BANCO DE **ESPAÑA**
Eurosistema

Comunicación

18 September 2026

Streamlining Europe’s Macroprudential Capital Framework
Published in Eurofi

Soledad Núñez, Deputy Governor

The reforms introduced after the Great Financial Crisis – in particular, the Basel III regulatory framework and the establishment of the Banking Union – have significantly strengthened the resilience of the banking sector. However, they have also made Europe’s microprudential, macroprudential and resolution frameworks more complex than those of other jurisdictions.

Although there are many proposals to simplify the capital framework, this article will focus on its macroprudential dimension.

Leaving aside the buffers for Global Systemically Important Institutions (G-SIIs) and Other Systemically Important Institutions (OSIIs), it may be useful to merge the remaining buffers – the countercyclical buffer (CCyB) and the systemic risk buffer (SyRB) – into a single instrument, redefined along the lines of the CCyB. In recent years, macroprudential authorities have set various buffer requirements under the SyRB umbrella to address several risks. At the same time, there has been a growing willingness/need to activate the CCyB to increase macroprudential policy space. The COVID-19 pandemic, Russia’s war against Ukraine and the conflict in Iran have all illustrated that crises can arise without being preceded by excessive credit growth.

This experience has prompted the development of new concepts, such as the positive neutral level of the CCyB, which enables macroprudential authorities to set a positive buffer in normal times. Meanwhile, the SyRB’s flexibility has allowed it to be used as a means of raising capital. However, this is less than ideal, as it may lead to ambiguous interpretations regarding the buffer’s role and the indicators that trigger its activation. These developments have blurred the line between objectives and tools (including in relation to reciprocation), with banks facing multiple requirements based on different rationales.

The new single buffer could expand macroprudential space and make it easier to accumulate capital in normal times, thereby strengthening ex ante solvency and providing greater flexibility than the current CCyB. It would also allow authorities to address emerging risks in each national banking system as needed. Our proposal is therefore to eliminate the SyRB, or subsume it into the CCyB, possibly redefining the latter so that it is fit for purpose and can be activated without having to stretch methodologies beyond their original intent.

As the SyRB is an EU-specific tool, its elimination would not pose problems in terms of Basel compliance. Reciprocating other countries' measures would also be easier than under the current framework. To ensure that the elimination of the SyRB does not create a gap in resilience to sectoral systemic risk, the redefined CCyB could include a sectoral component (sCCyB).

In this respect, we broadly agree with the European Central Bank's (ECB) proposal to simplify the regulatory framework, as set out in its response to the European Commission's consultation on the competitiveness of the European banking sector. In our view, simplification should help reduce unnecessary complexity and improve the predictability and effectiveness of the prudential framework, while preserving the resilience achieved through post-crisis reforms.

Specifically, we support reducing the number of macroprudential tools and moving towards a single releasable buffer, which could be called the macroprudential buffer. We also favour the current distribution of powers between national authorities and the ECB, which clearly enshrines in legislation the latter's top-up power.

At this stage, however, we see no need to move towards strongly centralised methodologies or a single exercise defined in Level 1 legislation. Differences in economic and financial cycles across Monetary and Banking Union countries require a degree of flexibility for national authorities. National ownership of prudential policy must be methodological, not just executive. A case in point is the difficulties in activating the CCyB following the enshrinement of a credit-to-GDP gap methodology in legislation. Another example is the centralised methodology for setting fiscal rules in Europe, which weakened national ownership of the policies and ultimately required changing the system. We believe that trust between the ECB and national macroprudential authorities is stronger now, after ten years of effective cooperation. Once financial cycles become more homogeneous across Banking Union countries and the Banking Union itself is completed, the push for centralisation may be reconsidered.

In conclusion, we support simplifying the European macroprudential capital framework by merging existing buffers into a single releasable macroprudential buffer. Such a reform should preserve banks' resilience and continue to provide national authorities with sufficient flexibility, given the divergent financial cycles across the Banking Union.