

Luís Máximo dos Santos: 10 years of the Single Resolution Mechanism - a decade delivering a more resilient financial system

Closing remarks by Mr Luís Máximo dos Santos, Vice-Governor of the Banco de Portugal, at the conference "10 years of the SRM - a decade delivering a more resilient financial system" marking the tenth anniversary of the Single Resolution Mechanism, hosted by the Banco de Portugal, Lisbon, 30 September 2025.

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Ladies and gentlemen,

Distinguished guests,

Dear colleagues and friends,

As we move towards the close of today's conference, allow me to share a few final observations.

This event is part of the celebrations marking the tenth anniversary of the Single Resolution Mechanism, taking place throughout 2025, with the main highlight being the conference hosted by the Single Resolution Board on 15 October in Brussels.

This anniversary is more than a symbolic milestone.

It is an opportunity to underscore the importance of banking resolution as a vital pillar of the Banking Union and to acknowledge the remarkable journey of cooperation, innovation, and perseverance that has defined the SRM over its first decade.

At the same time, it is also a valuable occasion to identify areas where improvements are still needed and to set priorities for future action.

For me personally, today carries an additional layer of significance.

As one of the longest-serving members of the Plenary Session of the Single Resolution Board, I have had the privilege of witnessing the development and consolidation of the Single Resolution Mechanism first-hand.

Not so long ago, banking resolution was still, in many respects, uncharted territory. The prospect of a European mechanism for the orderly resolution of failing banks seemed little more than an ambitious aspiration.

Over the past decade, however, we have seen this vision evolve into a fully-fledged operational framework, with established authority, robust tools and a proven track record.

We began by preparing resolution plans for every bank and in the meantime have made significant progress on resolvability, moving from abstract plans and idealised strategies into tangible capabilities, supported by testing, and refined through systematic review and practical exercises.

We directed and oversaw the successful build-up of loss-absorbing capacity across the Banking Union – an endeavour that was far from simple, especially for smaller and medium-sized institutions, but one that has provided a much stronger foundation to our framework.

We established the Single Resolution Fund, which is now capitalised with around €80 billion and is fully mutualised.

More recently, we have also navigated the demanding and complex debate on the review of the Crisis Management and Deposit Insurance framework (CMDI), which despite its challenges, has led to an agreement that represents a step forward in refining our regime.

And – crucially – we have faced real resolution cases that tested our ability to act under pressure and demonstrated that bank failures can indeed be managed in an orderly way if the right tools are in place.

To celebrate this anniversary, we were fortunate to hear from an outstanding group of speakers and panellists.

I am grateful that they have agreed to share their knowledge, insights, and experiences, providing us with a rich reflection on the past decade and on the future of banking resolution.

Their participation here today is itself a testimony to the importance of the Single Resolution Mechanism in Europe's financial landscape.

Today's discussions have offered a rich overview of what has been achieved in the past decade, the legal underpinnings of our regime, and the challenges ahead.

The first exchanges reminded us that resolution is deeply embedded in the broader pursuit of financial stability, resilience, and integration in Europe, while also pointing out persisting gaps and areas for improvement in our framework.

The second part of the debate focused on the legal dimension of banking resolution. Over the past decade, the courts have played an active role in consolidating the framework, providing credibility and legal certainty through case law. This interaction between policy, practice and judicial scrutiny has been decisive in ensuring the legitimacy of resolution and in reinforcing confidence in our regime.

Finally, attention turned to the road ahead.

Increasing readiness through testing and operationalisation was identified as a central priority, alongside adapting to the CMDI review and preparing for new sources of uncertainty, such as cyber-risk and geopolitical tensions.

This forward-looking debate captured the dual spirit of this anniversary: celebrating what has been accomplished while keeping our eyes firmly on the future and on the work that still lies ahead.

Throughout the day, we have also had the privilege of hearing from other distinguished guests.

Dominique provided very important insights about the evolution of the SRM, also sharing its proposition for a stronger, more capable and more efficient mechanism.

Wolfgang Münchau provided food for thought concerning the economic and political landscape and warned about existing challenges and threats on the horizon, including related to stablecoins.

Commissioner Maria Luís Albuquerque, unfortunately unable to join us in person, shared her views about the progress achieved in the first decade of the SRM, while also pointing out future priorities for the continued reinforcement of financial stability.

In reflecting on today's discussions and on these past ten years, I believe that three final thoughts stand out.

First, that the SRM – despite some shortcomings – is a genuine success story of European integration.

The progress achieved in this first decade shows that when Member States and European institutions work together with determination and purpose, it is possible to build an entire framework – from its legal foundations to the skills and capabilities that currently exist in the Banking Union – and to make it effective in addressing financial crises and safeguarding financial stability.

The SRM embodies the idea that shared challenges require shared solutions, and that through unity and joint effort Europe can achieve important milestones.

Second, that the past decade has given us reasons for confidence, but it has also shown us that the progress achieved so far is not enough.

The framework is far from being flawless, the work is far from being completed and the challenges ahead are substantial. The next ten years will surely demand the same spirit of collaboration and resilience that has brought us this far.

Deepening the Banking Union must remain a priority if we want it to be truly equipped for the challenges that lie ahead.

Completing its third pillar will continue to be essential to ensure that citizens across Europe can place the same level of trust in the protection of their deposits, regardless of where their bank is located.

Only then will the Banking Union live up to its promise of fairness, confidence and cohesion, and only then can we achieve the level of integration in the European banking markets that we have been aspiring to and that is necessary for the growth and resilience of the European economy.

The recent review of the crisis management and deposit insurance (CMDI) framework has represented progress in refining our regime.

Yet, while it is fair to acknowledge that more could have been achieved, important advances were made. But the final outcome fell short of the ambition that many of us believed necessary. This should not, however, weaken our resolve. On the contrary, it should reinforce our determination to keep pushing for the reforms still required, so that the framework is fully fit for purpose.

The third thought that in my view stands out is that the future of the SRM depends, above all, on the people who make it work: the dedicated professionals at the SRB and national authorities – including here, at the Banco de Portugal, which was called on to take resolution action even before the creation of the SRM and, also for that reason, has been especially dedicated to this mission.

It is the daily commitment of the people who serve within the Single Resolution Mechanism that gives credibility and substance to our framework.

As I have already mentioned before publicly, it is a pleasure for all the staff of the Banco de Portugal to see that two Portuguese banks are now in the top of the European resolvability rankings, despite all the tremendous difficulties at the beginning of the journey.

The past decade has been a story of progress and of cooperation for the Banking Union – in contrast, I would say, to other areas of the European project, where integration and unity have not always kept pace with the demands of today's world.

Let us continue this journey together, knowing that the next ten years will be no less challenging but confident that they can be just as successful.

Robust crisis management has perhaps never been as important as it is likely to be in the years ahead.

In fact, we are and will carry on, navigating stormy waters: geopolitical uncertainty and aggravated tensions that will continue to increase global fragmentation and volatility; cyber-risk; increasing digitalisation and interconnectedness of the financial system; the expansion of financial frontiers through the emergence of digital assets and new market players; and the new risks associated with climate change. And we must have the humility to admit that some of the risks we face today may not have been sufficiently identified.

Readiness to act will therefore be the central driver for the SRM in its next chapter.

Not by coincidence, this is reflected in the strategic ambitions set out in the "SRM Vision" that was approved recently. This strategy marks a shift of focus from resolution planning to a more dedicated effort on operationalisation, resolution testing and crisis readiness, to ensure that each plan and preferred resolution strategy for each bank can be implemented and at short notice, making the mechanism even more crisis-ready.

This impetus on crisis readiness is as important in periods of market disturbance or stress as it is in periods of stability.

In one of their works on the global financial crisis and its lessons, Ben Bernanke, Henry Paulson and Timothy Geithner warned that measures that seem necessary in the aftermath of a crisis will appear onerous and excessive as the memory of the crisis fades.

Let us not fall into that trap.

Simplification of rules and procedures is indeed necessary to make our framework more credible and efficient, but we must consider that weaker rules and regulations can have a much higher cost on society than the costs of excessive regulation.

The key, of course, lies in calibration: in striking the right balance between simplicity and resilience, between efficiency and prudence.

Finally, let me highlight that a robust crisis management arrangement is a powerful tool to create confidence: confidence that financial stability will be preserved even if banks fail; that depositors are protected; that financial markets can continue to function even under stress; and that shareholders and creditors can credibly absorb losses if a bank fails, without endangering financial stability.

All this is instrumental in building trust among economic agents and European citizens. And such trust, in turn, helps reduce volatility, mitigate moral hazard and strengthen market discipline - making markets more efficient, better equipped to finance innovation and ultimately better able to serve the European economy and its citizens.

Therefore, a strong and well-designed banking crisis management mechanism favours the competitiveness of the European Union.

To conclude, I want to extend my gratitude to all of you who were able to join us today – distinguished speakers, panellists, colleagues and friends, who have contributed to the richness of our discussions and to the success of this Conference.

Thank you.