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## Press release

### AFME Welcomes ECB Ambitions to Simplify EU Banking Rules

11 December 2025

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In response to the [European Central Bank's High Level Task Force report](#) identifying 17 areas for simplification in banking sector regulation and supervision, **Caroline Liesegang, Managing Director of Capital & Risk Management at the Association for Financial Markets in Europe (AFME)** said:

*"We welcome today's ambitious report from the ECB's High Level Task Force which identifies important opportunities to simplify regulations applying to the banking sector. However, it will need to be followed up with concrete actions and continued momentum from EU policy makers."*

#### Remaining Barriers Within the Banking Union

*"We support the ECB's aim to complete the Banking Union because critical implementation gaps remain that continue to hinder the competitiveness of EU banking groups. AFME's September report found that EU banking groups struggle to benefit from economies of scale beyond €450bn in assets, largely due to regulatory fragmentation and structural barriers. Cross-border waivers could release an estimated €225bn of capital and €250bn of liquidity currently trapped in subsidiaries. This ring-fencing discourages cross-border activity, restricting the transfer of resources in times of stress and limiting the scale and competitiveness of banks operating in the EU."*

#### Barriers to Cross-Border M&A

*"A further area of complexity relates to cross-border M&A transactions, which face lengthy authorisation processes from national competent authorities, increasing execution risk and deterring consolidation. This is reflected in the sharp decline in cross-border activity- from more than 100 transactions per year in the early 2000s to fewer than 20 in recent years."*

#### Reducing Parallel Capital Stacks and Simplification of Capital Buffers

*"Any changes to the capital composition aimed at strengthening going-concern loss absorbency should be carefully analysed. Enhancing the capacity of AT1 must fully consider the potential impact on banks' funding costs, market availability and lending capacity. It would be counterproductive if simplification ultimately increased the cost of capital and reduced the competitiveness of the banking sector."*

*"While merging of buffers may help to address some concerns, it would not on its own resolve the wider issues of unpredictability, economic justification, excessive national divergences and usability. Any consolidation of buffers should avoid leading to a permanently larger releasable buffer or stray from the buffer's original purpose. The proposal as it currently stands does not address the issue of releasability of buffers."*

#### Complexity and Uncertainty in the Resolution Framework

*"In general, the proposal to significantly simplify the MREL framework is welcome. It should not lead to any increase of the existing capital requirements for banks and hence higher cost of capital. In addition, the current opacity and unpredictability of contributions to the Single Resolution Fund (SRF) would remain unaddressed. We encourage EU policy makers to widen their assessment in this area to reduce complexity further."*

#### Supervisory Practices and Need for Further Reform

*"Finally, while we welcome the recommendations of the Task Force related to supervision, these are relatively limited and remain very broad in nature, with little detail on how they might be achieved. We continue to support the ECB SSM's ongoing reform of its Supervisory Review and Evaluation Process (SREP) and its 'Next Level Supervision Project', and we welcome today's separate report dedicated to supervisory simplification efforts. Nevertheless, banks have yet to feel the practical impacts of many of these reforms and it will be important for these effects to now trickle through to supervised entities."*

*"We would also have liked to see a deeper assessment by the ECB High Level Task Force of the overall intensity of ECB SSM supervisory activities and how this compares with other jurisdictions. The broader issue of supervisory expectations exceeding regulatory requirements also remains unaddressed. We invite the Commission to consider these issues in its upcoming report on EU banking competitiveness and to also consider conducting a comprehensive review of ECB SSM supervisory powers and the evolution of supervisory practices over the past decade."*

#### **Call to Action for the 2026 Competitiveness Review**

*"As the European Commission prepares its 2026 report on EU banking competitiveness, it is vital that simplification of the financial regulatory and supervisory frameworks become a central pillar of that assessment. The EU cannot afford to wait. Achieving meaningful, structural simplification is essential to restoring the efficiency and global competitiveness of the European banking sector. We therefore urge policy makers and supervisors to accelerate work on delivering an ambitious simplification agenda."*

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#### **AFME Contacts**

Rebecca Hansford  
Head of Communications and Marketing  
[rebecca.hansford@afme.eu](mailto:rebecca.hansford@afme.eu)  
+44 (0)20 3828 2693

#### **Notes:**

1. The Association for Financial Markets in Europe (AFME) is the voice of the leading banks in Europe's financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent over 150 leading global and European banks and other significant market players. Our members play a vital role in Europe's financial ecosystem, underwriting around 90% of European corporate and sovereign debt, and 85% of European listed equity capital issuances. Importantly, AFME members are market makers, providing liquidity, which is essential for ensuring financial markets can function efficiently. We also represent law firms and other associate members which advise market participants and support AFME's legal and regulatory initiatives. For more information please visit the AFME website: [www.afme.eu](http://www.afme.eu)
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