

Financial supervision workshop 2018

"Panel discussion on the use and purposes of enforcement actions"

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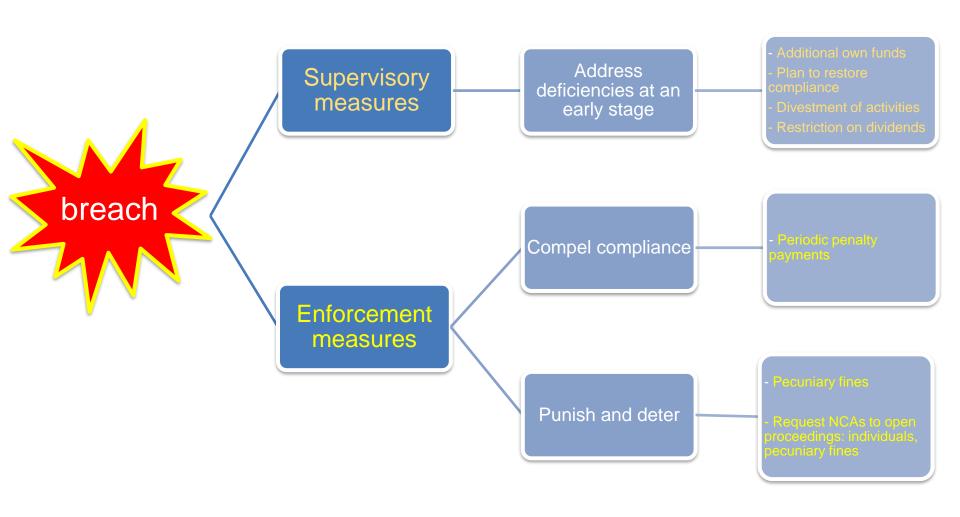
Use and purposes of enforcement actions

2018 Financial Supervision Workshop (Stockholm)

Introduction: the Single Supervisory Mechanism at a glance

- The SSM is one of the pillars of the EU banking union, it comprises the ECB and the national supervisory authorities of the participating member states.
- Tasks: prudential requirements, supervisory reviews, licensing, qualifying holdings.
- Allocation of competences:
 - ECB: directly supervises 119 significant banks / 82% of banking assets in euro area → Joint Supervisory Teams (ECB/NCA)
 - NCAs: supervise less significant banks in close cooperation with the ECB

ECB's toolkit: supervisory measures and enforcement powers



Balance between supervisory measures and enforcement measures

Key considerations

- Use the right tool in the right moment: early detection allows escalation
- Punishment is not a goal per se, but compliance needs to be ensured
- Penalties shall be effective, proportionate and dissuasive.

ECB's structure



Joint Supervisory Teams

- Direct supervision of banks
- Refer alleged braches to the Investigatory Unit



ECB independent Investigatory Unit

- Investigation of alleged breaches (broad powers)
- Initiates sanctioning proceedings, grants right to be heard.
- Proposals for decision
- No prior involvement in direct supervision (2 years)
- Independence from decision-making bodies

Supervisory Board Governing Council

· Decision-making