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EUROPEAN BANKING UNION SINGLE RESOLUTION MECHANISM – ITS PRESENT STATE AND DEVELOPMENT POTENTIAL

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Abstract. *Since its start in 2015, Single Resolution Mechanism (SRM) came a long way from fragile framework to the presently rather important mandate within the European banking sector. By the same token, impact and modus operandi of the European Banking Union (EBU) have progressed considerably so that national authorities (NRAs) nowadays closely cooperate with the Single Resolution Body (SRB). EBU itself was established in 2014 as a key part of the economic and monetary Union. SRB is empowered to ensure effective functioning of the SRM. Its objective is to strengthen the integration within the Banking Union and to implement the strategy for the next five years, called SRM Vision 2028. This document focuses mainly on resolution planning system's resilience in the face of the crisis, crisis management and regular testing of emergency plans and procedures. It also covers governance, organisation and digital transformation. Finally, it encourages recruiting, professional development and inclusion of talented human resources. The implementation of this strategy will provide an established agency, together with NRAs, capable of withstanding evolving challenges. The aim of this paper is to offer closer insight in the SRM development outcome, its effectiveness and the areas covered by the strategy and its further work. The authors highlight the complex structure and legal framework of the SRM and the importance of the newly adopted strategic documents for the future effective functioning of the EBU.*

Keywords: *European Banking Union, bank resolution, Single Resolution Mechanism, Single Resolution Body, E(M)U.*

Introduction

The Single Resolution Mechanism and Single Resolution Board (hereinafter: SRB) were established by Regulation (EU) No 806/2014 of the European Parliament and of the Council on July 15th, 2014, thereby establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms under the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (hereinafter: SRMR). Before that, in October 2011 the G20 adopted „Key Attributes for Effective Resolution Regimes“ for the Financial Stability Board (FSB) (Financial Stability Board (FSB), Key Attributes for Effective Resolution Regimes for Financial Institutions, 2011). The EU Parliament and Council adopted in May 2014 the Bank Recovery and Resolution Directive 2014/59 (EU BRR Directive 2014/59). Since 1 January 2015, SRB represents the central resolution authority within the European Banking Union. It has its seat in Brussels and has around 400 employees. From 2016 it renders

decisions and measures on bank resolution. In cooperation with National Resolution Authorities of the member states, the EU Commission, and the Council of the European Union, it composes the Single Resolution Mechanism. The cooperation with NRAs is regulated by the Cooperation Framework Agreement (CoFra) (Decision of the Single Resolution Board on Cooperation Framework Agreement (SRB/PS/2018/15)). Within the Banking Union and outside, it provides an orderly resolution of failing banks with minimum impact on the real economy, the financial system, and the public finances. It also works on preventive resolution planning and strengthens the bank resolvability. Thus, it prevents possible negative influence of a financial crisis on macroeconomic stability and preserves prosperity of the EU and social welfare of its citizens. Unavoidably, SRM closely cooperates with the Single Supervisory Mechanism (hereinafter: SSM). Besides, SRM remains in coordination with other institutions as well as national authorities outside E(B)U.

There are three pillars of the European Bank Union: Single Resolution Mechanism (SRM), Single Supervisory Mechanism (SSM) and Harmonised Deposit Guarantee Scheme (DGS) (European central Bank, Banking Supervision). Their common objective is to provide a secured uninterrupted financial intermediation in the EBU. The objective of the Single Resolution Mechanism is to provide or approve sustainable, level-playing field resolution packages for too-big-to-fail banks and cross-border groups. The Single Supervisory Mechanism formulates and maintains a single supervision procedure of significant banks operating in European theatre. The Deposit Guarantee Scheme has a task of establishing the single deposit guarantee arrangement and equal protection of all deposit(or)s. Until now, there is no unanimity on implementation of the European Deposit Insurance Scheme (EDIS).

The establishing of the SRM was necessary because usual insolvency proceedings were not adapted for all banks failures and the effects of the bank failures can spread far beyond the national borders (Đurić et al., 2018, p. 131). That was especially the case since they provided no protection of critical functions nor financial stability ("too big to fail"). However, resolution is no liquidation, but planned restructuring of the bank. Therefore, bank resolution rules represent one of the most important segments of the EBU. The objective of these rules is to ensure the continuity of critical functions and to avoid more pronounced negative spillovers on the financial stability, through prevention of infection of market infrastructure, maintenance of the market discipline, protection of public funds through lower use of extraordinary financial support from public funds, protection of depositors and investors, protection of client funds and client assets.

Methodology

The methodology in this paper is based on a normative approach to the EU legislation in force and its implementing documents and strategic policies for securing the banking sector withing the EBU and beyond. This paper analysis the present state and development in the near future of the European Banking Union Single Resolution Mechanism. In the first part, authors analyse the general legal framework of the SRM. In the second part, competences of the SRB and its interference with NRAs will be discussed. Further will be presented the process of the decision-making in the SRB. As an important part of the SRM in the case of crisis, Single Resolution Fund will be observed. Also, further developments of the SRM will be analysed. In the final part, the objectives of the SRM Vision will be presented.

Competences Within the Framework of Single Resolution

The SRM functions under the following rules: EU Capital Requirements Regulation (CRR) 575/2013, EU Capital Requirements Directive (CRD) 36/2013 (EU CR Regulation 575/2013), EU Bank Recovery and Resolution Directive (BRRD) 59/2014 and the EU Directive on national deposit guarantee schemes 49/2014

(EU Directive 2013/36 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms). However, the main duties of the SRB are set by the SRM Regulation 1093/2010 (Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund). SRM consists of Board which is competent for the single resolution SRB. Its competences are set by the Art. 7 al. 2 of the SRMR. SRB is a resolution body for all credit institutions under the supervision of the ECB, marked as “significant institutes” or SIs, and for cross-border groups. As centralized institution, SRB has resolution prerogatives and is responsible for effective and consistent functioning of the SRM. Other (residual) banks still remain under the jurisdiction of NRAs. Finally, SRB manages Single Resolution Fund (hereinafter: SRF), which provides efficient implementation of resolution instruments.

In the meantime, in November 2015 the FSB adopted decision on Total Loss-Absorbing Capacity (TLAC) Principles and Term Sheet (Financial Stability Board, Principles on Loss-absorbing and Recapitalisation Capacity of G-SIBs in Resolution, Total Loss-absorbing Capacity (TLAC) Term Sheet, November 2015). It was followed by the reform of Resolution regimes through Risk Reduction Measure Package (BRRD II, SRMR II und CRR II). Amendments and extension of the CMDI-Review (Crisis Management and Deposit Insurance Review) is planned.

Since it serves and represents a substantial benefit for the EU internal market, the EU Parliament and Council established the SRB as an agency on exceptional legal basis (Gulija & Singh, 2021, p. 14-15). The SRB as Resolution Authority is competent for institutions which are labelled as significant (SSM-Banks) or which have cross-border activity. Besides that, the SRB is empowered to take the competence from NRA under specific circumstances as a resolution authority. For all other institutions are NRA competent authority and they implement the decisions of the SRB on the national level in accordance with the national law. The NRAs are competent as supervision authority for determining of the failure of the banks under national supervision. They also provide Information and Consultation by resolution plan. The European Central Bank determines the failure of the SSM Banks. It provides information and consultation in case of failure of bigger banks in the EBU member states. The EU Commission and Council are competent for involvement in decision-making process in case of resolution (public interest and using SRF). Finally, European Bank Authority (EBA) and Financial Stability Board (FSB) are in charge for cooperation on further development of principles, guidelines and standards. However, the established framework is criticized by some authors as ineffective, while resolution funds are considered as insufficiently available and requirements for own funds and eligible liabilities as relatively high (Asimakopoulos & Howarth, 2022, p. 264).

National Resolution Authorities in EU member states cooperating with the SRB are: in Austria Finanzmarktaufsicht (Financial Market Supervision Authority), in Bulgaria – Българска Народна Банка (Bulgarian National Bank and Комисия за финансов надзор (Financial Supervision Commission), in Belgium Nationale Bank van België/Banque Nationale de Belgique, in Cyprus Κεντρική Τράπεζα της Κύπρου (Central Bank of Cyprus), in Germany Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervision Authority), in Greece Τράπεζα της Ελλάδος (Bank of Greece), in Spain Fondo de Reestructuración Ordenada Bancaria (Executive Resolution Authority) and Banco de España (Bank of Spain), in Estonia Finantsinspektion (Financial Inspection), in Finland Rahoitusvakausvirasto (Financial Stability Authority), in France Autorité de contrôle prudentiel et de résolution (Prudential Supervision and Resolution Authority), in Croatia Hrvatska Narodna Banka (Croatian National Bank), in Ireland Banc Ceannaisnäh Eireann (Central Bank of Ireland), in Italy Banca d'Italia (Bank of Italy), in Lithuania Lietuvos Bankas (Central Bank of Lithuania), in Luxembourg Commission de Surveillance du Secteur Financier (Commission for Supervision of the Financial Sector), in Latvia Latvijas Banka (Central Bank of Latvia), in Malta Awtorità għas-Servizzi Finanzjarjita' Malta (Malta

Financial Services Authority), in Netherlands De Nederlandsche Bank (Central Bank of the Netherlands), in Portugal Banco de Portugal (Central Bank of Portugal), in Slovakia Národná banka Slovenska (National Bank of Slovakia) (Single Resolution Board, National Resolution Authorities).

The SRB is empowered to perform the assessment of resolution strategy proposed by the bank. It controls the effectiveness, time-frame, identification of impediments in its implementation as well as the credibility of the strategy proposed, its impact on the financial system and real economy in the EU member states and continuity of critical functions of the banks. If it determines the substantive impediments to the strategy motioned by the bank, the “proportionate and targeted measures” may be required by the SRB to remove them (Single Resolution Board, Expectations for Banks, 2020, p. 6). These measures may call for additional information at the more benign end of the spectrum all the way to the cessation of activities.

Decision-Making in the SRB

The SRB makes decisions both in executive and in plenary session. Participants in executive session are the members of the Board, president and four other full-time employees. The decisions are taken by means of simple majority. Their main tasks are to prepare all decisions for plenary sessions, to approve all decisions for implementation of SRMR, unless otherwise is foreseen, to produce and to decide on resolution plans, to implement simplified claims (proportionality), to determinate MREL, and to produce and submit resolution concepts. The SRB may also hold the session in special format – as extended executive session. In that case, participants are members of the executive session, the representatives of the national resolution authority of the concerned bank and representatives of the national resolution authority of the non-BU member states as observers. Extended Executive session makes decisions on a single bank. At this point, as a very important emerges the question, whether the EBU Member States have discretion right on determining the tool and the outcome of the bank crisis (Busch et al., 2019, p. 577-615).

The objective is to reach the decision by unanimity between SRB Presidency and national resolution authorities with right to vote. In case of dissent, the decision will be made by the SRB Presidency. Plenary session is composed of the members of the Board and representatives of each EBU member state. It renders decisions with simple majority and is competent for general decisions, ordinary business, year budget and decisions on using of the SRF over the specific limit. In cases where the amount provided by the SRF exceeds 5 billion euros for the resolution scheme, each plenary session member is authorised to require decision to be rendered in the plenary session, whereby 30 % of contributors represent a simple majority (Wiggins et al., 2019, p. 136-137). The working language between SRB and NRAs is English. SRB has its Internal Resolution Team. IRTs are responsible for preparing resolution plans for banks under the SRB’s remit. SRB and NRAs work together in IRTs comparable to JSTs (Joint Supervisory Teams). CoFra regulates different cooperation documents that are drawn up between SRB and NRAs (Decision of the Single Resolution Board on Cooperation Framework Agreement (SRB/PS/2018/15)).

Tasks for companies under the direct responsibility of the SRB are processed with those national resolution authorities in which the company has a parent, a subsidiary or even just a branch. Depending on the form of the requirement, the creation, decision-making and compliance vary. Types of documents rendered by SRB include guidelines and general instructions, warnings and specific instructions. Guidelines and general instructions are aimed at the national resolution authorities and are intended to more precisely regulate the tasks and resolution decisions that are made by the national resolution authorities. Guidance notes are internal SRB documents that the IRTs use in their work for companies under the direct responsibility of the SRB. Warnings can be issued by the SRB if, in the SRB's opinion, national resolution authorities do not comply with the SRM Regulation or general instructions in the course of their direct responsibility for

companies. In the SRB's opinion, companies do not comply with the SRM Regulation or general instructions. Specific instructions, on the other hand, are decisions of the SRB that are issued by the national resolution authorities in accordance with the SRM Regulation implemented largely without any discretion, e.g.: MREL decision (Tröger, 2019, p. 70-72. Single Resolution Board, Minimum Requirement for Own Funds and Eligible Liabilities, 2023, p. 11).

Single Resolution Fund

Single Resolution Fund is established to provide funds for purposes such as: to guarantee the assets or the liabilities of the institution under resolution; to make loans to or to purchase assets of the institution under resolution; to make contributions to a bridge institution and an asset management vehicle; to make a contribution to the institution under resolution instead of the write-down or conversion of liabilities of certain creditors under specific conditions; and to pay compensation to shareholders or creditors who incurred greater losses than under normal insolvency proceedings. SRF may not directly be used for absorbing of loss or for recapitalisation of institutions at hand.

In cases where an eligible liability or a category of eligible liabilities is completely or partially excluded from bail-in, a contribution from SRF to the institution in the resolution can be provided. It requires that two conditions are met: the owner and creditors of the institution have before a contribution a minimum of 8% TLOF given and the use of SRF has to be limited to the maximum 5% of the sum in the balance sheet of the institution in resolution. In case that the funds are paid from SRF, they have to be recompensated through national contribution (Single Resolution Board, Single Resolution Fund).

Its first potential use in the case of bank resolution in the euro area (Banco Popular Español) was avoided since the business was sold (Lupinu, 2020, p. 16).

Further Development

Over the past nine years, organisational construction of the SRB as a decentralised agency has been completed with tight cooperation between SRB and NRAs. SRB contributed to a creation of a stable and crisis-resistant European banking system. Faced with emerging challenges, such as failures of the bank Credit Suisse and Silicon Valley Bank in 2023 (Harding, 2023), SRM established itself as robust pillar against both present and future developments risks. In the meantime, it set 12-month resolution planning cycle, which increased resolvability level of the banks within the EBU with provided minimum requirements for own funds and eligible liabilities (MREL), thereby having secured effective cross-border cooperation. The EU bank resolution framework relies on MREL, although their issuing proved itself as very difficult for many banks (Asimakopoulos & Howarth, 2022, p. 276). One of the main focuses of the aforementioned workload is achieving the banks' preparedness for potential resolution. Under its management, SRF collected required national contributions (1%). Reaching 78 billion EUR and in this year no contribution will be needed (Single Resolution Board, Single Resolution Fund).

Within the SRM framework and together with NRAs, the SRB develops strategic and policy documents for bank resolution. The most important are Expectations for banks, MREL policy, operational guidance, and playbooks. One of the main resolvability principles is "working together". Banks must develop the resolution plan and crisis management. Moreover, the SRB may require banks to assist it in the drawing up and updating of resolution plans (Single Resolution Board, Expectations for Banks, p. 6). An important part is also the sound risk management process in banks (Abramovic et al., 2021, p. 45-46).

SRM has as its mission to promote financial stability and to protect the taxpayer. Its values are EU Spirit,

Respect, Professionalism, Transparency. The EU Spirit emphasizes the following: 1) to be driven by the European project and its highest values of peace, freedom and democracy, 2) to embrace teamwork and diversity of opinions, 3) to consider the impact of the SRM and industry actions on economy, people and the environment and 4) to act free of undue influence in pursuance of the SRM mandate, subject to being held accountable for own acts and decisions (Single Resolution Board, SRM Vision 2028, February 2024, p. 11). Under respect SRM values understands: 1) promotion of diversity and inclusion in all aspects, 2) prevention of any form of discrimination on the basis of sex, racial, ethnic or nationality origin, religion or belief, disability, age or sexual orientation, or any other grounds and 3) acknowledgement of others' contributions and achievements, promotion of merit-based culture (Single Resolution Board, SRM Vision 2028, 2024, p. 12). Within the value of professionalism, SRM strives: 1) to deliver the tasks in an excellent, flexible and efficient way, in keeping with the SRM mandate, ensuring the preservation of financial stability and protection of critical functions in the EBU, 2) to behave according to the highest standards of accountability and integrity, 3) to be loyal and driven by the need to maintain the SRM's good reputation and 4) to be open to innovation and not fearing to fail in order to succeed, while defining the appropriate risk appetite to respond in a timely way to emerging threats. Finally, transparency imposes expectations 1) to share information in a timely, secure and meaningful way, including all relevant internal and external stakeholders, 2) to substantiate its decisions and actions, so stakeholders are able to understand SRM's decisions and how these contribute to the delivery of SRM's tasks and 3) to consult the relevant stakeholders in a spirit of efficient information sharing, while preserving the necessary confidentiality (Single Resolution Board, SRM Vision 2028, 2024, p. 12).

However, there is still place for improvement especially in eliminating uncertainty about an institution's solvency, ensuring that resolution requires effective valuation, clearer treatment of creditors in resolution and encouraging creditors to out-of-resolution agreements through credible bail-in tools (McNamara et al., 2024, p. 28).

SRM Vision 2028

In February 2024, SRB adopted an important strategic document for its future endeavours. This document is entitled the "SRM Vision 2028" and set the SRB objectives for providing financial stability through resolution planning and crisis management. The main areas covered by the SRM Vision 2028 are: 1) core business, 2) governance, organisation and tools and 3) human resources. For each area, specific actions and potential measurements are foreseen.

The "SRM Vision 2028" set as the SRB's main focus the resolution planning to crisis readiness, placing resolvability and operationalisation of resolution plans at the core of the SRM's work. Since the resolution and insolvency law are deeply interconnected, all resolution instruments rely on respective national insolvency legislation. The resolution planning supports the principle of development of the global "rescue culture" (Didea & Ilie, 2018, p. 1-16). It will be realized by SRB and other authorities through regular testing on just how the existing resolution plans work in practice. This should strengthen the capabilities of the SRM as a framework to respond to a crisis. Also, more visits of the bank's premises in on-site inspections by the SRB staff and deep controls of bank organization regarding resolvability will be performed. For strengthening the SRM integration, enhanced coordination in the resolution planning process and testing will be realized, as well as support to development of consistent SRM policies and communication.

In the area of core business following measures are foreseen: 1) continuous crisis preparedness and management, 2) crisis-oriented resolution planning and resolvability and 3) SRM as reference in resolution.

Within the core business area, the continuous crisis preparedness and management lies at the centre

of the SRM mandate the SRB has decided to establish a new comprehensive crisis readiness approach. It sets the following actions for the period to come a) to revamp the centralised crisis management function and prepare for evolving threats, b) to develop tools for the operationalisation of resolution strategies and c) to develop a comprehensive approach to crisis readiness. These crises may be caused not only by financial factors but other as well, since banks become more vulnerable with the technological progress (Butcovan & Ivan, 2023, p. 30-31). The result of these actions should be measured through: a) percentage of implementation of lessons learned from dry runs and crisis cases, b) satisfaction level of participants in dry runs and simulations and c) percentage of addressed activities and recommendations from mitigation action plans for identified new threats (Single Resolution Board, SRM Vision 2028, 2024, p. 14-25).

Further, SRM Vision 2028 provides a crisis-oriented resolution planning and resolvability. This will require the simplification of the Resolution Planning Cycle and operationalisation of resolution plans to make it more efficient and better focused on the most important issues around resolvability and crisis preparedness. Therefore, the SRB will adapt the methodology for resolvability assessment to ensure that banks' resolvability capabilities continue to be in place and are updated over time, while also incorporating a more risk-based approach. This will strengthen further our capability to deploy the tools provided for in the SRMR (Single Resolution Board, SRM Vision 2028, 2024, p. 14-18). By following this objective, the implementation of the SRM Vision will provide support the further constructive certainty, respect the market, maintain the continuity of the bank services and look after liquidity (European Bank Resolution: Making it work, 2016, p. 34-35).

For reaching this objective, following actions are foreseen: a) to revamp the annual Resolution Planning Cycle and ensure resolution plans are fully actionable in resolution, b) to ensure banks' resolvability and develop a comprehensive plan for resolvability testing and c) to enhance capabilities for launching enforcement action to remove substantive impediments. Their outcome should be measured through: a) index of overall progress of banks' resolvability, b) percentage of deep dives carried out as planned, following coverage criteria and c) percentage of implementation of OSI recommendations (Single Resolution Board, SRM Vision 2028, 2024, p. 14-18).

Finally, within the business core area, SRM is planned as a reference in resolution. It is crucial to continue demonstrating the role of the SRM as a centre of expertise for resolution issues within the EBU. The SRM will be engaged with the production of specialised materials and the facilitation of discussion on resolution topics, including engagement with academia (Refrigeri & Manolescu, 2022, p. 57-64). The SRB, together with the NRAs, will also reach out to facilitate the understanding of resolution topics to more general audiences, thus further increasing the credibility of the system and therefore contributing to financial stability (Howarth & Schild, 2020, p. 6). SRM will work to have an open external dialogue and close collaboration with stakeholders, both inside and outside the EBU. This should establish a fully-fledged knowledge management function (Single Resolution Board, SRM Vision 2028, 2024, p. 14-18).

For this purpose, following actions should be undertaken: a) develop a knowledge management function for the SRM, b) demonstrate SRM's leadership in the resolution field and c) strengthen cooperation with EU bodies, and develop closer relations with third countries. Their effect should be measured by: a) adoption rate of knowledge management tools, b) audience outreach and c) stakeholder perception survey results.

In the area of governance, organisation and tools, following matters are covered by the SRM Vision 2028: 1) strengthening governance and streamlined structure, 2) strong and positive organisational culture and values and 3) digital transformation and use of best-practice technologies. The actions provided for this are: a) to streamline decision-making and increase efficiency of internal structures and processes, b) to streamline and update current organisational structure and c) to increase SRM integration (Ebner &

Westhoff, 2024). These actions should be measured by: a) average duration of decision-making processes, b) index of alignment of work programmes and c) coverage of methodology topics developed by joint NRA-SRB working groups.

Governance and organisation covers also a strong and positive organisational culture and values within the SRM. Environmental, social and economic sustainability are also important to deliver on the SRM mandate (McNamara, Mott et al. 2024, p. 22). In this section, it is provided: a) to establish managerial practices based on trust and shared values and foster a positive SRM culture and b) to promote sustainability within the SRB work. Potential measurements should be performed through: a) staff engagement survey indicators on engagement and work environment and b) carbon footprint (Single Resolution Board, SRM Vision 2028, 2024, p. 18-21).

Important matter for governance, organisation and tools are digital transformation and use of best-practice technologies as well (Hopt, 2021, p. 23-28). The SRB will use best-practice technologies and tools in its core processes. It already works towards an effective data management framework. Therefore, following actions are foreseen: a) to enable the SRB's digital transformation and b) to reinforce the SRM's and SRB's data capabilities. They should be assessed by: a) business alignment index and b) data management framework coverage (Single Resolution Board, SRM Vision 2028, 2024, p. 18-21).

The SRM Vision 2028 sets objectives in the area of human resources. It emphasizes 1) motivated and professional pool of talent, 2) learning and development and 3) increased focus on diversity and inclusion. For maintaining and developing motivated and professional pool of talent, it is necessary to ensure recruiting and retaining talented and motivated staff within the institution. The impact of investment in human resources is marked as vital in the general development and performance of any financial institution irrespective of technological progress (Rahman & Akhter, 2021). Therefore, it is important to: a) to develop a comprehensive internal and external mobility programme and b) to strengthen career development. The potential measurements should be performed through: a) staff turnover, b) percentage of vacant posts filled in internally and c) number of external mobilities (Single Resolution Board, SRM Vision 2028, 2024, p. 22-25).

Further, learning and development should be realised through effective training. It is important to revamp the SRM learning and development programme and develop initiatives to complement formal training. The effectiveness should be measured by: a) satisfaction rates on training and development offer and b) participation rate in development initiatives. This should provide the banks with competent personal required for performing serious tasks (Refrigeri & Manolescu, 2022, p. 59-60).

Finally, focus on diversity and inclusions key EU values should be increased. This should be achieved by developing and implementation a gender action plan and other diversity and inclusion measures. The effect of these measures should be proved by: a) gender ratios and b) staff engagement survey on diversity and belonging.

This key work is underpinned by some cross-cutting topics across the different objectives: transition of the SRB from its building up phase to becoming an established agency, the participation of the NRAs in the work of the SRM is a key topic, need to harness the potential of an ever more rapidly evolving world around us and take a longer-term perspective of the SRB's work (Single Resolution Board, SRM Vision 2028, 2024, p. 27).

All above presented objectives of the SMR Vision 2028 objectives for providing financial stability through resolution planning and crisis management appear to be high set and ambitious. Therefore, their reaching will require continuous monitoring and risk analysis.

Conclusion

EBU SRM introduced coordinated and harmonised proceedings for resolving failing banks on the EU level. Supported by the BRRD resolution instruments, SRM provided tools for an early reaction to the crisis and ensured continuity of critical and economic functions with minimised impact on the economy and financial system. At the moment of the establishment of the SRM in 2015, the world economy was faced with the periodical financial crisis which threatened its stability. The EU decided to introduce the framework which will provide stronger control of the banking sector, preserve the financial stability of the EBU members states and beyond and protect the money of the taxpayers.

For this purpose, the SRB was empowered to keep proper and effective functioning of the SRM. This meant that EBU Member States had to cede their entire right in decision making on bank resolution to the SRB. By 2024, the SRB became strong positioned EBU agency. For the case of crisis, a special Fund SRF is created. It reached in the year 2023 the targeted level of contributions for the amount of covered deposits of credit institutions, which might be used to for the efficient application of resolution tools in case of resolving failing banks. However, the SRM was criticised as ineffective, insufficiently available and complex. Above all, the decision-making of the SRB will surely need to be revised and simplified. This is the consequence of the fact that SRM functions as supranational as well as intergovernmental framework. That was the reason for inquiries how single the SRB truly is. Despite its complex structure the SRM proved itself as resilient in the practice.

The most recent bank failures proved importance of its existence. Moreover, it ensured equal treating of all EU creditors the same way (especially “no creditor worse off principle”) and facilitated cross-border bank resolution. For further development, the SRB prepared the strategy SRM Vision 2028. This document set important objectives in the area of core business, governance, organisation and tools and human resources. Although these objectives appear to be very ambitious, their fulfilment will certainly strengthen the existing framework and provide it with important capacities. To reach the objectives set by the SRM Vision 2028 continuous monitoring and risk analysis will be required. It is important to measure identified key indicators, to provide necessary information for further activities, reviews and adjustments of the policy. Before the SRM stands a big work on implementation of the strategy. Since the SRM proved itself in the practice as a stable and robust framework confronted with the crisis situations, it can be expected that further development and implementation of strategy and other policy documents will not face bigger obstacles. In that sense, recent political statements of the Eurogroup encourage such a conclusion.

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