

EBA consultation on resolvability testing

High-level position paper – Executive summary

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The European Savings and Retail Banking Group (ESBG) submitted its response to the consultation launched by the European Banking Authority (EBA) in November 2023 on its amended guidelines, which aim to improve resolvability testing and to promote a deeper involvement of the institutions in the resolution planning process. In this respect, they are requested to assess whether the arrangements in place are still fit for purpose to support the execution of the resolution strategy through a self-assessment and a master playbook for the most complex banks. The resolution authorities (RAs) will be asked to adopt a multi-annual resolvability testing programme for the institutions under their remit.

ESBG warns against the risk of duplicated and overlapped requirements.

The EBA consultation highlights several areas where the objective to be reached remains unclear. Regarding the self-assessment, topics that fall under “going concern”, which are closely monitored within the supervisory framework, should hence not also be included within the resolution framework. In other words, all the requirements that are already covered by the supervision authorities should not be duplicated in these guidelines. Moreover, some banks have been measuring their progress based on the 2021 SRB Expectation for Banks (EfB). In 2022, a self-assessment tool was provided by the SRB, to be filled out by banks on a yearly basis. Given that the published EBA report on self-assessment is not expected to be complementary, proper, harmonized and stable reporting would be appreciated. Considering that the master playbook does not replace the other existing playbooks, ESBG also recommends maintaining only one set of documents to avoid unnecessary duplications, or overlaps in updating periods.

A deeper cooperation needs to be encouraged between the institutions and the RAs.

ESBG welcomes the dialogue with the RAs. Such cooperation will lead to a better understanding of the resolvability expectations and thus will benefit financial stability. However, ESBG recalls that the institutions do not have full insight into the resolution plan and that the RAs share information on a ‘need-to-know basis’. The guidelines should be enhanced by the requirement for the RAs to present the authority’s assessment to the bank in order to identify areas for improvement and to avoid miscommunication. As regards the self-assessment, it is not clear in how far it is expected by the banks to describe their understanding of the role of the authority in executing the strategy. In this respect, banks would need the relevant resolution plan sections that are only available in the high-level summary. In addition, before asking banks to set up a master playbook, any guidance or information from the RAs on a successful resolution process that is interlinked would be welcome.

These new requirements should be better proportionated and time phased.

The EBA Guidelines should not only provide proportionality for compliance but also for the possibility to adjust the scope of the self-assessment report based on individual requirements given by the local or group resolution authority. Provided that the non-resolution entities requirement is new, the deadline for the submission of their report should be set to 2025. Besides, keeping in mind the considerable effort required, ESBG deems that an every two years submission would be justified for both the self-assessment report and the master playbook. Finally, based on the proportionality principle, ESBG proposes that the frequency of the multiannual testing programme follows the frequency set by the *EBA Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing* to different categories of institutions based on their size and complexity.