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Macroprudential Framework Puzzle and Alternatives Evolutions

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Abstract

The post-financial crisis increased complexity of the macroeconomic system has forced the European Union to redefine its structure, looking for the setting of a new macroprudential supervision and regulation framework. Instead of understanding the profound changes that occurred in the financial sector and setting the system with a cross-sectoral view, the European System preferred to upgrade the previous supervisory structure in several steps. The purpose of this paper is to summarize what has done and the problems that have arisen, looking for solutions and alternatives. Bringing different currents of thoughts, the paper analyzes the possible alternative paths to follow and provides suggestions regarding which has to be the focus of the current European Agenda.

Key words: Macroprudential Framework, Macroprudential NCAs, Twin-Peaks Model, ESAs and ESRB.

Introduction

Since 2004, with the publication of the ECB Financial Stability Review has been clear that the ECB and all the NCBs have to pay close attention to the stability of the financial system in the Euro Area. The realization of the Banking Union set an entire delegation of power to the ECB for the supervision of credit institutions and the stability of the financial system. This decision highlighted the need for a complete reorganization of procedures and tools inside the ECB, due to the complexity of the tasks and the relatively low expertise on systemic risk.

However, what does originate a systemic risk? We can distinguish the sources of systemic risk in two ways:

- Endogenous: it can be originated by financial imbalances or via contagion effects, like excessive credit growth, leverage and maturities mismatches;
- Exogenous: its origin can be generally identified by a severe macroeconomic shock.

Both of the possible sources of systemic risk can be related to a structural or cross-sectional source of risk and they can be either time-varying or cyclical, in detail:

- The time-varying dimension derives from the accumulation of risk throughout the financial cycle; the central concept here is the "procyclicality" of the financial system that hands up in increasing the economic expansion as well as the economic contractions.
- The cross-sectional dimension, on the other hand, is related with the distribution of risk across the financial system as a whole at a given point in time, focusing in common exposure and interlinkages[1].

The macroprudential approach to regulation and supervision differs from more traditional microprudential ones, which focus on the assessment of the risks that institutions face on a stand-alone basis with little regard on the financial system as a whole.

[1] ECB Occasional Paper Series No 227 / July 2019 (p. 14).

Macroprudential policy final aim is to increase the resilience of the financial system to the emergence of financial strains through counter-cyclical measures, the releasing of capital and other buffers in the financial system[2]. Some of today's tools, generally regarded as an innovation, were used by National Central Banks during the post-war period for the same purpose. Recent studies (Elliott *et al.*, 2013; Reinhart *et al.*, 2013) have highlighted the frequent use of instruments designed to influence the demand for credit in the USA as well as in Europe, in response to a financial crisis. Today tools are also designed following what the market needs and what has done instinctively during crisis or conflicts.

For example, if we look back at the 2008 crisis, in most European Countries (see Figure 1) the banking systems had not accumulated adequate capital reserves in previous years (the capitalization ratios were very close to the regulatory minimums at that time). It could be said that counter-cyclical macro-prudential policies were at their "lower bound", and therefore unworkable.

Tier 1 Ratio Commercial Banks

European Country | Italy

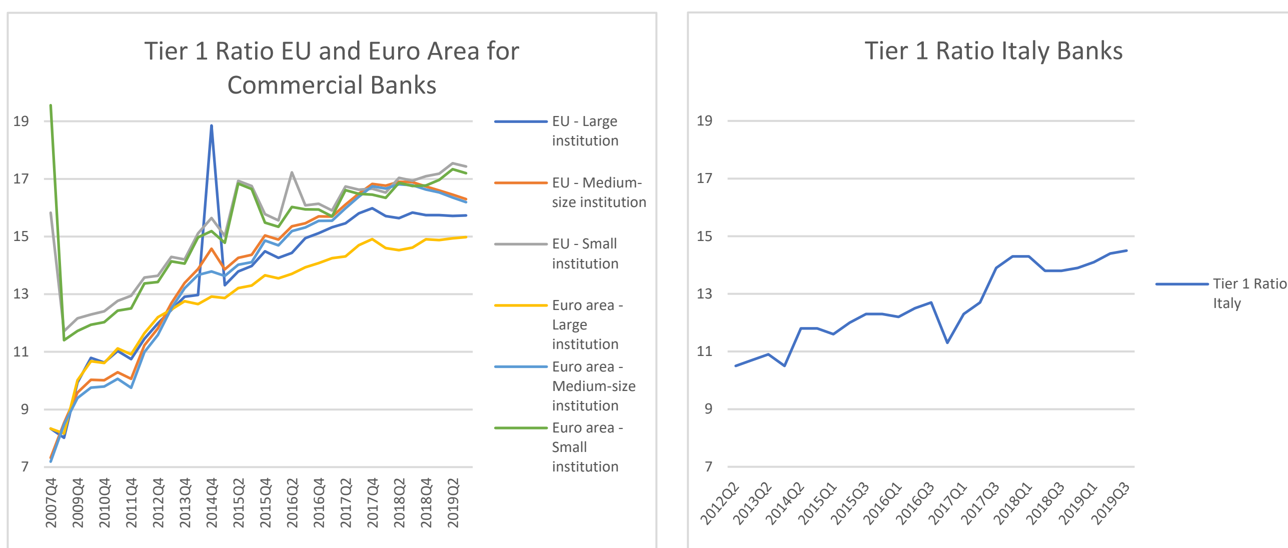

Figure 1, source: ECB and Bank of Italy

Figure 1 in detail highlight two interesting factors. First of all, we can spot the fact that after the crisis all banks in Europe, less marked in Italy, have started to increase their capitalization rates.

[2] *Bank for International Settlements, 2010.*

They have anticipated the regulation, which arrived late in 2013, and it may be because of market pressure or internal considerations. Second, in the same period, the capital ratio for small banks decreased significantly, indicating that these intermediaries played the counter-cyclical role that the macro-prudential authority (if it had existed at the time) could have wanted to implement at the aggregate level.

In terms of aggregate credit supply, this effect was insufficient to compensate for the opposite trend observed among the banks of other sizes. Nonetheless, it suggests that if the capital levels are high enough (as in the case of small banks), they could be effectively managed in an anti-cyclical way. It is, therefore, necessary that the capitalization rates must be higher enough to make their reduction, in times of crisis, acceptable to banks and markets. The current situation is significantly better than the one in 2007.

The evolution of the supervisory framework in the European Union

The Larosière Report, back in 2009, stated that macroprudential oversight is not meaningful unless it can somehow impact on the supervision at the micro-level while, microprudential supervision cannot effectively safeguard financial stability without adequately taking account of macro-level developments[3]. Following this recommendation, the ECOFIN Council first and then the European Council decided to establish a new supervisory architecture at EU Level, based initially on a two-division structure.

In disguise, the first division was the European Systemic Risk Board (ESRB), responsible for macroprudential oversight, in tight coordination with the ECB and its expertise and knowledge. Initially, the ESRB had an extensive responsibility covering banks, insurers, asset managers, shadow banks, financial market and other financial institutions. It was established as an independent body, without legal independency, chaired by the ECB President and composed by the General Board, the Steering Committee and the Secretariat.

[3] REGULATION (EU) No 1092/2010 ("European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board"), Article 13.

The General Board is the one with decision-making power, composted by voting and non-voting member. The voting members are the Governors of the EU national central banks, the President and the Vice-President of the ECB, a member of the European Commission, and the chairpersons of the three ESAs. The non-voting members of the General Board are a high-level representative per Member State of the competent national supervisory authorities and the President of the Economic and Financial Committee (EFC). The Steering Committee is in charge of meeting preparations, reviewing documents and monitoring the respect of procedure.

The Secretariat mission, guided by the ECB, shall include in particular[4]:

- the collection and processing of information, including statistical information, on behalf and for the benefit and the fulfilment of the ESRB's tasks;
- the preparation of the analyses necessary to carry out the tasks of the ESRB, drawing technical advice from national central banks and supervisors;
- the support to the ESRB in its international cooperation at the administrative level with other relevant bodies on macroprudential issues;
- the support to the work of the General Board, the Steering Committee, the Advisory Technical Committee and the Advisory Scientific Committee.

The core outputs of ESRB are the identification of risks at a systemic dimension, the preparation and the issuance of high-level warnings and recommendations. Even though its recommendations and warnings are not binding, they are subject to an "act or explain" framework addressed to NCAs[5].

These instruments could require follow-up remedial actions and the surveillance of the correct implementation. As such, the risk selection process is defined as a decision-tree-type mode of working, focusing on risk surveillance and risk assessment, aimed at minimizing type-II errors[6]. This type of decision-making process is characterized by a wide range of activities such as monitoring macro activities looking for possible sources of risk or sketching out scenarios connected with possible weak points in the system. Starting from a broad variety of potential risks and weaknesses, analyzed both at EU and non-EU level, in conjunction with risk surveillance, they create a wide

[4] COUNCIL REGULATION (EU) No 1096/2010 of 17 November 2010 conferring specific tasks upon the European Central Bank concerning the functioning of the European Systemic Risk Board, Article 2.
[5] National Competent Authorities
[6] Type-II Errors are defined as: *"The probability that the ESRB fails to identify and act regarding risks that can affect the macro stability"*.

spectrum of information that is used in the risk assessment phase, including the estimates of the likelihood of systemic events occurring and the following possible impact on the financial system. Based on these analyses, the ESRB should elaborate a colour code to allow interested parties better to assess the nature of the risk[7]. In order to simplify its work, the first step taken by the ESRB was to issue a recommendation to establish a structure across the EU. The recommendation concerned the macroprudential mandate given to EU MSs [8] to designate an authority to conduct the macroprudential policy in their legislation, in order to safeguard the financial stability.

A national authority with a well-defined, clear mandate was a necessary precondition for ensuring effective macroprudential policy, especially since the ESRB did not have and does not have the power to implement macroprudential instruments directly[9]. This authority should have sufficient powers to pursue macroprudential policy and the necessary independence to fulfil its tasks. Regarding the choice of the NCAs, not all the MSs made the same choice in designating a single institution or a board, and so some differences arise along time.

The second entity was the European System of Financial Supervisors (ESFS), focused on the microprudential supervision. It consists of a network of three new entities, which have replaced the so-called "Level 3 Committees"[10] , that have each a financial sector and a national supervisor. The three new entities were:

- the European Banking Authority (EBA)

It is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability and to safeguard the integrity, efficiency and orderly functioning of the banking sector. To do that, it promotes the creation of the European Single Rulebook in banking [11], which aim is to provide a single set of harmonized prudential rules for financial institutions in the EU, creating a level playing field and providing protection to depositors, investors and consumes.

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[7] REGULATION (EU) No 1092/2010 ("European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board"), Article 18.

[8] Recommendation of 22 December 2011 on the macro-prudential mandate of national authorities (ESRB/2011/3).

[9] The ESRB and macroprudential policy in the EU, F Mazzaferro, F Dierick, p. 2.

[10] The Committee of European Banking Supervisors (CEBS), the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) and the Committee of European Securities Regulators (CESR).

[11] https://eba.europa.eu/about-us/eba-at-a-glance

- the European Insurance and Occupational Pensions Authority (EIOPA);

EIOPA's mission is to protect the public interest by contributing to the short, medium and long-term stability and effectiveness of the financial system for the Union economy, its citizens and businesses. This mission is pursued by promoting a sound regulatory framework and consistent supervisory practices in order to protect the rights of policyholders, pension scheme members and beneficiaries and contribute to the public confidence in the European Union's insurance and occupational pensions sectors[12].

- and the European Security and Market Authority (ESMA).

It is an independent EU Authority that contributes to safeguard the stability of the European Union's financial system by enhancing the protection of investors and promoting stable and orderly financial markets. ESMA achieves this by assessing risks to investors, markets and financial stability, completing the Single Rulebook for the EU financial markets, promoting supervisory convergence and by detractingly supervising specific financial entities.

The architecture of the supervisory described is shown in Figure 2[13].

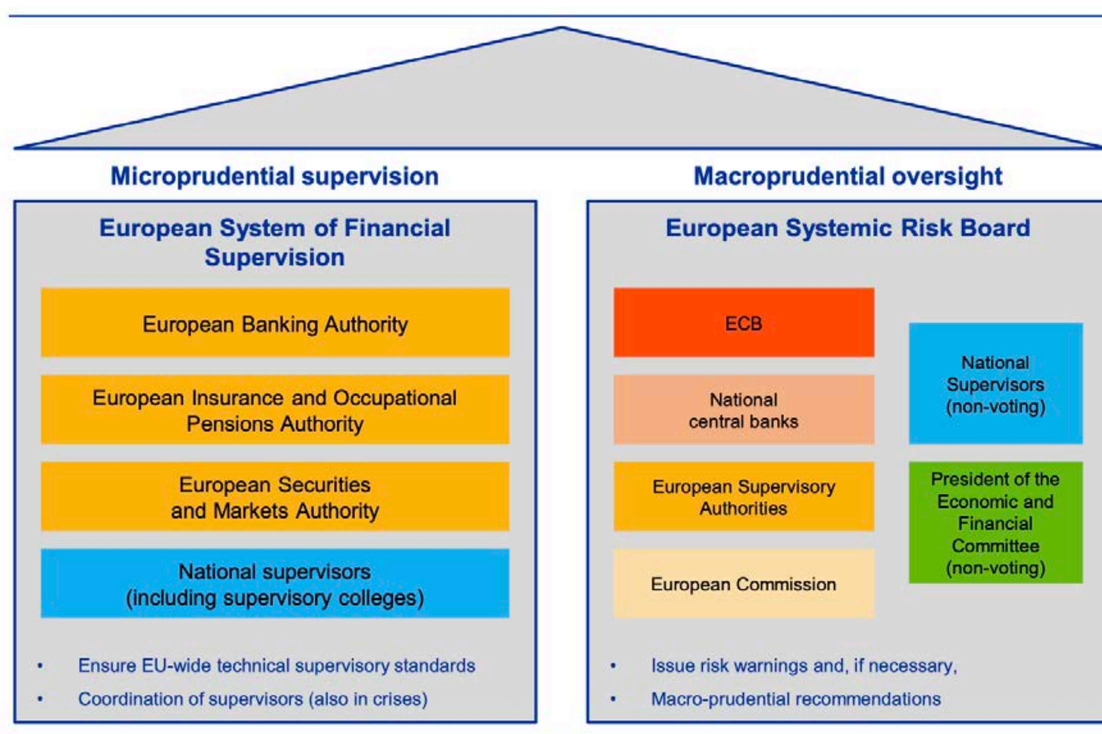


Figure 2.

[12] https://www.eiopa.europa.eu/about_en

[13] ECB Occasional Paper Series No 237 / November 2019, p.16.

In December 2012, there was a considerable change in the supervisory structure, the European Council agreed on a regulation creating a Single Supervisory Mechanism (SSM). It would be responsible for the micro and macroprudential supervision in the banking sector, either for country in the Euro Area or participating voluntary in the SSM.

The ECB would play a key-role in macroprudential policy for the banking union, looking at the safety and soundness of individual credit institutions, as well as the stability of the financial system, both within the Union and in each MSs, according to the EU Single Supervisory Mechanism Regulation (Regulation No 1024/2013), Article 6 paragraph 5 within the framework defined in paragraph 7. In terms of macro-prudential policy in the EU, the power to start and implement macroprudential measures remains to the NCAs, which are subject to a notification and tight coordination with the ECB. The ECB's powers are carried out in coordination with previous entities responsible for such activities such as ESRB, for macroprudential issues and ESFS (EBA, EIOPA and ESMA) for microprudential issues.

The architecture of the supervisory responsibility after the introduction of the SSM is shown in Figure 3[14].

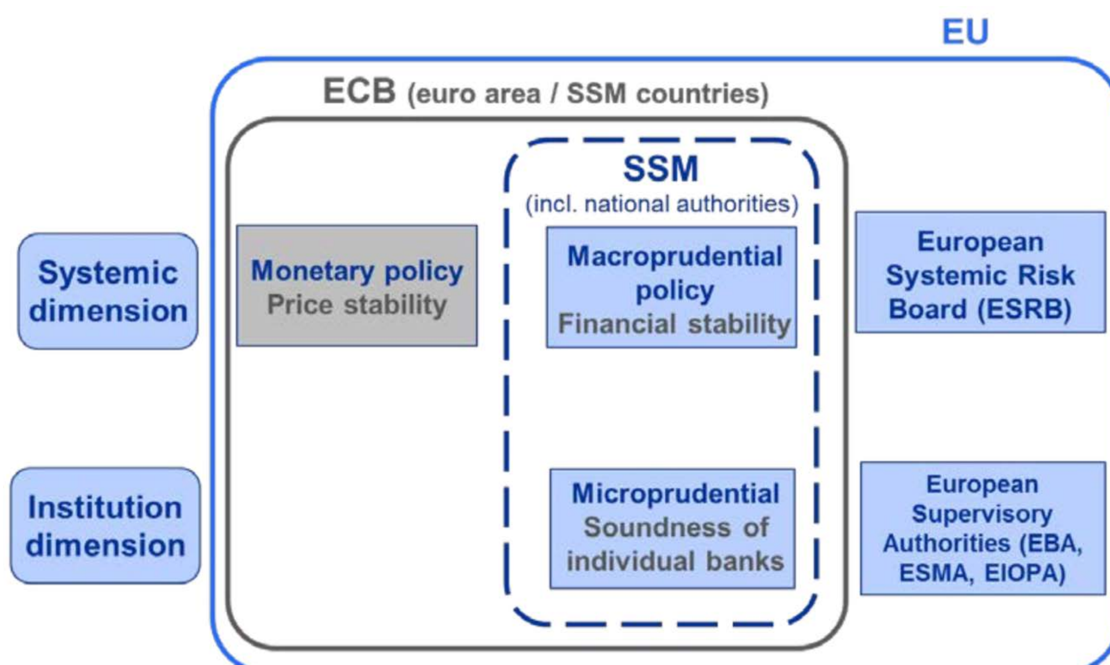


Figure 3.

[14] ECB Occasional Paper Series No 227 / July 2019, p.19.

How was allocated at the national level the macroprudential responsibility?

As highlighted before, the power, given previously to ESRB and then shared with the SSM, needs the support and the collaboration of the NCAs. The ESRB, back in 2013, has listed the possible designated authorities by the MSs, identifying four main institutional models, each with several trade-off. Following some considerations:

- **The ministry of finance (or economics) – indirectly the governments:**
  The macroprudential policy has an impact on the financial stability in the medium-long term. Giving to the government this responsibility is almost always in conflict with the short-term focus of it. Due to its time inconsistency, macroprudential policy, like monetary policy[15], must be separated from the governments. Therefore, there is a danger of inherent "inaction bias", as the cost of tightening are immediately visible, while the future benefits are less noticeable.
- **The national central bank:**
  They have not more power regarding monetary policy so the potential conflict of interest that might arise at the ECB level cannot arise at the national level. So, it represents a reliable choice for a macroprudential authority at the national level.
- **The financial authority:**
  Entrusting macroprudential powers to a financial supervisory authority may be problematic in the long run. Following the "fallacy of composition" we can derive a situation in the future at which the macroprudential concerns, so the stability of the financial system, should generally prevail over the microprudential concerns. We can also highlight the fact that the financial authority may be under the indirect or direct control/power of the at the time government, that as explained before usually has a short-term view.
- **An ad hoc committee.**
  Decision-making committee tends to be more balanced and objective than single decision-making; it is typically valid for committees acting as the body of

[15] Kydland and Prescott, 1977; Barro and Gordon 1983.

a single institution or single system of related institutions. Visser and Swank[16] in their research have shown that the reputational concerns induce members to manipulate information and vote strategically if their positions/ideas differ considerably. Hence, it might not be the most coherent choice.

In 2014, the ESRB response to the call for advice by the European Commission on the macro-prudential rules in the CRD IV/CRR, highlighting the following analysis.

Model[17]	**1**	**2**	**3**	**4**
Agency	**Ministry of Finance**	**Central Bank**	**Financial Authority**	**Committee**
Euro Area	0 (0%)	13 (68%)	5 (26%)	1 (5%)
Non-Euro Area	1 (9%)	7 (64%)	2 (18%)	1 (9%)
Total	1 (3%)	20 (67%)	7 (23%)	2 (7%)

The key issue of the choice is the identification of a body with deep corporate culture and expertise in decision-taking. In fact, macroprudential policy require a mesh of wide-spectrum vision and long-term prospective. This combination of these characteristics can be found in the national central banks which are internally well-designed, with separate departments and a wide expertise composition that know deeply its own country.

The last point is crucial since, in presence of a Monetary Union Environment with a one size monetary policy for all, need to be fit to the singular nation in order to address financial imbalances at the country level, which may differ significantly from nation to nation.

Which are the main macroprudential policies set in actions up today?

In 2013, the European Parliament issued two essential directives focused on setting a prudential framework for credit institutions and investment firms.

[16] Visser, B. and Swank, O., 2007, "On Committees of Experts", pp. 337-372

[17] Annex 2 of the ESRB response to the call for advice by the European Commission on macro-prudential rules in the CRD/CRR (April 2014)

In details[18]:

1. CRR[19], was promoted as a Regulation, which is directly applicable in all EU member states, laying down prudential requirements for capital, liquidity and credit risk for investment firms and credit institutions; in details:
    a. Capital Requirements:
       The regulation requires banks to set aside enough capital to cover unexpected losses and keep themselves solvent during a crisis. The amount of capital required depends on the risk attached to the assets' portfolio of a particular bank. The capital requirement is assigned accordingly to its quality and risk.
        i. Tier 1 capital is considered to be the going concern capital. It allows a bank to continue its activities and keeps it solvent. The highest quality of Tier 1 capital is called common equity tier 1 (CET1) capital.
        ii. Tier 2 capital is considered to be gone concern capital. It allows an institution to repay depositors and senior creditors if a bank became insolvent.
    b. Liquidity Requirements:
       Financial institutions must hold sufficient liquid assets to cover net liquidity outflows under gravely stressed conditions over 30 days. The liquidity coverage ratio - unencumbered high-quality assets against net cash outflows over a 30-day stress period - will be phased-in gradually, starting at 60% in 2015 and reaching 100% in 2018. The minimum amount of liquid assets that a bank has to hold should be equal to 25% of outflows.
    c. Leverage:
       Leverage is the relationship between a bank's capital base and its total assets. A bank's assets are "leveraged" when they exceed its capital base. The regulation aims to reduce excessive leverage since it may harm banks' solvency.

[18] https://www.consilium.europa.eu/en/policies/banking-union/single-rulebook/capital-requirements/
[19] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ("CRR").

2. CRD IV[20] is a Directive and must be transposed into MSs' national law; it lays down the rules regarding the capital buffers, the bankers' remuneration and bonuses and the corporate governance.
    a. Capital Buffer:
    All banks are required to hold a capital conservation buffer and a counter-cyclical capital buffer, to ensure that they accumulate a sufficient capital base in prosperous times to enable them to absorb losses in the event of a crisis. In detail, there are four different types of Buffet required:
        i. Capital Conservation Buffer
        ii. Counter-cyclical Capital Buffer
        iii. Systemic Risk Buffer
        iv. Global Systemic Important Institutions Buffer
    b. Bankers' Bonuses:
    The bonus is capped at a ratio of 1:1 fixed to variable remuneration. This means that a bonus can only be smaller than or equal to the fixed salary. The cap may be raised to a maximum of 2:1 if shareholders approve. The capping of bonuses was introduced to reduce excessive risk-taking by the bankers concerned. The requirement will also apply to the staff of subsidiaries of European banks and investment firms that operate outside the European Economic Area and the European Free Trade Area.
    c. Governance and Transparency: From 1 January 2014, banks are required to make public the number of employees in each of their institutions and their net banking income. All systemically important European banks have to report on profits made, taxes paid and subsidies received.

To assist the authorities in implementing these new set of tools, ESRB published a handbook[21] that provides additional details on individual instruments and several cross-cutting topics.

[20] Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("CRD IV").
[21] ESRB, 2014b

Is there any potential conflict of interest in the implementations of macroprudential policies?

Similarly, to the interaction between monetary policy and financial stability, micro and macroprudential policies complement each other over a medium-long term horizon.

Microprudential measures are designed to increase the resilience of individual financial institutions, moderating the vulnerability of the financial system. Loosely put, this means limiting the "idiosyncratic risk". The macroprudential objective, on the other hand, can be defined as limiting the costs for the economy generated by a financial distress, including those that arise from any moral hazard induced by the policies pursued. One could think of this, as the limitation of the likelihood of failure of significant portions of the financial system. Macroprudential instruments aim to mitigate the accumulation of imbalances, helping the financial system to be more resilient[22].

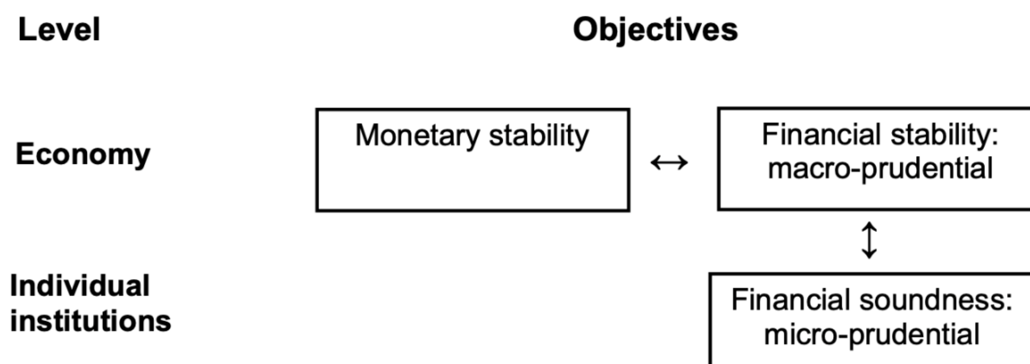
Even if on the paper they seem to have different focus, there is a significant overlap between the instruments used in microprudential and those used in the macroprudential policy and it can create a potential conflict of interest. This kind of problem will not arise in expansion situations since the aims for micro and macroprudential authorities are aligned and cannot collapse[23]. The conflict could instead manifest itself in negative cyclical phases if, for example, the macroprudential authority wanted to reduce capital reserves to avoid a credit crunch and the microprudential regulator could be reluctant to let this happen. It can only be avoided if, before the problem, both the authorities have worked well, setting all the instruments and limits to let them adopt counter-cyclical policies during the crisis.

The potential conflict of interest between micro and macroprudential policy may arise not only from the overlaps between the toolkits but also from different optimal timing of the implementation of policy measures. The previously cited "fallacy of composition" suggests that what is optimal for addressing risk at the individual financial institution,

[22] ECB Occasional Paper Series No 227 / July 2019, p.24.
[23] Angelini, P., S. Nicoletti-Altimari e I. Visco (2012), "Macroprudential, microprudential and monetary policies: conflicts, complementarities and trade-offs".

may not always be optimal for addressing risks at the systemic level[24]. Therefore, if implemented independently, micro and macroprudential measures may offset each other; the coordination of policy actions is of key importance.

To avoid any type of conflict of interest, especially in periods of financial instability, it may be appropriate to define a hierarchy between the micro and macro policies. Following Schoenmaker and Kremers (2014), in critical situations, the macro concerns should override the micro concerns. (Figure 2[25])



Are there any alternatives to the current Architecture?

The current supervisory structure in which we have different agencies for different sectors as well as different approaches for a different level or prudentialism, still lack in efficiency when we think about any type of cross-sectoral problems and risk that are evolving. This Architecture may fail to address financial conglomerates adequately and may more generally encounter fundamental challenges in adopting a more holistic approach to financial regulation and supervision.

[24] Speech by Sabine Lautenschläger, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, Dutch Banking Day, Amsterdam, 15 February 2018
[25] Schoenmaker and Kremers (2014)

The models adopted in different jurisdictions can be roughly classified into four categories[26]:

1. **'single regulator'** structure, built around a single integrated authority responsible for the regulation and supervision of the entire financial system;
2. **'sectoral model'**, or a tripartite architecture with three different authorities responsible for banking, insurance (and pensions), and securities, respectively;
3. **'twin peaks'** approach, or a dual agency structure in which one authority is responsible for market conduct integrity and consumer protection, while the other for the stability of the financial system;
4. at a different level, in a growing number of cases **'hybrid models'** have been developed, combining elements of various approaches and with a key focus on mechanisms of coordination between different supervisory functions and tasks.

Notably, the current institutional architecture of financial supervision and regulation in the EU follows the tripartite model, with the three ESAs protagonists in the microprudential supervision, composed by: EBA for banking, ESMA for securities and markets, and EIOPA for insurance and pensions. Additionally, the European Systemic Risk Board (ESRB) has a macroprudential mandate for all the sectors except for the banking, which is under the supervision of the ECB (responsibility given by the SSM). All this have added an extra layer of complexity to the EU architecture.

The EU has chosen this type of architecture with mainly two reasons:

- path dependency and the minimization of transaction costs;
- a legal problem.

The creation of the ESAs back in 2009 was not a realization of a top-down approach, carefully defined analyzing what the EU needed, it was more like a renovation of what already existed, the previously cited "3 Levels Committees", into three new Authorities, focusing on the strict regulation problem and not so much on the supervisory problem that was well described by the Larosière Report.

Looking at the legal reasons we can highlight the fact that, even if the European Institutions have managed to obtain the support for a territorial and functional revision, it was unclear whether the re-allocation of power to the new Agencies would have

[26] E Wymeersch, 'The structure of financial supervision in Europe: about single, twin peaks and multiple financial supervisors' (2007)

been legally possible. Following the *Meroni Doctrine* and then completed in the *Romano Doctrine*, the delegation of acting power to any non-institutions could not be done, and that the only institution that has the power to adopt non-legislative measures is the European Commission[27]. Unexpectedly, this constraint was to an appreciable extent re-shaped after the CJEU decision in the Short selling case[28]. This not only highlighted a new way of thinking regarding those authorities, but it also confirmed that this type of architecture seems to become progressively dysfunctional with the respect of the current transformation in the financial sector. If we look at what is happening in it, we can spot the advent of the financial conglomerate which are multi-sector companies that are likely to fall under the control of two, if not all three, authorities. Therefore, the downsides of the current European framework might become even more relevant soon.

These recent regulatory changes regarding the agencies (for example the direct supervisory power given to ESMA), as well as in several national competent authorities, have shown that the adoption of a Twin-Peaks model could be an interesting development for the European Union. However, if we think deeply about this situation, we can state that, even after the current sectorial differentiation, the main problems are not connected with the distribution of competences but on the allocation of competences between ESAs and NCAs as well as ESAs and the Banking Union. Following what the EBI has described in one of its papers, we have only two possible situations available for improving the current Architecture, which are[29]:

- the EBA will assume the competences of the SSM, which looks unfeasible for different reasons:
    - the complex process of transferring all the expertise and resources and adjusting the several linkages created along the path between the monetary and the supervisory policy;
    - politically, the opposition of the ECB itself about this idea was a no;
    - and legally, it is unclear if, based on the Article 127(6) TFEU, in which we find the ECB and not EBA, is possible to transfer that competences using a different provision;

[27] The Commission the power to adopt non-legislative measures
[28] C-270/12 UK v Parliament and Council of 22 January 2014, ECLI:EU:C:2014:18 (Short Selling)
[29] EBI Working Paper Series, 2019 – no. 50. "A Holistic Approach to the Institutional Architecture of Financial Supervision and Regulation in the EU"

- the second possibility would be the unification of the ECB and the ESRB, forming a new whole prudential supervisor for the EU. This idea also has complications regarding:
    - o the ECB has the power only over the Euro Area whether the ESRB to the all-European Union, so it would require that all the EU MSs adopt the Euro, or they have to stipulate an agreement with the new entity;
    - o legally it would also require a change in Article 127(6) TFEU, to enable ECB for insurance undertaking.

Conclusions

We can see that there are mountain-size "if" above every possible path, which makes the adoption of a different model than the current not impossible, but neither too realistic to achieve. It would be like that until, as said before, the phantom of a financial crisis or the lack of cross-sectoral coordination does not seem to be a sufficient danger for the financial stability. At the risk of being gloomy, the best opportunity for a full-scale reform that could implement a twin peaks approach would be another significant crisis that cut across the banking and insurance sectors.

As long as this does not happen, the European Institutions must focus on what is feasible such as:

- the improvement in coordination and cooperation between the ESAs;
- the improvement in coordination between micro and macro policymakers;
- the improvement in coordination with national authorities, the access to information and the ESAs mandate;
- the extension of ESAs mandate, like the empowerment of ESMA;
- further integration between ESAs and SSM.

And if the EU Lawmaker does not pursue it, the authorities themselves should act in this direction.