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European Commission  
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**ECB-PUBLIC**  
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**ESRB contribution to the European Commission's targeted consultation  
on the competitiveness of the EU banking sector**

17 April 2026

Honourable Commissioner, dear Ms Albuquerque,

The European Systemic Risk Board (ESRB) welcomes the opportunity to respond to the European Commission's targeted consultation on the competitiveness of the European Union banking sector. In its response, the ESRB emphasises three key elements. First, maintaining resilience in the banking sector is paramount to ensure it continues to support the EU economy in the face of persistently higher volatility. Second, while simplification of the macroprudential framework is clearly desirable in some places, it should not be viewed as a silver bullet for increasing the competitiveness of the banking sector. Third, any reforms should be underpinned by a system-wide perspective that recognises both the interconnected nature of the EU financial sector, and the existence of national specificities that give rise to different risk profiles across countries.

**Simplification of the macroprudential framework is desirable where it removes unnecessary complexity, but this should not be done at the expense of resilience.** The ESRB emphasises the need to preserve the resilience achieved by post global financial crisis regulatory reforms, which have contributed to the sector's stability throughout the repeated shocks of recent years. Within this constraint, there is scope to enhance clarity - including by reducing the number of overlapping elements in the capital buffer stack and streamlining unnecessarily complex legislation - and preserve flexibility, so that risks can be addressed where they arise and in a way that reflects national specificities. The ESRB's position is aligned with the recommendations of the European Central Bank's High-Level Task Force on Simplification. These recommendations suggest that regulation be streamlined where this improves transparency and usability, including by simplifying elements of the capital buffer framework.

**Completing and deepening the banking union is indispensable for reducing fragmentation and achieving a genuine savings and investment union, which, in turn, would support the competitiveness of the EU banking sector.** The ESRB acknowledges the progress made with the banking union but also notes the persistence of important sources of national fragmentation. Further integration of EU banking markets would improve risk

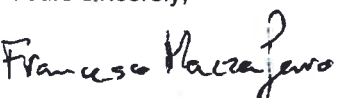
diversification, support a more efficient allocation of capital across the banking union and enable better pooling of risks within cross-border groups. It would also allow the Single Supervisory Mechanism and the Single Resolution Mechanism to operate over a wider and more integrated area of competence. Much therefore remains to be done to complete and deepen the banking union, including progress towards finalisation of the European Deposit Insurance Scheme (EDIS) and a mechanism to ensure liquidity in resolution, combined with an EU public backstop. At the same time, greater integration reinforces the need to look at risks from a system-wide, pan-European perspective. In this context, the smooth functioning of a common sovereign government bond market is a key issue. Previous ESRB work can serve as a starting point for a renewed discussion on this topic, including a consideration by the Commission of the merits of central clearing of government bond cash and repo markets.

**A system-wide, risk-based approach is essential to ensure that competition between banks and non-banks does not undermine financial stability.** Banks continue to play a central role in the EU financial system, particularly in providing financial intermediation and in supporting the real economy. Competition between banks and non-banks can bring important benefits in terms of innovation, efficiency and diversification of risk and funding sources. However, it also reinforces the need for risk-based regulation that takes proper account of similar activities being run from potentially different balance sheet profiles. Activities that generate similar risks should be subject to an appropriate degree of regulatory consistency, while recognising that different entities can propagate risks differently at system level. The ESRB therefore supports a system-wide, activity-based approach that allows regulation to reflect both the nature of the risks and the role of the entities undertaking them. This can be achieved without blurring the distinct roles of microprudential and macroprudential policies, while taking into account national specificities.

**Robust, shareable and granular data is a priority for the ESRB.** Effective macroprudential oversight requires timely, granular and high-quality data that can be shared efficiently among relevant authorities. Data sharing is therefore an immediate priority, and the ESRB considers that the current framework, including Regulation (EU) 2025/2088 on better data sharing, does not yet go far enough. More granular and more frequent reporting can allow for an earlier detection and better understanding of the risks that banks run.

The ESRB will continue to work closely with the European Commission and other EU institutions to help ensure that the EU regulatory and supervisory framework supports both the resilience and the competitiveness of the banking sector, within a coherent, system-wide approach to financial stability. We trust that the messages outlined above, and elaborated in our detailed response to the consultation, will be useful for the Commission's further work.

Yours sincerely,

  
Francesco Mazzaferro

Head of the ESRB Secretariat