



Press release

18 December 2024

High-Level Group on the ESRB Review publishes report entitled “Building on a Decade of Success”

- ESRB successfully fulfilling its mandate of macroprudential oversight
- Best placed to monitor and assess systemic risks and vulnerabilities across the entire EU financial system
- Proposals to further enhance holistic assessment of systemic risks

The High-Level Group on the ESRB Review (the “Group”), chaired by Olli Rehn, Governor of Suomen Pankki – Finlands Bank and First Vice-Chair of the European Systemic Risk Board (ESRB), and composed of Professor Stephen Cecchetti, Vice-Chair of the ESRB’s Advisory Scientific Committee, Luis de Guindos, Vice-President of the European Central Bank, and Pablo Hernández de Cos, Chair of the ESRB’s Advisory Technical Committee, has published its report entitled “[Building on a Decade of Success](#)”. This report provides the Group’s strategic advice on the future of the ESRB and constitutes its contribution to the second review¹ of the ESRB Regulation.²

In order to further enhance the ESRB’s macroprudential oversight, the Group examined the institution’s work and experiences over the last ten years, in addition to the regulations underpinning its functions. It also conducted a survey to elicit the views of the members of the Advisory Technical Committee.

¹ Under Article 20 of the ESRB Regulation, the European Commission is required to report to the European Parliament and Council by 31 December 2024 on “*whether it is necessary to review the mission or organisation of the ESRB, also considering possible alternative models to the current one*”. The regulation requires the Commission to consult “*the members of the ESRB*”. This will be a second review of the ESRB Regulation; the first review was concluded in 2019 and the changes mainly related to the ESRB’s mandate and governance. The ESRB contributed to the first review through a [High-Level Group report published in March 2013](#).

² [Regulation \(EU\) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board \(consolidated version\)](#).

The Group considers that by leveraging its broad membership and employing its soft powers effectively, the ESRB is successfully fulfilling its mandate of macroprudential oversight. The ESRB contributes significantly to the EU’s macroprudential policy for banks and non-bank financial intermediaries, while addressing cross-cutting systemic risks such as climate change and cyber threats.

The Group believes that the comparative advantage of the ESRB lies in its being in a unique position to monitor and assess systemic risks and vulnerabilities across the entire EU financial system. Thus, the first recommendation in the Group’s report aims to enhance the ESRB’s holistic assessment of systemic risk. This approach – which includes assessing interconnections, interdependencies and spillovers – requires a focus on both cross-sectoral and cross-border risks. To improve its risk assessments and better understand the dynamics of risks, the ESRB should develop and use top-down system-wide stress tests.

The second recommendation focuses on the cross-sectoral perspective to enhance the ESRB’s understanding of the role of the non-bank sector in the intermediation system, as well as its connections to the traditional banking sector. The third recommendation examines the cross-country perspective to ensure that the institution further refines the metrics used to assess the macroprudential stance of individual jurisdictions. This could allow the ESRB’s regular country assessments to feed into the work of the European Commission and, ultimately, to inform the macroeconomic imbalance procedure from a macro-financial perspective.

The fourth recommendation suggests that the ESRB’s communication on financial stability should be enhanced to increase stakeholders’ awareness of risk and the necessary policy responses. This, in turn, should boost the overall effectiveness of the macroprudential framework. The ESRB’s analytical work requires timely and continuous access to granular data. Thus, the fifth recommendation proposes significant improvements to its current data access framework. In recognition of the ESRB’s role in facilitating the exchange of insights and best practices, as well as in developing new analytical tools for systemic risk indicators, the sixth recommendation focuses on knowledge sharing. Recommendations seven and eight address governance and resource requirements.

As most of the Group’s recommendations do not require legislative changes, the decision on their implementation ultimately lies with the ESRB’s General Board. It is possible to achieve the Group’s proposed objectives using various approaches and their

European Systemic Risk Board

Directorate General Communications

Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany

Tel.: +49 69 1344 7455, email: media@esrb.europa.eu, website: www.esrb.europa.eu

implementation will consider the resource implications and the time frames required. Where legislative changes would be needed, a decision must be taken by the European Commission and EU co-legislators.

For media queries, please contact [Ettore Fanciulli](#), tel.: +49 1344 95012.

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