



## Chapter 7

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### **The Banco de España's participation in international banking regulation and supervision bodies**



## Chapter 7

### Takeaways

- The Banco de España participated actively in the main international banking regulation and supervision fora, where it seeks to exert significant influence as one of its priorities.
- In 2024, the Financial Stability Board published reports, consultative documents and recommendations on non-bank financial intermediation, financial innovation, cross-border payments, climate change, cyberresilience and resolution of central counterparties.
- The Basel Committee on Banking Supervision promoted the full implementation of Basel III, continued to investigate the turbulence of March 2023 and made progress in the risk analysis of the digitalisation of finance and the climate. It also finalised the Core Principles for Effective Banking Supervision, adjusted the interest rate risk framework and issued guidelines on counterparty risk management.
- The European Banking Authority focused on developments necessary for the implementation of Basel III, monitoring financial stability, addressing environmental, social and governance risks, improving its data infrastructure, protecting consumers and integrating innovation into the sector. In addition, it prepared to supervise critical technology service providers and significant crypto-asset issuers.
- The European Systemic Risk Board issued recommendations on reciprocity for macroprudential measures of Portugal and Italy and it worked on issues related to macroprudential policy stance, cyber risks and the incorporation of risks stemming from climate change into financial information disclosure.



## 1 Introduction

In 2024 the Banco de España actively contributed to the work of the main international banking regulation and supervision bodies, which addressed issues of great importance to the Bank, such as the various implications of non-bank financial intermediation, the digitalisation of finance, the financial risks stemming from climate change and the turbulence suffered by certain international banks in March 2023. Also, the Banco de España considered it essential to implement the agreed regulatory reforms, in particular Basel III, in relation to which it collaborated very actively in the relevant fora.

The Financial Stability Board (FSB) is responsible for promoting international financial stability and coordinates the financial authorities of the jurisdictions that comprise it and international standard-setting bodies.<sup>1</sup> As well as supporting the implementation of the reforms agreed by the G-20 following the global financial crisis<sup>2</sup> and assessing their effectiveness, the FSB monitors the vulnerabilities identified in the financial system and agrees improvements in its regulation and supervision.<sup>3</sup>

The Basel Committee on Banking Supervision (BCBS) is the international body responsible for setting global standards for the prudential regulation of internationally active banks, while acting as a forum for cooperation on banking supervision matters.

The European Banking Authority (EBA) is an independent European Union (EU) authority whose main objectives are maintaining financial stability in the EU and ensuring the integrity, efficiency and proper functioning of the banking sector.

The European Systemic Risk Board (ESRB) is entrusted with the macroprudential oversight of the EU financial system and the prevention and mitigation of systemic risk. Also, it promotes the coordination of macroprudential measures among EU Member States.

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<sup>1</sup> The list of FSB members can be found [here](#).

<sup>2</sup> The priority areas of the reforms implemented following the crisis and the details of the monitoring work can be found [here](#).

<sup>3</sup> FSB. (2024). 2024 FSB Annual Report. <https://www.fsb.org/uploads/P181124-2.pdf>.

## 2 Global fora

### 2.1 Financial Stability Board

In 2024, the FSB continued to make progress on the roadmap established in 2020 to strengthen the non-bank financial intermediation sector.<sup>4</sup>

- It developed new metrics and regulatory tools to identify and mitigate excess leverage in this sector, especially in family offices, hedge funds and other investment funds.<sup>5</sup>
- It made recommendations to improve the liquidity management of non-bank intermediaries, with the aim of avoiding situations in which they are unable to meet increases in margin and collateral requirements.<sup>6</sup>

The FSB maintained its function of coordinating work on the financial risks stemming from climate change to give visibility to the various initiatives of international regulatory bodies and facilitate their monitoring by the G-20.

- It continued to coordinate international work through the implementation of its roadmap, published in 2021, to address these risks.
- In addition to the disclosures progress report,<sup>7</sup> it assessed the relevance of financial and non-financial firms' transition plans<sup>8</sup> for financial stability. And it concluded that, for these plans to be useful, they must include transparent information on the transition pathways to achieve low-emission targets, as well as homogeneous, verifiable and credible metrics, methodologies and assumptions.
- It also drew up a stocktake of regulatory and supervisory initiatives associated with financial risks stemming from nature and biodiversity loss.<sup>9</sup>

4 FSB. (2020). *Holistic Review of the March Market Turmoil*. <https://www.fsb.org/2020/11/holistic-review-of-the-march-market-turmoil/>

5 FSB. (2024). *Leverage in Non-Bank Financial Intermediation: Consultation report*. <https://www.fsb.org/2024/12/leverage-in-non-bank-financial-intermediation-consultation-report/>

6 FSB. (2024). *Liquidity Preparedness for Margin and Collateral Calls: Final report*. <https://www.fsb.org/2024/12/liquidity-preparedness-for-margin-and-collateral-calls-final-report/>

7 FSB. (2024). *Achieving Consistent and Comparable Climate-related Disclosures: 2024 Progress report*. <https://www.fsb.org/2024/11/achieving-consistent-and-comparable-climate-related-disclosures-2024-progress-report/>

8 FSB. (2025). *The Relevance of Transition Plans for Financial Stability*. <https://www.fsb.org/2025/01/the-relevance-of-transition-plans-for-financial-stability/>

9 FSB. (2024). *Stocktake on Nature-related Risks: Supervisory and regulatory approaches and perspectives on financial risk*. <https://www.fsb.org/2024/07/stocktake-on-nature-related-risks-supervisory-and-regulatory-approaches-and-perspectives-on-financial-risk/>

The FSB continued working to address the challenges posed by cyber risks and financial innovation and to improve cross-border payments.

- It published for consultation a common format for reporting cyber incidents,<sup>10</sup> which will enable the sharing of standardised information on such incidents in the financial sector, facilitating a faster and more coordinated response.
- With regard to crypto-assets, after finalising the regulatory framework for crypto-asset and stablecoin activities,<sup>11</sup> it analysed the specific risks of global stablecoins for developing economies,<sup>12</sup> including regulatory arbitrage, capital outflows and implications for monetary sovereignty. This analysis identified additional challenges for the implementation of the framework and underlined the need to strengthen cross-border cooperation.
- Also, it published reports on vulnerabilities related to asset tokenisation<sup>13</sup> and the financial stability implications of artificial intelligence.<sup>14</sup>
- Furthermore, it continued to work on enhancing cross-border payment infrastructure, in order to make payments faster, cheaper, more transparent and more inclusive. In 2024 it published the consultation on recommendations to address the inconsistent treatment of bank payment service providers, and non-bank payment service providers.<sup>15</sup>

The FSB continued to play a crucial role in the effective resolution of financial institutions, in order to ensure that their failure does not compromise financial stability, and to promote international cooperation.

- In 2024, it finalised a new global standard to ensure that resolution authorities have financial resources and tools at their disposal that facilitate the resolution of central counterparties.<sup>16</sup>

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10 FSB. (2024). *Format for Incident Reporting Exchange (FIRE): Consultation report*. <https://www.fsb.org/2024/10/format-for-incident-reporting-exchange-fire-consultation-report/>

11 FSB. (2024). *Cross-border Regulatory and Supervisory Issues of Global Stablecoin Arrangements in EMDEs*. <https://www.fsb.org/2024/07/cross-border-regulatory-and-supervisory-issues-of-global-stablecoin-arrangements-in-emdes/>

12 FSB. (2024). *Cross-border Regulatory and Supervisory Issues of Global Stablecoin Arrangements in EMDEs*. <https://www.fsb.org/2024/07/cross-border-regulatory-and-supervisory-issues-of-global-stablecoin-arrangements-in-emdes/>

13 FSB. (2024). *The Financial Stability Implications of Tokenisation*. <https://www.fsb.org/2024/10/the-financial-stability-implications-of-tokenisation/>

14 FSB. (2024). *The Financial Stability Implications of Artificial Intelligence*. <https://www.fsb.org/2024/11/the-financial-stability-implications-of-artificial-intelligence/>

15 FSB. (2024). *Recommendations for Regulating and Supervising Bank and Non-bank Payment Service Providers Offering Cross-border Payment Services: Consultation report*. <https://www.fsb.org/2024/07/recommendations-for-regulating-and-supervising-bank-and-non-bank-payment-service-providers-offering-cross-border-payment-services-consultation-report/>

16 FSB. (2024). *Financial Resources and Tools for Central Counterparty Resolution*. <https://www.fsb.org/2024/04/financial-resources-and-tools-for-central-counterparty-resolution/>

## 2.2 Basel Committee on Banking Supervision

In 2024, the BCBS continued to examine the causes of, and lessons learned from, the banking turmoil of March 2023.

- It presented the G-20 with an update of its analytical work on the banking crises of 2023.<sup>17</sup> The report summarises the empirical analysis of the liquidity risk dynamics observed during these episodes.

The BCBS carried out important work to ensure that banks and supervisors effectively manage the risks associated with digitalisation.

- It published a report on the digitalisation of finance, highlighting its benefits and risks. This report analyses the use of innovative technologies, such as application programming interfaces, artificial intelligence, machine learning, distributed ledger technology (DLT) and cloud computing. It also examines the role of Big Techs, FinTechs and third-party service providers in banking.<sup>18</sup>
- Also, it published a report on the risks, mitigants and uncertainties associated with permissionless DLTs, highlighting operational, legal, security, governance and compliance risks and proposing new risk management strategies to address them.<sup>19</sup>
- With regard to banks' crypto-asset exposures, it finalised the disclosure framework (Pillar 3).<sup>20</sup> It also revised the framework for the prudential treatment of these exposures,<sup>21</sup> specifically with regard to the criteria on the composition of the reserve assets backing stablecoins. Also, it published a set of answers to frequently asked questions to promote a consistent understanding of this framework. Lastly, with regard to banks' increasing reliance on third-party technology service providers and the resulting concentration risks, it published for consultation updated principles for the supervision of outsourcing practices, which aim to establish a common baseline for the management of these risks.<sup>22</sup>

The BCBS continued to analyse climate-related financial risks, addressing both their regulation and their supervision and disclosure.

- It published a working paper on how climate scenario analysis can be used to strengthen the management and supervision of climate-related financial risks.<sup>23</sup> This paper is framed

17 BCBS. (2024). *The 2023 banking turmoil and liquidity risk: a progress report*. <https://www.bis.org/bcbs/publ/d582.htm>

18 BCBS. (2024). *Digitalisation of finance*. <https://www.bis.org/bcbs/publ/d575.htm>

19 BCBS. (2024). *Novel risks, mitigants and uncertainties with permissionless distributed ledger technologies*. <https://www.bis.org/bcbs/publ/wp44.htm>

20 BCBS. (2024). *Disclosure of cryptoasset exposures*. <https://www.bis.org/bcbs/publ/d580.htm>

21 BCBS. (2024). *Cryptoasset standard amendments*. <https://www.bis.org/bcbs/publ/d579.htm>

22 BCBS. (2024). *Principles for the sound management of third-party risk*. <https://www.bis.org/bcbs/publ/d577.htm>

23 BCBS. (2024). *The role of climate scenario analysis in strengthening the management and supervision of climate-related financial risks*. <https://www.bis.org/bcbs/publ/d572.htm>

within the context of the supervisory principles on the management of this type of risk issued in June 2022.<sup>24</sup> The BCBS encourages banks to use this type of tool to assess the strength of their business models and strategies and to determine the impact of climate-related risk factors on their overall risk profile.

- It also continued to review the responses received to its proposal for a disclosure framework (Pillar 3) for climate-related financial risks.<sup>25</sup>

In line with the guidance of the Group of Governors and Heads of Supervision (GHoS),<sup>26</sup> the BCBS limited its monitoring and review of standards and guidelines to a set of specific initiatives.

- In April 2024, it published the final revision of the *Core Principles for effective banking supervision* (“*Core Principles*”).<sup>27</sup> These principles are the universally applicable minimum standards for the sound prudential regulation and supervision of banks and banking systems. The *Core Principles* are a standard that evolves over time and, given that more than a decade had passed since the last update, this review has sought to incorporate the effect of recent structural changes affecting the banking sector, regulatory and supervisory developments over the past ten years, lessons learned in the implementation of the last update of the *Core Principles* and experiences gained from the Financial Sector Assessment Programs (FSAPs) of the International Monetary Fund (IMF) and World Bank since 2012. Prudential authorities use these principles as a benchmark to assess the adequacy of their regulatory and supervisory frameworks and to identify the measures needed to achieve optimal quality levels in supervisory practices. The IMF and the World Bank also use them to assess the effectiveness of countries’ banking supervision systems as part of the FSAPs.<sup>28</sup>
- In addition, it finalised a series of targeted adjustments to its standard on interest rate risk in the banking book.<sup>29</sup> These adjustments address certain problems in the current methodology that become particularly apparent in periods when interest rates are close to zero.

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24 BCBS. (2022). *Principles for the effective management and supervision of climate-related financial risks*. <https://www.bis.org/bcbs/publ/d532.htm>

25 BCBS. (2023). *Disclosure of climate-related financial risks*. <https://www.bis.org/bcbs/publ/d560.htm>

26 BCBS. (2020). *Governors and Heads of Supervision commit to ongoing coordinated approach to mitigate Covid-19 risks to the global banking system and endorse future direction of Basel Committee work*. <https://www.bis.org/press/p201130.htm>

27 BCBS. (2024). *Core Principles for effective banking supervision*. <https://www.bis.org/bcbs/publ/d573.htm>

28 For more information, see Asunción Alonso, Danae Durán, Belén García-Olmedo and María Antonia Quesada. (2024). “*Basel Core Principles for effective banking supervision: an update after a decade of experience*”. Financial Stability Review - Banco de España, 46, p. 5-23. <https://repositorio.bde.es/handle/123456789/37653>

29 BCBS. (2024). *Recalibration of shocks for interest rate risk in the banking book*. <https://www.bis.org/bcbs/publ/d578.htm>

- The final guidelines for counterparty credit risk management were also issued.<sup>30</sup> Their objective is to reflect the lessons learned from episodes such as Archegos,<sup>31</sup> incorporating relevant practices that contribute to mitigating the aforementioned risk.

The implementation of the Basel III reforms continued to be a priority for the BCBS.

- The GHoS reiterated its expectation of implementing all aspects of the Basel framework in full, consistently and as soon as possible.<sup>32</sup>
- The BCBS continued to monitor the state of progress in all its member jurisdictions through the Regulatory Consistency Assessment Programme.

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<sup>30</sup> BCBS. (2024). *Guidelines for counterparty credit risk management*. <https://www.bis.org/bcbs/publ/d574.htm>

<sup>31</sup> For more information on these cases, see Alonso Olmedo, Anguren Martín, Gamoneda Roca and Pérez Rodríguez. (2021). “Archegos and Greensill: collapse, reactions and common features”. *Financial Stability Review - Banco de España*, 41, p. 45-62. <https://repositorio.bde.es/handle/123456789/21153>

<sup>32</sup> GHoS. (2024). *Governors and Heads of Supervision reiterate commitment to Basel III implementation and provide update on cryptoasset standard*. <https://www.bis.org/press/p240513a.htm>



## 3 European Fora

### 3.1 European Banking Authority

The EBA continued its work to improve the Single Rulebook.

- The so-called “Banking Package”, comprising amendments to Regulation (EU) No 575/2013 (CRR III) and Directive 2013/36 (CRD VI), confers approximately 140 mandates to the EBA, with technical developments of various kinds that will have to be completed by the end of 2028. [Box 7.1](#) summarises the main work in this area.

Another important area of the EBA’s work was the monitoring of developments in the financial sector for the early identification of vulnerabilities, specifically those associated with climate change and transition risk.

- In this context, it approved the methodology for the 2025 EU-wide stress tests, which remains largely unchanged with respect to 2023 and will maintain the bottom-up approach with certain top-down elements. As occurred last year with the first-time application of a supervisory model for estimating fees, another step has been taken in the incorporation of top-down elements; this time, with the centralisation of the calculations derived from the methodological prescriptions for the projection of net interest income. This exercise is scheduled to begin in January 2025 and its results are due to be published in August (this timetable has been adjusted to take into account the entry into force of CRR III and CRD VI).<sup>33</sup>
- Together with the other two European Supervisory Authorities<sup>34</sup> (the European Central Bank and the ESRB), it published the results of the Fit-for-55 exercise at the end of 2024.<sup>35</sup> This exercise highlighted the low probability that transition risks alone pose a threat to financial stability; however, they could lead to disruptions if combined with other macroeconomic shocks. Therefore, policy coordination is needed to finance the green transition, as well as the integration of climate risks into the risk management of financial institutions.
- In addition, it made progress towards the realisation of its roadmap on sustainable finance. The work completed in 2024 includes most notably the guidelines on the management of

33 EBA. (2025). *The EBA publishes methodology, draft templates, and key milestones for its 2025 EU-wide stress test: press release*. <https://www.eba.europa.eu/publications-and-media/press-releases/eba-publishes-methodology-draft-templates-and-key-milestones-its-2025-eu-wide-stress-test>

34 In addition to the EBA, the European Supervisory Authorities are the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority.

35 EBA. (2024). *Transition risk losses alone unlikely to threaten EU financial stability, “Fit-For-55” climate scenario analysis: press release*. <https://www.eba.europa.eu/publications-and-media/press-releases/transition-risk-losses-alone-unlikely-threaten-eu-financial-stability-fit-55-climate-stress-test>

environmental, social and governance risks<sup>36</sup> and the final report on greenwashing,<sup>37</sup> which recommends prioritising the finalisation and implementation of ongoing and existing initiatives before introducing new legislation.

The EBA maintained its objective of enhancing its capacity to compile regulatory and supervisory information, distributing it among interested users and enhancing its analytical capacity.

- It continued to work on the European Centralised Infrastructure for Supervisory Data (EUCLID) technology platform.
- It continued to develop the so-called Pillar 3 data hub, where it will publish in a centralised manner the prudential information that credit institutions are obliged to disclose to the market.

The EBA continued to develop and strengthen its supervisory and control capacity in the areas of digital operational resilience and crypto-assets.

- The regulation on digital operational resilience for the financial sector (DORA) assigns the development of numerous technical aspects (12 mandates) to the European Supervisory Authorities. In addition, it entrusts them with the supervision of technology service providers designated as critical. In July 2024, the European Supervisory Authorities published the second package of regulatory and implementing technical standards,<sup>38</sup> while making progress in developing the policies and methodologies needed to assume the supervision of these providers.
- In addition, the EBA made notable efforts to ensure the effective implementation of the Markets in Crypto-Assets Regulation (known as MiCAR), finalising most of the mandates assigned to it by the regulation. Also, it prepared to assume the supervisory powers related to issuers of asset-referenced tokens and of electronic money tokens classified as significant, developing the necessary policies and procedures to do so.

Lastly, the EBA continued to work on matters related to financial innovation, consumer protection and anti-money laundering.

- In the area of financial innovation, it is worth highlighting the monitoring of the use of artificial intelligence and machine learning in the banking sector to identify areas that may require greater regulation or supervision.

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36 EBA. (2025). *Guidelines on the management of ESG risks*. <https://www.eba.europa.eu/sites/default/files/2025-01/fb22982a-d69d-42cc-9d62-1023497ad58a/Final%20Guidelines%20on%20the%20management%20of%20ESG%20risks.pdf>

37 EBA. (2024). *Greenwashing monitoring and supervision*. <https://www.eba.europa.eu/sites/default/files/2024-05/a12e5087-8fd2-451f-8005-6d45dc838ffd/Report%20on%20greenwashing%20monitoring%20and%20supervision.pdf>

38 EBA. (2024). *ESAs published second batch of policy products under DORA: press release*. <https://www.eba.europa.eu/publications-and-media/press-releases/esas-published-second-batch-policy-products-under-dora>

- In the area of conduct and the protection of financial services users, it is worth noting the data collection exercise on the procedures for assessing the solvency of non-bank lenders. This exercise was carried out to examine the extent to which the practices of these operators may contribute to the problem of consumer overindebtedness. In addition, the EBA designed a new report to monitor the evolution of fees associated with instant credit transfers. Lastly, together with the other two European Supervisory Authorities, it published a report in June on financial psychology applied to regulatory and supervisory work.
- Lastly, the EBA collaborated with the European Commission and other authorities to transfer its powers and competences in the prevention of money laundering and the financing of terrorism to the new Authority for Anti-Money Laundering.

### 3.2 European Systemic Risk Board

The ESRB issued several recommendations, some of which are relevant to the Spanish banking sector.

- It adopted recommendations ESRB/2023/13 and ESRB/2024/2 on reciprocity for macroprudential measures of Portugal and Italy, respectively.<sup>39</sup> In both cases, the relevant authorities of other Member States are invited to apply reciprocal measures to the systemic risk buffers adopted by the Banco de Portugal and the Banca d'Italia. Given the materiality of the exposures of certain Spanish credit institutions to these countries, the Banco de España decided, for the first time, to adopt reciprocal macroprudential measures.

As part of the ongoing monitoring of risks to financial stability in the EU, in 2024 the ESRB's work was focused on issues related to macroprudential policy stance, cyber risks and available financial information on climate-related risks.<sup>40</sup>

- It published a report with proposals for improvements to the macroprudential stance framework and its operationalisation.<sup>41</sup> The ESRB intends to use this framework actively in its analyses of member countries.
- It analysed<sup>42</sup> the reflection in public financial information (prepared in accordance with International Financial Reporting Standards) of the risks stemming from climate change and the channels through which this financial information can affect financial stability: transparency, reactions of economic agents and regulation.

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39 Both recommendations were published in the *Official Journal of the European Union* in 2024, see <https://eur-lex.europa.eu/eli/C/2024/3114/oj> and <https://eur-lex.europa.eu/eli/C/2024/4775/oj>.

40 The ESRB also published —in early 2024— a follow-up report on vulnerabilities in the residential real estate sectors of European countries (mentioned in section 7.2.2 of the *2023 Supervision Report*).

41 ESRB. (2024). *Improvements to the ESRB macroprudential stance framework*. <https://www.esrb.europa.eu/pub/pdf/reports/esrb.macprudentialstanceframework~bcfa385e4d.en.pdf?c98576f7da4549c465516e05e6b052e2>.

42 ESRB. (2024). *Climate-related risks and accounting*. [https://www.esrb.europa.eu/pub/pdf/reports/esrb.report202404\\_climaterelatedrisks~2311dfaee2.en.pdf?0aab709cd36109c9d446b152084291ef](https://www.esrb.europa.eu/pub/pdf/reports/esrb.report202404_climaterelatedrisks~2311dfaee2.en.pdf?0aab709cd36109c9d446b152084291ef).

- The operational tools existing in the EU and their potential use in the event of a systemic cyber incident were studied. In a report,<sup>43</sup> the ESRB classifies these tools into three categories: 1) information gathering, sharing and management; 2) coordination among authorities and with institutions; and 3) emergency and backup systems.

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<sup>43</sup> ESRB. (2024). *Advancing macroprudential tools for cyber resilience – Operational policy tools*. [https://www.esrb.europa.eu/pub/pdf/reports/esrb.report202404\\_advancingmacroprudentialtools~ca44cf0c8a.en.pdf?0facb17cee3323a29d78a66b06e47fac](https://www.esrb.europa.eu/pub/pdf/reports/esrb.report202404_advancingmacroprudentialtools~ca44cf0c8a.en.pdf?0facb17cee3323a29d78a66b06e47fac).



## 4 Other fora

In 2024, the International Financial Consumer Protection Organisation (FinCoNet) carried out important activities in the conduct and consumer protection area.

- It published a report on the risks for consumers of “Buy Now Pay Later” consumer credit products, which also includes the regulatory and supervisory approach to these products.<sup>44</sup>
- It held several seminars on various topics, such as the efficacy of the different conduct supervision models, conduct supervision in challenging times and the supervision of crypto-assets.

In 2024, the Committee on Payments and Market Infrastructures (CPMI) of the Bank for International Settlements addressed matters related to financial market infrastructure risk management, cross-border payments and digital innovation, and clearing and settlement.

- In relation to infrastructure risk management, it continued work on the resilience and recovery of central counterparties, including the analysis of losses not deriving from a default on the part of a clearing member and the review of margin requirements. In addition, the CPMI and the International Organization of Securities Commissions (IOSCO) reviewed the cyber and operational resilience of financial market infrastructures and continued to work on risk management analysis.
- The CPMI continued to work on the implementation of the G-20 roadmap to enhance the speed, transparency and access of cross-border payments, while maintaining their security and reducing costs. In collaboration with the FSB, it worked on the alignment of legal, regulatory and supervisory frameworks between countries, cross-border data exchange and messaging standards and interoperability between different payment systems. In addition, the CPMI worked on issues such as (direct) access to payment systems, the extension and alignment of the operating hours of the main payment systems and possibilities for improvement relating to interconnection and greater harmonisation, with a greater involvement of the industry.
- Furthermore, in 2024, the CPMI and IOSCO examined issues related to the digitalisation of payments and the clearing and settlement of transactions. They focused on analysing certain aspects of tokenisation, reflecting on the future of payments in a tokenised ecosystem, and on central bank digital currencies, where possible lines of cross-border collaboration between central banks were explored.

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<sup>44</sup> FinCoNet. (2024). Buy Now Pay Later. Risks for consumers and regulatory and supervisory approaches. <https://www.finconet.org/resources/FINAL%20FOR%20PUBLICATION%20-%20FinCoNet%20SC2%20-%20BNPL%20Briefing%20Note.pdf>

The Network for Greening the Financial System<sup>45</sup> continued to promote the work of central banks and supervisors in the area of climate and environmental risk.

- It published three reports on the following issues: the assessment of the credibility of financial institutions' transition plans from a microprudential perspective;<sup>46</sup> the connections between the transition plans of financial and non-financial firms;<sup>47</sup> and the tailoring of transition plans to emerging market and developing economies.<sup>48</sup>
- It also published a second guide on climate-related disclosure standards for central banks<sup>49</sup> and a technical report on decarbonisation strategies for central bank portfolios.<sup>50</sup>
- Lastly, it published an update of scenarios with new economic and climate data and policy commitments, including a new damage function to enhance physical risk modelling.

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45 This is a network of supervisors and central banks from all over the world. At November 2024 it had 144 members and 21 observers. The Banco de España has been a member since April 2018.

46 NGFS. (2024). Credible transition plans: The micro-prudential perspective. [https://www.ngfs.net/system/files/import/ngfs/media/2024/04/17/ngfs\\_credible\\_transition\\_plans.pdf](https://www.ngfs.net/system/files/import/ngfs/media/2024/04/17/ngfs_credible_transition_plans.pdf)

47 NGFS. (2024). Connecting Transition Plans: Financial and non-financial firms. [https://www.ngfs.net/system/files/import/ngfs/media/2024/04/17/ngfs\\_connecting\\_transition\\_plans.pdf](https://www.ngfs.net/system/files/import/ngfs/media/2024/04/17/ngfs_connecting_transition_plans.pdf)

48 NGFS. (2024). Tailoring Transition Plans: Considerations for EMDEs. [https://www.ngfs.net/system/files/import/ngfs/media/2024/04/17/ngfs\\_tailoring\\_transition\\_plans.pdf.pdf](https://www.ngfs.net/system/files/import/ngfs/media/2024/04/17/ngfs_tailoring_transition_plans.pdf.pdf)

49 NGFS. (2024). Guide on climate-related disclosure for central banks. [https://www.ngfs.net/system/files/import/ngfs/medias/documents/ngfs\\_guide\\_on\\_climate-related\\_disclosure\\_for\\_central\\_banks\\_-\\_second\\_edition.pdf](https://www.ngfs.net/system/files/import/ngfs/medias/documents/ngfs_guide_on_climate-related_disclosure_for_central_banks_-_second_edition.pdf).

50 NGFS. (2024). Decarbonisation strategies for corporate portfolios of central banks. [https://www.ngfs.net/system/files/import/ngfs/media/2024/05/16/ngfs\\_technical\\_document\\_on\\_decarbonisation\\_strategies\\_for\\_corporate\\_portfolios\\_of\\_central\\_banks\\_0.pdf](https://www.ngfs.net/system/files/import/ngfs/media/2024/05/16/ngfs_technical_document_on_decarbonisation_strategies_for_corporate_portfolios_of_central_banks_0.pdf)

## Box 7.1

**THE EUROPEAN BANKING AUTHORITY'S ROADMAP TO DELIVER THE MANDATES OF THE NEW EUROPEAN CAPITAL REQUIREMENTS REGULATION**

The Basel III agreement is the global and coordinated response of banking supervisors and regulators to the significant vulnerabilities revealed by the 2007–2009 global financial crisis. The second part of the agreement<sup>1</sup> was concluded in December 2017 with the approval of significant adjustments to the calculation of risk-weighted assets included in the capital ratio's denominator.<sup>2</sup> Its consistent and harmonised implementation is essential to ensure global financial stability and a level playing field across jurisdictions.

In June 2024, the European Union (EU) finalised the transposition of the 2017 Basel agreement with the final publication of the so-called “banking package”. This consists of two separate documents: the amendment to Regulation (EU) No 575/2013 (CRR III), which constitutes the core of the reform and includes the changes arising from the implementation of the 2017 Basel agreement; and the amendment to Directive 2013/36 (CRD VI), which, while incorporating certain Basel-related changes, primarily aims to strengthen and harmonise supervisors' capacities in several areas.<sup>3</sup> The adoption of Basel III in the EU is, in general, complete and faithful to the international framework, although it introduces some European particularities that are not included in the Basel framework.<sup>4</sup> The date of the entry into force of CRR III was established as 1 January 2025. However, as a result of delays in the adoption of the new market risk framework (FRTB) in other jurisdictions, the European Commission adopted a delegated act in July 2024 delaying the entry into force of the FRTB until January 2026.

The European Banking Authority (EBA) —as the European regulator— is responsible for developing various aspects of CRR III and CRD VI and has been tasked with delivering on around 140 mandates on a range of different issues, many of which are highly technical. These developments will be implemented through various regulatory products, such as regulatory and implementing technical standards, guidelines,

reports and maintaining information lists and registers. The EBA and the European co-legislators worked closely together on planning in order to organise the work and facilitate effective implementation by credit institutions.

In December 2023, the EBA published a roadmap<sup>5</sup> clarifying how it will develop the aforementioned mandates and the deadlines for their finalisation. As detailed in the following figure, it proposed a sequential approach, in line with the deadlines set out in the banking package. The execution of the roadmap will span a four-year period, until the end of 2028. The mandates related to the 2017 Basel agreement were deemed a priority and are expected to be completed within the first two years.

The main work areas are described briefly below:

- Credit, market and operational risk. A total of 81 mandates address issues related to the amendments introduced by the 2017 Basel agreement to the capital ratio's denominator. The credit risk area covers the largest number of tasks —43 in total— arising from changes to the calculation of capital requirements for credit risk under the standardised approach and tighter restrictions on the use of internal models. In addition, 27 mandates will complete the implementation of the FRTB. Lastly, the operational risk area comprises a total of 11 mandates, which develop various aspects of the new standardised approach that replaces the internal models permitted until now.
- Supervisory reporting and market disclosure obligations. This area consists of 14 mandates, mainly aimed at adapting the supervisory reporting and disclosure frameworks to the amendments introduced to capital requirements, making both

1 In 2010, the first phase of the reform was completed, covering the following aspects: improving the quality of regulatory capital, increasing the level of own requirements, recalibrating certain areas of the framework (market risk, counterparties and securitisations), introducing macroprudential elements and establishing a leverage ratio. A few years later, new liquidity requirements were introduced in the form of two new ratios, the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR).

2 BCBS. (2024). *Basel III: Finalising post-crisis reforms*. <https://www.bis.org/bcbs/publ/d424.htm>

3 The directive reinforces the treatment of certain risks —environmental, social and governance (ESG)— of institutions and aims for greater harmonisation of national regulations in several areas — third-country branch framework, senior officer suitability assessment, certain supervisory powers and independence of supervisory authorities.

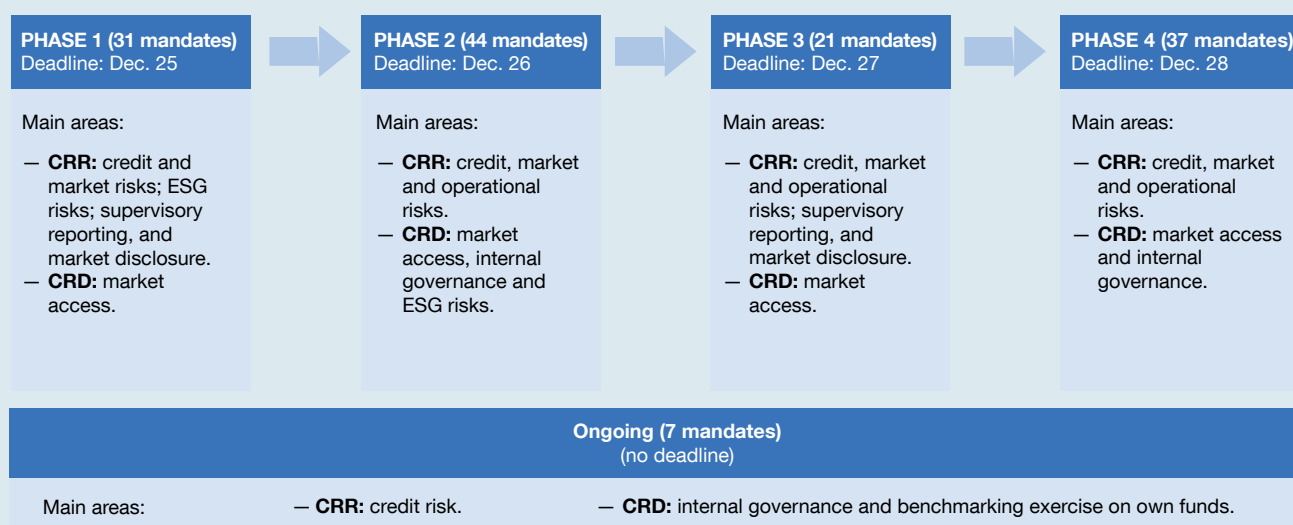
4 For more information in this connection, see Banco de España. (2024). “Box 8.2. Final phase of Basel III implementation in the European Union”. In Banco de España, 2023 Supervision Report, p. 178-179. [https://www.bde.es/f/webbde/Secciones/Publicaciones/PublicacionesAnuales/MemoriaSupervisionBancaria/23/SupervisionReport2023\\_Chap8\\_Box8.2.pdf](https://www.bde.es/f/webbde/Secciones/Publicaciones/PublicacionesAnuales/MemoriaSupervisionBancaria/23/SupervisionReport2023_Chap8_Box8.2.pdf)

5 EBA. (2023). *EBA Roadmap strengthening the prudential framework*. [https://www.eba.europa.eu/sites/default/files/2023-12/9dc534e8-8a3d-438f-88e3-bc86e623d99e/EBA%20Roadmap%20on%20strengthening%20the%20prudential%20framework\\_1.pdf](https://www.eba.europa.eu/sites/default/files/2023-12/9dc534e8-8a3d-438f-88e3-bc86e623d99e/EBA%20Roadmap%20on%20strengthening%20the%20prudential%20framework_1.pdf)

Box 7.1

## THE EUROPEAN BANKING AUTHORITY'S ROADMAP TO DELIVER THE MANDATES OF THE NEW EUROPEAN CAPITAL REQUIREMENTS REGULATION (cont'd)

Figure 1  
CRR and CRD mandates to the EBA



SOURCE: Banco de España.

frameworks more efficient and proportionate. Also, a significant number of mandates respond to the EBA's new obligation to publish and centralise on its website the prudential information that institutions are required to disclose to the market.

- Market access, internal governance and ESG risks. The European regulation incorporates very significant changes in the area of market access, such as a minimum harmonisation regime for branches of third-country institutions and new supervisory tools for the prudential assessment of material changes in institutions, such as the acquisition of qualifying holdings or mergers. There are 18 technical developments in these areas. Changes to internal governance focus on the management of institutions at the highest executive level, reinforcing fit-and-proper requirements. A total of 7 mandates will develop the details of these new requirements. In the area of ESG risks, the aim is to accelerate their integration into the three pillars

of the banking prudential framework, particularly Pillar 2 (supervisory review). Moreover, new concepts are introduced —such as «fossil fuel entity» —along with new supervisory powers. The EBA roadmap on sustainable finance, published on 13 December 2022, already anticipated 5 of the mandates in this area, and their development commenced in 2023.

- Lastly, another 16 mandates correspond to a diverse set of areas: ongoing supervision, conflicts of interest, equivalence, fines, proportionality, accounting, authorisations, stress tests, large exposures, securitisations, macroprudential matters, and benchmarking exercises.

The execution of this roadmap is one of the EBA's strategic priorities. With a view to facilitating, insofar as possible, the considerable efforts that institutions will have to make to adapt to the new regulation, the EBA publishes the progress status of each mandate on its website.<sup>6</sup>

6 [https://ebprstaewspublic01.blob.core.windows.net/public/tools-prod/assets/roadmap/roadmap\\_progress\\_list.html](https://ebprstaewspublic01.blob.core.windows.net/public/tools-prod/assets/roadmap/roadmap_progress_list.html)