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MR/MM/MvB

**EACB contribution on
European Commission call for evidence on
“Competitiveness in the single banking market”**

The EACB welcomes the call for evidence on “Competitiveness in the single banking market”. This is a much needed step in the context of the broader efforts by the European Commission around simplification and competitiveness undertaken since 2025. Significant challenges lie ahead, including mobilising financing for the green and digital transitions, supporting defence investment, addressing intensifying global competition, an enhanced need for sovereignty, and value chains’ restructuring, and harnessing the opportunities created by transformative technologies. We fully support the objectives to pursue meaningful simplification and design better regulation, with a more holistic approach across regulatory silos, to make sure that “the complexity of cumulative layers of regulation in Europe does not constitute an obstacle to achieving our goals”.¹ Indeed, ongoing geopolitical shifts, rising trade tensions, and the increasing pressure on the EU’s economic performance in terms of productivity and innovation call for a decisive and timely response.

To strengthen the competitiveness of Europe’s banking industry, **swift and concrete action is thus of the essence**. The scale and urgency of the strategic emerging issues do not allow for a gradual or deferred approach. **A lengthy review cycle that delivers necessary adjustments to the banking regulatory framework over a long time horizon would miss the mark**. The Omnibus I legislative process proved that quick action is possible.

Such swift and concrete action should start with **a regulatory moratorium on new requirements**. New regulations that increase the regulatory and compliance burden on banks that are not addressing urgent market failure or are focused purely on further detailing already existing legislation are not currently necessary. A more stringent prioritisation across the regulatory spectrum is needed so as to avoid compliance budgets growing out of proportion and preserve the innovation capacity of banks.

Next, simplification should address the combined set of regulatory actions across different regulatory silos that the financial sector has to implement approach i.e. the microprudential, macroprudential, and resolution frameworks, as well as other areas where the European framework is overly complex such as in payments, or digitalisation. The sheer volume and complexity of regulations have become a risk in themselves.

More generally, we believe Europe needs regulatory discipline that:

- Pursues a simpler, stable legal frameworks, respecting the institutional balance, as highlighted for example in the [Less is more report](#).²
- Removes gold-plating, in a context where (i) the EU banking sector is now admittedly robust, (ii) other jurisdictions delay the implementation of globally agreed measures (if they implement them at all) and (iii) non-EU and unregulated actors are taking more and more market share from the EU-regulated banks.

¹ [Letter to Commissioner Maria Luis Albuquerque dated 17 January 2025 signed by the Governors of the Banco de Espana, Banca d’Italia, Banque de France and the President of the Deutsche Bundesbank.](#)

² [Less is More - Proposals to simplify and improve European rule-making in the financial services sector](#)

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- Reviews and refocuses the mandates of the ESAs with the aim of strengthening process governance and embedding a competitiveness mandate. The ESAs should only adopt guidelines or recommendations when explicitly mandated by Level 1 regulation and must not exceed the Level 1 mandates. This also requires discipline from the co-legislator when issuing laws, and a need to enhance the control mechanisms for Level 2 and Level 3 acts.
- **Cross checks regulatory reporting requirements across the legal framework to ensure that risks, incidents or other data points are not recorded more than once and supervisory intensity can be refocused.** The cumulative operational and administrative burden now impacts efficiency, resource allocation, and the competitiveness of EU banks vis-à-vis other major jurisdictions. In parallel, **redundancies, inconsistencies, and overlapping requirements must be reduced.** Only as an example, inconsistencies arise from the interplay between reorganisation planning, the framework of the Pillar 2 Guidance, and the capital buffers.
- **Translates into concrete measures** which could help reach the overall stability and finance the real economy. Reforms should be ambitious and not limited to some specific targets with a view to reduce undue bureaucratic and capital charges, fully enhancing the EU competitiveness.

With the above in mind, we are glad to **note that the Commission is now performing a “sanity” check** with the objective of reducing, amongst others, the reporting cost for banks by approximately 25% and an EU-wide review of financial sector legislation (including Level 2 and Level 3). To promote a more proportional reporting framework, regulators should take into account the significance of generated information, its use, and production frequency. Progress should also be made on data sharing between authorities to eliminate overlapping data requests and strengthen internal collaboration between Competent Authorities.

Finally, close and continuous dialogue between institutions and industry remains one of the most effective tools for ensuring proportionate, effective and risk-based regulation, while regulators should provide stronger and more coordinated impetus to legislative simplification. Strengthening competitiveness indeed **requires decisive action so that European banks can sustainably finance growth, innovation, and the EU’s strategic priorities without undermining financial stability.**