

Newsletter



6 June 2025

Regulatory Focus ECB's Supervisory Reforms and Strategic Outlook

The European Central Bank (ECB) has announced significant supervisory developments poised to reshape the landscape of financial regulation across the Eurozone. These reforms carry direct implications for Greek financial institutions, particularly those subject to direct ECB supervision.



1. SREP Reform – Streamlining Supervision

Effective: Summer 2025

Full implementation expected by end of 2025

Key Source: [ECB Newsletter, May 2025](#), [ECB SREP Framework](#)

The ECB is simplifying the **Supervisory Review and Evaluation Process (SREP)** to make supervision more effective and less burdensome. Under the revised model:

- a) Banks will receive **more concise decisions**, focused on **material risks and priorities**, rather than lengthy inventories of deficiencies.
- b) The ECB aims to **improve transparency and responsiveness** by highlighting actionable items, enabling banks to implement corrective measures faster.
- c) This reform will also **enhance dialogue** between the ECB and financial institutions during on-site inspections and follow-ups.

Greek banks are encouraged to prepare for a transition period throughout **Q3 and Q4 2025**, aligning internal compliance protocols with this streamlined approach.

2. ICAAP: Continuous Integration with SREP

Ongoing implementation: 2025 onward

Key Source: [ECB Supervisory Newsletter, February 2025](#)

In parallel, the ECB is integrating the **Internal Capital Adequacy Assessment Process (ICAAP)** more closely into the SREP. Notable changes include:

- a) A shift from periodic reviews to **year-round ICAAP monitoring**.



- b) Supervisors will **select key issues from ICAAPs dynamically**, tailoring reviews to each institution's evolving risk profile.
- c) This reform is part of a broader push for **proactive capital planning and risk forecasting** across European banks.

Firms should update their ICAAP documentation and ensure that governance structures can support **continuous engagement with supervisors** starting **mid-2025**.



3. Supervisory Priorities for 2025–2027

Announced: January 2025

Timeframe: 2025–2027

Key Source: [ECB Priorities Document](#)

The ECB's newly released supervisory strategy highlights **three core priorities** for the 2025–2027 cycle:

3.1. Resilience to Macro-Financial and Geopolitical Shocks

- a) Institutions must demonstrate readiness for sudden shocks such as inflation surges, energy market volatility, and regional conflicts.
- b) Enhanced stress testing methodologies are expected in **Q4 2025**.

3.2. Timely Remediation of Material Shortcomings

- a) Supervisors will increase pressure on banks to resolve long-standing deficiencies.
- b) Expect shorter compliance windows and escalation procedures for unremedied issues starting in **early 2026**.

3.3. Digitalisation and Emerging Technology Risk

- a) Financial institutions must manage risks arising from AI, cloud outsourcing, and decentralised finance (DeFi).
- b) ECB encourages banks to develop technology governance frameworks by **mid-2026**.



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