 billion. The sector is inherently complex for investors: stringent regulatory requirements (export controls, sanctions compliance, treaty-based restrictions) impose heavy administrative and due diligence burdens. These raise operational costs, slow approvals and deter financers, making available financing more resource intensive and less agile than in other sectors.

Despite these structural difficulties, EU banks are expanding their role in strategic financing. The EBA's Autumn 2025 Risk Assessment shows these trends are expected to intensify: over half of banks anticipate rising loan demand in security and defence and in energy and utilities within the next 12 months, while around 40% expect higher demand in technology and telecommunications

However, banks cannot alone meet the scale and risk profile of Europe's transition and security agenda. Persistent financing gaps, particularly in equity defence financing, underscore the need for deeper complementary equity markets and faster progress on the SIU to strengthen Europe's ability to fund strategic projects at scale.

1.6. Digitalisation

The widespread use of the online banking and the increase in banks' adoption of new technologies, such as artificial intelligence, the inroads in tokenisation and use of distributed ledger technologies, the emergence of central bank digital currencies and stablecoins, present challenges and opportunities for banks.

This section seeks stakeholders' feedback on the effects of digitalisation on the EU banking sector, as well as the opportunities and challenges it may bring for EU banks.

(27) **What are, in your view, the effects of digitalisation on the activities and business model of EU banks in the single market?**

Digitalisation has significantly reshaped the activities and business models of EU banks in the single market, impacting the way in which banks operate and interact with a large majority of their clients. The rise of digital-only banks is one clear effect, enabled by online-only operations and cross-border scalability within the EU. Their models rely heavily on retail deposits and, depending on their strategy, either specialise in digital lending or operate with money-market-like balance sheets centred on high-quality liquid assets.

Digitalisation has also transformed banks' internal operations, reshaping both front-office and back-office activities. This shift has increased access to banking services for digitally literate consumers and reduces the role of physical branches and weakens traditional relationship banking, while pushing incumbents to modernise legacy systems under competitive pressure from fintechs and new digital entrants. Supervisors note that these changes alter banks' risk profiles, increasing exposure to ICT disruptions, cyber threats, and fast digital deposit withdrawals; fully digital banks maintain unusually high liquidity buffers to manage potential

online bank-run dynamics.

At the strategic level, digitalisation intensifies competition in the single market, lowering barriers to cross-border activity but also revealing regulatory fragmentation that limits full integration. At the level of clients and consumers, access to banking services has improved for digitally literate bank clients while those clients who are less digitally literate are experiencing lower accessibility.

(28) **In the context of the increasing digitalisation of financial services, what do you consider could enhance confidence of clients in digitally provided investment products and services, thereby influencing the dynamic of new business models?**

Confidence of clients in digitally provided investment products and services is influenced by a wide range of factors. High quality digital investment products and services are essential. Confidence grows when clients feel secure, informed, and supported. First, strong security and privacy policies reassure clients that their data and assets are protected. Transparent communication is equally important: clear explanations of products, risks, and fees reduce uncertainty and make digital products and services more trustworthy. Professional expertise and regulatory assurance further contribute to confidence. Second, it is also important that clients are well informed. Strengthening their understanding of digitally provided investment products and services can further increase their confidence. User friendly design supports this by making information easy to find and understand, reducing the likelihood of mistakes. Third, clients additionally need to be well supported. Integrity and a genuine commitment to serving the client's interests form the basis of trust. A good relationship between the provider and the client strengthens confidence. A smooth and secure onboarding experience creates early impressions of reliability. High quality customer support and positive user experiences further reinforce trust. This requires combining digital tools with access to human experts, as a substantial part of the population struggles with digital products and services.

(29) **Are EU banks investing enough in digitalisation of their operations and services, including in comparison with their international peers and with other EU business sectors? Please explain, in particular in case the answer is 'No'.**

Geen antwoord

(30) **Do you expect in the near future the emergence of significant new players in the provision of financial services within the EU, such as non-financial conglomerates, FinTechs, or BigTech companies? If yes, what would this mean for traditional banks? If yes, what would be the impact on households and businesses?**

Digitalisation is enabling "new technologically enabled suppliers" to enter financial services, reshaping competition for banks and introducing new business models beyond the traditional banking perimeter. Due to digitalisation the structural barriers to entry, such as branch networks and local presence, have weakened, allowing digital firms and platforms to scale rapidly, possibly in search for winner-takes-all benefits. Therefore, it is likely that we will see more players and possibly some significant new ones in the future.

This could:

- *Intensify competition in payments, consumer credit, wealth management and SME services, segments where fintechs and (BigTech) platforms are already expanding.*
- *Pressure banks' margins, as digital entrants often operate with lower cost bases and specialise in profitable niches.*
- *Accelerate the need for digital transformation, legacy systems and slow IT modernisation remain weaknesses for many EU banks[9], limiting their ability to compete*

[9] Given the importance, his remains a priority in ECB supervision, also 83% of banks indicate there could be serious efficiency gains in solving this issue: [Take-aways from the horizontal assessment of the survey on digital transformation and the use of fintech]

effectively with digital-native firms.

- *Increase banks' strategic risk exposure, due to the potential re-shaping of value chains by BigTech data advantages and customer ownership models.*

With regards to households and businesses this could lead to:

- *More choice and potentially lower costs, as digital-only players often offer cheaper, more user-friendly services.*
- *More personalised and data-driven financial products, thanks to advanced analytics and integrated digital platforms.*
- *But also, higher risks, including increased cybersecurity exposure, unclear accountability in platform-based models, and potential over-reliance on a small number of dominant BigTech companies.*

It is not clear how the trends and choices relating to the crucial factors will turn out in practice. It is the BigTechs' strategy that will ultimately determine the position they occupy, and the choices made in the partnership. Financial institutions' innovative power determines the extent to which they can play an active role in the partnership or become more dependent on the BigTechs. The two factors are underpinned by choices made by both BigTechs and financial institutions. These choices are uncertain and will depend on a range of factors.[10]

(31) **How should the bank regulatory framework and supervisory practice adapt to the changes in the banking sector triggered by digitalisation?**

Digitalisation also accelerates the rise of embedded finance, where regulated financial services can be offered through non-financial platforms; in such models, it can be difficult for supervisors to clearly identify which entity performs which regulated activity and where risks are actually concentrated. Digitalisation creates new dependencies, especially on third-party and platform providers, which complicates oversight and risk attribution. In these digital times it remains important to keep an eye on new, risky activities outside the regulatory perimeter, as the opacity of the structure, especially with regards to the relationship between providers and partners and their respective roles (including which tasks are carried out by the partner) changes. The opacity is further exacerbated as these agreements often go unreported, as commercial partnerships, including white labelling, typically do not need to be notified to the NCAs, unless the partner can be qualified as agent under the PSD2, or the arrangement constitutes a material part of, or change to, the business model. Therefore, supervisors may not have visibility of how regulated services are delivered to end users, particularly when these services are bundled with non-regulated offerings or when services are offered crossborder.

Regulatory qualification of the arrangements and supervisory fragmentation, due to potentially different visibility over, and regulatory qualification of, different parts of the distribution arrangement and resulting supervisory expectations. This can pose particular challenges: to providers and partners, in terms of possible varying application of the regulatory framework across different Member States; and to supervisors, especially as regards white labelling arrangements on a crossborder basis, as they may not be aware of the offer of services/products via white labelling in their jurisdiction. In addition, the complexity of the agreement may increase the difficulty to supervise the different entities involved, especially when the partner has multiple agreements with different providers for the offer of different services and products. In such cases, different supervisors may be in charge, especially if the obliged entities are established in different countries.[11]

2. The single market and the banking union

In response to the global financial crisis, the EU took decisive action to enhance the single market, including by creating the banking union and developing a single rulebook for banking. These initiatives were intended to support the objective of achieving a resilient, genuinely

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[10] The factors and possible scenarios are further elaborated on in this report: Changing landscape, changing supervision. Which is complemented by a report on the dependence of financial institutions on Bigtech: Entangled in tech: financial institutions and their digital dependence | De Nederlandsche Bank.

[11] See also: Report on white labelling.pdf

integrated banking market, where banks could operate across borders without barriers, achieve greater scale and interconnection, and more effectively channel financing across the Union.

The single rulebook and the banking union have delivered on the resilience objective, significantly contributing to the stability of the sector through enhanced prudential requirements, improved protection of depositors and better rules to manage failing banks. The current level of cross-border activities in the EU banking sector however shows that the objective of further integration and increased financing across the Union have not been sufficiently met. The lack of progress on structural features of the banking union, despite the successful setting up of the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM), is regularly identified as one of the main factors holding back banks' competitiveness and further integration of the single market.

This section seeks stakeholders' feedback on the drivers and barriers to market integration in the banking sector, and on the current design and potential outstanding features of the banking union.

2.1. The impact of prudential requirements on market integration

The allocation of funds in cross-border groups is subject to prudential requirements, which determine at which level of the group capital and liquidity should be prepositioned. These prudential requirements influence the structures and organisational models of banking groups, as well as the degree of market integration and consolidation in the banking sector.

As a rule, these requirements apply at individual level for group entities but can be waived in specific circumstances within a Member State or, for liquidity requirements, also on a cross-border basis.

This section seeks stakeholders' feedback on the adequacy of prudential requirements on banking groups and their impact on market integration in the banking sector.

(32) What are the benefits and the limitations of the current regulatory framework in terms of capital and liquidity requirements allocation within a banking group? What are the main concerns with the possibility to manage capital and liquidity at group level?

The current regulatory framework of capital and liquidity waivers, which as a rule are applied at all levels of consolidation, contribute to ensuring a resilient banking sector in the EU, and stability at both the level of groups and subsidiaries in the Member States in which banks are active. Entities within cross-border banking groups are able to effectively weather country-specific shocks.

However, while (full or partial) cross border liquidity waivers within a single liquidity group are legally possible within the current framework, provided that the conditions in the CRR are fulfilled, these are barely granted. This leads to a situation where banks lack certainty regarding the assessment of waiver applications in accordance with Art. 8 CRR. A lack of granting (partial) liquidity waivers negatively affects efficiency of liquidity management across banking groups.

Moreover, the lack of allowing (partial) capital and liquidity waivers within banking groups not only affect efficiency of requirements but could also impede cross-border activities and financial integration in the EU. Granting cross border waivers – subject to the necessary safeguards – could lead to a more efficient allocation of resources and more financing capacity for the real economy; cross-border integration could, besides improving efficiency, contribute to financial stability by increasing diversification and reducing sensitiveness to country-specific shocks.*

However, granting waivers should be accompanied by sufficient safeguards that the parent bank will support the subsidiary in times of stress (which is also reflected in the conditions for granting cross border waivers in CRR Article 8). The main concern from host perspective is that, while intragroup support agreements should be in place, these may not be effective in times of severe stress (for instance because of provisions in company law).

In the absence of a fully completed Banking Union, (partial) cross-border capital waivers raise

additional concerns to be addressed. They should therefore be subject to safeguards to ensure they do not disproportionally increase the risk of disorderly failure, such as undue contagion risk, nor undermine resolvability by raising the potential cost to society in the event of failure (see also Question 34).

** It should be kept in mind that, even when solo liquidity requirements are fully waived, a significant amount of liquidity may still not be transferable, because of other obstacles (for instance the limits on to intragroup exemptions from the large exposure requirements, based on the member state option that is expected to expire in 2028).*

(33) What are your views regarding the most efficient way of applying prudential requirements within EU cross-border banking groups?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Continue the current approach where prudential requirements are applied, as a rule, at both the consolidated level and at the level of every legal entity			X			
Prudential requirements should only be applied at highest EU consolidated level of the banking group					X	
Ensure adequate prudential requirements at the level of legal entities, while ensuring more flexibility in centrally managing resources at group level, with commensurate safeguards for financial stability risks	X					
Other (please indicate)						

Please explain and, if possible, indicate if the most efficient way of applying prudential requirements differs per requirement (e.g. Liquidity Coverage Ratio, Net Stable Funding Ratio, capital, minimum requirement for own funds and eligible liabilities (MREL)).

No answer.

(34) What regulatory measures could facilitate or improve efficiency for cross-border EU banking groups? What safeguards would be necessary to preserve resilience and resolvability, and provide reassurance to all relevant Member States in case of distress/failure?

Allowing partial liquidity and capital waivers, and the removal of other obstacles to the free flow of resources (such as the member state option on LEX limits), could improve efficiency of cross-border banking groups and through efficient and diversified banks contribute to a stable and thriving EU economy.

However, this would only be possible under the right conditions that ensure stability in all Member State in which the banking group is active, also in case of distress and failure, avoiding a withdrawal of capital/liquidity or a credit crunch.

Moreover, in the absence of right conditions, the host country may face disadvantages in resolution, as the internal allocation of capital and liquidity affects both the probability of failure of a subsidiary and the costs such a failure may impose on depositors, taxpayers and the national economy.

Further steps toward completing the Banking Union could reduce the risks associated with granting (partial) cross-border capital and liquidity waivers. Pending full completion, it remains essential to put in place safeguards under which waivers could be granted, such as, but not limited to:

- *Clarity on the effectiveness of liquidity support agreements also in times of stress (for waivers under Art. 8 CRR)*
- *Legal safeguards such that resources can move freely within the group in times of stress*
- *Access to safety nets with a sufficient size*
- *The banking group provides a guarantee for the waived capital that satisfies a number of conditions for the amount that is waived. If the conditions are no longer met, the waived amount can be lowered accordingly or withdrawn.*
- *Macroprudential authorities must remain able to set buffers.*

2.2. Market consolidation

Recent analyses, including the Draghi report on EU competitiveness[4], underline that the EU banking sector remains structurally fragmented, with limited progress on cross-border consolidation. Despite the existence of a single rulebook for banking and passporting rights, banks' operations remain predominantly domestic, and cross-border mergers have been rare, while branch-based expansion across Member States has not developed at scale.

Some of these analyses argue that a greater degree of consolidation and the wider use of branch-based cross- border expansion could enable EU banks to achieve greater scale and allocate capital and liquidity more efficiently across the Union. Such developments could also facilitate the effective cross-border provision of banking and other financial services, potentially strengthen competition and improve the capacity of the EU banking sector to meet the financing needs of the EU economy. This section seeks stakeholders' feedback on the factors behind the lack of market consolidation in the EU banking sector and the potential remedies to increase the provision of cross-border banking services in the EU.

(35) Do you consider that the EU economy benefits from the presence of large, cross-border banks active across the single market?

- ○ **Yes**
- ○ No
- ○ No opinion

Please explain.

The current EU economy is fragmented in national markets for banking, especially in the case for retail banking. The EU economy would therefore benefit from more cross border banking.

When more banks are active across the single market, this would increase competition, at the benefit of customers, and result in a more diverse supply of banking services at potentially lower costs.

This would also be beneficial for the Dutch economy. The Dutch banking sector highly concentrated and dominated by four Dutch banks. Consequently, Dutch customers could benefit from the presence of other banks and more competition at European level (ACM, 2024).

Finally, cross-border banks could reduce the sovereign-bank nexus and thereby contribute to the objectives of the Banking Union.

Importantly, these benefits do not necessarily require the presence of large banks. Scale only does not necessarily lead to more competition, as the current situation in NL shows. We see a diverse banking sector with (amongst others) cross-border banks as necessary components for a diverse supply of banking services at competitive costs.

Lastly, cross-border banks are better able to absorb asymmetric shocks through cross-border private risk sharing, contributing to financial stability. This in turn benefits the EU economy.

(36) The Draghi report argues that banks need scale to be competitive. Is market consolidation a good way forward to achieve scale in the banking industry? Which actions should be taken at EU level to facilitate EU banking groups wishing to operate cross-border to do so?

The Netherlands believes market-driven cross border consolidation could be one way forward, as, if pursued strategically and executed correctly, it could help European banks becoming more efficient, more diversified and internationally competitive. This may not only have benefits for the EU economy (as specified in response to question 35) but may also result in more risk diversification and a more resilient banking sector. At the same time, consolidation could also have drawbacks (see also our answer to question 7): when mergers of large and complex EU banks would make banks even more complex, this could have negative implications for financial stability and resolvability. Consolidation in an already concentrated national sector could result in even more market concentration.

Consolidation should therefore not be pursued as a policy objective in itself but be assessed case-by-case.

Several steps could be taken to facilitate more cross-border activities from European banks. For example, the current restrictions in transferring DGS contributions between authorities constitute a barrier for cross border banking. The introduction of an European deposit insurance scheme could address this barrier and could strengthen consumers' trust in other European banks (ACM, 2024), making it easier for banks to compete with domestic banks. As an illustration: in the Netherlands only 1.8% of total bank deposits of Dutch households were kept at other European banks (ACM, 2024).

Also, increasing the usability of cross-border liquidity waivers as well as allowing partial cross-border capital waivers could help to foster market integration and consolidation. These waivers help banks to increase the efficiency of banks' liquidity and capital management across the euro area.

Finally, EU banking groups wishing to operate on a cross-border basis could benefit from reducing existing prudential and non-prudential barriers to converting subsidiaries into branches. Using branches instead of subsidiaries allows banks to conduct their activities in a more efficient manner.

2.3. Non-prudential barriers to market integration

EU banks face obstacles to leverage the benefits of operating in a single market, which are not directly related to the prudential requirements. These non-prudential barriers may be very diverse in nature (insolvency law, company law, labour law, consumer law, taxation) and often result from traditional and historical factors (language, culture and domestic preferences). These barriers may be hard to navigate for new entrants and require significant investments to overcome, which may disincentivise cross-border activities.

This section seeks stakeholders' feedback on the impact of non-prudential requirements on banking groups and on market integration in the EU.

(37) What are the main non-prudential barriers that impede cross-border activities?

[4] The Draghi report on EU competitiveness (2024)

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Divergent national tax treatment attached to certain banking products (mortgages, savings accounts, deposits) or banking operations (Value Added Tax, corporate and personal income taxation)						X

More generally, lack of unified banking product offering across EU or sub-regions, forcing product adaptation to each national market						X
Labour laws and contract laws hindering the servicing of EU bank clients in a Member State by a branch/entity located in another Member State.						X
Preference by local customers of local bank brands	X					
Divergent insolvency laws and collateral foreclosure rules		X				
Consumer protection laws and client specific documentation						X
Divergent (non-prudential) reporting requirements						X
Language barriers						X
Other (please indicate)						

Please explain which actions should be taken to overcome these non-prudential barriers and improve the integration of banking markets in the EU.

Preference by local customers of local bank brands: A European Deposit Insurance Scheme could contribute to a more positive risk perception of other competing EU banks, therefore making customers more likely of choosing another bank than the well-known domestic banks.

Divergent insolvency laws and collateral foreclosure rules: Action should be taken to harmonize insolvency laws, for example in a 28th regime.

2.4. Protection of depositors

Finding a way forward on a new approach to establish a common deposit insurance system in the banking union would improve the resilience of the banking sector to asymmetric shocks and help address certain concerns by host Member States regarding further market integration of banking services across the EU. Since the 2015 Commission proposal on a European Deposit Insurance Scheme, there have been significant developments in the EU banking sector: the implementation of the regulatory framework has led to a much more resilient banking sector – as illustrated by improved capital and liquidity positions, reduced amount of non-performing loans (NPLs), improved asset and funding portfolios, as well as strong MREL buffers and improved overall resolvability. The SSM and the SRM are fully functioning, and the single resolution fund (SRF) and national deposit guarantee schemes (DGSs) have reached their target levels. Furthermore, following the establishment and operationalisation of the resolution framework, covered deposits are protected not only via DGS payout but also by ensuring uninterrupted access in resolution. These structural improvements could lead to a fundamental rethinking of the necessary design features of the deposit insurance system in Europe.

This section seeks stakeholders' feedback on the perceived effectiveness and credibility of protection of deposits in the EU and the potential improvements to deposit insurance in the banking union as supporting factors of further market integration.

(38) To what extent would further strengthening the protection of depositors provide reassurance on the stability and effectiveness of the EU crisis management framework and

its ability to shield EU taxpayer money and therefore support the competitiveness and integration of banking markets?

To a very large extent	*To a large extent*	Neutral	*To a small extent*	*Not at all*	No opinion
			X		

Please explain.

We underscore that broadly since the Global Financial Crisis (GFC), regulatory developments in the micro-, macro and resolution frameworks have made the EU banking sector more resilient. Moreover, the response from the EBA to a Call for Advice in 2023[12] revealed that (with the current coverage amount of EUR 100,000-) 96% of eligible depositors in the European Economic area (EEA) are fully covered. For NL, this relates to about 97%. This is the case even before the anticipated changes from the review of the crisis management and deposit insurance (CMDI) framework. The objectives of this new legislation are also intended to strengthen depositor protection across the EU. Taken together, we believe the current level of protection of depositors is broadly sufficient. Furthermore, there are still elements in the broader framework that need to be addressed, like the current lack of a common SRF backstop. We believe this is one of the deficiencies in the EU crisis management framework that still need to be addressed.

(39) Today, when a bank is in distress, deposit protection in the European Union is provided by:

- safeguarding depositors' access to their money if a bank is resolved with the use of banks own loss absorbing capacity, a resolution fund and/or a deposit guarantee fund, or;
- **paying customers back with the use of deposit guarantee funds if a bank closes and is liquidated, or;**
- safeguarding depositors' access to their money through financing of preventive and/or alternative measures by a DGS, where available.

In your view, could the system be simplified and made more effective by combining the deposit insurance and resolution functions within existing funds? Would there be any unintended consequences?

In our view, the primary role for the DGS is the repayment of covered depositors. In Dutch experience, the funds of the DGS have also only been used for compensation, as the recent case of the failure of Amsterdam Trade Bank (ATB) shows. That being said, the National DGS-funds can also be used for alternative and preventive measures as well as resolution functions allowing for effective use of funds. Moreover, when the legislative changes resulting from the CMDI-review are implemented, DGS use in resolution is broadened in the case of access to the SRF ('Bridge the Gap').

The Single Resolution Fund (SRF) currently can only be used for resolution purposes. All banks are currently contributing to both funds. Combining both functions for existing funds would align the concept more with the American FDIC.

To enhance efficiency, combining both functions should be subject to further consideration and scrutiny in order to avoid overlaps as well as undue increase of levies. Taken together, it is important that appropriate financing capacity is secured, financial stability is preserved, and taxpayers as well as the real economy is protected.

(40) In your view, when considering the scope of banks to be included in a possible new banking union- wide deposit insurance system, should this scope include…

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
…all banks	X					

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…all banks which are active cross-border	X					
…all banks under direct SSM/SRB remit	X					
…only banks that wish to be included			X			
…other						

Please explain.

The added value for a new banking union-wide deposit insurance system seems most evident for banks that are active cross-border. Those banks are currently experiencing different deposit insurance systems in various member states.

In addition, restrictions in transferring DGS contributions (for instance in the case of M&A) between DGS-authorities constitute a barrier for cross-border banking. A new banking union wide system would add more efficiency in this regard.

Lastly, the consideration of the scope of banks subject to a new banking union-wide deposit insurance system should come with careful scrutiny in order to avoid undue overlaps and disproportionate increase of levies. Overall, it is important that adequate financing capacity is preserved for the new system to ensure financial stability and protect taxpayers as well as the real economy.

(41) In your view, a possible new banking union-wide deposit protection fund should…

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
… be used to provide only liquidity support to national DGS		X				
…replace national DGSs		X				
…replace national DGSs for deposits in a subset of banks as identified in the previous question		X				
…other						

Please explain.

As said above, the added value for a new banking union-wide deposit insurance system seems most evident for banks that are active cross-border. Combining national DGS-funds strengthens the financing capacity of the DGS and decreases the likelihood of depletion. This leads to a lower chance public funds from the state have to step in.

We do believe a liquidity support measure can be a starting point for a European DGS. We are also open to consider further risk-sharing and replacing national DGSs (either/or for deposits in a subset of banks). For NL, the introduction of a new banking union- wide deposit protection fund must come hand in hand with derisking and strengthening of bank balance sheet against risks of sovereign exposures.

Lastly, the consideration of the scope of banks subject to a new banking union-wide deposit insurance system should come with careful scrutiny in order to avoid undue overlaps and sufficient financing capacity for the new system, preserving financial stability, protect taxpayers and minimize impact to the real economy.

2.5. Liquidity in resolution

Ensuring a credible and robust mechanism to provide liquidity in resolution is key to strengthen

the resilience of the crisis management framework, and promote a stable, less uncertain environment supporting EU's banks in becoming more competitive in the EU and internationally. A credible liquidity in resolution framework would be a very important form of financial stability backstop encouraging market confidence in EU's cross-border banks and the increasing role they could have in financing the economy, including its critical sectors for strategic autonomy.

This section seeks stakeholders' views on an EU mechanism for the provision of liquidity in resolution to banks in distressed scenarios and its potential design features.

(42) **In your view, would a more transparent and predictable European mechanism ensuring the provision of liquidity in resolution to large banks in distressed scenarios strengthen the effectiveness and credibility of the European crisis management framework? How could it affect the bank-sovereign nexus and the reliance on national taxpayer-funded resources in a crisis?**

- **Yes**

We support the establishment of a European mechanism, as the current options for funding in resolution may not provide sufficient liquidity after resolution. Due to three reasons:

1. *Liquidity support from the SRF is currently inadequate due to the current size of the fund.*
2. *The use of ELA cannot be assumed during resolution, as ELA is a discretionary measure by independent national central banks and may be at odds with a common Single resolution mechanism.*
3. *ELA and OMO depend on the availability of eligible collateral, which may not be the available in all resolution scenarios.*

A European solution could enhance the credibility of the European crisis management framework for two reasons. First, it could eliminate the three shortcomings present in the current framework, i.e. limited size, discretion in execution, and dependence on the availability of collateral. Second, its transparency could allow for concrete testing of the capabilities of banks and authorities to utilize the mechanism. This will make the deployment of a European solution more credible.

Depending on the model, a European solution could reduce the bank-sovereign nexus by reducing the risk that national public funds are needed to support domestic banks with liquidity problems in resolutions. This also ensures that the credibility of a successful resolution doesn't depend on the fiscal health of the member state in which the resolution bank is located. This higher credibility also increases the probability that market access to liquidity of a bank in resolution is restored more easily/quickly. This could decrease the actual deployment of public funds.

That being said, the Netherlands are critical towards possible European solutions that involve public funding and further risk sharing. If any public risk sharing is considered, it should be balanced and weighed carefully, and there should be sufficient safeguards to prevent that the costs of a European solution for liquidity in resolution are transferred to taxpayers of member states. Possible safeguards could be (but are not limited to) a strengthening of the Single Resolution Fund and the ESM-backstop (after ratification of the ESM treaty) to provide a strong financial buffer for liquidity in resolution. In addition, we also see great importance in ex-post contributions by banks, to ensure that costs are carried by the industry instead of taxpayers.

(43) **Do you consider that introducing a formal transparent mechanism to provide liquidity in resolution can provide reassurance on the stability and effectiveness of the crisis management framework and therefore support the integration of banking markets? If yes, what do you consider to be the desirable features of such mechanism?**

We believe that a European mechanism to provide liquidity in resolution can support the integration of banking markets, as it could decrease the need for national divergence. If liquidity in resolution is guaranteed through a European mechanism, arguments against liquidity waivers and other regulatory constraints could decrease. This allows banks to manage their liquidity more efficiently.

The mechanism should follow the FSB's guiding principles for public funding in resolution. More specifically, attention should be given to ensuring a credible size that can be expanded in the event of a systemic crisis. It should also mitigate moral hazard, which can be achieved through stricter requirements in the resolution regime.

A concrete design feature is that such a mechanism could extend guarantees to banks in resolution, which would only be triggered if the bank fails after resolution. This would create market confidence without deploying public support unless it is necessary. These guarantees could be given by the Single Resolution Fund, to safeguard that these guarantees are backed by industry-funded funds. This might require strengthening of the SRF. Alternatively, in case a backstop in the form of public funding is needed (of which we are critical), it's highly important that any costs that result from this can be redeemed by ex-post contributions from the industry. To conclude and to reiterate, we remain a firm support of the ratification of the ESM treaty to strengthen a European solution.

2.6. Sovereign exposures and risk reduction

One of the objectives of the post financial crisis reforms, and namely of the banking union, has been to address the bank-sovereign nexus. This is often defined as the 'doom-loop' where bank failures can trigger sovereign debt crises, and vice versa. One of the avenues to tackle the issue is to reduce the so called 'home- bias', whereby banks are exclusively or very highly exposed to their 'home' sovereign. In recent years,

discussions on the regulatory treatment of sovereign exposures in relation to the banking union were held together with other elements of relevance for the completion of the banking union, such as the crisis management and deposit insurance framework, a European system for deposit insurance and cross-border financial integration. Sovereign debt continues to be treated favourably, consistent with international standards and no regulatory measures have been introduced to reduce the home-bias.

This section seeks stakeholders' feedback on the regulatory treatment of sovereign bank exposures and potential drivers behind the 'home-bias'.

(44) **To what extent do you consider the following factors as significant drivers for the 'home-bias' (i.e. banks' disproportionate exposures to their home sovereign)?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Application of prudential requirements at solo level						X
Other (prudential) rules						X
Limited cross-border financial integration						X
Role in market-making for home sovereign debt			X			
Business model considerations (aligning assets with domestic activity)						X
Government pressures to invest in the local sovereign bond market	X					

Expectations of public support		X				
Investment in home sovereign debt perceived as safe and highly liquid asset						X
Insufficient access or supply of other governments’ debt fitting the risk-appetite of the bank.						X
Other (please specify)						

Please explain.

We observe multiple possible factors that could play a role in the home-bias:
First of all, due to relatively favourable prudential treatment of sovereign exposure, we see a bias towards sovereign exposure in general, not only domestic.
Moreover, local banking sectors could be appealed to take prominent positions in buying the bonds of their sovereign, thereby strengthening the home bias. In addition, risk shifting gives banks an incentive for a home bias which is not initiated by the sovereign. In a going concern situation, the bank will maximise its returns by earning the spread on a virtually risk-free bond. However, in case the own government fails, it is likely that the bank will fail as well. This implies that the downside risk of creditors is limited to their participation in the banks, whereas the upside potential is unrestricted.

Finally, we also see some bias in market making for sovereign debt towards domestic primary dealers, although we cannot conclude to what extent this results in home bias, and we observe large differences here between member states.

(45) **Do you consider that the EU framework on the regulatory treatment of sovereign exposure should be improved? If yes, how should this be done, and how would it affect the holdings of sovereign debt by banks?**

Improving the regulatory treatment of sovereign exposures in the EU should be a priority when further risk-sharing is contemplated to underpin further market integration. This is particularly relevant in the context of the European monetary union which brings, in the absence of a fiscal union, unique national fiscal risks that should prudentially be well addressed on the balance sheet of banks, thereby also providing the right incentives to avoid for the emergence of a “doom loop” sovereign-bank nexus in the first place.[13]

When further integratory risk-sharing steps are contemplated, we would be in favour of strengthening the prudential treatment by introducing positive risk weights on sovereign exposures that differentiate between sovereigns on the basis of credit risk, and / or commensurately increasing capital concentration charges to be applied in relation to single sovereign holdings. This would mean that progressively positive risk weights are applied after determined threshold of sovereign exposures in relation to CET1 are surpassed. An advantage of this approach would that it could lead to a more diversified holding of Euro-area sovereign bonds by banks away from their home country. This should also reduce concerns about potentially increased issuance costs for issuing Member States as a result of lower domestic demand as this would be (partially at least) offset by demand from other Member States.

(46) **Exposures to Member States’ central governments, or third country jurisdictions assessed as equivalent, when denominated and funded in domestic currency, receive a 0% risk weight under the Capital Requirements Regulation, as provided for by the international standards. Such 0% risk weight applies regardless of credit rating, exempts the sovereign bonds from large exposure requirements, and classifies them as high-quality liquid assets. However, this treatment does not apply to sovereign exposures denominated in Euro issued by non-Euro Area Member States. Should that treatment be expanded to sovereign exposures issued by non-Euro Area Member States and denominated in Euro**

[13] DNB Working paper (2025). The regulatory precondition to sovereign risk transmission.

and how would this affect the holdings of sovereign debt by banks? Please elaborate.

Although we understand the merit in this for non-Euro Area to help finance their sovereign debt, the Netherlands has not been in favour of a 0% risk-weight treatment to sovereign exposures in general. As mentioned in the previous answer, we support improving the regulatory treatment of all sovereign exposure in the EU. In that sense, expanding the 0% risk weight to euro-denominated sovereign exposures issues by non-Euro Area member states feels like a step in the opposite direction.

The objective of bank prudential requirements is to ensure adequate capitalization for the risks taken by banks. When a state borrows more to finance expenditures credit risks may increase, raising questions about debt sustainability. Bond markets are also becoming increasingly critical of this.

Moreover, issuing government bonds in a different currency inevitably entails greater risks for the issuing state than issuing in their local currency (for example, their tax revenues generated in local currency create a currency risk on their credit exposure). Therefore, it is logical from a prudential perspective that the framework takes this into account and requires banks to capitalise for these risks.

On top of this, expanding this 0% risk weighting would be a deviation from the Basel standards.

3. Complexity and effectiveness of the regulatory framework

The regulatory framework is complex for many reasons. Banks require strict regulation and careful supervision, because they are the backbone of financing for the EU economy and inherently vulnerable to runs on their primary funding source which may create financial instability. The need to ensure financial stability justifies public safety nets, but in turn also creates moral hazard that needs to be limited by regulation.

Complexity can also arise because banking regulation reflects a multitude of considerations: risk sensitivity, robustness, cost efficiency, comparability, inconsistencies and overlaps when setting up standards, as well as the diverse nature of banks operating in the EU (cooperatives, universal banks, etc).

From a process perspective, complexity also arises from the multitude of legislative layers, as well as from the guidelines and implementation expectations issued by supervisory authorities. Further complexity results from the involvement of multiple authorities responsible for different elements of the framework (including prudential, macroprudential, crisis management, and other areas). While guidance—often requested by regulated entities—should support and promote clarity, consistency, and a level playing field in the implementation of the framework, an excessive level of detail and prescriptiveness may itself add complexity.

In addition, complexity is also introduced through the political negotiation process. On top of adopting internationally agreed standards, numerous EU-specificities (e.g. exemptions, derogations) in the single rulebook to cater for specific situations in Member States have been introduced to achieve a consensus among the EU co-legislators.

This section seeks stakeholders' views regarding the level of complexity in the EU banking regulatory and supervisory framework and its effectiveness.

3.1. General assessment

(47) How would you evaluate the current regulatory framework for banking in terms of:

	Low	Somewhat low	Medium	Somewhat high	High	No opinion
… effectiveness (the extent to which the framework achieved its objectives)					X	

… proportionality (the extent to which the objectives of the framework are achieved at minimal cost)			X			
…EU added value (extent to which EU intervention provides benefits that could not be achieved by Member States acting alone)					X	
…relevance (extent to which EU intervention provides benefits that could not be achieved by Member States acting alone)					X	
…coherence (extent to which a policy/intervention is internally consistent and externally consistent with other EU policies)				X		

(48) A certain degree of complexity is necessary to achieve the desired regulatory objectives, while recognising the degree of sophistication and diversity of the EU banking sector. How do you rank the comparative level of undue complexity in the following parts of the framework?

	Low	Somewhat low	Medium	Somewhat high	High	No opinion
…the overall framework			X			
…the minimum capital requirements (Pillar 1)	X					
…the supervisory measures (Pillar 2)		X				
…the macroprudential requirements		X				
…the resolution requirements			X			
Other						

Please explain.

Undue complexity in EU legislation mainly emanates from the following sources:

- *Fragmented development of regulations and directives without sufficient holistic review;*
- *The sheer magnitude of rules, especially in L2 and L3. These layered mandates add to complexity and may create a compliance burden. We therefore welcome the EBA's ongoing efforts to streamline these instruments by reducing their volume and concentrating them where they provide the most added value, such as ensuring a consistent supervisory approach and offering clearer guidance to supervisors and financial institutions.*
- *The continued reliance on directives, beyond what is necessary. Because directives must be transposed into national law, they introduce heterogeneity in implementation and supervisory practices across jurisdictions. This fragmentation complicates cross-border banking, increases compliance costs, and reduces the transparency and predictability of the regulatory environment for both banks and investors. Moving more of the prudential framework from directives toward directly applicable regulations would meaningfully reduce this complexity. Regulations prevent divergent national transpositions, support more uniform supervision, and streamline the legal basis for supervisory expectations.*
- *Complex parallel capital stacks that interact differently bank-by-bank. This reduces buffer usability and comparability.*

- *Capital stacks which contain complex AT1-instruments that are not always effective in achieving their aims. Heterogeneous features and weak going-concern loss absorption add complexity for banks, supervisors and investors relative to the benefits.*
- *Potential conceptual overlap between P2 buffers and macroprudential buffers (although we underline these interactions are already recognized in current guidance and methodologies, which allows supervisors to adjust for overlaps where appropriate) and undue differentiated application of macroprudential buffers*
- *Authorities' discretions in legislation, particularly regarding MREL. This leads to discretionary, uneven outcomes and weak transparency.*

(49) Which type of instrument adds the most undue complexity to these parts of the frameworks?

	Low	Somewhat low	Medium	Somewhat high	High	No opinion
International standards (Basel, FSB)	X					
Level 1 EU legislation (i.e. regulation/directives)		X				
Level 2 EU legislation (i.e. technical standards)			X			
Level 3 EU measures (i.e. EBA guidelines, Q&As, etc.)			X			
Supervisory guidance/practices			X			
Implementation differences of EU legislation at national level			X			
Interaction with other national legislation	X					
Interaction with other EU legislation			X			
Other						

Please explain.

Undue complexity in EU legislation mainly emanates from the following sources:
- *The sheer magnitude of rules, especially in L2 and L3. These layered mandates add to complexity and may create a compliance burden. The growing number of Level 2 and Level 3 products has increased overall complexity in the framework. We therefore welcome the EBA's ongoing efforts to streamline these instruments by reducing their volume and concentrating them where they provide the most added value, such as ensuring a consistent supervisory approach and offering clearer guidance to supervisors and financial institutions.*
- *National options in the implementation of EU legislation, as well as the use of directives which need to be transposed, instead of regulations, add to potential complexity, legislative uncertainty and potential unlevel playing field within the EU.*
- *Authorities' discretions in legislation can create room for interpretation adding to complexity and uncertainty, particularly regarding MREL.*

(50) Would you support less complexity in the bank regulatory framework even if this means…

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion

…less risk sensitivity within risk-weighted requirements			X			
…increase in capital requirements		X				
…less consideration for EU specificities	X					
…less consideration for national specificities	X					
…higher contributions to safety nets (DGS and resolution funds)			X			
…less resilience/ financial stability					X	

Please explain.

Reducing resilience should not be an option for lowering complexity: a robust framework is essential to ensure that banks can continue supporting the EU economy, including during weaker economic periods. Current capitalisation levels in the EU are within, but slightly at the lower end of, the range identified by external research as generating the highest macroeconomic benefits. Reducing resilience to simplify the framework could therefore undermine banks' ability to contribute to EU policy objectives.

The most meaningful simplification can instead be achieved through further EU harmonisation, for example by relying more on regulations rather than directives and by limiting national goldplating and Member State options, thereby enabling banks to operate more effectively on a cross-border basis within the internal market.

Regarding risk sensitivity and capital requirements, lowering risk sensitivity generally requires higher baseline capital levels to maintain the same degree of resilience. Depending on the situation, this trade-off can be appropriate, for example for smaller or less complex institutions, provided that overall resilience remains safeguarded.

(51) The Single Rulebook for banking is based on both directives and regulations. Unlike regulations, directives must be transposed into national law, which can lead to different applicable legal framework applicable across Member States. In your view, which provisions currently set out in directives, such as the Capital Requirements Directive (CRD), the Bank Recovery and Resolution Directive (BRRD) or the Deposit Guarantee Scheme Directive (DGSD), would be more effectively established through directly applicable regulations, and for what reasons, if any?

Deciding on which provisions could become directly applicable through regulations requires a more thorough article-by-article assessment. At a minimum, we consider that Art. 89 and 90 CRD could be integrated in disclosure requirements of the CRR. In addition, the ECB's HLTF report suggested that the provisions concerning the provision of financial services and those related to qualified holding procedures, could be established in directly applicable regulation.

Gold-plating, government interventions and enforcement

(52) Do you have concrete examples of gold-plating of EU rules via transposition of EU directives, national options and discretions? If so, please list them here.

The Netherlands maintains stricter rules on remuneration.

(53) Do you have concrete examples of excessive government intervention in business decisions of banks? If so, please list them here.

No answer.

(54) How would you assess the level of enforcement of EU banking rules? How can this be improved?

No answer.

Relevant authorities

(55) How would you evaluate the various authorities responsible for banks in terms of: **No Answer.**

		Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
… effectiveness (the extent to which authorities identify weaknesses and address them)	Supervisory authority						
	Macroprudentia l al authority						
	Resolution authority						
… risk-based (the extent to which authorities focus on the most material risks in a proportional way)	Supervisory authority						
	Macroprudentia l al authority						
	Resolution authority						
… efficiency (extent to which authorities are reacting timely and are outcome focused)	Supervisory authority						
	Macroprudentia l al authority						
	Resolution authority						
Other							

Please explain.

We note that since 2023, the SSM has pursued an ambitious reform agenda and taken concrete steps to enhance the efficiency, effectiveness and risk-based nature of European banking supervision. The reform of the Supervisory Review and Evaluation Process (SREP), as set out in the report "Streamlining Supervision, Safeguarding Resilience", outlines the main initiatives, including: (i) the reform of the SREP; (ii) the "Next-level supervision" project; (iii) the "SSM supervisory culture" initiative; and (iv) the assessment of supervisory effectiveness.

(56) How would you rate the degree of accountability of various authorities responsible for banks? **No answer.**

	Low	Somewhat low	Adequate	Somewhat high	High	No opinion
Supervisory authority						
Macroprudential authority						
Resolution authority						

Please explain.

No answer.

Intellectual property rights

(57) Has your institution granted loans where intellectual property (IP) rights (patents, trademarks, designs) were accepted as: stand-alone collateral or collateral only in addition to tangible assets? Please indicate the approximate share of total SME/scale-up lending for each category.

No answer.

57.1) If intellectual property rights are not used as stand-alone collateral, please indicate the main reasons:

No answer.

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Regulatory capital treatment						
Valuation uncertainty						
Legal enforceability concerns						
Internal risk policies						
Lack of risk-mitigation instruments						
Other (please specify)						

Please explain:

No answer.

(58) Which of the following EU-level measures would materially increase your institution's willingness to lend against intellectual property assets?

No answer.

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Public guarantees covering part of IP-backed loans						
IP collateral protection insurance supported by public schemes						
EU-level standardised IP valuation methodologies						
Securitisation frameworks for IP-backed loan portfolios						
No measure would materially change our current approach						

Please explain. **No answer.**

3.2. Prudential framework

Banks must comply with capital requirements set out in the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD). EU rules mostly derive from the Basel framework, which sets out minimum capital requirements for banks. These capital requirements

are designed to ensure that banks are funded by sufficient capital to cover unexpected losses arising from these risks. EU law requires banks to always comply with several minimum Pillar 1 (CET1, Tier 1, total) capital ratios, set out as a percentage of the banks' total risk exposure amount. In addition, supervisory authorities may impose institution-specific Pillar 2 capital requirements and, where appropriate, Pillar 2 guidance, reflecting risks not adequately covered under Pillar 1, on the basis of the supervisory review and evaluation process. Apart from capital requirements, a bank must also meet leverage ratio requirements, liquidity requirements and large exposure requirements. The prudential framework is risk-based, and risk sensitivity inevitably entails granularity and some complexity.

This section seeks stakeholders' feedback on the undue sources of complexity in the prudential framework and on potential measures to address them, while maintaining the resilience of the EU banking sector and the stability of the financial sector at large.

(59) **What are the areas that create undue complexity in the prudential framework, if any? What are the ways to reduce undue complexity in the prudential framework without leading to deregulation and undermining financial stability?**

Undue complexity in the prudential framework largely stems from the continued reliance on directives, beyond what is necessary, and the accumulation of detailed level 2 and 3 mandates. Because directives must be transposed into national law, they introduce heterogeneity in implementation and supervisory practices across jurisdictions. This fragmentation complicates cross-border banking, increases compliance costs, and reduces the transparency and predictability of the regulatory environment for both banks and investors. Moving more of the prudential framework from directives toward directly applicable regulations would meaningfully reduce this complexity. Regulations prevent divergent national transpositions, support more uniform supervision, and streamline the legal basis for supervisory expectations, while a targeted review of level 2 and 3 acts would reduce excessive prescriptiveness without weakening oversight.

A second structural area of unnecessary complexity arises from the functioning and complexity of Additional Tier 1 (AT1) instruments. Recent market stress has exposed loss-absorption mechanisms not functioning as intended. This not only undermines market confidence but also blurs the role of AT1 as going-concern capital. Improving the clarity, hierarchy, and usability of AT1 instruments and ensuring they absorb losses in a predictable and transparent manner would reduce uncertainty without relaxing prudential standards or compromising financial stability.

Thirdly, the interaction between Pillar 2 buffers and macroprudential requirements is not always clear and could lead to complexity (see further below).

Risk sensitivity

(60) **Does the prudential framework balance sufficiently risk sensitivity and complexity? If not, how should this disequilibrium be addressed?**

Overall, we consider the current balance between risk sensitivity and complexity to be broadly appropriate. Risk sensitivity is an essential feature of the prudential framework: reducing it would weaken the incentives for banks to properly recognise and manage risks, which would not contribute to a safer or more efficient system. However, if risk sensitivity would be decreased, the framework should require higher baseline capital levels to maintain the existing degree of resilience.

(61) **Does the prudential framework strike the right balance between risk-weighted requirements and backstops (output floor, leverage ratio) or Pillar 2 requirements?**

- o **Yes**
- o No
- o No opinion

Please explain.

The prudential framework strikes an appropriate balance between risk-weighted requirements, Pillar 2 measures and the backstops formed by the leverage ratio and the output floor. These elements serve different but complementary objectives, and together they create a coherent structure that supports both resilience and effective risk management.

Pillar 1 provides a risk-sensitive foundation that ensures capital requirements reflect the underlying risk profile of institutions. Pillar 2 then enables supervisors to address idiosyncratic risks that are not, or not sufficiently, captured under Pillar 1, thereby safeguarding institution-specific soundness without undermining overall consistency.

The two backstops also fulfil distinct roles. The output floor enhances comparability and credibility by limiting excessive dispersion in model-based risk weights. The leverage ratio acts as a simple, non-risk-based constraint that prevents the build-up of excessive leverage, even in cases where risk weights may underestimate exposures. In practice, while these backstops have become binding for certain banks, they are generally not the binding constraint for most institutions, which underlines that the risk-sensitive framework rightly remains the primary determinant of capital requirements. We do note that it remains important that Pillar 2 requirements appropriately take account of the output floor and that the expected EBA report on the output floor in relation to unrated corporates thoroughly examines whether the output floor appropriately functions as a backstop for these cases.

Taken together, the combination ensures that risk sensitivity remains the anchor of the framework, but within boundaries that promote comparability, safeguard against model risk and maintain resilience. At the same time, it preserves sufficient room for institutions to make business model choices within a clear and predictable prudential framework.

Leverage ratio

The leverage ratio requirement is intended as a non-risk-based 'backstop' measure. Its purpose is to constrain the build-up of excessive leverage. The leverage ratio measures the amount of equity an institution has as a share of its assets or investments. The prudential regulation includes several exemptions in the calculation of the exposure measure. Apart from the minimum leverage ratio requirement of 3%, the EU has also introduced an additional requirement for global systemically important institutions and Pillar 2 leverage ratio requirements.

(62) **Do you think that the leverage ratio framework would need improvement? If yes, do you have any suggestions as to how to improve the leverage ratio framework?**

No, we do not see a need for improvements to the leverage ratio framework. The leverage ratio functions as intended: it provides a simple, non-riskbased backstop that complements the risk-weighted capital framework and prevents the buildup of excessive leverage, regardless of modelling choices or shifts in risk weights.

Supervisory Pillar 2 measures for the leverage ratio (LR-P2R and LR-P2G) are only applied to a limited number of institutions where either a heightened risk of excessive leverage is identified, for example due to extensive use of derivatives, SFTs or off-balance sheet items (LR-P2R) or where a bank-specific supervisory expectation is desirable above binding leverage requirements to ensure banks have an additional cushion to withstand a severe stress scenario (LR-P2G). Their targeted and selective use supports resilience without undermining the overall simplicity and backstop character of the leverage ratio.

Because the leverage ratio is binding for only a small subset of banks, its functioning as a backstop is confirmed: the risk-sensitive framework remains the primary driver of capital requirements, while the LR provides an important boundary condition. We therefore do not see a need to adjust or expand the leverage ratio framework.

Pillar 2 capital components

Competent authorities shall impose an additional own funds requirement, a Pillar 2 Requirement (P2R) if a bank is exposed to risks or elements of risks that are not covered or not sufficiently covered by Pillar 1 requirements. In addition, competent authorities determine for

each credit institution the overall level of own funds they consider appropriate to ensure that the institution's own funds can absorb potential losses resulting from stress scenarios, this is generally referred to as the Pillar 2 Guidance (P2G).

(63) **Do you think the Pillar 2 Requirement needs to be improved? If yes, do you have any suggestions as to how to improve the Pillar 2 Requirement?**

No, we do not see a need to amend the regulation governing the Pillar 2 Requirement. The current legal framework provides sufficient clarity on the purpose and scope of Pillar 2, namely, to address risks that are not, or not adequately, captured under Pillar 1, and also requires to address double counting with the output floor. The existing provisions already require supervisors to perform a risk-by-risk assessment and to tailor Pillar 2 Requirements to the specific risk profile of each institution. This ensures that P2R remains targeted, proportionate and firmly grounded in supervisory judgement.

Within the current framework, supervisors are also expected to be transparent in their approach and to communicate clearly to institutions on the risk drivers behind the P2R calibration. This contributes to predictability for banks while safeguarding the ability of authorities to respond to institution-specific vulnerabilities.

Given these features, we consider the EU Pillar 2 Requirement framework fit for purpose. Any further improvements should therefore focus on continued supervisory convergence and clarity in implementation, rather than changes to the underlying regulatory provisions.
However, in the Basel context, one possible avenue for future simplification of the prudential framework would be to consider integrating interest rate risk in the banking book (IRRBB) into Pillar 1. Any such discussion should take place at the Basel level to ensure international consistency and to avoid introducing EU specific requirements. A globally coordinated approach would standardise the capital treatment of this risk, enhance cross jurisdictional comparability, and reduce the complexity currently embedded in Pillar 2.

(64) **Do you think the Pillar 2 Guidance needs to be improved? If yes, do you have any suggestions as to how to improve the Pillar 2 Guidance?**

Yes, we see a need to improve some aspects of the regulation governing Pillar 2 Guidance, although the framework is mostly clear. The current framework provides clarity on the purpose of Pillar 2 Guidance: ensuring that institutions maintain an adequate capital cushion under adverse stress scenarios. Its calibration already follows a well-defined methodology, grounded in supervisory stress test outcomes, which allows P2G to remain institution-specific, forward-looking and sensitive to each bank's risk profile.

The clear methodology supports predictability for institutions while preserving the flexibility needed to address idiosyncratic vulnerabilities. The current structure also accommodates level playing field considerations, as P2G is applied consistently across jurisdictions through common EBA and ECB supervisory expectations.

We, however, also note that parts of the P2G methodology interact with other components of the capital stack, for example, adverse scenario capital depletion may overlap with macroprudential buffers such as the countercyclical buffer or the capital conservation buffer or specific macroprudential requirements targeting sectoral risks with cyclical and structural aspects, e.g. related to real estate. Some macroprudential instruments may also be calibrated based on stress-tests. These interactions are recognised in current guidance and methodologies, which allows supervisors to adjust for overlaps where appropriate. However, we note that strengthening legal clarity on how these measures apply and interact is essential to avoid (practical or conceptual) overlap and to reinforce the coherence of the overall framework. A crucial step toward improving clarity would be to build broader agreement on the distinct objectives of each measure and to articulate more explicitly how they complement one another in supporting the ultimate prudential goal of ensuring sufficient resilience, for instance in Art. 104b CRD. This should ensure a clear delineation between P2G and macroprudential buffers and a consistent

way of addressing overlaps among supervisors.

Management buffer

Most banks have excess capital over the capital requirements, often called a management buffer. Most banks set a specific target level, above capital requirements. Some banks also disclose this target level. Reasons to set a management buffer can include internal considerations such as managing unexpected risk and external considerations such as expectations from other stakeholders.

(65) **What determines the level of the management buffer? How much does the management buffer weigh in the overall capital set aside by banks? Do you think there are unwarranted pressures to set such a buffer, if yes do you have any suggestions that would help reduce undue external incentives to set management buffers?**

The level of the management buffer is primarily determined by banks' own internal capital planning processes. Institutions assess how much capital they need to maintain a prudent distance from regulatory and supervisory thresholds, taking into account business model risks, earnings volatility and uncertainty around forward-looking capital drivers.

Given its strictly internal nature, we consider it important that supervisors refrain from formulating expectations about the size of management buffers. While supervisors assess institutions' internal capital planning as part of their regular review, they should avoid articulating any expectation regarding the level of these buffers, thereby preserving their role as a fully internal capital management tool and avoiding any perception that they constitute an additional supervisory requirement.

Non-performing loans

In over a decade, the EU has adopted with success several measures to reduce the amount of NPLs in the economy to promote the stability of its banking system and free up capital for new lending, thereby restoring market confidence to the benefit of the real economy. Among these were (i) the 'NPL-backstop', which requires banks to book minimum levels of provisions for NPLs and to apply a deduction to their capital if provisions fall short, (ii) the Credit Servicers (or NPL) Directive, which sets up a harmonised legal regime for credit purchasers and credit servicers, and (iii) the framework for Specialised Debt Restructurers, which further promotes NPL secondary markets by exempting institutions that are specialised in the acquisition and management of non-performing exposures from the NPL backstop.

(66) **Are, in your view, the various elements of the framework aimed at reducing NPLs working as intended?**
If you answer 'No', please specify the potential areas of improvement

- o **Yes**
- o No
- o No opinion

Please explain and, if deemed relevant, provide suggestions to improve the framework.

We are of the view that indeed, the NPL framework works as intended. The framework and its components such as the NPE backstop (CRR Art. 47c) and NPL Directive are pivotal to bring down the NPL ratio of various institutions, and also to keep them as low as possible.

- *The NPE backstop is a specific, simple yet highly effective measure that in our view incentivizes banks to keep the NPL stock as low as possible across the Union, by requiring additional provisions or capital if NPL are on the B/S of banks for too long. And even though the NPL ratio could be more or less binding dependent on the credit cycle (e.g., less NPL when economic conditions are favourable), the measure still incentivizes banks to manage NPL's actively and quickly.*
- *The NPL Directive (implemented in NL on 18 July 2025) helps institutions in addressing and managing NPLs effectively, also reducing the risk of accumulating too much NPLs on the B/S,*

and at the same time, protects borrowers when NPLs are transferred to the secondary market.

- *Harmonization in bank practices is further incentivized by supervision by competent authorities (ECB, NCA's), that check whether institutions adhere to NPL regulation and guidance (EBA, ECB).*

All in all, we think the NPL regulatory and supervisory framework works as intended, is not overly complex and as such, should remain as-is. Within the framework, consistency can be enhanced and operational complexity reduced, by extending the scope of the legislative minimum loss coverage regime to include nonperforming exposures originated before 26 April 2019, so that all NPEs are subject to a single prudential framework for loss coverage requirements.

Own funds instruments

(67) **Do you see any issues with the current rules on own funds instruments (CET1, AT1, Tier 2)?**

The recent experience with market stress has highlighted several structural problems with AT1 instruments that prevent them from functioning as intended as going concern loss absorbing capital, and comes with complexity for institutions, supervisors and investors.

First, the Credit Suisse resolution demonstrated that AT1 triggers often do not activate early enough. In that case, the statutory point of non-viability (PONV) trigger was activated before the capital-based triggers, raising serious doubts about the effectiveness of contractual trigger levels as a source of going concern loss absorption. This episode also overturned the expected hierarchy of claims by fully writing down AT1 while CET1 holders retained value, generating widespread market shock, litigation, and a global repricing of risk.

Second, the functioning of AT1 during stress has been inconsistent with its intended design. Features such as principal loss absorption mechanisms (PLAM) and coupon cancellation were not activated during the turmoil, even for institutions experiencing severe stress. This reinforces concerns that AT1 operates more as gone concern capital rather than absorbing losses early.

(67.1) If you see issues with AT1 instruments, what measures would you recommend for improving the functioning of AT1 instruments?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Increasing conversion trigger	X					
Imposing conversion instead of write-down	X					
Facilitate coupon cancellation by making them more automatic and common	X					
Review minimum distributable amount (MDA) triggers					X	
Other (please specify)						

Please explain.

The recent experience with market stress has highlighted several structural problems with AT1 instruments that prevent them from functioning as intended as going-concern loss absorbing capital.

To improve the loss absorbing capacity in going concern the following adjustments can be made, with as preferred solution to also amend the Basel standards:

1. Increase current CET1 trigger of 5.125% to the range of 7% - 8% CET1. This adjustment aims to

address the current trigger level being too low. The current CET1 trigger is likely to be activated when the bank is at, or close to, the point of non-viability (PONV), increasing the trigger level ensures the mechanism is more likely to activate while the bank is still in going concern.

2. Allow only AT1 instruments with equity conversion mechanisms. In the current framework, equity conversion and write-down are permitted as loss absorption mechanisms. This adjustment aims to address the potential inversion of the creditor hierarchy in case of a write-down. In case of a write-down, the creditor hierarchy could be reversed, as AT1 holders would absorb losses before equity holders, which contradicts the intended ranking. We therefore propose to only permit equity conversion. This would also improve incentives for shareholders to impose market discipline, as they may want to avoid a watering down of shares.

Output floor

Implementing a key part of the final Basel III standards, the EU introduced the output floor as part of the banking package applying from January 2025. The output floor aims to limit the unwarranted variability in the own fund requirements produced by internal models relative to an institution using the standardised approaches. By setting a lower limit on the own funds requirements that are produced by institutions' internal models of 72,5 % of the own funds requirements that would apply if standardised approaches were used by those institutions, the output floor limits the risk of excessive reductions in capital.

While the Basel III international standards suggest applying the output floor only at the highest level of consolidation of a banking group, in the EU the output floor applies at all levels of consolidation (consolidated level and individual level of each subsidiary). To avoid a disruptive impact on lending and to ensure its impact on own funds the application of the output floor is phased in over a sufficiently long period of time.

(68) **What are your views on the following considerations regarding the EU implementation of the output floor?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
The current rules introduced by CRR3 achieve the right balance - no need to revise the output floor framework			X			
Some or all of the transitional derogations related to the output floor should be prolonged				X		
Some or all of the transitional derogations related to the output floor should be made permanent				X		
The output floor should only apply at consolidated level	X					
The calibration of the output floor (72.5%) should be increased					X	
The calibration of the output floor (72.5%) should be made more risk-sensitive					X	
The calibration of the output floor (72.5%) should be reduced					X	

Other (please specify)						

Please explain:

The core reason for introducing the output floor (OF) in the Basel III accord was to address excessive variability across banks in internal model-based risk weight estimation, especially related to LGD estimates. The output floor 'floors', aggregated and on all consolidated levels, risk weight to 72,5% of the standardized risk weight.

CRR3 has implemented the OF in CRR Art. 92 but deviates from the Basel standard because of specific transition measures detailed in CRR Art. 465, and with some peculiarities such as application at all levels incl. solo (latter can be waived by members states, NL activated this option).

In terms of implementation of the Output Floor, the following is noteworthy:

- *At current in NL, the effect is limited. This is due to the implementation of CRR3 (less usage of internal models for specific exposure classes), improvement in internal model quality over the last 10 years (e.g. due to TRIM, the IRB repair program and supervisory scrutiny) and bank that anticipate the effect and optimize their capital allocation.*
- *The Netherlands is committed to a faithful implementation of international standards in order to ensure an international level playing field and avoiding a race-to-the-bottom. It is important to make evidence-based decisions for transitional arrangements for which EBA reports are foreseen, while not anticipating the findings of the EBA reports.*

3.3. Macroprudential framework

The EU macroprudential framework and its implementation is multi-layered, involving both national and EU authorities. While macroprudential policies in the EU are largely national, their implementation at national level often requires the involvement of different EU bodies (European Commission, European Systemic Risk Board (ESRB), ECB) to preserve the integrity of the single market. However, in practices, the implementation of national measures leads to unwarranted heterogeneity and inconsistency across Member States.

The EU macroprudential framework for banks, which includes both capital-based measures and risk-weight tools, is perceived as being rather complex in international comparison. The capital buffers framework features five buffers, two of which are EU specific. The macroprudential framework also includes a risk- weight toolkit which allows national authorities to increase risk weights on bank exposures to tackle risks in specific sectors, particularly in the real estate sector. This toolkit is based on decentralised governance, which is unduly complex and creates inefficiencies such as potential overlaps, heterogeneous application and administrative burden.

Moreover, the interaction between macroprudential and micro-prudential requirements (which are often intertwined), and resolution requirements may hinder in certain cases buffer usability.

This section seeks stakeholders' feedback on the undue sources of complexity in the macroprudential framework and on potential measures to address them, while maintaining the resilience of the EU banking sector and the stability of the financial sector at large.

(69) In your view, which of the areas below create inefficiencies and undue complexity in the macroprudential framework?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion

The current number and scope of macroprudential buffers, some of which may potentially tackle similar risks				X		
The calibration of macroprudential buffers	X					
The calibration of other macroprudential tools	X					
The heterogeneous application of some tools like Other Systemically Important (O-SII) buffers across the EU	X					
The current reciprocity arrangements	X					
The decentralised macroprudential governance framework and prominent role of national macroprudential authorities in setting measures.			X			
Other						

Please explain.

The macroprudential framework needs to ensure that the EU financial system is safe, without unduly fragmenting the internal market. The current level of capital is overall commensurate with the level of systemic risks and has contributed to the strong resilience of the EU banking sector, even in severe stress scenarios. Hence, buffer levels per se do not create inefficiencies and complexity, but fragmentation, undue heterogeneity and potentially overlapping requirements do. The focus should be on reducing unjustified heterogeneity and inconsistency in the use of buffers in different Member States, without impacting financial stability.

(70) How can the macroprudential buffer framework be streamlined, while at the same time preserving resilience and the ability of responsible authorities to address systemic risks? Which buffers could be merged and what should be their role?

i. Create one releasable buffer by abolishing the systemic risk buffer (SyRB). The SyRB features a risk of overlap with the countercyclical capital buffer (CCyB) and is not harmonised. The CCyB should be broadened to encompass systemic risks beyond excessive credit growth to preserve sufficient resilience of the banking system to the materialisation of systemic risks. Common methodologies should be developed to ensure consistency in the setting and application of the buffer. In terms of design, it should follow the current CCyB (e.g. an institution-specific buffer).

ii. Explicitly cater for a positive neutral level of the releasable buffer to ensure banks can withstand adverse shocks throughout the cycle (see Q75 for details).

iii. Keep O-SII buffers and bring significantly more consistency in the setting of their rates through technical standards. This should include a solid EU-wide minimum floor for buffer calibration based on uniform buckets to be developed by EBA in strong cooperation with the ECB, from a national and Banking Union perspective, and indicative ranges of buffers.

(71) What are your views regarding the need for a buffer for tackling sectoral risks? Is there a need to maintain a sectoral buffer specifically for real-estate exposures to ensure a more targeted application?

- o Yes.
- o No.
- o **No opinion.**

Please explain.

In principle, a single broad-based releasable buffer could ensure a sufficiently resilient banking system, at the cost of a less risk-sensitive framework. If a sectoral buffer would be maintained, for reasons of efficiently addressing systemic risks and addressing relative price of lending in targeted, pre-defined segments, its usage should be sufficiently harmonized (e.g. a harmonised sectoral CCyB).

(72) What are your views on the identification of O-SIIs and the calibration of the buffer for systemically important banks?

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
The methodology for the identification of O-SIIs should be revised to ensure an enhanced cross-country consistency while considering national specificities.			X			
The O-SII buffer should be calibrated following a more harmonised methodology which ensures a better correlation of	X					
systemic importance with a defined range for the level of the buffer rate	X					
Maintain the current state of play regarding the O-SII buffer calibration while enhancing transparency and accountability (including through public disclosure) regarding the calibration methodology and its application.				X		
Other (please specify)						

Please explain.

In light of undue heterogeneity in identification of O-SIIs and the calibration of buffers, it is necessary to bring more consistency in the setting of their rates through technical standards. This should include a solid EU-wide minimum floor for buffer calibration based on uniform buckets to be developed by EBA in strong cooperation with the ECB, from a national and Banking Union perspective, and indicative ranges of buffers.

(73) Is the current share of releasable buffers[5] (countercyclical buffer and the systemic risk buffer) in the total combined buffer requirement adequate, so as to ensure that sufficient resources can be released in a downturn to support lending to the economy?

- Yes
- **No**
- No opinion

Please explain.

The share of releasable buffers is not necessarily sufficient throughout the whole EU. A majority of Member States use a framework with a positive neutral CCyB rate (PNR CCyB) to ensure that the banking sector builds up sufficient releasable capital early in the financial cycle. Important reasons are to ensure that the CCyB is activated timely and enough releasable capital is available throughout the cycle (see ECB-ESRB report, Using the countercyclical capital buffer to build resilience early in the cycle, January 2025).

More consistent use of the positive neutral rate should be achieved by legal clarity and guidance. To contribute to a strong internal market and a level playing field, while ensuring the resilience of the banking system, more harmonisation is necessary, for instance via guidance by the ESRB based on Art. 135 CRD. This guidance on the (pro-active) use of a positive neutral rate of the CCyB (or the new single releasable buffer) should foster a common and harmonised approach for setting this buffer, including reference values for the calibration of the positive neutral rate.

Moreover, the willingness to use releasable capital could be increased by removing obstacles related to AT1 instruments. If the Basel standards are amended to allow payment of cancelled coupons after the MDA trigger is hit, the EU could follow this approach.

Finally, further improvements to the share of releasable buffer and its usability can be made and are further explained in the answer to question 80.

(74) How could the risk-weight toolkit under Article 458 CRR be fine-tuned? Would its role change in the context of a streamlined buffer framework?

There should be no overlap between different measures in the prudential framework. The streamlined Art. 458 CRR would remain necessary in the toolkit if the sectoral SyRB is abolished, unless another sectoral instrument is added to the toolkit. Article 458 could otherwise be needed as a last-resort instrument for cases where systemic risks are highly concentrated in one segment and exposures to this risk vary strongly across banks.

3.4. Crisis management framework

The crisis management framework, governed by the BRRD, the Single Resolution Mechanism Regulation (SRMR) and the DGSD, which has recently been revised by the crisis management and deposit insurance (CMDI) package agreed in June 2025, aims to ensure financial stability, resilience, minimise reliance on public funds and protect depositors in case of bank failures. It is a multi-layered framework, involving both national and EU authorities, with dedicated rules to frame very different forms of public intervention, preventively or upon failure, and increase the preparedness of the banking sector.

The resilience of the framework is also ensured by the availability of tools and resources to deal with bank failures, such as resolution funds and deposit guarantee schemes. In this context, crisis management and prudential rules are intertwined, as the effectiveness of the crisis management tools at the disposal of the relevant authorities can directly affect the design of the prudential rules.

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[5] Releasable buffers are designed in a way to ensure that they can be built-up and released (countercyclical buffer) or discontinued (systemic risk buffer), upon agreed triggers and process by designated authorities and ensure that capital is made available to sustain lending to the economy in a downturn. Non-releasable buffers are not expected to be released in downturns and are designed to address risks related for instance to the systemic nature of banks, e.g. global systemically important institutions (G-SII)/O-SII buffers). Banks can dip into these non-releasable buffers but breaching buffers triggers consequences (e.g. restrictions to distributions) which banks may be unwilling to bear.

This section seeks stakeholders' feedback on potential undue sources of complexity in the crisis management framework and on potential measures to address them, while maintaining the resilience of the EU banking sector and the stability of the financial sector at large.

(75) **Are there areas that create undue complexity in the crisis management framework and if yes, how could this undue complexity be reduced without undermining financial stability?**

The following areas create undue complexity in the crisis management framework:

1. *A complex and opaque process for determining MREL requirements. Suggestion:* ***Automatic (Level 1) MREL calibration with sufficient proportionality and cost-neutrality at sector level.***
2. *A complex and burdensome process for MREL decision making. Proposed solution:* ***remove***

MREL decisions.

3. *Different eligibility criteria for TLAC and MREL cause EU banks to be subject to as many as six different TLAC/MREL requirements. Proposed solution:* ***Fully align eligibility criteria with the FSB TLAC Term Sheet while preserving cost-neutrality.***
4. *A complex and burdensome process for prior permission to redeem TLAC/MREL. Proposed solution:* ***remove TLAC and MREL from the prior-permission regime.***
5. *Reduced buffer usability. Proposed solution:* ***A revised stacking order*** *(see our answer at Q.80).*

In our answers to the following questions, we will elaborate on these undue complexities described under points 1 to 4 and explain in more detail our proposals for reducing these undue complexities.

MREL

MREL is a cornerstone of the crisis management framework, providing necessary loss-absorbing capacity to resolve banks and, where appropriate, recapitalise them to protect critical functions for the economy. Inspired from the TLAC concept introduced by the Financial Stability Board, MREL has developed over time into a particularly complex set of rules, without sufficient consideration of its impact on other parts of the framework. This may have important effects on buffer usability, compliance costs and the ability to implement, monitor and enforce the requirements by authorities, banks and market participants.

(76) **Are the current rules related to the determination of MREL targets effective, efficient, clear and predictable?**

In principle, we aim for meaningful simplification of the resolution framework without unduly increasing costs for banks. That being said, we believe that the current rules could be amended to improve effectiveness, efficiency, clarity and predictability.

To improve effectiveness, changes could help implementation of both PRS and VRS.

*Currently, MREL may only be determined by reference to a resolution entity's (**RE**) preferred resolution strategy (**PRS**). This renders resolution planning ineffective where a RE's variant resolution strategy (**VRS**) requires greater MREL to be effectively implemented than its PRS.*

*The BRRD could be amended to ensure MREL **should** be determined by reference to the PRS **and** any VRS contemplated in a RE's resolution plan so as to ensure both the PRS and VRS may be effectively implemented.*

To improve efficiency, MREL-decision making processes could be made less burdensome

MREL calibration lags changes in prudential requirements due to lengthy and complex (joint) decision-making processes, which can take between 12 to 18 months. This causes prudential and MREL requirements to fall out of synch for extended periods and it creates long-term uncertainty for banks about their future MREL requirements.

MREL decision-making is a burdensome process involving supervisory consultation, intra-resolution authority or resolution college consultation and right to be heard procedures. This entails a high administrative burden for resolution authorities and EU banks.

EU banks have been divided into four different categories for MREL purposes. EU banks can also be subject to as many as six different TLAC/MREL requirements.

We propose to look into unifying current TLAC (A.72k CRR) and MREL (A.45b(1)-(3) BRRD) eligibility criteria to create one class of MREL-eligible liabilities, which fully conform with the requirements of the FSB TLAC Term Sheet. This would eliminate the need for all bank categories (other than G-SIIs) and result in all REs being subject to only two requirements: MREL-TREA and MREL-TEM. Existing TLAC floors (A.92a CRR) would remain for G-SIIs, as would the 8% TLOF minimum calibration for MREL-TEM (A.45c(3), fourth subparagraph BRRD).

The EBA MREL Dashboard (Q2 2025) shows that this proposal would not require EU/EEA

REs to issue more subordinated MREL resources: current issuances amount to 28.7% TREA (on average), which exceeds REs' average total binding MREL of 28.0% TREA. This shows that the impact on funding costs for banks is roughly neutral.

To improve clarity and predictability, MREL calibration could be amended (see also Q77).

MREL calibration is complex due to the application of various discretionary adjustments and the adoption of separate, bank-specific subordination requirements.

MREL levels are highly uneven across the EU/EEA. The EBA MREL Dashboard (Q2 2025) reports average MREL (incl. CBR) per EEA Member State ranging from 19.2% TREA to 36.9% TREA.

*The calibration of the recapitalisation amount (**RCA**) can range between 70-100% of banks' total capital requirements (or even lower in extreme cases).*

(77) **How can the determination of MREL targets be rendered less complex, while preserving the resilience of the system?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Better align MREL to TLAC, by making the calibration more automatic, predictable and transparent, and subject to less discretions by resolution authorities		X				
Better align MREL to TLAC by allowing MREL to be complied with more subordinated instruments	X					
Make the MREL framework for medium-sized and smaller banks more proportionate		X				
Introduce a minimum debt requirement where MREL should be complied with non-CET1 instruments	X					
Other (please specify)						

Please explain.

As said above, MREL calibration is complex due to the application of various discretionary adjustments and the adoption of separate, bank-specific (subordination) requirements. This complexity be reduced through lowering the number of factors, while preserving cost-neutrality and proportionality, allowing for adjustment of the MREL requirements (i.e. RCA and Market Confidence Charge, MCC).

Another suggestion to simplify the determination of MREL requirements, while preserving resilience as well as roughly a cost-neutral baseline, by introducing an automatic, default MREL calibration:

- *The risk-weighted RCA (TREA-based per A.45(2)(a) BRRD) to be set as a fixed percentage of a RE's total capital requirements (i.e. P1R + P2R + (CBR-CCyB)).*
- *The non-risk weighted RCA (TEM-based per A.45(2)(b) BRRD) to be set as a fixed percentage of a RE's prudential leverage requirement (P1R + LR P2R + G-SII LR buffer).*
- *The aggregate of G-SII's TREA-based prudential requirements and MREL-TREA will remain subject to the existing TLAC floors of 18% TREA + CBR and 6.75% TEM; and*

- *The aggregate of RE's TEM-based prudential requirements and MREL-TEM will remain subject to the existing 8% TLOF floor.*

. Moreover, an additional feature of this is system is that it would also simplify MREL decision-making: automatic MREL calibration eliminates the need for institution-specific MREL decisions and achieves automatic and immediate alignment of MREL with changes in prudential requirements.

Given small and medium banks' prudential requirements are already subject to proportionality considerations in the current framework, we are open to look into suggestions to what extent (additional) proportionality is needed when introducing adjustments for simplification in the framework. Broadly speaking, we are open for a proportionate MREL for smaller and medium sized banks relative to bigger systemic banks.

We strongly disagree with any proposal to reduce MREL calibration to the TLAC minima specified in Section 4 of the FSB TLAC Term Sheet, without taking more qualitative concerns such as eligibility concerns into account. Only reducing MREL is in our view not a solution to simplify the framework and brings risks to financial stability, amongst others on the restoration of G-SIIs' (or other banks') full compliance with the prudential requirements post-resolution.

Prior permission regime

The MREL framework contains specific rules to require prior authorisation before a bank can redeem an eligible liability. Inspired by a similar mechanism in place for the redemption of own funds instruments, these rules are set in the CRR.

(78) Do you consider that the prior permission regimes for the redemption and replacement of MREL resources should be simplified?

- **Yes**
- No
- No opinion

Please explain.

The prior permission regime should no longer apply to any TLAC- or MREL-eligible liabilities, which are not own funds. We note the Bank of England has recently adopted the same approach for UK Res ([Amendments to the Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL) | Bank of England](); see annex 3, where it is specified that art. 77 of the UK CRR is limited only to own funds instruments. Furthermore art. 78(a) is not reinstated in the new UK MREL regime, thereby effectively eliminating the prior permissions regime for eligible liabilities.).

The current regime is burdensome for both RAs and REs. The legislative framework prescribes several regulatory aspects for each prior permission application, creating an overly complex approval process. Further, the regime imposes unjustified additional costs on banks as it hinders their ability to engage in market making activities and adversely impacts their competitiveness.

Requiring prior permission to redeem TLAC/MREL liabilities has little to no prudential effect. Banks issue many more TLAC/MREL instruments on a much more frequent basis than AT1/T2 instruments. The regime captures debt issuance in excess of requirements and has caused some NL banks to issue debt in non-MREL-eligible format in order to avoid the regime.

Further, there are sufficient incentives for banks to remain compliant with their TLAC/MREL requirements as any breach risks the application of any of options in A.45k BRRD, including the significant adverse impacts arising from limiting dividend and AT1 coupon payments.

Use of safety nets

Resolution actions may require the use of external funding to support the effective implementation of the resolution scheme. The use of financing from resolution funds is subject

to strict rules, in particular the need to bail-in shareholders and creditors for an amount at least equal to 8% of the total liabilities and own funds of the entity subject to resolution. This requirement is essential to address moral hazard and reduce the risk of using taxpayers' money. However, it creates rigidity and may not be suited in all circumstances, for example when this minimum bail-in condition would have led resolution authorities to impose losses on depositors and where such action would have been detrimental to financial stability. It should be noted that other jurisdictions have different systems where such condition either does not exist or can be lifted in exceptional circumstances.

(79) **What is your view on the rules allowing to use resolution funds to support a resolution action, in particular the minimum bail-in of 8% of the total liabilities of own funds of the distressed bank? Are they proportionate and give sufficient flexibility to handle bank failures adequately? Do they create level playing field issues vis-à-vis other jurisdictions?**

The use of resolution funds should only be allowed for exceptional circumstances, which would have a significant adverse impact on financial stability without use of resolution funds. In our view, MREL should be the first (and if possible, only) line of defence with regards to preserving sufficient financing capacity for resolution. As such, the use of safety nets should remain exceptional rather than easily accessible.

We support the use of resolution funds being preconditioned on a minimum contribution having been made by the RE from its own resources. Lastly, we could consider looking into possible European level-playing field issues with regards to results across the banking sector, such as the metric for TLOF. Due to the highly variable risk densities among EU banks, TLOF produces uneven results among EU banks. Some banks prudential requirements, in EUR terms, exceed 8% of their TLOF, thereby allowing the use of resolution funds without the bank having issued any MREL. By contrast, 8% TLOF for some NL banks exceeds the default calibration of those banks' MREL. Moving to a TEM-based precondition would presumably produce more equitable outcomes than TLOF.

3.5. Interactions across parts of the framework

The prudential, macroprudential and crisis management parts of the framework are closely interlinked. The complexity of these interactions also stems from the coexistence of requirements that may seek to address similar challenges or the coordination, or lack thereof, among relevant authorities in setting, monitoring and enforcing these rules. One particularly relevant topic is the capital stacks created by the various prudential, resolution and macroprudential capital requirements.

This section seeks stakeholders' feedback on the undue sources of complexity in the interaction across the three parts of the framework and on potential measures to address them, while maintaining the resilience of the EU banking sector and the stability of the financial sector at large.

(80) **In your view, which of the areas below create inefficiencies and undue complexity in the interactions across the prudential, macroprudential and crisis management parts of the framework?**

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
Overlapping requirements addressing the same or similar risks (P2R/P2G/certain macroprudential buffers);		X				

Limited buffer usability resulting from double counting CET1 both in macroprudential buffers and in other minimum requirements (leverage ratio, MREL)	X					
Multiplicity of MDA restrictions with varying triggers stemming from prudential and resolution frameworks	X					
Cross-framework governance and coordination issues and data sharing.				X		
Other (please specify)						

Please explain.

We deem limited buffer usability to be an important driver of inefficiencies in the current framework. Banks are required to maintain macroprudential buffers to absorb losses and continue providing credit in downturns, but analysis shows that this usability is not always fully achieved. For example, ECB analysis indicates that across a sample of large European banks, institutions can on average only use around 29% of their combined buffer requirement before breaching other regulatory constraints.

Buffer usability can be enhanced by limiting unintended interactions between the prudential and resolution capital stacks. In our preferred design, MREL would comprise only the recapitalisation amount (RCA), calibrated on both a riskbased (TREA) and non-risk-based (TEM) basis. The loss-aborption amount (LAA) is redundant with a revised stacking order. In our view, a clear stacking order would allocate MREL resources first; remaining own funds resources would then be allocated to prudential requirements. This preserves the overall level of resilience while avoiding capital shortfalls driven by overlapping uses of the same instruments.

Finally, overlaps between requirements and buffers should be avoided. As we see it, the prudential, macroprudential and crisismanagement frameworks have distinct Pillar 2 Requirements, Pillar 2 Guidance and macroprudential buffers each target different dimensions of risk. However, this does not fully preclude the risk of overlaps, particularly between Pillar 2 guidance and macroprudential measures. Both macroprudential measures and P2G may be based and calibrated based on forward-looking stress tests with adverse scenarios that include direct and indirect effects of losses. Where overlaps do arise, these should be addressed by the competent authorities through supervisory judgement and coordination.

Nonetheless, we believe that strengthening legal clarity on how these measures apply and interact is essential to avoid (practical or conceptual) overlap and to reinforce the coherence of the overall framework. A crucial step toward improving clarity would be to build broader agreement on the distinct objectives of each measure and to articulate more explicitly how they complement one another in supporting the ultimate prudential goal of ensuring sufficient resilience, for instance in Art. 104b CRD. This should ensure a clear delineation between P2G and macroprudential buffers and a consistent way of addressing overlaps among supervisors.

(81) **How could the governance in the macroprudential framework be improved to achieve a more consistent application of macroprudential tools across the EU?**

We support strengthening the EU's macroprudential governance to ensure more consistent use of tools across Member States. We do not expect that a significant overhaul of the current governance arrangements is needed to achieve this objective, such as altering the current allocation of national vs. supranational powers. Greater consistency could be achieved through more harmonisation of methodologies, while maintaining some degree of flexibility to safeguard

resilience and the ability to tackle domestic financial stability risks. One concrete avenue could be to set EU-wide floors and indicative ranges for the main macroprudential buffers based on common risk identification procedures, to be developed by the EBA in close cooperation with the ECB and ESRB. Such an approach would align well with the current allocation of responsibilities within the SSM.
In addition, some improvements could be made to the governance arrangements to support this. Such measures could include:

- *Better coordinating methodologies and the communication of macroprudential measures taken. This could for example be achieved by agreeing on communication cycle when all authorities involved communicate their macroprudential measures around the same time.*
- *Automatic reciprocation of macroprudential measures up to a certain threshold, so that a buffer activated in one jurisdiction automatically applies to relevant exposures elsewhere.*
- *Streamline the activation process for the risk-weight toolkit.*

(82) **What ways could be envisaged to reduce undue complexity in the interactions across the three parts of the framework, including in relation to the capital stack and governance arrangements between the authorities in charge of the prudential, macroprudential and crisis management rules, without undermining financial stability?**

Please see our answer to question 80.

(83) **How could the governance arrangements across the three parts of the frameworks be improved, having in mind the objective of ensuring the adequacy of requirements applying to individual banks and avoiding overlaps?**

To improve governance across the three frameworks, we see merit in strengthening the coordination mechanism that takes a holistic view of the overall level of capital demand across the banking union, while fully respecting the separation principle. Macroprudential policy setting should remain at the national level, with possible ECB top-ups, and the ECB's supervisory powers should remain unchanged.

However, greater coordination is needed to qualitatively assess the aggregate level of requirements and cross-country heterogeneity. This could, for example, be achieved by enhancing the role of the Macroprudential Forum, which already brings together the Governing Council and the Supervisory Board for discussions of joint relevance. Leveraging an existing structure avoids creating new layers of governance while preserving institutional separation. After hearing the views of the SRB and the ESRB, the Forum could perform a qualitative assessment of the adequacy and appropriateness of the overall capital stack from a micro and macro prudential perspective, abstracting from institution-specific decisions. This view could be shared and discussed with the SRB to complement the resolution perspective aimed at forming a holistic assessment of the overall capital stack.

Moreover, stronger coordination may be necessary between supervisors that set Pillar 2 Guidance and macroprudential authorities which set buffers (see also Questions 64 and 80).

3.6. Proportionality

The EU Single Rulebook for banks addresses the need for proportionality throughout the current bank regulatory framework. Certain banks meeting a set of size and risk-based criteria can apply a lighter regime compared to the regime applicable, by default, to all banks. Notably, small and non-complex institutions in the CRR[6] benefit from lighter reporting and disclosure requirements, while the bulk of capital, liquidity, corporate governance requirements apply across the board. In the crisis management domain, banks under simplified obligations are

subject to lighter resolvability expectations, etc.

This section seeks stakeholders' feedback on the current levels of proportionality in the banking regulatory framework and how to further improve it.

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[6] Defined in Article 4(1), point (145) of CRR.

(84) Would you consider that the current bank regulatory framework is sufficiently proportionate for smaller banks?

Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
			X		

Please explain.

While the current framework provides for some proportionality with the SNCI framework, the level of proportionality in the regulatory framework for smaller banks remains limited in comparison to other jurisdictions (e.g. to tailoring in the US and the small banks regime in Switzerland). Bazel-standards are applied across the entire banking sector, while being designed for the largest, internationally active banks. Although this results in resilience and ensures a level-playing field within the EU, it may lead to inefficiencies for smaller banks, as they were not the primary group considered when these rules were developed.

(85) Do you consider that the introduction of a dedicated regulatory and supervisory regime for small banks would be warranted in the EU? In your response, please assess in particular how such a regime could meaningfully improve proportionality and efficiency, without undermining financial stability, depositor protection, or the level playing field within the EU.

Yes, a revised regime for small banks could be a valuable addition to the current banking framework, if applicable to a subset of Less Significant Institutions, although it should be noted that generally more regulatory layers in the banking framework could add additional complexity to the framework.

Such a regime, which should remain embedded in the single rulebook, could include stricter, but simpler prudential requirements, while remaining risk-based (i.e. based on risk-weights). It could for example include a lower number of components in the capital stacks and of simplified liquidity requirements, and it could reduce the complexity and frequency of reporting requirements. When designing a revised regulatory regime for small banks, care should be taken to maintain overall regulatory coherence so that the regime does not become a barrier to growth by exposing institutions to a sharply more complex set of requirements once they cross certain thresholds.

Alternatively, instead of setting up a revised regime, the SNCI framework could be broadened in scope (by raising thresholds) and in the depth of tailoring.

Financial stability would not be undermined if more simplicity is exchanged for somewhat higher requirements, e.g. to make up for less frequent reporting and subsequent decreased supervisory oversight. To safeguard depositor protection, all banks should continue to participate in a deposit guarantee scheme irrespective of size. To protect the level playing field, such a regime should continue to include a risk-weighted assets approach to capital requirements and allow for a sufficiently long transitory phase towards a different regulatory and supervisory regime.

(86) Should there be, in your view, a more consistent and proportionate set of requirements across the prudential, macroprudential and crisis management rules for smaller banks?

- o **Yes**
- o No
- o No opinion

If your reply is Yes, please explain how such set of requirements should be framed.

Yes. We believe a revised regime with consistent and proportionate requirements is warranted. We would propose that such a regime should adhere to the following four principles: i) capital requirements should continue to be based on risk-weighted assets, so as to limit the dichotomy between these and other banks in the internal market; ii) to sufficiently address risks, a simpler regime should be more strict in the level of requirements; iii) proportionality should not hamper flexibility, e.g. in buffer releasability, which must remain possible iv) the regime should be embedded in the single rulebook, ensuring consistency, comparability, and a level playing field across the EU.

(87) Should the definition of small and non-complex institutions be amended? If so, should the EUR 5 billion total assets size threshold be increased? By how much? Should size be the only relevant factor or which additional elements could be introduced to better tailor requirements to their risk profiles and operational realities?

Yes, we see changes to the SNCI framework, both in eligibility and in changes to tailored requirements within the framework, as a possible avenue to introduce more proportionality for smaller banks. If changes are made to the SNCI-framework to introduce more proportionality, we would propose increasing the total asset size threshold considerably. As is the case now, the decision on proportionality should not only be subject to balance sheet thresholds. We would supplement the balance sheet requirement with additional elements, similar to the current SNCI criteria, such as a supervisory assessment of the systemic nature of a bank, the size of its trading book and the complexity of its activities (e.g. non-EEA activities).

3.7. Corporate governance

The CRD and CRR aim at ensuring the sound and prudent management of financial institutions. To that end, they contain specific provisions on corporate governance of financial institutions.

This section seeks stakeholders' feedback on the effectiveness of current corporate governance rules and their impact on the EU banking sector.

(88) **Taking into account the need to put in place sound remuneration policies that do not provide incentives for excessive risk-taking behaviour, but also the need to remain competitive and reduce financial and administrative burden, how would you evaluate the following provisions on the pay of directors and other material risk takers?**

	Very positive	Somewhat positive	Neutral	Somewhat negative	Very negative	Don't know/ No opinion
Requirement that the variable component shall not exceed 100 % of the fixed component of the total remuneration for each individual ('bonus cap')		X				
Requirement that the variable remuneration shall consist of different types of instruments ('balancing requirement')		X				
Requirement that a significant part of the remuneration is deferred and vest on a pro-rata basis ('deferral')		X				
Requirement that up to 100 % of the total variable remuneration shall be subject to malus or clawback arrangements ('malus/clawback')		X				

Other						

Please explain.

In general, the Netherlands is somewhat positive about the provisions on remuneration. These provisions ensure that perverse incentives for excessive risk taking are minimized. The Netherlands finds this of the utmost importance for the financial stability and the protection of interests of customers.

We believe that any adjustment of the provisions should be assessed as part of an integrated framework, rather than in isolation with regard to maintaining sufficient safeguards to minimize excessive risk-taking. An appropriate balance should be struck between diverging interests such as competitiveness of EU institutions and prevent excessive risk taking.

If any adjustment is made, we believe that the balancing requirement should be reconsidered. The use of a single instrument type, such as shares only, could also be sufficient to limit excessive risk-taking (when other safeguards are in place, such as the deferral).

(89) Where do you see potential for simplification of the EU rules on internal governance and remuneration policies of financial institutions without undermining the institutions' sound and prudent management?

See the answer to question 88.

(90) In your view, which regulatory measures regarding the EU rules on internal governance and remuneration policies of financial institution could lead to improvements?

See the answer to question 88.

3.8. Reporting and disclosures

Public disclosure by banks is important to ensure transparency and market discipline. Supervisory reporting is about giving the supervisor the necessary data to monitor banks and if necessary, intervene. Supervisory reporting and public disclosure requirements related to prudential, macroprudential and crisis management have evolved over time and are sometimes split across different Implementing Technical Standards developed by the EBA.

Co-legislators have recently amended the provisions empowering EBA to draw up reporting templates moving from a tabular way of reporting, whereby banks fill in templates and send them to supervisors, to a data element focused reporting, whereby banks produce data that are then sent digitally to supervisors. A number of initiatives have been developed in relation to disclosures of information to the public, in particular through a centralisation of disclosures and a greater role for EBA in line with the Pillar 3 Data Hub and ESAP rules. In addition, in 2025 the Commission has put forward a series of simplification initiatives aimed to boost competitiveness and reduce administrative burdens for businesses. Key proposals in the 'Omnibus I' package on substainability reporting have been agreed upon by co-legislators, and work is ongoing to finalise the implementing measures of the revised Corporate Sustainability Reporting Directive (CSRD) on which a political agreement was reached in December 2025. Technical work is also ongoing in relation to the European Sustainability Reporting Standards (ESRS) as well as the Climate and Environemental

[7] See also the work on nature risks by the Network for Greening the Financial System, such as the supervisory work related to nature related risks (link) and a proposed risk assessment framework (link), or the ECB, such as *Nature at risk: Implications for the euro area economy and financial stability*, ECB Occasional Paper Series No 380, and *The impact of the euro area economy and banks on biodiversity*, ECB Occasional paper Series No 335.

(91) **Which of the implemented or planned EU or national measures have in your opinion the most impact on reducing undue complexity and burden as regards bank reporting requirements?**

Please explain.

Achieving a more integrated and streamlined reporting framework is essential to improving efficiency for both banks and supervisory authorities. In this context, we reiterate the six recommendations issued by the ECB High-Level Task Force, which identify key areas for simplification. These include promoting data sharing among European authorities through the Joint Bank Reporting Committee, establishing a fully integrated European reporting system, defining a supervisory tolerance margin for reporting errors based on a materiality concept, publishing an inventory of non-market-sensitive reporting requirements imposed on banks, periodically reviewing the continued relevance of reporting requirements, and reforming the EU public disclosure framework. These objectives should be pursued while ensuring that the principle of "supervisory need to know" is preserved. We also note the EBA's ongoing efforts in reducing the reporting burden, e.g. by refining existing reporting requirements based on supervisory experience and eliminating certain templates.

We note that the reporting burden is primarily (negatively) affected by the continuous stream of changes to existing reporting requirements, as well as by many new reporting obligations, each with their own processes (PIII, DORA, IPR, EMIR 3, ESG, etc.). A structured and fixed schedule for updates with at the same time sufficient lead times for all stakeholders is considered highly recommendable. Frequency of updates should be no more than once per year.

It remains to be seen whether the Omnibus will deliver any tangible results or postponement in the area of ESG.

With regards to the recommendation on integrated reporting, we note that the JBRC has had limited impact at this stage (NACE change), but the conceptual work currently being carried out by the EBA/ECB Expert Group on semantic integration is important and essential for achieving future gains in terms of reporting burden reduction, efficiency, and data quality. However, the transition to semantic integration will entail initial costs for reporting, also beyond solely supervisory reporting.

(92) **What factors linked to reporting obligations in the regulatory framework contribute most to the compliance costs?**

	Low impact	Medium impact	High impact	No opinion
Number of data points	X			
Frequency of changes of the reporting obligations			X	
The difficulty of using regulatory reporting for internal risk management purpose	X			
Ad hoc reporting requests from supervisory authorities			X	
Frequency of submission of reporting obligations		X		
Other				

Please explain.

Timelines for implementation of changes in reporting frameworks by banks and NCAs seem to become increasingly ambitious, which also makes it more difficult for taxonomies to be delivered in time. A structured and fixed schedule for updates with at the same time sufficient lead times for all stakeholders is considered highly recommendable. Frequency

of updates should be no more than once per year.

Ad-hoc reporting in NL is of limited number and importance, but it is generally in EU experienced as high burden.

Also, technical changes at the side of EBA (DPM 2.0/CSV) have direct IT-consequences for banks and their software providers, as well as for NCAs.

Changing the frequency should be based on the value of up-to-date data and the way supervisors use such data. More frequent data contributes to the effective and diligent structuring of the data process. Lowering the current frequency of reporting could contribute to reducing the reporting burden but its effect should not be overstated. In addition, we should prevent that supervisors request interim ad-hoc data requests to reporters due to the absence of up-to-date data.

(93) **What other policy measures, legislative or non-legislative, could be considered to further modernise reporting and reduce the reporting burden?**

1) *Assure that ECB STE data reporting will be included in the ITS in a way that the STE can be abolished*
2) *Lowering the frequency of updates and sufficient lead times. See also our explanation at reporting-related questions above*
3) *Provide guidance on value chain reporting specifically for banks and other financial institutions (e.g. for reporting on scope 3 financed emissions)*
4) *Expand scope of CSRD again after the first scope assessment date in 2031 so that more sustainability data becomes available of undertakings which are investee companies or business partners in the bank's value chain*
5) *Regulate providers of ESG data so that their sustainability services become more reliable for their customers (e.g. banks)*

(94) **Do you identify any instances where the reporting requirements for banks also lead to an undue burden for bank's clients? Please explain where this is the case and how this could be improved.**

Being new as a topic and of a recent date, sustainability-related legislation and related reporting obligations have led to an increase of reporting burden for banks as well as for their clients, because the level of detail is in this case as such that banks needed to approach their clients for additional information. (this would have been the same for any new topic on which detailed non-existent data would have to be required)

(95) **In light of the ongoing revision of a number of pieces of EU legislation on sustainability (CSRD delegated acts, Taxonomy delegated acts, SFDR), do you see the need for amending any provision of the banking regulatory framework with a view to ensure achieving the objective of properly managing sustainability-related risks faced by banks?**

We do not see the need of amending provisions in the banking regulatory framework, since the current framework allows for information requests deemed necessary for managing sustainability-related risks faced by banks – even in light of the revised sustainability-related legislation (CSRD, SFDR, etc.).

Proposals by the Netherlands to simplify the banking regulatory and supervisory framework and to improve the competitiveness of European banks

In response to the targeted consultation on the competitiveness of the EU banking sector

The European Commission recently launched a consultation on the competitiveness of the EU banking sector. The Ministry of Finance and De Nederlandsche Bank (DNB) are jointly responding to this consultation. This note summarises the overall approach of the response, highlighting concrete proposals put forward to strengthen the competitiveness of the European banking sector.

1. *The pivotal role of banks in the European economy*

European banks play a pivotal role in advancing Europe's broader economic objectives. As an integral part of the financial system, they enable the financing of investment, innovation, and sustainable growth. While it is key to improve the role of non-bank risk capital as part of the Savings and Investment Union agenda, European banks will continue to be crucial for the European economy. To continue fulfilling this role in an evolving environment, European banks must take proactive steps to strengthen the resilience and competitiveness of their business models by reducing structural costs, accelerating the digital transformation, and fostering product and service innovation. These efforts should be supported by a coherent, forward-looking policy framework that enables institutions to adapt and compete effectively.

While the increased requirements in the European banking framework have contributed to financial stability for the European economy, they have also made the framework complex. Meanwhile, the European banking sector remains disproportionately fragmented. The seminal reports by Draghi and Letta emphasise the necessity for reform, aimed at simplifying the framework and increasing both internal competition and international competitiveness. Ambitious proposals should address undue complexity and fragmentation in the internal market.

2. *Proposals to strengthen the single market and simplify the framework*

In this consultation response, the Ministry of Finance and DNB put forward concrete policy proposals for further improving the competitiveness of the banking sector through: i) strengthening the single market in banking; and ii) simplifying and harmonising the regulatory framework where possible. Guiding principles towards ambitious reforms should be the commitment to international standards and financial stability, fostering an internal and international level-playing field and maximizing harmonization and consistency. These reforms, if adopted, should contribute to the sector's performance, functioning and stability which already improved significantly in recent years.

The main proposals benefiting banks' competitiveness put forward in the response aim to:

1. **Strengthen the internal market for banking by completing the Banking Union.** We propose concrete steps to reduce barriers in cross-border banking (including M&A) processes, conditionally move towards a functioning European Deposit Insurance Fund, and to create a European mechanism ensuring the provision of liquidity in resolution. With regards to an EDIS, steps towards further risk integration should go hand in hand with risk reduction. More fundamentally, key structural barriers to a well-functioning internal market, such as divergences in corporate, insolvency and securities law, should be adequately addressed.
2. **Improve banks' efficient use of liquidity and capital across borders.** The usability of cross-border liquidity waivers should be improved and partial cross-border capital waivers allowed, with guarantees to ensure financial stability. Cross-border banks should be enabled to use liquidity, so as to increase the efficiency of their liquidity management across the euro area. EU legislation should also be amended to allow partial cross-border capital waivers, subject to conditions, in order to strengthen banks' cross-border activities.
3. **Simplify and harmonize the methodology for macroprudential buffers.** We propose to create one releasable macrobuffer by merging the SyRB and CCyB and by harmonizing buffer setting methodology. The releasable macrobuffer should have a broader focus than excessive credit growth and ensure sufficient releasable capital throughout the cycle via a more consistent positive neutral approach. We do not seek to reduce buffer levels but rather tackle fragmentation. For this, a harmonised methodology should lead to significantly more consistency for banks in how macroprudential authorities set their rates. The focus should be on avoiding potential overlap in buffers and heterogeneity in the use of buffers in different Member States, while supporting financial stability.

4. **Ensure that overlap between micro- and macroprudential measures is avoided.** Parts of microprudential and macroprudential policy framework interact. It is important to avoid that this interaction leads to overlapping requirements for the same risk. Therefore, we propose further agreeing on the distinct objectives of each measure and to articulate more explicitly in Level 1 legislation how the measures complement one another. This should ensure a clear delineation between P2G and macroprudential buffers and consistency in avoiding overlaps, while improving buffer usability.
5. **Introduce more harmonization and simplification of the MREL calibration within the European resolution framework.** The EU-resolution framework currently has several indicators to adjust the recapitalization amount (RCA) upwards or downwards depending on various circumstances. This leads to complexity in the framework and a lack of predictability. Instead of these individual adjustments, the RCA should be directly derived from the prudential requirements with a fixed discount to cater for balance sheet changes upon failure, recognising the inherent deep connection between prudential and resolution requirements. This regime should also broadly adhere to the principles of cost neutrality and proportionality.
6. **Align the European resolution requirements (MREL) with international standards (TLAC).** This should be done through full alignment with the eligibility criteria of the FSB TLAC Term Sheet. Large European banks operating globally have to comply with both European MREL frameworks as well as international standards of the FSB (TLAC). This has led to overlapping obligations for these bigger banks, thereby introducing additional compliance costs for both banks and supervisors. Alignment with the FSB will decrease complexity and increase the level playing field globally.
7. **Limit lower-level legislation and guidelines, both in stock and flow of legislation.** The recent Council Conclusions on simplification in financial services legislation emphasised the need to revisit the stock of existing legislation and the flow of new legislation, focusing inter alia on mandates for delegated and implementing acts, technical standards and guidelines by supervisory authorities.[1] While these documents provide clarity for supervisors and banks alike, it is important to limit the number of mandates. Co-legislators should be disciplined in only including a clearly demarcated mandate when there is a justified necessity for such a mandate. Review clauses should be limited and the time frames for such clauses could be standardized. Building on the positive work already conducted by the EBA, supervisory authorities should continue to jointly assess the existing stock of regulation and flow of new regulation regarding mandates for lower level (technical) standards.
8. **Reduce the reporting burden.** In line with the ongoing efforts by the EBA, the ECB and national authorities to simplify and better integrate the European reporting framework, we emphasise the need for a structured and fixed schedule for updates to the requirements with at the same time sufficient lead times for all stakeholders to relief the reporting burden. The frequency of updates should be no more than once per year. No new reporting rules should be introduced unless they are essential and proportionate.
9. **Introduce more proportionality in the prudential framework for smaller banks and allow more institutions to qualify for it.** A revised prudential regime, embedded in the single rulebook, for (a subset of) LSIs could be achieved by expanding the regime for Small and Non-complex institutions (SNCIs) or a different proposal altogether. This regime should continue to adhere to the following principles: i) capital requirements should be based on risk-weighted assets, so as to limit the dichotomy between these and other banks in the internal market; ii) to sufficiently address risks, a simpler regime should be more strict in the level of requirements; iii) proportionality should not hamper flexibility, e.g. in buffer releasability; iv) the regime should be embedded in the single rulebook. Meanwhile, European and national supervisors should continue their efforts to make the intensity and frequency of supervision more proportional. In this context, we note that since 2023 the SSM has implemented an ambitious reform agenda aimed at strengthening the efficiency, effectiveness and risk-based approach of banking supervision through reforms of the SREP and related supervisory initiatives.

These elements combined should enhance banks' ability to support the EU economy and improve its competitiveness by ensuring that banks are able to benefit from the full potential of the EU's internal market and that undue complexity of the regulatory framework is addressed.

[1] Conclusions on simplifying the Union's financial services regulation – Council Conclusions, 12 December 2025.

Ministerie van Financiën

TER BESLISSING – REACTIE UITERLIJK MAANDAG 30/03 I.V.M. BNC-TRAJECT
~~Aan de Minister~~ 29/3

Persoonsgegevens

nota

Nederlandse reactie op consultatie Europese Commissie concurrentievermogen Europese bankensector

Datum
18 maart 2026

Notanummer
2026-0000095439

Bijlagen
1. Kamerbrief Tweede K
2. Kamerbrief Eerste Ka
3. Consultatiereactie
4. Non-paper: positie DNB en Financiën t.a.v. versimpeling en integratie van de bankensector.

Aanleiding
De Europese Commissie (EC) is een consultatie gestart over het concurrentievermogen van de Europese bankensector. De deadline voor een reactie is 19 april 2026. We leggen u een voorstel voor de Nederlandse reactie voor. Deze reactie is samen met de Nederlandsche Bank opgesteld. Na uw akkoord zal de Nederlandse reactie volgens de procedure voor BNC-fiches interdepartementaal worden afgestemd.

Beslispunten
1. Bent u akkoord met verzending van bijgevoegde consultatiereactie, gezamenlijk met DNB?
2. Bent u akkoord met het begeleidend non-paper?
3. Zo ja, dan zullen we het na interdepartementale afstemming aan de Europese Commissie toesturen met een afschrift aan de Tweede Kamer en de Eerste Kamer. Wij verzoeken de aanbiedingsbrieven (bijlage 1 en 2) te ondertekenen ten behoeve van verzending aan de Tweede Kamer en Eerste Kamer.
4. Bent u akkoord met het openbaar maken van de nu voorliggende en onderliggende nota's?

Kernpunten
- Rond de zomer publiceert de EC een rapport over de staat van de Europese bankensector, met daarbij aandacht voor het concurrentievermogen van Europese banken. De EC heeft een consultatie geopend om sectorpartijen, lidstaten en andere belanghebbenden de ruimte te geven hun visie hierop te delen.
- Financiën heeft met DNB een reactie opgesteld voor deze consultatie. We geven aan, volgens de eerder met u afgestemde nota over versimpeling, dat versimpeling van regels in het bankenraamwerk noodzakelijk en wenselijk is. Daarnaast wordt in de consultatie het belang benadrukt van verdere harmonisatie van regelgeving voor banken. Internationale standaarden blijven hierbij het uitgangspunt en de financiële stabiliteit moet gewaarborgd blijven.
- De consultatie gaat ook in op verdere integratie in de Europese bankensector. Nederland benadrukt in de beantwoording het belang van verdere integratie door steun uit te spreken voor het onder voorwaarden vervolmaken van de bankenunie.

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Toelichting
Onderstaand treft u de belangrijkste punten die het ministerie van Financiën en DNB gezamenlijk voorstellen in de consultatiereactie. Deze meest concrete punten zijn ook uitgewerkt in het bijgevoegde non-paper, dat we graag zouden gebruiken voor de verdere beïnvloeding van de Europese Commissie en andere lidstaten. Daarnaast vindt u onderstaand een toelichting bij de verwachte vervolgstappen en het Europese krachtenveld.

De staat van de Europese bankensector

- In de consultatie en het bijbehorende non-paper benadrukt Nederland het belang van Europese banken voor de financiering van de reële economie. Ondanks de toenemende inzet van Nederland en andere lidstaten voor een Europese kapitaalmarktunie met betere toegang tot niet-bancair risicokapitaal, blijven Europese banken een cruciale rol spelen in de Europese economie.
- De regelgeving voor Europese banken heeft sinds de financiële crisis bijgedragen aan de financiële stabiliteit, maar is ook complex geworden voor banken. Daar komt bij dat de Europese bankensector gefragmenteerd is, wat het internationale concurrentievermogen van Europese bankensector niet ten goede komt.
- In de consultatie benadrukt Nederland dat het concurrentievermogen van de bankensector verbeterd dient te worden door 1) de interne markt voor bankdiensten te versterken en 2) het regelgevend raamwerk te versimpelen en te harmoniseren.
- Daarbij is het van belang dat Europa zich blijft committeren aan internationale standaarden, zich inzet voor een Europees en internationaal gelijk speelveld en zoveel als mogelijk regels harmoniseert.

Het versterken van de interne markt en vervolmaken van de bankenunie

- In de EU bestaan barrières in de bankregelgeving waardoor kapitaal en liquiditeit niet vrij kunnen stromen binnen de EU. Dit zorgt voor fragmentatie langs nationale grenzen en minder grensoverschrijdende bancaire dienstverlening. Nederland en de EU hebben belang bij verdere integratie, door versterking van het Europese concurrentievermogen, door het hebben van internationaal en Europees concurrerende banken en mogelijk door meer concurrentie in de Nederlandse bankensector. Daarom zet Nederland zich in voor het verbeteren van de bestaande mogelijkheden voor liquiditeitswaivers, het introduceren van grensoverschrijdende kapitaalwaivers (met waarborgen) en het verbeteren van de overdraagbaarheid van DGS-fondsen binnen de EU.
- Nederland ziet voordelen van een Europees DGS, onder meer voor de financiële stabiliteit van de bankensector, het verminderen van de link tussen de nationale overheid en de bankensector[1] en het versterken van het consumentenvertrouwen in andere Europese banken[2].Tegelijkertijd blijven er risico's voor het ontstaan van verdere verwevenheid tussen banken en overheden. Daarom vindt Nederland het belangrijk dat verdere marktintegratie en risicodeling gepaard blijven gaan met het aanpakken van de verwevenheid tussen overheden en banken.

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[1] Een EDIS heeft meer financieringscapaciteit dan een nationaal DGS en verkleint daarmee de kans dat een nationale overheid moet bijspringen indien een bank faalt.

[2] ACM publiceert definitief rapport spaarmarktonderzoek na consultatie | ACM

Versimpeling en harmonisatie in het kapitaaleisenraamwerk

- Nederland zet zich in voor het simplificeren en harmoniseren van de macroprudentiële buffervereisten door twee bestaande buffers te harmoniseren tot één macroprudentiële buffer. Daarbij moet een onderliggende, meer geharmoniseerde methodologie voor deze en andere buffers (voor systeemrelevante banken) leiden tot meer consistentie voor banken in de werkwijze van verschillende toezichthouders in Europa.
- Nederland zet zich ook in voor het wegnemen van overlap tussen micro- en macroprudentiële vereisten. Hiertoe zet Nederland zich in voor juridische verduidelijking in de wetsteksten hoe bestaande vereisten elkaar complementeren, waardoor eventuele bestaande overlap geadresseerd en voorkomen wordt.
- Ook vindt Nederland het van belang om meer harmonisatie en simplificatie in het resolutieraamwerk[3] te introduceren. Op dit moment zijn er veel bankspecifieke indicatoren om de Europese standaarden voor vereisten aan verliesabsorberend vermogen[4] (zogenoemde *Minimum Requirements for Eligible Liabilities,* MREL) aan te passen. Daarbij zet Nederland zich in om het prudentiële en resolutie-raamwerk beter te integreren en overmatige individuele bank-specifieke indicatoren te verminderen.
- Daarnaast zet Nederland zich in om Europese MREL-vereisten beter aan te laten sluiten bij internationale standaarden[5] (*Total Loss Absorbing Capacity, TLAC*). Door deze verschillende vereisten moeten Europese banken die buiten de EU actief zijn nu nog aan meerdere overlappende vereisten voldoen.

Het terugdringen van regeldruk en rapportagelasten

- Op dit moment is er sprake van een grote hoeveelheid lagere regelgeving. Dit komt onder meer door het aantal mandaten voor toezichthoudende autoriteiten. Ondanks dat deze documenten meer duidelijkheid verschaffen is het belangrijk dat de hoeveelheid mandaten verminderd wordt. Nederland zet zich daarom in om alleen noodzakelijke mandaten voor technische standaarden in de wetsteksten af te spreken en het aantal evaluaties te verminderen, zowel in aantal als in frequentie.
- Nederland is ook van mening dat de rapportagelast voor banken verminderd kan worden en is daarom voorstander van meer proportionaliteit in deze vereisten. Het voorstel is om meer structuur aan te brengen in het moment dat aanpassingen in regelgeving en rapportages ingaan, zodat aanpassingen bijvoorbeeld slechts eens per jaar moeten worden doorgevoerd door banken.

Het introduceren van meer proportionaliteit

- Nederland pleit voor meer proportionaliteit in het bankenraamwerk voor kleinere banken. Door de prudentiële regels voor deze kleinere banken te versimpelen en minder verschillende kapitaal- en liquiditeitseisen op te leggen, kunnen kleinere banken efficiënter opereren.
- Mogelijkheden om meer proportionaliteit in te voeren zijn 1) uitbreiding en verdieping van het bestaande regime voor kleine, niet-systemische banken; 2)

[3] Dit raamwerk bevat eisen waar banken aan moeten voldoen zodat ze in het geval van falen op ordentelijke wijze zonder overheidssteun kunnen worden afgewikkeld. Daarbij is de bedoeling dat de kosten terechtkomen bij aandeelhouders en schuldeisers, in plaats van de belastingbetaler.
[4] Dit is de hoeveelheid opgebouwd vermogen van een bank die wordt gebruikt om in geval van falen verliezen op te vangen.
[5] De FSB heeft een eigen standaard (TLAC) voor de berekening van de hoeveelheid verliesabsorberend vermogen. Deze verschilt van de gekozen MREL-benadering in de EU op verschillende vlakken. Doorgaans is MREL een bredere bankspecifieke benadering, waarbij TLAC een generiekere standaard heeft met minder flexibiliteit voor aanpassingen.

een apart prudentieel raamwerk voor banken t/m EUR 30 mld. Nederland staat open voor beide benaderingen voor meer proportionaliteit.

- In het Nederlandse bankenlandschap zijn met name banken actief met een aanzienlijk grotere balans dan het bestaande regime voor kleine banken, waarvoor EUR 5 mld. de maximale balansomvang is. Aanpassingen t.b.v. meer proportionaliteit voor banken tot maximaal EUR 30 mld. zouden echter voor enkele Nederlandse banken van toegevoegde waarde kunnen zijn.

Vervolgstappen Nederland en Europese Commissie

- De verwachting is dat de Europese Commissie het rapport over het bankenraamwerk in juli publiceert. In voorbereiding op dit rapport werkt Financiën niet alleen aan een reactie op de consultatie, maar gaat Financiën ook bilateraal in gesprek met de Europese Commissie en verschillende andere lidstaten.
- Het rapport van de Europese Commissie werd expliciet genoemd in de brief met E6-lidstaten, die u eerder hebt getekend en hebt gedeeld binnen Europese gremia. Nederland is in goed gesprek met de andere lidstaten over dit bankenrapport en gemeenschappelijke posities die de lidstaten delen.
- Wanneer het rapport over de Europese bankensector en/of begeleidende wetsvoorstellen gepubliceerd is, zal de Tweede Kamer via de geëigende BNC-procedure worden geïnformeerd.
- In de tussentijd blijft Financiën in gesprek over dit onderwerp met de Nederlandse Vereniging van Banken, individuele Nederlandse banken en DNB.

Krachtenveld

- [Sector]: Het krachtenveld blijft wisselend. De Nederlandse bankensector steunt versimpeling en vermindering van lagere regelgeving, maar ziet sommige lagere regelgeving ook als belangrijk omwille van harmonisatie. Hetzelfde geldt voor Europese bancaire organisaties, waarbij er ook partijen zijn die onder de noemer van versimpeling vooral inzetten op fors lagere kapitaaleisen. Financiën is in gesprek geweest met de NVB en grootbanken en zet dit gesprek de aankomende tijd voort.
- [DNB]: Financiën en DNB hebben gezamenlijk antwoorden opgesteld en hebben gedeelde posities op veel van de belangrijkste punten. Zo steunt DNB versimpeling van het raamwerk zonder dat dit deregulering inhoudt en heeft de toezichthouder daartoe ook concrete voorstellen gedaan, die in de consultatiereactie zijn opgenomen. Ten aanzien van vragen over het functioneren van de toezichthouder stellen we voor geen antwoord te geven, gezien de betrokkenheid van DNB bij de beantwoording. Dergelijke vragen zijn ook meer gericht aan sectorpartijen.
- [Lidstaten]: Verschillende lidstaten zijn hun posities aan het bepalen en werken aan non-papers of delen deze non-papers intern. Frankrijk zet vooral in op verdere kapitaal- en liquiditeitswaivers, alsmede voor versimpeling en/of verlaging van eisen voor de grootste banken in de Eurozone. Duitsland en tot op zekere hoogte Italië hechten veel waarde aan proportionaliteit voor hun populatie aan kleine banken. Spanje vindt het belangrijk dat nationale autoriteiten zeggenschap blijven houden t.a.v. macroprudentiële beleidsbesluiten. Ierland houdt zich, met het oog op het aanstaande Voorzitterschap in de Raad, iets meer op de vlakte.

Communicatie
Geen actieve communicatie. We monitoren de reacties op de consultatie en de Nederlandse inbreng.

Politiek/bestuurlijke context
In het verleden heeft de Tweede Kamer aandacht gehad voor het concurrentievermogen van de Europese bankensector en het rapport van de Europese Commissie.

Informatie die niet openbaar gemaakt kan worden
Niet van toepassing.