

Luis de Guindos: From crisis to collective strength - a successful decade of the Single Resolution Mechanism and the road ahead

Opening address by Mr Luis de Guindos, Vice-President of the European Central Bank, at the SRM 10th Anniversary Conference, Brussels, 15 October 2025.

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Introduction

A decade ago, the SRM was established as a direct response to the global financial crisis and the European sovereign debt crisis. As the second institutional pillar of the banking union, it has the ambitious remit of improving how bank failures are managed while safeguarding the public interest and limiting recourse to taxpayer money. Together with the Single Supervisory Mechanism, it has played a pivotal role in protecting financial stability in the EU.

Ten years on, we once again find ourselves in a challenging environment, marked by significant uncertainty and geopolitical risk. The banking union remains incomplete, at a time when the EU needs to uphold its fundamental values and defend its interests. We cannot wait until the next crisis to move towards strengthening the EU project.

Looking back: a decade of achievements

Looking back at the past decade, the banking union has been a major success for Europeans. The banking sector is now much more resilient than it was ten years ago. The pandemic and Russia's full-scale invasion of Ukraine affected many parts of our daily lives, yet the banking sector remained strong. The pandemic brought the economy to a virtual standstill, while Russia's invasion was followed by an unprecedented surge in inflation, which called for an equally unprecedented period of monetary policy tightening. The banking sector proved resilient to those two shocks, managing to restore profitability and adapt swiftly as we emerged from the low-interest rate environment.

Over the past ten years, the SRM has helped strengthen the banking sector and prevent systemic crises. It has brought about something that was once unthinkable: a European approach to bank resolution. Through the SRM, you have overseen the build-up of liabilities to absorb losses and recapitalise a bank in resolution. You also set up the €80 billion Single Resolution Fund for the orderly resolution of banks in more challenging scenarios.

The SRM has shown that decisive European action can ensure the continuity of banks' critical functions without causing severe economic disruption. A case in point is Banco Popular in 2017, one of the first instances of a bail-in and – despite the expected judicial disputes – one that was carried out on solid legal grounds. The SRM's smooth handling of resolution cases (which I witnessed first-hand as economy minister in Spain during the Banco Popular resolution) sends a powerful signal: Europe has the tools and determination to manage banking crises successfully.

Since 2015 we have invested significant effort in ensuring that the ECB and the Single Resolution Board (SRB) work together seamlessly at all levels, including through data sharing and the various dry-run exercises that are critical to advancing resolution preparedness.

The road ahead: a need for further financial integration

However, we cannot rest on our laurels. The banking union is still incomplete, and much work lies ahead to ensure that banks can operate in a true Single Market and reap economies of scale.

For this, we must recapture the mindset that enabled us to create the banking union. This means recognising the magnitude of the challenges ahead and understanding that only by acting together as Europeans – rising above national interests – can we address them.

Let me start with the actions we need from legislators to ensure meaningful progress towards completing the banking union.

First, while the Single Resolution Fund is ready, its backstop – to be provided by the European Stability Mechanism (ESM) – is still missing. If we are to be prepared for bank crises, this gap must be closed by finalising the ratification of the reformed ESM Treaty.

Second, we need a European framework for liquidity in resolution. After resolution, the availability of liquidity support is often indispensable for restoring market confidence in a bank.

Third, a European deposit insurance scheme (EDIS) remains crucial for ensuring a cost-effective and harmonised deposit protection system. EDIS would also help address the bank-sovereign nexus. We look forward to seeing renewed efforts by co-legislators to move forward on EDIS. This is urgently needed – let's get it done.

These issues have been on the table for a long time now. I am optimistic that we will see progress. First, because they are essential for the EU project and, second, because their ultimate goal is to protect the banking system, savings and access to finance in the EU. The recent agreement on the reform of the crisis management and deposit insurance framework is an important step forward, but it does not replace EDIS. I do, however, recognise the politically contentious nature of the topic and co-legislators' work in hammering out the necessary compromises to improve EU rules for bank crisis management.

More remains to be done. Mario Draghi's report setting out recommendations on how to boost European competitiveness was published over a year ago now. But the proposals put forward by Enrico Letta in his report on the future of the Single Market are no less important. The Single Market, one of the EU's greatest achievements, is a cornerstone of prosperity and resilience but it too remains incomplete in some respects. By removing the barriers to cross-border economic activity and fostering even deeper economic ties, we can lay the groundwork for financial market development and greater investment across national borders.

For the banking sector, completing the banking union – of which the resolution framework is an integral part – would lower barriers to cross-border business and promote the flow of financing to high-productivity firms in the EU. Improving the free flow of capital and liquidity and facilitating cross-border mergers within the banking union should be an urgent priority. The national ring-fencing we see at present severely limits what European banks can achieve.

More fundamentally, removing obstacles in tax, insolvency and corporate law are essential to fostering cross-border economic activity. At the same time, the costs associated with a lack of harmonisation in securities trading and post-trade services in Europe may also be stifling the growth of our capital markets. The average costs for settlement and safekeeping borne by market participants are higher in Europe than in the United States. Our regulatory, supervisory and market practices create barriers that make it difficult for markets to scale up. They also expose securities issuers, intermediaries and investors to uncertainties and high compliance costs. Harmonising aspects of the debt issuance process would address such frictions. This would make the EU capital market more attractive for investors and strengthen the international role of the euro.

But decisive action to advance the European project requires a European institutional framework that preserves stability and fosters greater integration.

More integrated supervision of EU capital markets will be key in this endeavour. European-level supervision provides the tools and the broader perspective necessary to safeguard financial stability, because systemic risks don't stop at national borders. EU-level authorities should also be better equipped to foster integration across borders. This doesn't need to happen all at once: gradually introducing new powers for the European Securities and Markets Authority, taking into consideration the specific traits of each sector, will be crucial in building up its capacity while maintaining the central role and expertise of national authorities.

Finally, we should also critically assess how we can further improve and simplify our regulatory and supervisory framework. Many EU authorities, the ECB and the SRB included, are currently working intensively on simplification. We are strongly in favour of reducing undue complexity, administrative burden and overlaps, as long as resilience and compliance with international standards are preserved. As prudential and resolution requirements interact with one other, collaboration between authorities is key. Reporting overlaps may, to some extent, be unavoidable, but we can reduce the burden by establishing an integrated reporting system that will be accessible to the relevant EU authorities.

Conclusion

Let me conclude. The SRM's mission ten years ago was clear: ensure that failing banks are resolved in an orderly manner, without resorting to taxpayer money and without increasing risks to financial stability. Born out of a crisis, the SRM has delivered. Over the past decade, it has helped to shield Europe from financial turmoil and, in the process, the SRB has become a trusted international partner in crisis response.

The next ten years will undoubtedly bring new challenges. At the ECB we look forward to continuing our work with you to make the SRM's next decade as successful as its first.

Let's not be complacent, let's strive for strong European solutions: completing the banking union and building a strong savings and investments union will contribute to an even more resilient banking sector that supports productivity and growth. This will benefit all Europeans.