Banking Union – annual report 2024

2024/2055(INI) - 08/05/2025 - Text adopted by Parliament, single reading

The European Parliament adopted by 345 votes to 135, with 62 abstentions, a resolution on the banking union - annual report 2024.

The objective of the Banking Union is to preserve the stability of the European banking sector and prevent the need to bail out failing banks with taxpayers' money. A strong and diversified banking sector is essential for economic growth, increasing home ownership opportunities, promoting investment and job creation, financing small and medium-sized enterprises (SMEs) and start-ups, and the transition to a green and digital economy.

General observations

While acknowledging the progress made over the past ten years through the establishment of the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM), Members stressed that the banking union will not be complete without the establishment of its third pillar, the European Deposit Insurance Scheme.

According to the resolution, completing the Banking Union would be a **positive step forward for EU citizens and the economy**, improving the competitiveness and stability of the banking sector, reducing systemic risk, improving supply and choice for consumers, and expanding cross-border banking opportunities, thereby facilitating access to finance for households and businesses. The Commission is called upon to ensure that completing the Banking Union and the Capital Markets Union remains a **key priority**.

The resolution stressed the need to ensure the stability of deposits and underlined that cyber resilience is a key element of the competitiveness of the Union's banking sector.

Members regretted that the ability of EU banks to finance major investments is limited by **lower profitability**, which is insufficient to ensure their competitiveness. They called for a review of the regulatory framework with a view to streamlining it and stressed the need to find **proportionate solutions** that take into account the specific nature of the EU banking system (which includes a large number of small banks), without undermining financial stability.

Deploring the fact that the cross-border activity of EU banks is still quite limited, particularly in terms of granting credit, Members believe that it is important to complete the banking union in order to defend the **free movement of capital** within a fully integrated single market.

The Commission is invited to:

- assess the need to develop targeted frameworks within the banking union to improve access to finance for **SMEs** and start-ups;

- further examine whether the creation of a **separate jurisdiction** for Union banks with significant cross-border operations could contribute to the completion of the banking union or whether it would intensify the fragmentation of the banking sector;

- focus on aspects that contribute to achieving the goals of **digitalisation**, modernisation, simplification, streamlining and increased competitiveness.

While noting the progress made by the ECB on the **digital euro**, Members recalled that the digital euro should complement, not replace, cash and that the decision on whether or not to introduce a digital euro is a political decision to be taken by the Union co-legislators.

Financial institutions are called on to regularly update their **diversity and inclusion policies** and private and public entities are invited to address the lack of diversity and gender balance in the management bodies of financial institutions.

Monitoring

Members welcomed the adoption of the banking package incorporating Basel III standards in the EU, while highlighting the current lack of clarity regarding the implementation of Basel III standards in some other jurisdictions and the potential risk for an international level playing field.

The resolution recalled that some Member States have levels of exposure to **non-performing loans** of around 1% or less, while others have levels above 4%. Efforts to reduce European banks' exposure to these types of loans should therefore continue.

Members noted that the banking sector plays a role in supporting the transition to a digital and carbon-neutral economy. They welcomed the idea of **increasing venture capital** and unlocking capital to finance fast-growing businesses in the Union. They also welcomed the establishment of the new Anti-Money Laundering and Countering the Financing of Terrorism Authority and stressed the need to strengthen the resilience of non-bank financial intermediaries, including by creating specific regulatory and supervisory instruments. Crypto assets also require special attention from national supervisory authorities, the SSM, and the European Systemic Risk Board.

Resolution

Members recalled that the position adopted by Parliament in April 2024 on the framework for banking crisis management and deposit insurance aims to ensure a more consistent approach across Member States to the application of resolution tools and deposit protection. The resolution stressed the importance of (i) a proportionate approach for smaller banks, (ii) preserving **shareholders' and creditors' primary responsibility** for bearing losses in the event of a bank's failure, and (iii) a sufficient minimum requirement for own funds and eligible liabilities (**MREL**) to ensure the credibility of the resolution framework. It underlined that resorting to using taxpayers' money must be avoided.

Deposit insurance

The resolution highlighted that the Commission's proposal for a European Deposit Insurance Scheme was published in 2015 and that the situation has evolved considerably since then. The position of its Committee on Economic and Monetary Affairs on a European Deposit Insurance Scheme was adopted in April 2024. This position deviates from the 2015 Commission proposal and adopts a new approach. Members encouraged the Council to **move forward with negotiations** on a European Deposit Insurance Scheme.