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# The European Banking Authority (EBA)

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The European Banking Authority (EBA) started work in January 2011.

## The work of the European Banking Authority

- contributing to the development of single regulatory and supervisory standards and practices, and drawing up guidelines, recommendations and drafts for regulations and technical standards for their implementation;
- presenting opinions to the institutions of the European Union;
- helping harmonise the legislation of the European Union, promoting a culture of single supervision, ensuring the harmonised, efficient and effective application of legislation, preventing loopholes in legal standards being abused, reducing and resolving disputes between different authorities, ensuring effective and constant supervision over financial institutions, and helping the unified functioning of colleges of supervisors even in emergencies;
- encouraging and simplifying the delegation of work and duties between authorities.
- working closely with the European Systemic Risk Board, informing the Board of the progress of its work, and making sure the warnings and recommendations of the European Systemic Risk Board are adhered to fully;
- drawing up expert assessments for the various authorities, issuing guidelines and recommendations, and promoting best practice;
- monitoring and assessing market trends within its own area of responsibility, and where necessary trends in lending, especially to households and small and medium-sized enterprises;
- carrying out economic analysis of the markets;
- strengthening protection for depositors and investors;
- participating in ensuring single and constant operation by colleges of supervisors, monitoring systemic risks, making assessments and measurements, developing and coordinating restructuring and liquidation plans, backing high-level protection for depositors and investors across the European Union, and developing rules for resolving problems at financial institutions that have fallen into difficulties.

To do its work, the European Banking Authority has the authority:

- to draft regulatory technical standards;
- to draft technical standards for implementation;
- to issue guidelines and recommendations;

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- to take one-off decisions concerning the work of the responsible authorities;
  - to take one-off decisions concerning the work of financial institutions in response to changes to European Union legislation;
  - to present opinions to the European Parliament, the Council or the Commission;
  - to collect any information needed on financial institutions;
  - to develop a single methodology for assessing the impact of particular product characteristics and sales processes from the perspective of the financial position of financial institutions and consumer protection;
  - to create a centrally accessible database of registered financial institutions.

## **The work of the European Banking Authority in consumer protection and financial activities**

The European banking authority has the lead role in promoting the transparency, simplicity and clarity of financial products and services aimed at consumers in the internal market of the European Union. To do this, it:

- collects and analyses information on consumer trends and writes reports on them;
- reviews and coordinates the initiatives of different authorities in financial literacy and education;
- develops standards for training in finance;
- contributes to the development of common disclosure rules.

The European Banking Authority:

- monitors new and existing types of financial service and can issue guidelines and recommendations to make markets stronger and safer, and harmonises regulatory programmes;
- can issue warnings if some financial activity seriously threatens the aims of supervision;
- hosts a committee on financial innovation where supervisory institutions of all countries are represented. The committee works to harmonise the regulation and supervision of new or innovative financial services and advises the European Banking Authority in its communication with the European Parliament, the Council and the Commission;
- can temporarily ban or restrict activities that threaten the orderly functioning and integrity of financial markets or the stability of the whole financial system or a part of it in the European Union. Where necessary it can also ban or restrict certain financial activities in an emergency;
- can assess the need to prohibit or restrain financial activities. If this need arises, the EBA informs the European Commission so as to facilitate the introduction of limits.

## **Structure**

The European Banking Authority is made up of:

- The Board of Supervisors
- The Management Board
- The Chair
- The Executive Director
- The Board of Appeal.

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The voting members of the Board of Supervisors are the heads of the national supervisory authorities of the member states, who must attend meetings of the Board of Supervisors in person at least twice a year. Each national authority must nominate a high-level alternate member to replace the head of the institution if that person cannot attend a meeting of the Board of Supervisors.

If the authority responsible for supervision of credit institutions in the member states is not the central bank, the head of the responsible authority may be accompanied to meetings by a representative of the central bank, who does not have the right to vote.

**Non-voting members** of the Board of Supervisors are:

- the Chair of the European Banking Authority,
- an observer from the European Commission,
- an observer from the European Central Bank,
- an observer from the European Systemic Risk Board (ESRB),
- an observer from each of the other two European supervisory institutions.

The Board of Supervisors appoints its own Chair. The Board of Supervisors gives instructions for the work of the European Banking Authority, takes decisions, receives opinions and recommendations and issues advice.

The Board of Supervisors also:

- approves the working programme for the European Banking Authority for the next year and for multiple years;
- approves the annual report of its activities at the proposal of the Management Board;
- passes the budget for the institution;
- approves and publishes its internal rules, setting detailed rules for voting, including those for quorums if necessary.

**The Management Board** consists of the Chair and six members of the Board of Supervisors who are chosen from among themselves by voting members of the Board of Supervisors. All the members of the Management Board except the Chair have an alternate member, who replaces the board member if they are unable to attend a meeting.

The Executive Director and the observer from the European Commission attend meetings of the Management Board without the right to vote. An exception to this is that the Commission observer has the right to vote on issues affecting the budget of the institution.

The Management Board is responsible for making sure that the European Banking Authority carries out its responsibilities and tasks. To this end it:

- proposes an annual and multi-year working programme to the Board of Supervisors for approval;
- adopts the authority's staff policy plan and staff regulations;
- sets special conditions covering rights of access to documents of the authority;
- proposes the annual report of the actions of the authority and the work of its Chair, drawing on draft reports;
- approves and publishes its internal rules;
- nominates and removes from office members of the Board of Appeal.

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The European Banking Authority is represented by the Chair. The Chair is a full-time independent specialist who is appointed by the Board of Supervisors after a public competition. After interviewing the candidate chosen by the Board of Supervisors, the European Parliament has the right to present objections to the nomination of that person. As well as appointing the Chair, the Board of Supervisors chooses an alternate member from among its own membership, who will cover the work of the Chair if the Chair is unavailable.

On 1 February 2011, the European Parliament approved the appointment of Andrea Enria as chair of the European banking authority. The Chair is appointed for five years.

The role of the Chair is:

- to take responsibility for preparing the work of the Board of Supervisors;
- to chair meetings of the Board of Supervisors and the Management Board.

The European Parliament and the Council can at any time invite the Chair or the Chair's alternate to give explanations and answer questions put by the Parliament members.

The European Banking Authority is managed by the Executive Director. The Executive Director is a full-time independent specialist who is appointed by the Board of Supervisors after a public competition and confirmation by the European Parliament.

The role of the Executive Director is:

- to manage the running of the European Banking Authority;
- to prepare the work of the Management Board;
- to approve the internal rules and to publish announcements to underpin the functioning of the authority;
- to draft the working programme for the next year and for multiple years;
- to run the implementation of the annual work programme of the authority;
- to draft the preliminary budget for the authority, to manage the use of budgetary resources, and to execute the budget;
- to draft the annual report, one part of which covers the legal and supervisory activities of the authority, while the second part covers financial and administration issues;
- to execute the authority granted over members of staff and to resolve staffing issues.

**The Board of Appeal** is a joint body of the European Supervisory Authorities which has six members and six alternate members, who are independent in their decision-making and must act independently in the public interest.

The Management Board of the European Banking Authority has the right, after consulting with the Board of Supervisors, to nominate two members and two alternates to the Board of Appeal using names from the list submitted by the European Commission.

Every individual has the right to appeal to the Board of Appeal about any decision of the European Supervisory Authorities that affects them. They may also appeal about a decision that concerns another person, but still affects them directly and personally.

An action can be filed with the European Court against a decision of the Board of Appeal.

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## Governance

The highest decision-making body of the European Banking Authority is the Board of Supervisors, which brings together the heads of the national institutions responsible for banking supervision in the member states of the European Union. An observer from the European Commission participates in the work of the Board of Supervisors without the right to vote, as do representatives of the supervisory institutions of Norway and Switzerland.

The Management Board of the authority consists of a Chair and six members appointed by the Board of Supervisors. The Executive Director and the observer from the European Commission attend meetings of the Management Board without the right to vote.

The Chair is a full-time independent specialist with responsibility for preparing the work of the Board of Supervisors and chairing the meetings of the Board of Supervisors and the Management Board. The Board of Supervisors appoints the Chair through a public competition, and the European Parliament may raise objections to the person appointed.

The Executive Director is a full-time independent specialist with responsibility for managing the work of the authority and preparing the work of the Management Board. The Board of Supervisors appoints the Executive Director through a public competition, and the appointment must be approved by the European Parliament.