



Banking & Payments
Federation **Ireland**

Recommendations for Ireland's EU Presidency 2026

Driving progress on competitiveness,
regulatory reform and mobilising
household savings

JANUARY 2026

Contents

Executive Summary	3
In-Depth: Detailed Examination of Policy Priorities	6
1. Driving forward the EU Savings and Investment Union & Enhancing Retail Investor Participation	6
2. Creating a more proportionate and simpler regulatory framework	7
3. Creating a fair, open and innovative digital infrastructure	9
4. Ensuring effective delivery of Housing	10
5. Facilitating the Green Transition	12
6. Embedding the new EU AML Framework	13
7. A common EU approach to consumer protection	13
8. Ensure a stable mortgage credit environment	15

Executive Summary

Ireland will assume the EU Council Presidency at a time of both geopolitical turbulence and intense legislative activity in financial services. Global instability, from wars to tariff tensions, is testing Europe's resilience. As outlined by both Mario Draghi and Enrico Letta, the EU must harness the full power of the Single Market to drive growth, attract investment, and strengthen its role on the global stage. Addressing the EU's declining economic competitiveness is therefore crucial if other political objectives – for example around climate change or digitalisation – are to be realised. But this agenda must form part of a broader strategic vision of the EU that aims to strengthen its financial resilience and strategic autonomy over the longer term.

As a small, open economy Ireland can help drive this agenda forward while ensuring the EU remains outward-looking and an attractive destination for international business in which to locate. Ireland's Presidency can therefore be a platform to shape a pragmatic, competitive, and innovation-driven EU financial services framework, which in turn strengthens the EU's economic position and competitive proposition. This, in particular, means driving forward the EU's Savings and Investment Union (SIU), addressing internal barriers within the single market, and reinvigorating the securitisation market. Above all, however, the EU's regulatory environment needs to be streamlined and made more proportionate so that the financial sector can be a powerful catalyst for growth, innovation and resilience in a complex global environment.

What is clear is that if the EU wants to fund its political objectives, close the innovation gap and diversify funding requirements, it needs to develop deeper and more liquid capital markets. However, for this to happen tough political decisions and bold

choices will be required. Above all, compromise on the type and make-up of EU capital markets is needed. Ireland can play a vital role as a "bridge builder" in these discussions by leveraging its well-recognised expertise in financial services built up over many decades.

This document aims to progress and strengthen the conversation between the financial sector and policymakers by putting forward a number of policy recommendations, which we hope provides a clear direction of travel to the Irish Government during its Presidency. As the main sector funding the economy, we believe we have a unique vantage point from which to offer these recommendations. As always, the banking sector stands ready to play its part in helping policymakers realise their future vision for the EU and in doing so to develop a more vibrant and competitive EU financial services sector. We look forward to continued dialogue and engagement with all relevant stakeholders in the months ahead.

¹ Mario Draghi, September 2024, The future of European competitiveness. Accessible here: https://commission.europa.eu/topics/competitiveness/draghi-report_en

² Enrico Letta, April 2024, Much More Than A Market. Accessible here: <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>

Summary of our eight key recommendations:

- 1. Driving forward the EU Savings and Investment Union and Enhancing Retail Investor Participation.** The EU needs to cultivate a stronger investment culture, supported by a more pragmatic regulatory and supervisory approach, in order to deliver globally competitive capital markets. Key to this is ensuring that supervisory outcomes are harmonised across the EU and that domestic and internal EU barriers are removed. Alongside the creation of attractive savings and investment accounts at national level, a harmonised post-trade framework and a vibrant securitisation market should also be advanced. The Irish Presidency offers a key opportunity to drive coordinated progress on this agenda by shaping a coherent, consumer-focused framework that boosts retail participation in capital markets while safeguarding investor protection.
- 2. Creating a more proportionate and simpler regulatory framework:** The Irish Presidency should champion the “simplification” agenda to ensure regulations are fit for purpose, enable growth, support competitiveness, are applied proportionally, and don’t create undue burdens compared to global peers. Specifically, we believe the EU should simplify its micro- and macro-prudential frameworks for banks, especially with respect to the identification of Other Systemically Important Institutions (OSIIs). We also see merit in creating a standalone prudential regime for investment firms that is not linked to the EU Capital Requirements Regulation (CRR) or the Capital Requirements Directive (CRD), while adjustments to banks’ market risk framework (the Fundamental Review of the Trading Book), as considered by the European Commission, should be adopted.
- 3. Creating a fair, open and innovative digital infrastructure:** The Irish Presidency should drive discussions on a future-proof, principle based, regulatory framework for digital finance, which supports responsible tech adoption and cross-border data sharing. Fundamental to this agenda will be to advance discussions on the EU digital omnibus package and simplify the complicated digital/cyber regulatory framework. We believe it is particularly important to remove financial entities from the scope of the cyber resilience act (CRA), in light of the entry into force of the EU’s Digital Operational Resilience Act (DORA), and to agree on proportionate and market driven rules on the digital euro and open finance framework. We also firmly believe the Irish Presidency should champion a non-discriminatory, international standards-based approach to the EU’s Cybersecurity Certification Scheme for Cloud Services (EU CS).
- 4. Ensuring effective delivery of Housing:** Housing pressures are intensifying across the EU, with rising costs and supply shortages particularly affecting younger citizens. Addressing this crisis requires tackling structural constraints, while ensuring banks can continue to lend sustainably through the application of proportionate, risk-based capital requirements. To unlock the scale of investment required, the upcoming Irish Presidency should progress work on the EU Affordable Housing Plan by ensuring more flexible State aid rules that enable Member States to support viable projects effectively. Such flexibility in State aid rules, alongside targeted credit guarantee schemes for smaller developers and updated capital rules to extend lower risk weights to all social and affordable housing lending, would help mobilise the public and private capital required to boost housing delivery.

5. Facilitating the Green Transition: We advocate for clear, consistent, and practical sustainable finance rules to enable banks to channel capital effectively and efficiently into green investments without excessive burdens or ambiguities. Fundamentally this requires greater harmonisation of sustainability rules across the various pieces of EU legislation, alongside the need to ensure reporting exemptions under the Corporate Sustainability Reporting Directive (CSRD) are transposed appropriately across the EU, thereby preserving a level playing field.

6. Embedding the new EU AML Framework.

The creation of the EU's Anti Money Laundering Authority (AMLA) is a welcome and a major step toward a more consistent, risk-focused approach to tackling financial crime across the EU. To succeed, AMLA must develop strong, risk-based technical standards and work closely with the banking sector through structured senior-level dialogue which the Irish Presidency should pursue and facilitate. A unified rulebook, proportionate supervision and clearer frameworks for innovation and information-sharing will be essential to strengthening Europe's defences against money laundering while supporting the innovation necessary to promote the bloc's strategic autonomy.

7. A common EU approach to consumer

protection: Consumer protection is fundamental to trust in the Irish and European financial system, but today's patchwork of national rules fragments the Single Market and limits consumer choice. We believe there should be a single, harmonised, outcomes focussed and principle-based EU consumer protection framework, which builds on the strong consumer protection regime in Ireland. This can help deliver consistent safeguards, support cross-border financial services, and underpin the Savings and Investment Union (SIU). A horizontal EU regulation setting common standards for how firms design products and serve customers would be an important first step toward a simpler, more transparent and more consistent system for consumers across all Member States.

8. Ensure a stable mortgage credit environment:

The Mortgage Credit Directive (MCD) is broadly achieving its objectives, and the European Commission's (EC) decision to pause its review reflects the fact that no major shortcomings have emerged since its relatively recent transposition. Ireland's mortgage market continues to operate effectively on the basis of strong credit standards. Challenges to developing a cross-border mortgage market stem largely from legal, infrastructural and consumer-behaviour differences at the national level rather than the Directive itself. Should the EC revisit the MCD in the future, any changes should be limited and focused on practical enhancements such as supporting digitalisation and clarifying rules on early-repayment compensation.

In-Depth: Detailed Examination of Policy Priorities

1. Driving forward the EU Savings and Investment Union & Enhancing Retail Investor Participation

As highlighted in the Draghi report, the EU faces a significant investment gap of about €800bn annually to meet its objectives of decarbonisation and digitalisation, notwithstanding the more immediate pressures on increased defence spending. Despite this, productive investment in the EU has been falling since the financial crisis while the EU as a region maintains a high savings rate; however, much of this capital is not put to productive use and generates lower returns from financial markets compared to the USA. Alongside this, the EU lags behind other regions of the world from an innovation standpoint, particularly in sectors like technology and healthcare. Reasons for this “lag” are multifaceted but are understood to be particularly driven by lower labour productivity, a static industrial structure due to lower R&D levels, fragmentation of the single market/capital intermediation, and the EU’s funding structure, where bank-based financing plays an oversized role relative to capital markets when compared to other major jurisdictions.

To address these structural issues, the EU and the Irish Presidency must drive forward the EU’s Savings and Investment Union (SIU) strategy and foster a stronger investment culture. Only by developing deeper and more liquid capital markets can the EU fund its political objectives, close the innovation gap, and lower and diversify funding requirements. However, for this to happen tough political decisions and bold choices will be required. Above all, compromise on the type and make-up of EU capital markets is needed. Ireland can play a vital role as a “bridge builder” in these discussions by leveraging its well-recognised expertise in financial services built up over many decades.

A key element of this strategy needs to focus on boosting retail investor participation in markets. Simplifying access to investment products,

harmonising investor protection rules, and promoting financial literacy to empower citizens to engage confidently with capital markets. The rollout of Savings and Investment Accounts (SIAs), alongside targeted incentives for long-term investing, can help channel household savings into productive assets while maintaining high standards of consumer protection. By steering consensus on these priorities, the Irish Presidency can help unlock Europe’s savings potential and create globally competitive capital markets.

Key recommendations:

- **Further supervisory convergence to tackle internal barriers.** Supervisory divergence and national barriers undermine the Single Market, distort competition, and increase compliance costs - especially for cross-border firms. The net result is that the EU is not able to fully leverage the single market’s potential; to spur growth and create scalable globally competitive businesses. To address this, we believe policymakers should:
 - Launch a review of national barriers and work to remove those that distort competition or impede integration;
 - Replace Directives with Regulations where appropriate, particularly in listing, trading, and post-trade frameworks;
 - Harmonise insolvency law and advance a common 28th regime (a uniform EU-wide legal framework that operates alongside existing national laws) in order to develop true capital markets.
- **Strengthen and harmonise EU-Level Supervision over infrastructures without duplicating structures.** Greater supervisory consistency is essential for ensuring predictable regulatory outcomes and enhancing trust in EU markets. It is crucial that regardless of where a firm is located the level of supervision and regulation are the same. We therefore support enhanced EU-level supervision of certain systemic market infrastructures as proposed in the EC Markets Integration Package (MIP), provided it streamlines existing processes.

- Reach agreement on SIA recommendation:**
 The Irish Presidency should aim to reach broad consensus on the EC recommendation on an EU wide Savings and Investment Account (SIA). A core element of this should be member states recognition to establish such schemes domestically with attractive tax incentives and zero geographical restrictions on fund allocation.
- Improve Trading and Post-Trade market structure.** A more integrated capital market requires both trading and post-trade reforms. We support a regulatory model that fosters competition among infrastructure providers. Crucial to this agenda is around encouraging cross-border competition and standardisation in Central Securities Depository (CSD) services, while avoiding the creation of vertically siloed business models. Specifically, the EU must pursue the standardisation of post-trade processes to support harmonisation and reduce costs as outlined in the MIP. Tackling barriers identified by the European Post-Trade Forum (2017) would be a meaningful step towards reducing fragmentation of settlement, including expanding Target 2-Securities (T2S). On the trading side, we strongly believe single market maker models should be prohibited as they are anti-competitive and of questionable benefit to retail investors, while we also believe open access requirements for Exchange Traded Derivatives (ETDs) should be reintroduced in the Markets in Financial Instruments Directive (MiFID).
- Adjust the securitisation framework to make it more risk sensitive and proportionate.**
 As part of the EU SIU agenda, we see it as crucial that policymakers revitalise the securitisation market so that it can play a much larger role in the provision of credit to the EU economy. Having a strong and resilient securitisation market can help play an important role by raising funding/liquidity for banks and non-banks and by helping them to manage their balance sheet exposures to support future lending activity. We therefore welcome the EC's recent securitisation reform measures. These initiatives mark an important step toward introducing greater proportionality

in conduct standards and more risk sensitivity in the capital framework. While the proposal sends a positive signal about EU policymakers' intention to revive the market, it remains overly complex in areas, while also retaining a considerable degree of conservatism. There is room, in our view, for further adapting the risk weight floors during the negotiations in order to avoid unintended consequences for certain asset classes, while harmonising the p factor treatment across originators, sponsors and investors and aligning the haircuts applied to securitisations with covered bonds in the Liquidity Coverage Ratio (LCR) delegated act.

2. Creating a more proportionate and simpler regulatory framework

The EU's financial services sector, while robust, is constrained by a complex and fragmented regulatory framework that hinders its global competitiveness. As a leading location for financial services, the Irish Presidency in 2026 presents a critical opportunity to advocate for a legislative agenda that champions the core principles of proportionality and simplicity. This involves ensuring that regulations are tailored to the size, complexity, and systemic risk of financial institutions, thereby reducing unnecessary administrative burdens, unlocking capital, and fostering innovation while maintaining financial stability and resilience.

By championing a smarter, simpler, and more agile regulatory environment, Ireland can lead the EU toward a more globally competitive and internally integrated financial market.

Key recommendations:

- Revising and simplifying the macroprudential framework for banks.** The current framework, characterised by a proliferation of buffers, can lack harmonisation and efficiency. We advocate for a review of capital buffers to eliminate those that are unnecessary or duplicative, as recently called for by the European Central Bank

(ECB). This proliferation of buffers is a concern with European banks facing a range of capital requirements, including Pillar 1, Pillar 2, and numerous macroprudential buffers, with the latter often applied inconsistently across member states. Addressing the “double counting” of risks, where similar risks are covered under both Pillar 1 (minimum capital requirements) and Pillar 2 (additional capital requirements) should be assessed. This approach would lead to a more logical, efficient, and comprehensible allocation of capital.

- **Reviewing the methodology for identifying Other Systemically Important Institutions (O-SIIs).** The current methodology can disproportionately affect smaller member states, and less domestically focused EU banks. This is because the methodology used by National Competent Authorities (NCAs) focusses on the size of a particular bank against that of a domestic peer set even though a bank may have very little exposure to the member state. The net result is that a medium sized bank looking to establish a presence in the EU would have an incentive to locate in a large member state as it would most likely not meet the OSII designation, whereas it would if it established in a smaller jurisdiction. We propose a review to ensure the O-SII designation is based on a robust, consistent, and forward-looking assessment of systemic importance at both domestic and EU level. This would prevent the unintended consequence of institutions being designated as systemic without the corresponding systemic footprint, thereby freeing up capital for productive lending in the real economy.
- **Specific Investment Firm Regime.** Investment firms have fundamentally different business models from traditional banks, as they do not take deposits or issue loans. Therefore, applying the same capital and resolution rules as banks is inappropriate and hinders their ability to facilitate the level of capital market activity essential to realising the potential depth and liquidity of EU markets. We advocate for a dedicated/standalone regulatory framework that recognises these differences and is not inter-linked with the bank-
- **Explicit Competitiveness Mandates at EU Level.** Beyond the core mandate of financial stability, the Irish Presidency should lead the push to explicitly integrate competitiveness and sustainable growth into the mandates of the European Supervisory Authorities (ESAs) and the Single Supervisory Mechanism (SSM). This strategic move would ensure that regulatory actions are directly aligned with the EU’s long-term economic vision, creating a more cohesive and dynamic financial landscape. By leveraging its position, Ireland can advocate for an approach that mirrors those in other major jurisdictions, such as the United Kingdom, where regulators like the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) are already required to take competitiveness into account. This would support the EU’s financial sector remaining globally competitive and innovative, while serving as a powerful engine for a prosperous and resilient European economy.
- **CRR/CRD (Capital Requirements Regulation/ Directive).** The regulatory reporting framework has become an administrative burden, further compounded by numerous ad-hoc requests and a lack of harmonisation. We advocate for a comprehensive review to simplify the overall framework and ad hoc request processes. This includes streamlining reporting requirements, improving supervisory processes, and ensuring that future revisions do not add to the existing complexity. We propose the advancement of a more flexible and less burdensome application of the final Basel III standards, particularly for smaller institutions, ensuring that the rules are

“fit for purpose” and proportionate for the entire European banking sector; this has also recently been recommended by the ECB. In particular, we believe that EU policymakers, and the Irish Presidency, need to comprehensively revise the application of the Fundamental Review of the Trading Book (FRTB) in the EU so that it does not result in EU banks being at a competitive disadvantage to peers located in other jurisdictions where the standard may be adjusted. At the same time, we believe that if firms want to “opt-in” early to FRTB regime they should be allowed to do that. This will ensure that certain firms are not favoured over others who wish to apply the regime and benefit from capital relief.

3. Creating a fair, open and innovative digital infrastructure

In recent years, the EU has rolled out a wide range of legislative and regulatory measures in the field of digitalisation and cybersecurity. The result is an ambitious yet fragmented framework that can be difficult to navigate and which is characterised by overlaps and inconsistencies. Beyond the sheer volume of initiatives, the inherently cross-cutting character of digital finance has added further complexity to the regulatory framework. It operates through an interconnected network of banks, financial intermediaries and technology providers, and is therefore subject to both broad horizontal requirements and sector-specific rules. However, because these measures are developed under the remit of different Commission directorates and regulatory authorities, they frequently lack full alignment. General rules often fail to capture sectoral particularities, while financial-sector rules may overlook the broader ecosystem of actors and service providers.

While the policy objective of addressing new digital risks and opportunities is legitimate, and the challenge of regulating novel and fast-moving technologies is undeniable, insufficient coordination and an underestimation of impact of requirements have produced a patchwork of rules that can hamper innovation and undermines

the EU’s global competitiveness; moreover, the current approach may not be delivering as much added value for consumer welfare as is possible. It is therefore encouraging to see the EC publish its digital omnibus package aimed at simplifying and harmonising the various requirements. We believe the Irish Presidency needs to take a pragmatic approach to these negotiations with the overarching objective being that of simplification. We believe the following areas deserve particular attention during its Presidency.

Key recommendations:

- **Remove DORA and the EU Cyber Resilience Act overlap.** The Digital Operational Resilience Act (DORA) represents an important milestone in creating a harmonised EU framework for ICT risk management and incident reporting. However, its practical roll-out has been complicated by overlaps with other frameworks, divergent terminology, and delays in secondary legislation. The proposed Cyber Resilience Act (CRA) risks further duplication by re-introducing requirements that already fall under DORA’s remit. For this reason, there is a strong case to explicitly carve out the banking and financial sector from CRA’s scope and to recognise DORA as the *lex specialis* in this area as part of the EU digital Omnibus package. To minimise unnecessary burden and ensure consistency, it is essential to adopt a delegated act exempting DORA-covered financial entities from the CRA.
- **Exclude sovereignty requirements from Cybersecurity Certifications.** The Irish Presidency should firmly push back against proposals to include sovereignty requirements in the EU Cybersecurity Certification Scheme for Cloud Services (EU CS). Such requirements would fragment the market and substantially impact organisation’s ability to utilise the most technologically advanced or secure cloud services in the EU. Instead, Ireland should advocate for a non-discriminatory, international standards-based approach that ensures interoperability and fair access for all firms. This will ensure that firms can use the best-in-class cloud technology for their business needs.

- **A proportionate and market driven digital Euro.** As Europe moves towards the introduction of a retail digital euro, the Irish Presidency must ensure a system that reflects both consumer needs and the realities of the EU banking and payments landscape. While the proposal lays the foundation for issuance, the Irish Presidency should push for clear rules on holding limits, a sustainable compensation model for intermediaries, and a strong public-private partnership. The digital euro must be a market led initiative, not a disruptor, and its success depends on protecting financial stability. For Ireland, with its open economy and innovation-driven financial sector, there's a strong interest in ensuring that the digital euro supports competitiveness without burdening banks and payment service providers with unfunded infrastructure or operational costs.
- **Digital Assets:** In addition to continuing to progress work on the Digital Euro, the Irish Presidency should seek to further strengthen Europe's position on Digital Assets to secure its place as a global financial services leader and drive long term economic growth. Tokenisation enables fractional ownership, 24/7 trading, and lower barriers to entry, fosters innovation and attracts international investment. As major institutions integrate digital assets, jurisdictions offering clear regulatory frameworks will dominate this emerging market. By building on robust digital asset initiatives such as MiCAR, Europe can create high-value jobs and strengthen competitiveness.
- **AI Regulatory Framework:** It is clear that AI has been, and will continue to be, a significant disruptor in the technology space. The proposed amendments to the EU AI Act will make it more pragmatic and provide a clear path for both innovation and compliance. This is to be welcomed for firms both large and small and which the Irish Presidency should drive forward.
- **A market-driven Open Finance framework:** On financial data access and open finance, the EU needs a market-driven data-sharing framework that avoids fragmentation. The European

Union's Financial Data Access Regulation (FiDA) must recognise that real innovation stems from customer needs and proper incentives - not broad, mandatory access rights that are driven by regulation. Compensation for data sharing should reflect the full range of activities involved, and timelines must be practical to avoid disadvantaging smaller players in Ireland and the EU's fintech ecosystem. Furthermore, the development of secure, customer-permissioned data-sharing dashboards must allow for flexibility and technology neutrality so firms can innovate without undue constraints.

4. Ensuring effective delivery of Housing

The issue of housing has become a pressing challenge across the EU, including Ireland. Rising costs place households under financial pressure, create insecurity, and often force people into inadequate living conditions. For younger generations in particular, high housing prices can act as a barrier to getting on the housing ladder, restricting mobility within the Single Market and narrowing both professional and personal opportunities. Over the last decade, homeownership rates in the EU have declined, most notably among young people.

There are various factors affecting housing output such as the inefficiencies in Member States planning systems, the availability of zoned and serviced land, labour capacity and productivity of the sector as well as the availability of capital investment. While additional financing alone, in the absence of measures to address other structural factors, cannot resolve housing imbalances in the EU, it is crucial that banks balance sheets have capacity to increase lending over the medium term in order to support the meeting of this challenge. Ensuring that capital requirements (as outlined above) remain proportionate and risk-based is critical to the delivery of this political priority.

While creating the environment to plan for increased housing output in the medium to long term, we need to find solutions to inefficiencies in the system in order to provide significantly more homes in the short term. As documented by various reports across the EU, there is a general consensus that the underlying challenge relating to the housing system is the ability to produce viable projects at a required scale. Given population growth in certain EU Member States and the need to renovate and upgrade housing stock, significant new homes and construction activity will be required in the short and medium term. In order to unlock activity and investment of this scale, we believe that there are a number of challenges which need to be addressed through revising EU state-aid rules. The EU Affordable Housing Plan presents an opportunity to include clear guidance on how Member States can support affordable housing in line with the EU's State aid rules, ensuring that public funding for housing initiatives is both effective and legally compliant.

Key recommendations:

- **A more flexible state-aid framework.**
 Current state-aid rules classify Member State housing bodies as state sponsored entities, which place artificial limits on their borrowing and, by extension, on the Member States ability to scale public housing delivery. Most acute is the requirement for these entities to only borrow at rates equivalent to EIB funding, which effectively locks out private lenders from the supply of credit. The net impact is that the capital available for these Government lead housing projects is limited, which in turn, impacts the housing supply. While the EU's Affordable Housing Strategy looks to provide more flexibility in EU state-aid rules, it remains unclear if existing borrowing limits remain in place. We therefore believe that the Irish Presidency should seek further clarifications from the European Commission on this so that private funding can be better leveraged to meet acute housing needs for social and affordable projects.
- **Promotion of targeted credit guarantee schemes:** Separately, while the banking sector provides significant finance to housing, the lending capacity of the sector could be strengthened through targeted credit guarantee schemes. In many EU Member States, outside of the top tier developers, developer balance sheets are constrained due to limited equity. This directly impacts their ability to fund projects. Where banks may typically advance up to 65-70% on a loan-to-cost basis, the developer needs to bridge the gap with own funds or with mezzanine finance. By facilitating Member States offering targeted credit guarantee schemes to smaller developers, finance to otherwise viable projects can be advanced which can in turn scale up housing delivery. The Irish Presidency should look to initiate such discussions at an EU level with the European Commission and Member States.
- **Ensure all social housing development benefits from lower capital requirements.**
 We strongly believe that the EU Capital Requirements Regulation (CRR) should be updated to clarify that all banks' lending towards social and affordable housing projects can benefit from lower risk weights. Due to the significant differences in market structure, banks in certain Member States – like Ireland – are unable to benefit from the lower capital requirements simply because the lending does not directly involve an approved housing body but rather is via a developer who has a legal agreement to sell the developments to the State. While the model differs, the outcome, in our view is the same. Irish and other EU banks should not be penalised due to market and delivery structure reasons. EU rules should be sufficiently flexible to ensure that social and affordable housing projects are attractive and can source sufficient capital given the serious housing shortages. During any forthcoming review of CRR, the Irish Presidency should champion these reforms so that the framework takes into account the diversity of banking markets more appropriately.

5. Facilitating the Green Transition

Ireland's Presidency of the EU offers a strategic opportunity to shape the next phase of the EU's sustainable finance agenda. In its Omnibus Package, the EC has demonstrated its commitment to simplify the burden of regulation on sustainability reporting and due diligence that arose from the ambitious Action Plan: Financing Sustainable Growth and related initiatives.

However, there is room for further harmonisation of the sustainability framework. This would ensure that financial institutions' reporting obligations are fully aligned to the reduced reporting scope of companies under CSRD and the EU Taxonomy. The EU approach should take a broader view of the sustainability framework to ensure greater consistency across related regulatory files, such as CRR/CRD, MiFID, and the Sustainable Finance Disclosure Regulation (SFDR). Aligning these frameworks would reduce regulatory fragmentation and enable financial institutions and companies to adhere to consistent standards across all relevant areas. The BPFi believes that Ireland's Presidency offers a unique opportunity to play a leading role in shaping the EU's sustainable finance agenda.

To maximise this opportunity, the Presidency should prioritise the following:

1. **Making the EU Sustainable Finance Framework more user-friendly**
2. **Developing clear and consistent definitions and standards**

By advancing these priorities, Ireland can position itself as a hub for sustainable finance while ensuring that EU regulation enables - rather than hinders - innovation, investment, and transition in the real economy.

Key recommendations:

- **Making the EU Sustainable Finance Framework More User-Friendly:** The Omnibus Package rightly acknowledges the complexity and

fragmentation of the current EU Sustainable Finance framework. While simplifications, such as reducing the scope of CSRD reporting, streamlining Taxonomy templates, and delaying compliance deadlines are welcome, more is needed to ensure a coherent and manageable framework for banks. We propose that the EU ensures harmonisation across CRR/CRD, SFDR, MiFID, CSRD, and the Taxonomy, reducing duplication and regulatory fragmentation.

- **Developing Clear and Consistent Definitions and Standards:** Unclear or inconsistent sustainability definitions create uncertainty, inefficiency, and an uneven playing field across Member States. The final Omnibus agreement has reduced the scope of CSRD, narrowing it to EU undertakings that both exceed an average of 1,000 employees and generate at least EUR450 million in net turnover during the financial year. These thresholds apply at the stand-alone level for individual EU entities and on a consolidated basis for EU parent undertakings, with certain financial holding companies remaining exempt. For non-EU groups under Article 40a, the trigger is materially narrowed: a third-country group will only fall into scope if a single EU subsidiary/branch independently exceeds EUR200 million in net turnover in the prior financial year, and if the third-country ultimate parent, at its group level (or, if not applicable, the individual level) has generated net turnover in the EU exceeding EUR450 million for each of the last two consecutive financial years. However, the text does not clarify whether the threshold may be met on a consolidated basis at the EU subgroup level, potentially leaving room for divergent member state interpretations until the final text is transposed. Accordingly, we recommend that Ireland ensures consistent transposition of these provisions, aligning national implementation with the clarified thresholds and exemptions set out in the final Omnibus agreement. This approach will provide certainty for smaller firms and foster a level playing field across the EU.

6. Embedding the new EU AML Framework

The launch of AMLA is an important milestone in building a more consistent and risk-focused supervisory architecture across the EU, especially in the face of more sophisticated organised crime, financial fraud, counterfeiting, smuggling and money laundering. Money laundering, in particular, poses a grave threat to society and represents a critical vulnerability for financial institutions, undermining their integrity and resilience. As such, tackling financial crime and money laundering effectively must remain a priority at both the European and global levels.

An early and critical task of AMLA will be to draft Regulatory Technical Standards (RTS) that set out how risks should be assessed and what criteria will determine which entities fall under their direct supervision. To underpin this work, AMLA should create a formalised and participatory mechanism for regular interaction with the institutions it oversees. Such a mechanism would provide a venue to surface operational challenges, share practical experience, and contribute to the development of supervisory practices that are both balanced and effective. Establishing this two-way exchange would not only give AMLA the opportunity to clarify its expectations and procedures but also ensure that financial institutions can offer meaningful input and constructive insights.

The EU AML framework also continues to suffer from fragmentation as Member States apply EU rules in divergent ways. Only a fully unified and consistently applied rulebook will allow banks to strengthen the efficiency and effectiveness of their AML efforts. A risk-based methodology, enshrined in Financial Action Task Force (FATF) standards and forming the backbone of the EU AML legislative package, must be translated into practice. Its consistent application - particularly through the forthcoming RTS - is essential to ensure proportionate, targeted and effective supervision.

Key recommendations:

- **Senior C-suite engagement:** Establish a formal “boardroom dialogue” with industry at a senior level to ensure clear two-way dialogue on the supervisory framework. This could be coordinated with/via the European Banking Federation (EBF).
- **Risk-based AML standards:** Develop a risk-based AML supervision system when establishing the AMLA which ensures its technical standards become the gold standard across the EU and where NCAs begin to align supervisory practices with a common EU approach. Continued facilitation and strengthening of a risk-based approach to compliance, in particular when reporting suspicious activities is also needed.
- **Information sharing requirements.** Enable innovation and privacy-compliant information sharing arrangements by clarifying Article 75 AMLR, removing legal barriers, and supporting Public-Private Partnership (PPPs) to strengthen the fight against financial crime.

7. A common EU approach to consumer protection

Consumer protection remains a cornerstone of the Irish financial sector. A well-functioning financial system, where consumers have common protection and access to financial services, relies on consumer trust, which in turn depends on strong transparency and clarity of rules. A standardised framework for consumer protection can also help boost the provision of cross-border financial services as well as the EU SIU initiative. However, at present, Member State rules and approaches to consumer protection vary considerably across the EU, resulting in fragmentation and complexity for firms trying to offer products across the single market. This patchwork undermines the integrity of the Single Market and creates unnecessary complexity for consumers and firms alike. Having to understand and comply with such different requirements can

act as barriers to firms offering products in certain Member States, ultimately to the detriment of consumer choice and impeding the realisation of a truly single European retail financial services market.

Key recommendations:

- **Development of an EU consumer protection framework:** The BPFi firmly believes that there is one European consumer, not 27 national ones. Accordingly, we urge the EU and Irish Presidency to prioritise the development of a single, harmonised consumer protection framework that delivers consistent safeguards and fosters trust across all Member States. Such a framework could look to build on the strong consumer protection regime in Ireland. In this context, the 2025-2030 EU consumer agenda present a timely opportunity to lay the groundwork. The agenda's focus on strengthening consumer rights, ensuring fairness in the digital and green transitions, and enhancing cross-border enforcement can serve as a catalyst for deeper integration in financial services. This will help ensure that EU consumers can access financial services in a consistent and transparent manner. The development of an EU framework can also be a cornerstone for the development of the SIU, where retail participation in markets and banking services is governed by one regime across the EU. This will allow firms to have streamlined processes in place whereby all EU consumers are afforded the same protections, unlike today.

While we recognise that such a system will need to be developed over time, an initial step could be the development of a horizontal EU consumer protection regulation, which would set out harmonised requirements that financial service providers incorporate customer interests

into their decision-making processes and retail product development. This would provide clarity to firms and customers around consumer protection requirements and make navigating the single market more accessible. While this will require considerable coordination by Member State administrations, we believe the benefits to the Single Market will be considerable as it would act as a crucial step towards creating a key part of a single market in financial services, which could be further built upon over time.

Moreover, the creation of a single EU consumer protection framework offers a strategic opportunity to pivot towards a model of 'simplification through principles.' We advocate for a regulatory approach that focuses on defining clear, high-level consumer outcomes rather than the development of granular rules. By setting the principles of what must be achieved while leaving the "how" of operational implementation adaptable, any framework is inherently more future-resilient. Unlike prescriptive regulation, which can struggle to stay relevant in the context of rapid technological change, a principles-based approach remains malleable, capable of governing new digital innovations without requiring ongoing re-legislation. Furthermore, this flexibility allows for a more proportionate application across the EU's diverse financial landscape, accommodating the distinct realities of varying business models, firm sizes, and market structures. This approach would demonstrate a maturity in EU policymaking, proving that the Union can move beyond detailed rules-based regulation to a streamlined, outcome-focused system that empowers industry to innovate while ensuring robust consumer outcomes.

8. Ensure a stable mortgage credit environment

In 2024 the EC published an external review of the MCD to help guide its assessment as to whether it should be reviewed, with a number of policy options provided; following that, in December 2024 it suspended its review of the MCD given other competing priorities and the fact that the Directive is believed to be meeting its overall objectives, namely increasing consumer protection and contributing to financial stability through the implementation of common rules and standards on contractual information, the calculation of Annual Percentage Rate of Charge (APRC), and creditworthiness requirements.

BPFI agrees with the EC decision that a review of the Directive is not currently necessary given that the transposition of the MCD into national law remains relatively recent, and its application has not revealed shortcomings that would justify wholesale legislative change. The Irish mortgage market continues to function well, grounded in sound and balanced credit principles implemented over the last decade. More broadly,

we would underline that while mortgage markets across the EU are generally efficient, competitive, and effective in serving their respective domestic consumers, a cross-border mortgage market has not emerged. In our view, this outcome is largely due to factors external to the mortgage industry itself, including legal and infrastructural divergences between Member States, differences in national product offerings shaped by structural features of local markets, and specific domestic legislation. Moreover, consumer behaviour plays a significant role. Given that a mortgage is often the most important financial commitment of their lives, most consumers prefer to shop locally, in their own language and under familiar legal frameworks, rather than pursue opportunities in other Member States.

Key recommendations:

- **Limited adjustment to mortgage credit directive.** Should the European Commission consider the MCD needs to be revised, any adjustments should remain limited in scope and primarily aim at better aligning the Directive with the digitalisation of the credit process and compensation for early repayment.



Banking & Payments Federation Ireland,
Floor 3, One Molesworth Street,
Dublin 2, D02 RF29, Ireland.

info@bpfi.ie
www.bpfi.ie

Dublin • Brussels • Frankfurt