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From:	Presidency
To:	Permanent Representatives Committee/Council
Subject:	Report on the competitiveness of the banking sector - <i>Exchange of views</i>

I. Introduction

A strong European economy requires resilient and competitive banks, able to support the economy in good times and bad. Over the past decade, banking policy in Europe has often been seen through a technical or regulatory lens and with a singular focus on the resilience of the banking sector. At the current juncture, the fundamental question is much broader: what do we want Europe's banking system to do? Europe's ability to compete in an era of heightened economic and geopolitical rivalry will depend on its ability to invest in strategic priorities, whether this is energy independence, fostering an AI ecosystem imbued with European values, or upgrading infrastructure. Given the high degree of dependency on bank financing for European businesses, this means having a banking sector capable of mobilising savings and channelling capital efficiently across the Union.

If we want Europe to finance its own future, we should ask ourselves honestly whether today's banking landscape is conducive to meeting that level of ambition. The IMF estimates that financial reforms could raise long-term EU GDP by approximately 3 percent – with two-thirds alone from deeper banking integration on the single market.¹

In its communication on the Competitiveness of the Banking Sector and the Single Market in Banking published on 17 July 2026 the European Commission delivers its assessment of the current state of competitiveness of the EU banking sector and outlines its strategy in line with the wider vision of building a true Savings and Investments Union.

¹ 'Deeper and More Integrated Financial Markets to Foster Growth and Resilience in Europe', IMF Staff Discussion Note, June 2026

Against this backdrop, Economic and Financial Affairs Ministers held a frank discussion on banking competitiveness at their informal meeting in Dublin on 18 September 2026.

Ministers welcomed the communication by the European Commission. Several issues were raised as crucial for the competitiveness of the banking sector and its ability to deliver for the European economy. The questions for discussion in this note are intended to map Member State positions on priority issues in more detail and clarify how Member States want to advance these discussions.

II. A Single Market for Banking

At our September meeting, Ministers acknowledged that progress towards a truly single market in banking is a decisive factor in building a stronger banking sector, improving opportunities for banks to scale across the EU, and boosting their competitiveness in a global context.

They recognised that market integration must be combined with comprehensive and robust safeguards, highlighting the need for trust and accountability to be built into the framework. In this context, the Commission set out preliminary considerations relating to its forthcoming proposal and how it might better align the safeguards as well as the roles and responsibilities in a banking crisis.

Ministers were strong in their determination to move forward on Banking Union.

III. Simplification, proportionality and competitiveness

Looking beyond individual issues, Ministers recognised the need to give political guidance at a fundamental level, notably on how to strike the right balance within the overall framework, so that banks can best serve the economy throughout the cycle and contribute to Europe's wider policy agenda.

They agreed on the need for a simpler and more proportionate, but not deregulated, framework that preserves financial stability while ensuring a level international playing field for Europe's banks. Views differed, however, on the priorities and on the best approach to achieve this balance.

Measures highlighted by Ministers include re-balancing prudential requirements, streamlining level 2 and level 3 rules and guidelines, simplifying requirements for smaller banks, and improving the culture and effectiveness of supervision. In this context, some Ministers raised the possibility of strengthening the consideration of competitiveness within the mandates of European Supervisory Authorities.

A competitive and integrated European banking sector is central to the success of the One Europe, One Market agenda. Achieving that objective will require sustained Ministerial engagement to identify barriers to cross-border activity, build momentum for reform, and ensure that financial integration keeps pace with broader efforts to strengthen the Single Market.

IV. Political guidance

In view of the above, the Presidency invites Ministers to reflect on the following questions:

- Do you agree that improving banking competitiveness is a key piece of the Savings and Investments Union agenda and, ultimately, the EU's wider competitiveness agenda and do you commit to progress this issue as a matter of political priority and in a speedy fashion?
- What are the key elements that are necessary for you to support deepening Banking Union and integrating Europe's banking markets?
- How would you characterise the optimal balance for the banking framework and how does it compare to the status quo? What would your answer imply in terms of changes to the governance of our regulatory and supervisory framework?