

Advancing simplification in Europe's financial sector: the EBA contribution



José Manuel Campa, Chairperson | European Banking Authority (EBA)

Keywords: Simplification, de-regulation, EBA, banking regulation, financial regulation, banking supervision, financial supervision, competition, efficiency, EU integration, EU single market

JEL codes: E44, F36, F53, G18, G28, H11, K23

Abstract

Simplification features high on the EU's current policy agenda. It can address superfluous layers of red tape. It should be distinguished from de-regulation. A useful way to think about simplification is in terms of efficiency. For the EBA, it is about how to implement our regulatory framework in the leanest way possible to achieve our objectives. The EBA published its [Report on the efficiency of the regulatory and supervisory framework](#) on 1 October 2025. This report is based on the main conclusions from an EBA Task Force composed of Board of Supervisors Members and EBA staff. The Task Force based its work on key principles: to remain loyal to international standards to preserve open international financial markets (in particular Basel principles); to preserve the overall resilience of the banking system (in capital and liquidity); to help deepen the Single Market (rather than fragment it). The Task Force's recommendations cover four areas:

- the EBA production of Level 2 and Level 3 regulatory products,
- the reporting burden currently requested from supervised institutions,
- The EBA internal working arrangements, and
- the EBA's interaction with other authorities and the overall functioning of EU regulatory framework.

Note: This policy brief is based on the Introductory speech by Mr José Manuel Campa, Chairperson of the European Banking Authority (EBA), at the EBA | SUERF conference: [Simplifying Europe for the financial sector](#), Paris, 7 October 2025.

Simplification has risen prominently on the European agenda. The Budapest Declaration on the New European Competitiveness Deal signed by the EU Heads of State and Government talks about the launch of a “simplification revolution”, calling on the Commission to make it a priority.

In turn, the Commission's Competitiveness Compass, the recent Omnibus legislative proposals and even the Savings and Investment Union strategy feature a myriad of calls for action to simplify.

I find it important to start by being perfectly clear as to what we mean by ‘simplification’. Indeed, that term can take on different meanings depending on who is using it. In my view, Brussels uses the term to shed light on potentially superfluous layers of red tape and find ways to reduce burden on industry. However, when I listen to the industry, I am hearing ideas that would probably best fit under the definition of de-regulation: doing away with rules, lowering requirements.

For my part, I much prefer to think about simplification in terms of efficiency. Efficiency is about getting the best result using our tools and resources in the best possible way. Within the EBA mandates, it is also about how we can best implement our regulatory framework, doing so in the leanest way possible to achieve our objectives. This can also entail cutting red tape and reduce burden. But in fact, this is not the ultimate objective. Simpler, more efficient and better regulation in financial services does not just bring benefits to market participants but may free resources to foster growth and stability of the entire economy.

Being efficient also focuses our minds more on what is that we can do within our mandates and responsibilities, to do better what we are supposed to be doing. This has been as well at the core of the EBA's approach when reflecting about a more efficient regulatory and supervisory framework.

The EBA's work on simplification

Earlier this year, the EBA set up a dedicated Task Force of Board of Supervisors Members and EBA staff to advance our input into the simplification, or regulatory efficiency agenda.

We started this work by setting some principles or boundaries on what the agenda at the EBA on this topic should be. The key principles were: to remain loyal to international standards so as to preserve open international financial markets (in particular Basel principles); to preserve the overall resilience of the banking system (in capital and liquidity); to assess simplification with the goal of identifying measures that will deepen the Single Market (rather than fragment it); and to focus on the measures which the EBA could actively implement, or at least significantly contribute to its implementation.

The key recommendations of this Task Force have been adopted by the EBA Board of Supervisors and have been published last week in a Report.

The recommendations come from a review exercise of four areas:

- I. the EBA production of Level 2 and Level 3 regulatory products,
- II. the reporting burden currently requested from supervised institutions,
- III. the EBA internal working arrangements, and
- IV. the EBA's interaction with other authorities and the overall assessment of the functioning of EU regulatory framework.

For each of these areas, we have put forward recommendations on how to increase the EBA efficiency.

If we first look at the area of how the EBA develops its **regulatory products**.

We started out our reflection by developing a materiality assessment methodology of our Level 2 and 3 mandates. The methodology allows to prioritise the different mandates according to how impactful they are for the industry from the perspective of relevance, burden to industry and supervisors and supervisory priorities. Our conclusion is that out of the numerous mandates given to the EBA by the co-legislators and in our 2026 Work Programme, 20% of them could be deprioritised. This is already a strong starting point to foster regulatory efficiency.

Furthermore, we find it relevant to start using our materiality assessment methodology of Level 2 mandates during the negotiations among co-legislators. Think of it as a tool to maximise efficiency when designing the Level 2. That being said, considering that those mandates come from EU Directives and Regulations, the EBA is legally bound to deliver on them. Therefore, we will need to engage with the European Commission as well as the co-legislators to agree of a sound way forward.

Still on our mandates, we came to the conclusion that we need to carry out a review of the existing stock of Level 2 and 3 products. We will assess this stock by key topics, such as credit risk, governance and remuneration, and ESG to name a few. Taking a holistic view on how all the individual products in each area fit together and interact so as to achieve the overall goal of the regulations.

If we turn our attention to the second area, which focuses on **reporting**.

Allow me to point out that reducing the reporting burden has been in the EBA agenda for many years. In 2021 we published a report to reduce the cost of compliance with the target of reducing reporting cost by 20% with a set of measures that as of today have been largely implemented.

Furthermore, the reporting framework features already some proportionality in our existing regulation. The small and non-complex institutions (SNCIs) face currently only 30% of what larger institutions report. Nevertheless, we need to continue ourwork to further ensure that the reporting burden is commensurate to the needs. We are committed to continuing bringing down the cost of reporting by 25%. This will require action not just by the EBA but also coordination with all Competent Authorities. We plan to collect and publish a repository of existing reporting requirements so as to get a comprehensive view of existing requirements, streamline them and prevent overlaps.

The third area for efficiency is our **internal way of working**.

I mentioned earlier how efficiency calls on us to be leaner. This is the mindset we applied in our efforts to reduce our internal substructures, make them less permanent when appropriate and strengthen their line of communication with our Board. We also think that after 15 years of focusing on building the Single Rulebook, more emphasis should be placed on its effective implementation. We plan to put more focus and dedicate more resources to our supervisory convergence work, to ensure common implementation and facilitate the functioning of the Single Market. This is also part of our will to further rely on the strategic guidance of our Board.

The fourth and final area is about what we called **the holistic picture**.

We acknowledge that complexity is somewhat baked in our regulatory framework. The interaction of existing requirements and the process for the determination of all of them result in a lack of clarity on the process and, most important, on the outcome. The EBA is committed to looking at ways to streamline the implementation of capital requirements for prudential and resolution purposes, their interaction, as well as with maximum distributable amount (MDA) requirements. We will contribute to this discussion by providing expertise, and suggestions on way to best adjust the regulation.

Again, the implementation of these simplification recommendations need to be assessed in the context of the Single Market. For that purpose, we think that it is important to create possibilities for all relevant authorities to connect, exchange and provide joint guidance.

All of these recommendations, whether on the short, medium or long-term are guiding our work going forward. The 2026 EBA Work Programme, which was also released last week, provides already an example of how our efficiency mindset informs the delivery of EBA products. These are some of the ideas that we are planning to pursue at the EBA to enhance our efficiency, but we also want to hear from you and continue our reflections today and in the months to come on how to improve the implementation of our regulatory framework.

We should be having these conversations now but do not take this for a call for complacency. Many risks and vulnerabilities, such as cyber risk and geopolitical tensions are still looming, and supervisors must remain vigilant. On the contrary, it should be an opportunity to build in what we have achieved to assure it is preserved and serves as well going forward.

More effective through integration

The road to implementing our objectives is still ahead of us and requires more than being efficient. It also requires asking ourselves whether we are effective in achieving our goals.

If we look at the EU banking sector today, I can confidently say that our banks are not only better capitalised, but also more profitable and far more resilient. You only need to take a look at how well European banks have fared in recent turmoil episodes and heightened geopolitical tensions.

This assessment is also confirmed in the outcome of our 2025 EU-wide banking stress test. When we assessed EU banks through a severe adverse scenario, we saw that they came out with an aggregate CET1 ratio at 12%. That indicates that they would not only withstand the shock but also remain in a position to continue lending. That means that even in periods of intense macroeconomic downturn, our credit institutions would still be able to play their vital role of lending to businesses and citizens.

These positive results are the direct outcome of over a decade of profound regulatory and supervisory reforms, supervisory work, and enhancements in risk management and solvency efforts by the financial institutions. The EU has also displayed a steadfast commitment to implementing internationally agreed standards, including the Basel framework.

Such stability should not be taken for granted. However, at the same time while we preserve financial stability and safeguard the integrity, solvency and orderly functioning of the EU banking sector. We observe that financial integration and the potential of the Single Market for banking and financial services is still very much work in progress. We are also hearing how the benefits of really strengthening our Single Market can bring to Europe. The International Monetary Fund (IMF) estimates suggest that these barriers within the single market might be as high as a tariff equivalent to about 44 percent on average for goods trade—three times higher than trade barriers between US states. For services, these estimates barriers are even steeper, equivalent to a 110 percent tariff.

The EU banking market remains fragmented. Cross-border banking assets held by EU-controlled entities have not increased in the last decade and stand at the same levels as 20 years ago. The same can be said of other indicators of financial integration in the EU, even in the Euro area and after the creation of the Single Supervision Mechanism. Integration has stalled.

The political discourse tells us that more efficiency is needed to make our financial industry more competitive, to shed it from the shackles of burdensome rules. I said earlier, the simplification agenda does not necessarily mean deregulation and it is more meant to address efficiency in how to implement the rules nor whether we have the rules that are effective in achieving our goals. However, I find that simplification is merely one tool in our broad toolbox to help make our financial industry more competitive. We should not forget about other tools that will help us much more to be effective in achieving this goal.

We should take the current juncture as an opportunity to infuse our framework with more effective rules. Effective not only in terms of clarity, and proportionality but also on achieving our goals: financial stability within a truly integrated single market. In doing so, we can improve our framework without compromising on stability.

Enrico Letta said it best when he added to the title of his report: “The Single Market, much more than a market”.

This is especially true for financial services. We know it from our recent history. When we went through especially tough times, we chose deeper integration and even centralised some of the supervision. However, we have also hit some roadblocks and are left with some outstanding tasks. The Draghi report expressly named them simply last year: we must complete the Banking Union and the Capital Markets Union.

We need to complete the Banking Union. We cannot fall in complacency just because we have a healthy resilient banking system. On the contrary, it cannot be that a resilient banking system becomes an excuse not to progress on what we know needs to be done if we truly want to foster our long-term growth potential. Let's build a truly integrated EU Single Market for banking and financial services.

Draghi links their completion to competitiveness, and I fully agree. These integration projects are the foundational pillars for the emergence of true cross-border financial institutions. We need to allow institutions (incumbents and new players) to scale up to the EU market and become able to truly operate in the cross-border way. Only then will we see the emergence of highly competitive actors that harness the full potential and scale of the Single Market.

References

EBA (2025), [EBA Report on the Efficiency of the Regulatory and Supervisory Framework](#).

About the author

José Manuel Campa is the Chairperson of the European Banking Authority (EBA). He was appointed in March 2019 and is serving a renewable five-year term. He represents the Authority and by chairing the meetings of the Board of Supervisors and of the Management Board, he steers the strategic direction of the Authority.

SUERF Policy Notes and Briefs disseminate SUERF Members' economic research, policy-oriented analyses, and views. They analyze relevant developments, address challenges and propose solutions to current monetary, financial and macroeconomic themes. The style is analytical yet non-technical, facilitating interaction and the exchange of ideas between researchers, policy makers and financial practitioners.

SUERF Policy Notes and Briefs are accessible to the public free of charge at <https://www.suerf.org/publications/suerf-policy-notes-and-briefs/>.

The views expressed are those of the authors and not necessarily those of the institutions the authors are affiliated with.

© SUERF – The European Money and Finance Forum. Reproduction or translation for educational and non-commercial purposes is permitted provided that the source is acknowledged.

Editorial Board: Ernest Gnan, David T. Llewellyn, Donato Masciandaro, Natacha Valla

Designed by the Information Management and Services Division of the Oesterreichische Nationalbank (OeNB)

SUERF Secretariat

c/o OeNB, Otto-Wagner-Platz 3A-1090 Vienna, Austria

Phone: +43 1 40 420 7206

E-Mail: suerf@oenb.at

Website: <https://www.suerf.org/>