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# EUROPEAN BANKING NEWSLETTER

SEPTEMBER 2024

BONELLIEREDE  
BREDIN PRAT  
DE BRAUW  
HENGELER MUELLER  
SLAUGHTER AND MAY  
URÍA MENÉNDEZ

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## EUROPEAN CENTRAL BANK (ECB)

No relevant items.

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## EUROPEAN BANKING AUTHORITY (EBA)

### PSD2 - EBA and ECB publish joint report on payment fraud

1 August 2024 - The European Banking Authority (EBA) and European Central Bank (ECB) have published a joint report on payment fraud reported across 2022 and H1 2023 under the revised Payment Services Directive ((EU) 2015/2366) (PSD2).

The report finds that, across the EEA, fraud reported by the industry amounted to €4.3 billion in 2022 and €2.0 billion in the first half of 2023. Most payment fraud in value terms was related to credit transfers and card payments. The report also confirms the beneficial impact of strong customer authentication (SCA) on fraud levels, introduced by PSD2. SCA-authenticated transactions featured lower fraud rates than non-SCA transactions, especially for card payments, both in terms of values and volumes.

The EBA and the ECB state that they will publish fraud data on an aggregated basis moving forward.

[EBA and ECB report: payment fraud](#)

[Press release](#)

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### **EBA publishes results from its first fact-finding exercise on credit worthiness assessment practices of non-bank lenders**

*7 August 2024* - The EBA has published the results of a fact-finding exercise on the creditworthiness assessment practices of non-bank lenders (NBLs). The exercise was aimed at gaining insight into the extent to which NBLs contribute to over-indebtedness and arrears. The study revealed that many NBLs have inadequate methods of evaluating borrowers' creditworthiness, which could lead to over-indebtedness. The report also highlights inconsistencies in how NBLs are regulated across the EU due to lack of harmonized definitions and frameworks. The EBA plans to continue monitoring NBLs and may take further actions to enhance consumer protection in the EU.

[Report on the fact-finding exercise on creditworthiness assessment practices of non-bank lenders](#)

[Press release](#)

### **EBA amends technical standards specifying the data collection for the 2025 benchmarking exercise**

*9 August 2024* - The EBA has published its final draft Implementing Technical Standards, amending Implementing Regulation (EU) 2016/2070 on the benchmarking of credit risk, market risk and IFRS9 models for the 2025 EU-wide benchmarking exercise.

The EBA updated its technical standards for data collection related to the 2025 EU-wide benchmarking exercise. These amendments aim to improve the accuracy and consistency of data submissions by financial institutions. The most significant change is in the area of the market risk framework. Compared to the 2024 exercise, the EBA now proposes to extend the validation portfolios for the Alternative Standardised Approach to all asset classes. In the area of credit risk, the amendments provide several clarifications. Firstly, they emphasize the mandatory reporting of the probability of default and loss given default risk parameters.

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This reporting is in relation to the margin of conservatism, regulatory add-ons, and downturn components. Secondly, the amendments clarify the use of internal model IDs used by competent authorities.

[EBA final report: Draft ITS on amending Commission Implementing Regulation \(EU\) 2016/2070 with regard to the benchmarking of internal models \(EBA/ITS/2024/07\)](#)

[Press release](#)

### **EBA responds to the European Commission's Delegated Act postponing the application of the market risk framework in the EU**

*12 August 2024* - The EBA has issued a no-action letter on the boundary between the banking book and the trading book in the Capital Requirements Regulation (575/2013) (CRR), following the European Commission's adoption of a Delegated Act postponing the application of the revised market risk framework in the EU.

In its no-action letter, the EBA recommends that competent authorities should not prioritise any supervisory or enforcement action in relation to the amendments to the provisions setting the boundary between the banking and trading books, or those defining internal risk transfers between books. Additionally, the EBA reiterates that the points it made in another no-action letter on the same topic issued in 2023 should remain applicable.

[EBA consideration on the postponement of the application of the FRTB in the EU](#)

[Press release](#)

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## **EBA sets 2025 priorities for resolution authorities and reports on the progress achieved in 2023**

*13 August 2024* - The EBA has published its European Resolution Examination Programme (EREP) Report. The report outlines three key priorities for resolution authorities and banks for 2025. These priorities entail: (i) operationalization of the resolution strategy; (ii) management information systems for valuation; and (iii) the liquidity strategy in resolution. Due to their complexity and the need for ongoing work, the priorities remain largely consistent with those for 2024.

In 2023, several challenges were identified. Stakeholder awareness and preparedness for the bail-in tool were found to be low, particularly among international stakeholders, posing potential risks if the tool is activated. Progress was made in the area of liquidity in resolution, but significant challenges remain, for example in testing and ensuring credible liquidity scenarios. Additionally, while some banks have made strides in improving their management information system for valuation, progress is uneven, with persistent gaps in data quality, automation, and timeliness.

The EBA will continue to monitor these issues closely and support resolution authorities with guidelines, best practices and further policy development to address these ongoing challenges.

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[EREP 2024 convergence report \(EBA-Rep-2024-19\)](#)

[Press release](#)

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## **EBA publishes final draft technical standards on market risk as part of its roadmap for implementation of the Banking Package in the EU**

*13 August 2024* - The EBA has published final amendments to its Regulatory Technical Standards (RTS) on the fundamental review of the trading book (FRTB). The amendments mostly aim to align these RTS with the CRR and ensure stability in the applicable regulatory framework. In particular, the amendments address the following areas: (i) the aggregation formula for computing the total own funds requirements for market risk; (ii) the risk factors' modellability assessment; and (iii) the treatment of foreign exchange and commodity risk in the non-trading book.

The RTS are part of the roadmap on the Banking Package.

[Final Report on draft amendments to the FRTB RTS \(EBA-RTS-2024-18\)](#)

[Press release](#)

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## SINGLE SUPERVISORY MECHANISM (SSM)

No relevant items.

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## SINGLE RESOLUTION MECHANISM (SRM)

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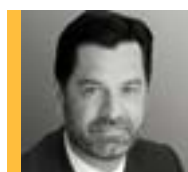
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Dubai, London

\*: in cooperation with local law firm

## BREDIN PRAT

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Paris, Brussels

## DE BRAUW

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Amsterdam, Brussels, London, Shanghai, Singapore

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