

Deloitte Banking Alert

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Single Resolution Board (SRB) Work Programme 2024: What is to be expected?

On the 30th of November, SRB published its Work Programme for the next year, entering 2024 with a new focus on the operationalisation of resolution tools, resolution testing, and crisis readiness to ensure an effective resolvability of banks. The SRB's 2024 Work Programme is set against a backdrop of uncertainty and new challenges. 2023 saw market turmoil in both the US and Switzerland, while within the Banking Union, the inflation rate continues to pose challenges for people and businesses alike, while more recent developments in the Middle-East may also add a new layer of complexity going forward.

Strategic objectives

The current Annual Work Programme 2024 takes account of this ongoing strategic review in 2023, which will culminate with the approval of the new Single Resolution Mechanism strategy in January 2024.

This Annual Work Programme describes on a general level work already contained in the strategy and work being currently discussed in the context of this strategy, as well as the regular SRB operations that are planned to continue in 2024 and throughout the implementation of the new strategy. The 2024 Work Programme consists of the following key objectives:

- **Strategic area #1: Core Business**
 1. **Powerful crisis preparedness and management**
 - Strengthen the Crisis Preparedness and Management Unit (CPMU), set up in 2023 and focus among others on making all resolution tools operational to allow to manage crises effectively.
 - Increase the cooperation with the ECB on data exchange.
 2. **Crisis-oriented resolvability and resolution planning**

- Develop a comprehensive implementation plan for resolvability testing. The resolvability assessment might also influence work in deep dives and other systemically important institutions (OSIs).
- In 2024, the SRB will carry out further deep dives to test the compliance of the difference resolvability dimensions of Expectations for Banks (EfB).
- In 2024, the SRB will develop a methodological framework to support OSIs.

3. Digital transformation and state-of-art technologies

- The SRB will engage with external parties to identify new technologies, drive digital transformation and introduce best-practice technologies.
- Explore the setting up of a data management and intelligence function.

4. Operations that contribute to core business objectives

- Enhance the consistent application of resolution standards among less significant institutions (LSIs) under the responsibility of the National Resolution Authorities (NRAs) and across Member States.
- **Single Resolution Fund:**
 - i. Test the operational steps for the use of the Single Resolution Fund (SRF) in application of the different resolution tools.
 - ii. Verify whether the final target level for the SRF was reached and raise contributions when needed.
- **Resolution Planning:**
 - i. Communicate to banks the key elements of the approved resolution plans, and corresponding MREL decisions to close the 2023 Resolution Planning Cycle.
 - ii. Implementation of the 2024 Resolution Planning Cycle (RPC): next to bank-specific priorities, the common priorities will be the testing the valuation capabilities and liquidity and funding in resolution.
 - iii. Preparation of the priority letters for banks to introduce the 2025 RPC (as from April 2025).
- Continue monitoring the adherence of MREL to individual targets becoming binding for most banks on 1/1/24, prevent and address breaches.
- Development and dissemination of SRB policies in the area of resolvability assessment, liquidity & funding in resolution, separability, SPE, MREL, operational continuity (and ensure alignment with DORA), solvent wind down of trading books, testing of resolvability capabilities under a multi-annual work programme, Public Interest Assessment. In line with the ongoing work on digitalization, the SRB will increase data-sharing with national authorities and EU bodies such as ECB and European Supervisory Bodies.

- **Strategic area #2: Governance, organisation and tools**

- 1. Strengthened governance and streamlined structure**

- Enhanced transparency and streamlining of the decision-making processes, supported by a repository of documents at SRB and NRA level and an integrated approach for knowledge management, external communication and stakeholder management.
- Revise and potentially define a new SRB organization structure in response to the increase focus on testing and operationalisation of the resolution tools, be flexible to respond to national specificities and take better advantage of NRA expertise.
- Active involvement of NRAs to foster innovation, collaboration and strategic alignment.
- Explore working modalities between SRB and NRA staff to foster a more dynamic and collaborative working environment.

- 2. Strong and positive organizational culture and values**

- Reinforce managerial practices that promote trust and shared values.
- Provide tools and working arrangements for staff in the SRB and the NRAs that deliver optimal performance conditions.
- Strengthen work in terms of sustainability and integrate sustainability at the SRB core business.

- 3. SRM as a reference in resolution field**

- Strengthen its knowledge management and enhance cooperation with NRAs, academia and other resolution authorities.
- Reinforce presence in public events.
- Revisit the approach to industry dialogues and exchanges with banks.

- 4. Open external dialogue and close collaboration**

- Strengthen further the relationships with a variety of stakeholders.
- Engage closely on regulatory and policy issues, with a priority topic to be the review of the CMDI framework. Continue work on technical standards and the SRB implementation of DORA and the Regulation on Markets of Crypto Assets.

- **Strategic area #3: human resources**

- Strengthen its policies for internal and external mobility and support staff development to have a motivated, diverse and professional pool of talent.
- Strengthen learning & development, in close collaboration with the NRAs.
- Increased focus on diversity and inclusion.

Conclusions

During 2024, the SRB will contribute especially to some key external regulatory topics that directly affect its mandate, one of them being the review of the Crisis management and deposit insurance (CMDI) framework, which is of key importance for the resolution framework in the Banking Union. In addition to the above-mentioned objectives, the year 2024 will see the deepening of the cooperation between the SRB and the ECB, starting with staff exchanges. In 2024, the SRB will increase its level of engagement with the industry, with international partners and stakeholders through the Commission-led dialogues and international bodies such as the Financial Stability Board (FSB), as well as with the academic and legal communities.

For further questions regarding the aspects mentioned in this alert, please don't hesitate to contact us:



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Sources:

<https://www.srb.europa.eu/system/files/media/document/SRB-Work-Programme-2024-final%20web.pdf>