

EBF Board Highlights | 22 May 2026



Bridging the gap: Enabling European banks to meet Europe's growing investment needs

Limassol, Cyprus, 22 May 2026 – Within the next five years, Europe will need to fill an annual investment gap that is currently estimated at EUR 1.4 trillion. European banks stand ready to play a key role in this respect if empowered to do so. The European Banking Federation (EBF) **Board** met today to discuss how the key conditions can be created to fulfil this essential role in the most effective way. The discussion focused on three central themes: Capital, resilience and integration. The conclusion was that a wake-up call is needed to ensure decisive, conclusive action now.

The Board, based on the preliminary findings of a new, fact-based study on the competitiveness of European banks by **Oliver Wyman**, which is expected to be published in June 2026, discussed and concluded that meeting Europe's investment financing needs will require a **better balance between capital, resilience and growth**, and a shift away from excessive risk aversion towards a more appropriate level of risk appetite.

If regulation and supervision are the medicine to safeguard the health of the European financial system, determining and adjusting the right dosage is essential for long-term prosperity and growth in Europe.

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EBF President Slawomir Krupa stated: *"it is not too late, but it is very late. We need to broaden our focus from resilience to competitiveness. Competitiveness starts with resilience, but then it requires proper risk taking and proper risk management to support investment and growth which are the only ultimate prosperity and resilience factors. We need to enact deep changes reflecting our strategic priorities for Europe's growth and sovereignty and translate these choices into concrete technical changes in regulation and supervision. European banks stand ready to partner and support all the European individuals, corporates and authorities in addressing the most pressing challenges of our times".*

Balancing capital requirements and growth in Europe

The EBF Board discussed and highlighted that, since the 2008 financial crisis, the EU's financial regulatory architecture and the continuous efforts of the banks have ensured that European banks are well-capitalized and widely acknowledged as resilient.

Meanwhile, the capital requirements continue to be increased, with the current capital requirements' structure that applies to European banks consisting of accumulated and overlapping layers and buffers on a European level, with – in addition – a multitude of national capital add-ons.

The problem of these overlapping and increasing requirements, the Board discussed, is that capital planning has become a conundrum for EU banks. For a representative cross-section of European banks, the supervisory capital add-ons equal 91% of the retained earnings in the 2022-2024 period, limiting the capital generated available for further lending to just 9%. The Board observed **that the lending capacity of European banks is increasingly constrained by supervisors' discretionary capital requirements.**

The Board concluded that, based on these new insights, **the urgency has further increased to collaborate towards a fundamental and accelerated simplification of the European regulatory and supervisory framework to allow banks to increase their contribution to bridging the gap of Europe's increasing investment requirements.**

Digital euro and the future of payments in Europe

The Board took note of the rapid progress in legislative negotiations on the digital euro and the ECB's ongoing work. Board members noted that a **carefully sequenced, phased implementation process is the most effective means of mitigating the risks of a full-scale launch** – safeguarding trust, ensuring operational readiness, and laying the groundwork for a digital euro that works for all stakeholders from the outset.

Board members also highlighted that **European banks have a strong track record in collaborating and delivering results in the area of digital payments, thus providing a solid foundation and valuable assets to support resilient and autonomous retail payment systems**, such as the SEPA instant payments scheme (SCT Inst). Leveraging the SCT Inst scheme, a range of domestic and regional account-to-account (A2A) mobile payment solutions are working together to provide competitive and innovative pan-European payments for all main use cases, through interoperability of the payment experience across European countries. In this respect, the Board emphasizes the importance to **reuse established and proven European standards governing private digital means of payment.** Such an approach would be **mutually beneficial** for both public and private sector stakeholders. and would underpin the **complementarity between public and private initiatives** in strengthening European payments sovereignty.

It would also have many positive impacts on all relevant stakeholders, payment service providers, merchants and consumers alike.

Finally, the issue of a limit in digital euro holdings continues to be a crucial aspect of the project for banks, as safeguarding bank deposits, is essential for the lending capacity of banks.

The Board concludes that these points should be reflected in the draft legislation establishing the digital euro.

Tech risks

The Board discussed priority aspects of risks related to the use of technology, namely latest developments regarding **frontier AI models** and **digital fraud**. It was noted that effective management of risks stemming from the misuse of AI and the fight against digital fraud call for **increased cooperation and an ecosystem approach**, both at the European and at international levels. Banks, policymakers and supervisors are already engaged in constructive dialogue. The dimension of the broader ecosystem, however, is of particular importance: all entities in the supply chain need to address AI risks; all entities in the fraud chain, including telcos and online platforms, need to act decisively and in a seamless manner to prevent and fight digital fraud.

The discussion also touched upon the current debate on **Europe's technological sovereignty** and the necessity to balance security considerations with fostering vibrant and innovative supply chains that support the competitiveness of European banks. Financial entities need to maintain the ability to manage the underlying operational, cyber and third-party risks associated with sovereignty, through their existing governance and risk management frameworks, consistent with current regulatory requirements and supervisory expectations. Financial entities make long-term technology investments planned over many years. Predictability and regulatory clarity are therefore critical.

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