BANK MODEL DIVERSITY IN THE BANKING UNION CONTEXT

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The structural lack of profitability is an important concern

In Europe, a variety of bank business models has always co-existed.

At a micro level, there is no evidence that a given business model or category of banks is structurally more stable or profitable than another. There is therefore no immediate reason for EU co-legislators, nor regulators and supervisors, to prescribe a specific preferred business model; they have always tried instead to preserve this diversity by aiming at neutrality in regulation and supervisory practices.

Of course, this diversity sometimes corresponds to national specificities. Although this can be a factor of further resilience at EU level, it can also lead to unwarranted fragmentation in terms of regulatory standards – through specific arrangements and carve outs – and supervisory practices, that can result in an uneven playing field and be detrimental to the contestability of markets and the ability for investors to approach the European banking sector as a uniform class.

But ultimately, on an economic point of view, what matters is that the most efficient business models are free to prevail as a result of market forces. The question then comes whether this is true in Europe.

One could argue that the subdued profitability of European banks relative to peers, and the institutional shortcomings of the current incomplete Banking Union suggest that today's equilibrium in banking models in Europe is neither optimal nor sustainable.

The fact that the robustness of European banks was confirmed by the Covid crisis is a testimony of what a functioning Banking Union can deliver in terms of resilience and stability, but it should not be a source of complacency.

Indeed, supported by pragmatic regulatory and supervisory measures, and expansive fiscal and monetary policy, banks were able to keep levels of liquidity and capital far above their minimal requirements; their credit supply was resilient and in fact supportive of the real economy, regardless of their business model and region of operation.

But as the European economy normalises, once concerns about asset quality have completely receded, the structural lack of profitability will most certainly remain as the most important source of concern.

On an aggregated basis, financial indicators are alarming: the Return on Equity of American banks is twice as high as Eurozone banks and their Return on Assets is 4 times larger. This situation is not homogenous throughout Europe but it is an issue for all. In practice, it results in a lower capacity to attract outside capital or accumulate reserves, to meet the gigantic funding needs of the digital and green transitions, to invest in the digitization of the sector at the same pace as competitors and to rebuild capital buffers after a shock. As a result, European banks have been losing market shares both at home and abroad, eroding our common financial autonomy and exposing us to outside economic shocks and sanctions.

The causes of this profitability divide are multidimensional.

Over the last years, it may have been aggravated by the conjuncture, the lasting effects of the sovereign crisis and lower potential growth with flatter interest rates curves weighing on net interest margin (the NIM of US banks is 50% higher than Eurozone banks). The fact that investment banking is dominated by US banks also contributes, with much stronger fees and other revenues.

But there are other, more structural, factors caused by the institutional setup of the incomplete Banking Union.

On the one hand, the crisis management regime still allows for many national discretions which in practice mean too much non-competitive banks remaining too long on the market at the expense of others. Overcapacity sustained by regular bailouts is not only prejudicial to the credibility of the European banking sector but it weighs on its profitability, stifles innovation and consolidation.

On the other hand, the persistence of ringfencing practices locking up excess capital and liquidity in subsidiaries puts another drag on the performance of the crossborder banking groups, and does not help reversing the downward trend for such activities in Europe that began after the GFC, at a time when banking becomes more and more a winner-takes-all business.

How can European banks be as cost efficient and capital efficient as US peers if they cannot reach economies of scale on a continental level to deploy banking services that demand more and more investments in fixed-cost IT, nor access to deep and efficient markets to attract investors, sell products and actively manage their balance sheet at competitive conditions?

So if we should certainly keep on having no preconceived view at the most desirable business model for banks in Europe, and make sure regulation remains neutral in this respect, we should take the subdued profitability problem seriously and use the agenda for completing the Banking Union to make sure that market forces can unleash potential for all models and help the best ones prevail.

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EU banking regulation: efficiency matters more than business model

The European Union is characterised by a multifaceted banking sector. This owes both to the history of its Member States, and to an EU regulation which is neutral vis-à-vis banks' business models.

The very notion of "business model" is a long-debated issue with different possible angles to tackle it. Looking at it from the point of view of business mix, two thirds of the ca 3360 banks or banking groups in the EU (as of 2018) are co-operative banks, which represent 17 % of total assets of the banking sector.[1] Another 6 % are local universal banks with 25% of the total banking assets. Cross-border universal banks represent 2% of the number of banks and 37% of total banking assets. Other business models, such as savings banks or mortgage banks come in smaller numbers, both in terms of entities and of total assets.

Against that background, no particular business model seems to prevail. As shown in the latest EBA Risk Assessment of the European Banking System[2], between December 2014 and June 2021, the average RoE for cross-border universal banks was 6.4% versus 5.3% for local universal banks. On the other hand, during the first phase of the pandemic, local universal banks tended to experience a lower decline in profitability. Higher revenues and lower impairment costs for geographically more diverse banks may be the main drivers of these RoE differences. Interestingly, performance can also vary significantly within the same business model.

Cross-border banks show higher net interest income as they operate in regions outside the EU where interest rates are usually higher. Their capacity to generate fee and trading income is also greater since some of these institutions are large investment banks or count on important investment bank divisions. Yet cross-border universal banks also show higher operating expenses. Operating in jurisdictions with different regulatory requirements or where there is a need to maintain a certain branch network seems to limit economies of scale. The lower geographical diversification of local universal banks might have also exposed them more to the macroeconomic underperformance of the EU compared to other economies between 2014 and 2021 and, hence, to higher impairment costs.

The EBA recognises that there is no one-size-fits-all approach to assessing banks' business models.

A variety of situations is also observed for European banks' funding. According to the EBA's report on Liquidity Measures, some business models whose funding originates predominantly from wholesale markets tend to show higher net liquidity outflows and to fulfil their Liquidity Coverage Ratio (LCR) targets by holding higher amounts of liquid assets, but all European banks display LCRs well above 100%, whatever their business model. [3]

Having a wide range of business models can be a strength for the financial sector and the funding of the economy. This is for instance the case if this results in more tailored financing made available to borrowers. It can also help reduce contagion channels, and as a result systemic risk.[4] On the other hand, a variety of business models may also mean that banks are not fully reaping all possible economies of scope and scale, which may result in a less resilient financial sector overall. And this may also create challenges for supervisors to ensure that risks are being consistently and proportionately assessed and managed.

The EBA recognises that there is no one-size-fits-all approach to assessing banks' business models. This is reflected in its guidelines on the Supervisory Review and Evaluation Process (SREP) and in its regular monitoring of banks business models and on how future regulation may affect these. The current updating of the EBA's SREP guidelines will further enrich the procedures and methodologies supervisors can use in this regard. Having an adequate governance and risk management is critical to ensure the viability and sustainability of any business model. Proportionality in regulation and supervision is also of the essence as it is very clear that certain banking activities should be under closer scrutiny than others.

Whatever their current business mix, banks need to pay a specific attention to two important dimensions. The first one is related to the rapid digitalisation of the financial sector which can represent either an opportunity or a threat for banks depending on how they tackle it. The other one is sustainable finance which will increasingly drive business decisions and will diversely affect banks' current business models. Developments on these two fronts will become clearer as the disclosure and reporting -especially on ESG- becomes more established within the industry. The EBA will keep monitoring these developments while maintaining its stance that regulation should be business model neutral.

[1] Data (2018) for the EBA Cost of Compliance project. The data was not published.
[2] EBA Risk Assessment of the European Banking System
[3] Report on Liquidity Measures under Article 509(1) of the CRR
[4] https://www.suerf.org/policynotes/3991/business-models-in-prudential-policies

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Addressing the structural challenges of European banking business models

An essential priority of European banking supervision is to encourage all European banks to actively address the challenges they face in order to ensure the safe and sound development of their business models. Here, as in all aspects of supervision, the Single Supervisory Mechanism has a risk-based approach which takes into account the diversity of these models in a neutral way - a diversity which, in itself, is welcomed for banks to meet their clients' different needs - and aims to enhance the resilience of the system overall.

Profitability - understood in very broad terms as a bank's ability to generate each year revenues that exceed its costs - fosters the safety and soundness of a financial institution, as it acts as a buffer against losses should unforeseen risks materialise. It allows banks to build up capital organically; moreover, banks with sound profitability should be able to raise capital, in whichever form, more easily. Of course, the impact which profitability might have on the soundness of an institution will depend on how it is achieved. High profitability can be a symptom of excessive risk-taking: financial risks (credit risk or market risk) and other types of risk such as those linked to suspicious activity, for example, money laundering, tax fraud, unethical selling practices or market malpractices like benchmark rate-rigging (EURIBOR). An important criterion is therefore whether or not the profits are sustainable and can be maintained over the cycle in a sufficiently secure way.

Viewed from this prudential perspective, 2022 will be a crucial year for the way ahead to the post-pandemic new normal. Indeed, 2021 saw a recovery in profitability across business models, with the average exceeding pre-pandemic levels: after booking large precautionary impairments in 2020 on their loan portfolios, banks' provisions diminished, and fees, commission and trading revenues increased. However, net interest income has lagged this positive development. It continued to be under pressure as margins declined further in 2020 and only partially recovered in 2021. This does not necessarily imply that banks with lending-focused business models are at a disadvantage, but merely that their income structure has been subject to more adjustment.

All business models in Europe face the same economic challenges, which requires ambitious strategies adapted to their specificities.

It should be underlined that the impact of the pandemic on profitability and business models has affected listed and cooperative institutions in similar ways: booking of provisions and impairments in 2020 and a return to lower provision flows in 2021. Moreover, the increase in fees was relatively broad-based across different business models, as various fee types increased. Asset management fees displayed the strongest growth, on the back of strong asset valuations, but transaction and account fees also increased, allowing lending-focused business models to raise their fee income. Of course, the sector in which banks are lending or risk-taking has an impact on their provisioning needs, but sound risk management helps banks to contain impairments better, whatever their legal form.

And similar challenges remain for both listed and cooperative institutions as we have yet to see not only how the path to a sustainable recovery affects the profile of impairments and of interest income and costs, but also whether the banks' strategies allow them to further improve their structural profitability, which continues to lag behind their international peers.

To tackle this issue, all banks should have an ambitious strategy to adapt proactively to the post-pandemic economic environment and opportunities. The ECB has long encouraged banks to make use of the opportunities given by the Single Market, but I would stress that digitalisation strategies will also be key, again across all the business models, as the pandemic has clearly increased consumer acceptance of digital offers. This will allow banks to accelerate their digitalisation initiatives, leading to a decrease in costs in the medium term, but also, and perhaps even more importantly, supporting the development of the level and nature of services called for by the transformation of the economy and, in particular, their targeted client base.

The appropriate strategy and the corresponding levels of profitability can therefore vary according to the different nature of the clients and products in question. What is essential is that the bank's risk profile remains well managed: from a prudential perspective, riskier assets and less stable funding structures demand higher profits to compensate for the higher risk, but this requires reinforced risk management. While it is for the institution to define its risk appetite to match its particular business model, the robustness and adequacy of a bank's risk management governance and capabilities is an overarching principle that European banking supervision applies to all.

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Final call for banks' new business models

European banks have struggled with profitability issues since the outburst of the great financial crisis. These weaknesses have been driven by the interaction of both cyclical factors, such as financial crises, the need to deal with legacy assets and the low interest rate environment, and structural features of European banks. In particular, profitability of traditional business models, especially those focused on retail clients, has suffered the increasing competitive pressure from non-banks characterised by innovative business models and technological changes, which decreased the value of large branch networks. Consequently, the ability to raise capital on the market at reasonable prices has been hampered. Looking ahead, the impact of climate related aspects will further contribute to affect banking sector traditional sources of profitability by reshaping the global economy.

As a consequence, banks have accelerated their digitalisation processes and started to consider effects of the climate changes in their strategies and policies in order to successfully face many of these structural changes; the need to take action on these two aspects is at the top of the European regulatory and supervisory agenda.

In particular, both EU regulation and supervision, while neutral on individual business strategies, need to drive the change towards new approaches, aiming at reducing the existence of non-viable or unsustainable business models in the long term, as well as of organisation models that do not prove consistent with the relevant group-wide strategy.

Digital transformation is probably the most urgent matter to deal with: digital channels are nothing new in the financial environment given that they have helped to adjust to customers' needs. However, increased competitive pressure from the non-financial sector and Covid-19 pandemic further accelerated this process of transformation, thus creating both new opportunities and new risks.

The European regulation fostered this evolution, by adopting the digital finance strategy (including DORA and MiCA regulations), in order to support the digital transformation of finance while regulating the relevant risks. On the supervisory side, SSM has already taken the necessary action and will continue to assess banks' digital transformation strategies to ensure the adequacy of business models and relevant strategies in the long-run.

Digitalisation and climate changes are at the top of the European regulatory and supervisory agenda.

Moreover, the increased speed of innovation and the relevant higher interconnectedness among intermediaries and sectors have contributed to widen the traditional definition of IT and operational risk, thus making the industry and supervisors consider the cyber risk as one of the top priorities worth pursuing through specific governance and risk management safeguards.

The Bank of Italy has contributed to the SSM projects significantly and expanded them further by setting up one regulatory sandbox; in particular, it is a controlled environment where supervised entities and Fintech operators are able to test innovative products in banking and financial sectors, while guaranteeing adequate levels of consumer protection and competition, and safeguarding financial stability. Other Bank of Italy initiatives, such as the launch of Fintech channel and Milano Hub, will help support the ongoing debate in this field.

Climate risk clearly represents the second crucial driver reshaping banks' business models for the foreseeable future. Indeed, the transition to a low-carbon economy will be very defiant for some counterparties, not to mention the current high credit exposures located in areas that are highly exposed to physical hazards. The banking system is best suited to contribute to the desired change supported by Governments all over the world. Most European banks have also started to integrate climate risk into their risk management frameworks, but progress is still too slow.

From the regulatory point of view, it is fundamental to further work on a common taxonomy, thus giving clear and consistent guidance to the market, and on which information must be disclosed. In addition, the recent proposal made by European Commission of implementation of Basel 3 package helps foster the implementation of such long-term goal by explicitly considering the ESG risks within the prudential regulation. From the supervisory point of view, SSM has fostered banks' efforts to make progress in measuring and managing climate risk: for example, it developed its supervisory expectations in 2020 to assess banks' preparedness and will run a stress test exercise focused on climate risks later this year.

Prudential regulation and supervision are at the forefront in digital transformation and sustainability aspects. The banks must play their role reaping the benefits from this big change in business models, while ensuring proper governance of the relevant risks.

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How banks are bouncing back business

The outbreak of the Covid-19 pandemic has caused significant economic disruption, but EU banks have so far not been substantially affected. Profitability in the EU banking sector has stabilized at levels above those seen in the period leading up to the outbreak of the Covid-19 pandemic. This has been supported by low impairments, as government support has held up businesses in lockdown. Together with higher capital ratios and declining NPL ratios these help make EU banks safer and more resilient against adverse economic conditions.

For the purpose of maintaining bank profitability, as the first line of defense against losses, the banking sector needs to dynamically adjust its activities to changing business environments. In this regard, one of the major topics is the structural decline in interest rates.

In the euro area lending rates have to a greater extent than deposit rates fallen in step with lower policy rates and as a result the average interest rate margins for households and the corporate sector have decreased. Banks' lending rates depend on several factors including the loan composition, as loans with a riskier profile typically pay higher interest. Competition can also play a role. Although interest rate margins are squeezed, net interest income still accounts for more than 50 per cent of EU banks' net operating income (NOI). Even so, net fee and commission income is making up an increasing share of NOI. As always, banks with a broad-based business model are seeking new ways of generating income to cover lower earnings from other parts of their business, e.g. by adjusting fees. This is a natural part of doing bank business on market terms. Furthermore, timely care towards cost management and focus on new digital ways of delivering customer service can prove important going forward.

The key policy rate in Denmark first became negative in July 2012 but it was not until the beginning of 2015 that banks started to charge negative rates on deposits from corporates. Initially, this was for large corporates and institutional investors, but increasingly for corporates more generally. The share of Danish corporate deposits subjected to negative interest rate now amounts to roughly 90 per cent. Deposits from corporates have so far not dropped, although initial research indicates that they hire and invest more and cut back borrowing when facing negative deposit rates.

The banking sector needs to dynamically adjust its activities to changing business environments.

At the end of 2019, the first bank in Denmark started charging negative rates on very large deposits from private customers and soon thereafter many banks followed suit. Deposits below a certain threshold are typically exempted from negative rates, but this threshold has gradually been reduced. Though somewhat controversial one should not be surprised that corporate deposits and large deposits from private customers – the safest among financial products - bear an interest rate similar to comparable financial products. However, banks are best advised to exempt deposits from negative rates below a reasonable threshold so as to not disturb the use of deposit accounts to make day-to-day digital payments. Since the end of 2021, around 40 per cent of deposits from private customers in Denmark have been subjected to negative rates, yet deposits remain high. Deeper impact analysis awaits upcoming microdata. Aggregate data suggest some portfolio shifts to investment funds, but not large changes in behavior.

Another step to enhance profitability of the EU banking sector has been to harvest synergies through consolidations. From 2008 to 2020 the total number of credit institutions in the European banking sector fell by roughly one-third.

Developments in the regulatory landscape as well as efforts towards preventing economic crime may have increased the benefits of bank consolidation in Europe. Going forward, EU initiatives related to the capital market union will help foster more diverse financing sources and possibly lead to less demand for bank credit.

Some banks' business models may not prove to be viable. A key lesson from the financial crisis was that neither liquidation nor government funds are good ways to manage failing credit institutions. Fortunately, we now have the system and institutions to manage non-viable banks. With BRRD great progress has been made to ensure that well-ordered resolution can be applied without using costly government funds. However, the application of BRRD by authorities might be put to a test in some cases.

It is important that both authorities and credit institutions continue to prepare for a crisis situation and improve the possibilities of rapid, flexible and controlled crisis management.

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Profitability of banks and diversity of business models

The European banking industry still needs to scotch a number of ideas that generate confusion and concerns on (i) the alleged low profitability of some of its fellow-members and (ii) the one-size-fits-all approach which currently does not sufficiently take into account the broad range of business models.

Added-value of the cooperative and mutual business model

As widely documented and analysed, both academically and empirically, different banking business models increase the resilience of the financial system.

Notably, long-term banks have less pressure to ensure high quarterly or yearly returns on equity and are therefore less inclined to take risks, thereby ensuring overall resilience to shocks and continuous financing to the economy.

More specifically, as a cooperative, our pay-out ratios are lower (our distribution rules are strictly limited by regulations) and the price appreciation of our shares is not applicable (our cooperative shares are not tradable). As a result, we can take a longer-term view on profitability and business orientation.

It allows our regional networks to underpin local prosperity beyond large cities. We make finance work for all, including and especially SMEs, in accordance with the European priority of an "Economy that works for all". From a banking perspective, this means that all clients –and not only the most profitable ones– deserve adequate services. Public missions such as financial inclusion and education are also very important for us. They are part of our DNA.

Facing regulatory headwinds

However, we are facing regulatory headwinds. Our concern is that our particular model is not sufficiently understood nor taken into account in EU policy-making and supervision. Repeatedly, we deliver the message to decision-makers that a "stakeholder value" approach has merits and that an approach exclusively based on "shareholder value" is just inappropriate when shares are not tradable.

This has important consequences as shown in two recent examples:

On Supervision: the SSM intends to benchmark all banks on several aspects, notably profitability (in comparison with global listed institutions). The ECB horizontal Directorates therefore tend to create a one-size-fits-all approach which mixes up models and undermines diversity. This is a question of method: these benchmarks become more and more important for supervision and should be defined in cooperation with industry and full transparency.

Profitability analysis should not be the sole compass for the supervisors.

On Resolution: a key piece of the BRRD2 legislation imposes MREL and TLAC on the top of our capital ratios. The European proposal did not initially consider the specificities of cooperative banks where shares have a fixed value and reserves cannot be distributed

In bothcases, the key issue is alike: how to avoid an inappropriate standardisation of the various business models?

Let's compare what is comparable

The sustainability of banking business models should be assessed through different criteria :

- their capacity of generating endogenously capital in « business as usual »,
- their coping with the growth of RWAs,
- their capacity to recapitalize in smooth conditions when facing crisis.

Profitability analysis should not be the sole compass for the supervisors

When comparing profitability ratios, the right indicator should be the assessment of the bank's residual income after distribution of the current pay-out to equity holders (which is a significant burden on CET1 generation).

Furthermore, it is not fair to penalize highly capitalized banks which put a much lower part of their balance sheet at risk and therefore display a lower profitability which is somehow artificial. This implies to look at the capital required as a fair and equal denominator among banks, and to remember that risk and rewards are to be balanced.

Last but not least, the capacity of the bank to recapitalize in times of crisis is a third criteria that should be taken into consideration. Cooperative banks present strong assets in such a situation: (i) a stronger attractiveness among investors because their shares are not sensitive to stock market fluctuations (ii) the statutory setting up of their (high) level of reserves that cannot be distributed to their members (contrary to commercial banks), which ensures a stability of value during crises and (iii) the non-dilutive nature of their capital in case of capital increase.

A strong European banking sector is crucial for Europe. It ensures its sovereignty and the freedom to decide its future, be it green transition or digital transformation. One of the key strengths of EU Banking Union is the diversity of its banking sector, notably because the various business models increase its financing potential and its overall resilience.

As far as cooperative banks are concerned, maximizing long term profitability is a journey where territorial and social proximity combined with long-term clients' relationships pave the way for a stronger and more balanced economy for all.

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Embracing the benefits of the EU's diversified banking sector

The EU banking industry is home to a wide array of banking models. These reflect Europe's diversity as they are catering to the different types and needs of its economies. The robust and proper functioning of the Banking Union during a systemic crisis also hinges on the diversity of its banks as they cushion shocks. With different business models, sizes, and ownership structures we see less of the herd behaviour typically associated with concentration of risks. As a result, there is a better chance for parts of the financial system to compensate for the failure of heavily affected banks, for example by being able to continue offering the services needed by customers and by providing liquidity and credit. The importance of a holistic view on the EU's banking sector is warranted, be it when trying to assess its performance or when drafting future-prove regulation.

It is crucially important to note that profitability does not necessarily mean the same for a regionally operating small, non-complex institution as it does for a listed, globally active bank. Simply benchmarking profit overlooks that different business models and differently structured balance sheets result in their own profit cycles. Investment banking allows for very high gains, but they are very volatile. Retail banking lacks those peaks, and generates more stable cash flows. In order to assess an institution's profitability adequately, different time horizons have to be factored in, too. They are also related to the fact that many banks have no shareholders allowing them to shift from a short-term perspective of investors' interests, to one of long-term sustainable growth. Another important difference appears when institutions follow a public mandate. The German Savings Banks for example provide their services everywhere in the country, be it rural areas or urban centres – not only where it is promising the most profit.

It is necessary to have players in the industry taking higher risks or being capable of executing complex finance transactions. However, locally or regionally rooted smaller institutions are better equipped to cover the needs of the local economies.

One-size-fits-all solutions are no fit for the EU's diversified banking sector.

It cannot be questioned that sufficient profitability is core to all banks, we must however be careful not to become too obsessed with it. Especially in a world that is looking for sustainability in all aspects of life, the views on profitability as the one and only measure to determine successful banking becomes more and more obsolete.

The coronavirus-related disruptions have left and continue to leave their mark in the balance sheets of many European institutions. Sharply decreasing operating results and a rise in risk provisioning inevitably lead to considerable pressure on annual net earnings in 2020, although it seems as if the worst could be avoided. While return on equity is gaining ground, surpassing pre-crisis levels, overall subdued profitability is due not only to the macroeconomic development. Other factors include the long-term negative interest rate environment, the enduring payment obligations entailed by the European bank levy or burdensome regulatory requirements.

As for the latter, decision-makers need to have the entirety of the EU banking sector in mind in order to shape an adequate policy framework. Notably with the transposition of the finalisation of Basel III, improvements are possible. The Banking Package 2021 of the European Commission fails to account for smaller non-complex institutions that exclusively use the standardised approach for credit risk. They will face increasing administrative burdens and higher complexity while their risk weights increase at the same time. As it stands, this will be effective as of 2025. Simultaneously, banks using internal models will be granted ample transition periods – some as far as 2032. This is far from the level playing field that the Basel III finalisation aimed to establish. On top, rising fixed costs and complexity affect smaller banks disproportionately. The principle of proportionality was already given an important role in the 2019 banking package, but co-legislators now have to ensure that the EU does not fall behind these first achievements. Another example are changes proposed to the governance framework.

Requiring an ex-ante suitability assessment of members of the management body means to completely disregard a considerable share of the EU's banking sector that will not be able to comply, due to practical reasons as well as public or private legal obligations.

In the light of the important role of the diversified banking sector for recovery and growth, but also during any type of crisis, the EU will need to find a proper regulatory environment. It has to aim at striking the right balance for all whilst providing the right incentives, enabling innovation, and allowing for a well-functioning financial services sector.