Macroprudential policy continued to gain prominence at the European level as well as in the national policy frameworks.

**Financial stability risks from climate change**
- Two new EU regulations
- New taxonomy
- European Green Deal

**Concept of macroprudential stance**
- Initial considerations published by the ESRB
- Operationalisation ongoing

**EU-wide stress tests**
- Stress tests for CCPs and IORPs
- Liquidity requirements for investment funds
- ECA report on EBA stress test

**Changes to the ESRB’s Regulation**
- Clarified mandate
- Enhanced accountability
- New voting modalities

**EEA EFTA States**
- EU macroprudential tools for banks now applicable in IS, LI and NO

**Change in EU legal framework for banks**
- “Banking package” adopted
- Basel III implementation ongoing

**Change in EU legal framework for non-banks**
- Review of and changes to prudential rules for insurers and CCPs
- ESRB’s new mandate

**National policy frameworks**
- New macroprudential authority in ES
- Enhanced policy framework and tools in LT, LU and PL
**Macroprudential policy for the banking sector was actively used, predominantly against cyclical risks**

### Financial stability concerns
- Weak economic growth and low interest rate environment
- Highly indebted public and private sectors
- Strong credit growth and booming real estate markets
- Business model challenges and low profitability
- Foreign currency funding concerns

### Policy challenges
- Data gaps for CRE
- Lack of tools targeting non-financial corporations
- Need for revising capital buffer policies if systemic risk buffer is used for SII risk

### Cyclical policies
- Use of countercyclical capital buffers by 14 countries
- Wide use of borrower-based measures for RRE
- Increased use of measures targeting risk weights for RRE
- Few measures for risks related to CRE and consumer credit

### Structural policies
- Use of the systemic risk buffer by 17 countries in addressing a variety of risks
- Wide heterogeneity in O-SII buffer-setting practices
- Additional action warranted (resolution of unviable banks)

### Liquidity policies
- European banks hold liquid assets well in excess of the minimum required LCR
- Only one country applies macroprudential measures targeting funding risks

### Cross-border policies
- Active use of the ESRB’s reciprocity framework
- Currently no unilateral setting of a CCyB for exposures towards third countries
Non-bank financial intermediaries play an increasingly important role, yet a comprehensive macroprudential toolkit remains unavailable

1. Insurance groups’ solvency ratios dropped in the first half of 2019
2. Pension scheme stress test shows potential asset shortfall of €216 billion
3. Investment funds and OFIs account for 39% of the financial system
4. UK’s withdrawal from the EU will affect the post-trade landscape