



EUROPEAN CENTRAL BANK

EUROSYSTEM

# PRESS RELEASE

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## ECB guide clarifies supervisory criteria and process for determining suitability of banks' board members

- ECB publishes guide to fit and proper assessments
- Guide clarifies criteria and process for determining suitability of banks' board members
- Publication marks the end of a public consultation process

The European Central Bank (ECB) has today published the ECB guide to fit and proper assessments. The guide explains how ECB Banking Supervision ensures consistency in the application of the fit and proper assessment criteria, with a view to establishing common supervisory practices for assessing the qualifications, skills and proper standing of a candidate for a position on a bank's board, e.g. as a chief executive officer or non-executive board member. It also enhances the transparency of ECB Banking Supervision's assessment criteria and its supervisory practices and processes.

The publication marks the end of a public consultation process, which, among other things, resulted in the guide providing further clarification on the experience and time commitment required of board members, as well as explaining potential conflicts of interest in more detail.

Assuring the quality of banks' top management is crucial to ensure their stability, as well as that of the banking system as a whole. While primary responsibility for this lies with the banks themselves, it is up to ECB Banking Supervision to assess whether banks comply with the rules aimed at safeguarding good governance, including the suitability requirements for board members. The publication of the guide will help banks to comply with ECB Banking Supervision's policies and to better understand its assessment processes.

In its fit and proper assessments, ECB Banking Supervision applies the relevant EU law and its transposition into the national law of the 19 euro area countries. Where EU law leaves room for Member States to determine how it is transposed, national differences may continue to exist. While respecting such differences, the guide aims to harmonise supervisory practices for performing fit and proper assessments.

The ECB has worked closely with the European Banking Authority (EBA) while drafting the ECB guide and during the consultation process. The guide is in line with the draft guidelines of EBA and the European Securities and Markets Authority (ESMA) on the assessment of the suitability of members of the management body and key function holders, which have been subject to a public consultation

conducted by the EBA. Any changes to those guidelines as a result of the consultation may lead to changes in ECB Banking Supervision's policies, practices and processes and subsequently to a revision of the ECB guide. The guide is intended to be a practical tool that will be updated regularly to reflect new developments and experience gained through practice.

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