



EUROJÄRJESTELMÄ  
EUROSYSTEMET

# **Minimise the Use of Public Money through the Banking Union**

Mr Pentti Hakkarainen, Deputy Governor  
15th Integrated Financial Supervisors Conference,  
Copenhagen 25 June 2013

# Key elements of the Banking Union

## Banking Union

### Single Supervisory Mechanism

- High-quality, consistent supervision
- Euro Area and Member States in close cooperation

### Resolution of Problem Banks

- Resolution powers, resolution authority
- Bail-in, limited bail-out
- Euro Area and Member States in close cooperation

### Deposit Guarantee

- Harmonisation of national systems
- Ex ante funding from banks

### Single Rule Book

- EU legislation
- EBA's standards and guidelines

# Timeline for the establishment of the SSM

**Early August  
2013**

- SSM Regulation enters into force
- SSM preparations continue
- ECB may assume supervision of a bank if precondition for ESM support

**Autumn 2013**

- Supervisory Board established and has started its work
- ECB internal supervisory organization established and staffing begins

**August 2014**

(12 months after SSM  
Regulation entry into force)

- ECB assumes supervisory responsibilities

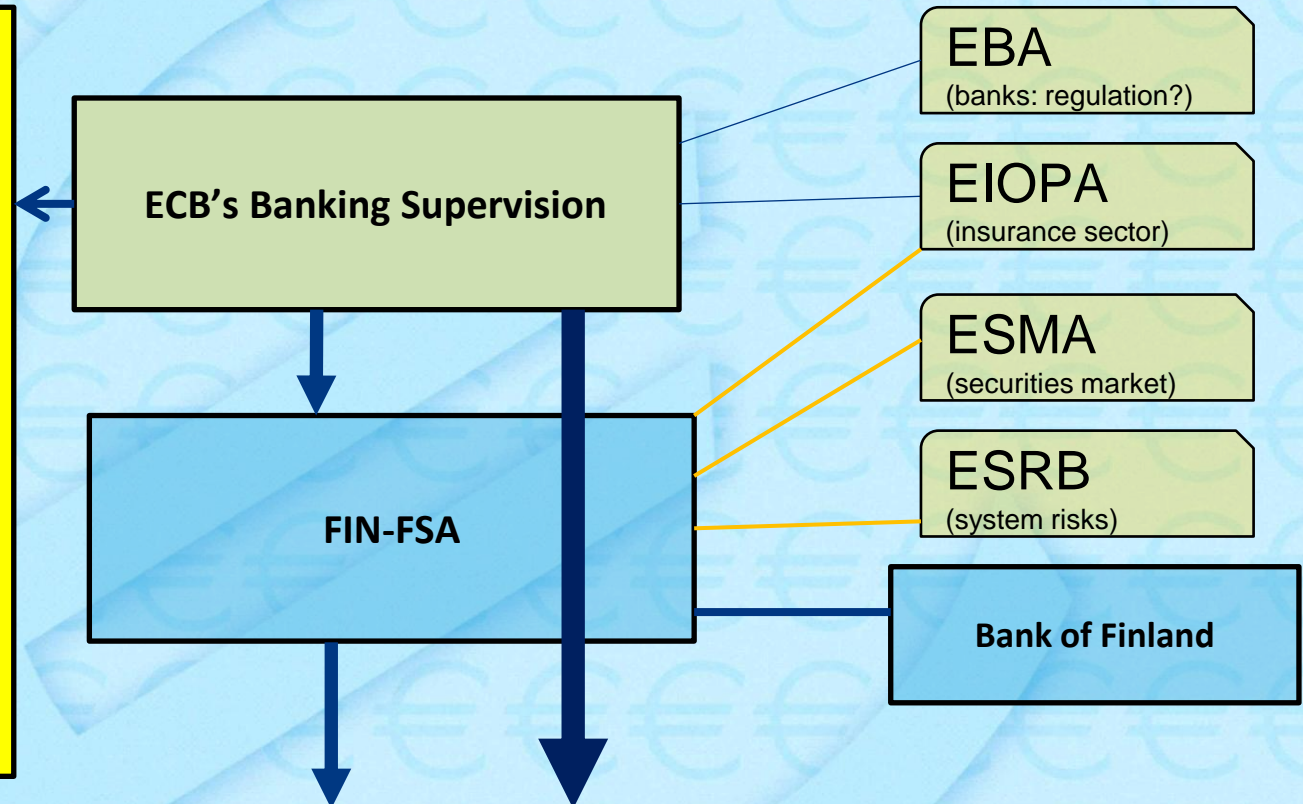
# Supervision of Nordea in the Banking Union

## Supervisory College of Nordea

ECB, EBA and Swedish, Norwegian, Danish, Lithuanian, Latvian and Polish supervisors

FIN-FSA and Estonian Finantsinspektsioon participate (as observers)

*-Supervision planning, risk reviews and capital adequacy, inspections, crisis management*



- Nordea Bank Finland under direct SSM supervision
- ECB is responsible for supervision in co-operation with national authorities

# Key milestones in the preparation of the SSM

## ◆ Summer 2013

- Main elements of the Supervisory Model and ECB Framework Regulation
- Main elements of the Risk Assessment System (RAS)
- Selection criteria for significant banks

## ◆ Autumn 2013-Spring 2014

- Supervisory Board first consults on and then adopts
  - Framework regulation
  - Supervisory Manual (supervisory processes and the RAS)
  - Supervisory reporting
- List of banks falling under direct SSM supervision
- Balance Sheet Assessment -project
- Preparations for the start of the operational SSM supervision

## Member States in close cooperation

- ◆ EU countries from outside the Euro Area may join the Single Supervisory Mechanism
  - Non-EA countries may sign an agreement for close co-operation with the ECB allowing them to join the work of the SSM and the Supervisory Board
- ◆ The standing of such Members in close co-operation has been taken into account in the decision-making mechanism
  - Governing Council enforces the decisions by the Supervisory Board
  - If the Council prevents the entry into force of a decision, which e.g. results in a modification of the decision
    - A non-EA country may announce non-satisfaction with such a decision
    - The Council needs to explain its decision
  - If the Council decision prevails, the non-EA country can choose not to adopt the decision
    - The ECB could consider breaking-up the cooperation agreement