Pills

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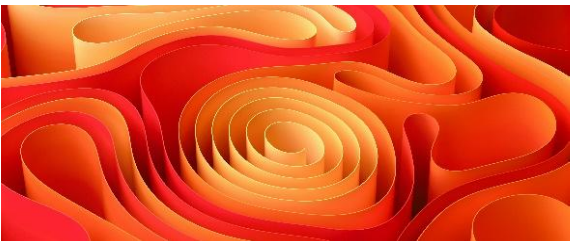

TOPICS:

Banking Supervision

SOURCE:

European Banking Authority

# ECB: Timely Remediation for More Resilient Banks

- The ECB outlines a revised supervisory approach to the **management and remediation of prudential findings**, designed to make banking supervision **more risk-based, efficient and proportionate** while maintaining the resilience of European banks. Timely remediation remains a key supervisory priority: banks retain responsibility for addressing identified weaknesses, supported by robust governance and risk-management arrangements. Failure to remediate adequately and promptly may lead to escalation through binding requirements or enforcement measures.
- The initiative responds partly to the growing volume of outstanding supervisory measures. By end-2025, significant institutions had approximately **12,000 open measures**, averaging around 100 per bank and spanning a wide range of severity. The ECB's **tiered approach**, introduced in 2025, simplified follow-up for low-severity findings by removing documentation requirements and allowing banks to close measures once addressed without additional supervisory scrutiny. This contributed to progress: during 2025, measures closed exceeded measures created by **1,200**, while the outstanding stock declined by a further **600 during 2026**.
- From **October 2026**, the ECB will conduct a one-off "**refocusing exercise**" covering the existing stock of outstanding findings and measures. Supervisors will assess measures according to severity, age, prudential relevance, remediation status and the likelihood of requiring further intervention. Findings with limited prudential relevance may receive simplified follow-up or be discontinued, enabling supervisory resources and banks' remediation efforts to concentrate on deficiencies presenting the greatest prudential risks.
- Several simplifications will become part of the ECB's standard supervisory approach. For **internal models**, banks will no longer need to submit internal audit or internal validation verification for low-severity measures. Supervisors will also become more selective when generating new low-severity measures. Enhanced governance, monitoring and lifecycle-tracking tools are intended to promote consistency across Joint Supervisory Teams.