



Speech

Economy

“Broadening the horizon: Lessons from a decade of banking supervision”

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Speech by François Villeroy de Galhau, Governor of the Banque de France

I am delighted to be with you this morning to present once again – and for the eleventh and final time, the ACPR Annual Report. When I first appeared before you in early 2016, I had just taken over the presidency of a relatively young authority (the ACP was created in 2010 and became the ACPR in 2013).



I have had both the responsibility and privilege of seeing the ACPR strengthen its position as a leading authority, recognised by its peers across Europe and, I believe, by financial institutions – along the way, we have also made some semantic progress, as we now refer to entities as being “supervised” rather than “subject” to supervision. The Authority owes this recognition to its staff who, over the years, have successfully taken on new responsibilities. This speech is therefore an opportunity to step back from the somewhat turbulent news cycle, take stock of the progress made since 2015 (1), and outline some of the challenges that lie ahead (2).

1. 2015-25: from post-crisis convalescence to a time of uncertainty

2015: between the end of the beginning and the beginning of the end

2015 marked the final major episode of the Greek crisis. However, it can no longer quite be seen as the peak of the banking crisis, even though it came after five extremely difficult years. From the subprime crisis of 2007 – which became the 2008 Great Financial Crisis – and the subsequent sovereign debt crises in the euro area’s so-called “peripheral” countries, we had just gone through the worst period of financial stress since the 1930s. International talks were under way to finalise the “London Agenda” adopted by the G20 in 2009.



European agencies, especially the European Banking Authority (EBA) and the European Insurance and Occupational Pension Authority (EIOPA), were drafting dozens of legislative texts and technical standards. There was certainly a proliferation of texts, but at least they clarified the framework. At the same time, the establishment of the Single Supervisory Mechanism (SSM) in 2014 was accompanied by an in-depth asset quality review (AQR) of European banks' balance sheets. After that, there may at times have been too many procedures, but there was one undeniable achievement: the successful creation of the Supervisory Union, which put to rest the recurrent concerns about European banks. The emergency takeover of Banco Popular in Spain in June 2017 was the final episode of the crisis.

In 2015, insurance undertakings were poised for the entry into force of Solvency II, which would profoundly overhaul the sector's prudential framework. In short, we were at a turning point: the European financial sector was witnessing the introduction of a completely revised regulatory framework and, largely under the influence of the ACPR and Danièle Nouy, stricter and more "intrusive" supervision.

Closing the reform chapter

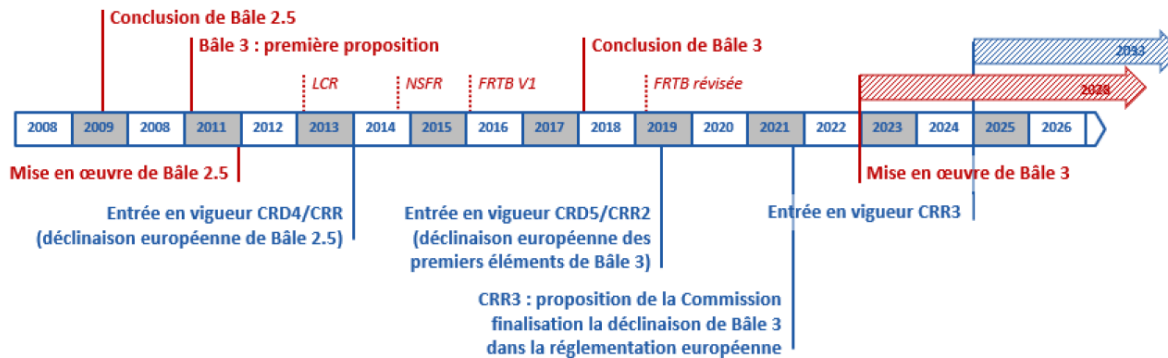
The prudential reforms have largely been completed, in particular with the finalisation of Basel III at the end of 2017.





15 ans de réformes bancaires

Mise en œuvre des réformes bancaires depuis 2008



15 ans de réformes bancaires

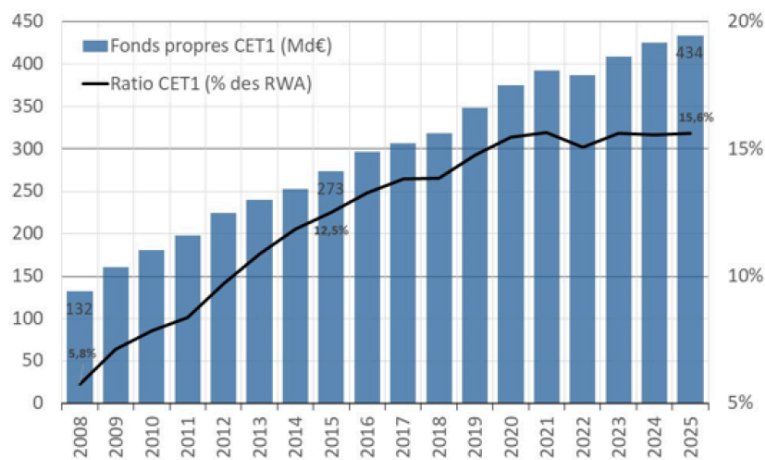
This was transposed into European law (CRR 3, CRD 6) in June 2024, and we have now entered the final phase in the implementation of the banking prudential framework, which is due for completion in 2033. It has certainly taken a long time, in addition to a multitude of regulatory texts. But there are good reasons for this – including the welcome transition period, notably for the impact of the output floor on housing loans, business loans and securitisation. In the meantime, we will pay close attention to the parallel implementation of Basel III in the rest of the world. It is already well-advanced, except in the United Kingdom and United States. We welcome the intentions in both countries, but will closely monitor their execution. In market activities, there can be no question of Europe placing itself at a regulatory disadvantage that could increase the dominance of US banks. European FRTB rules will therefore have to be recalibrated permanently, and as needed.

The main French banks have continued to strengthen their CET1 ratios, raising them from an average 12.5% in 2015 to 15.6% at the end of 2025. Insurance undertakings have also increased their solvency margins (the Solvency Capital Requirement (SCR) coverage ratio was 250% in 2025, compared with 226% in 2015), and have navigated both the prolonged period of very low interest rates (2013-22) and the subsequent rapid rise in interest rates (2022-24).



Une solvabilité confortée

Montant et ratio de CET1 des principales banques françaises



Source : ACPR



Une solvabilité confortée

Confirmed resilience

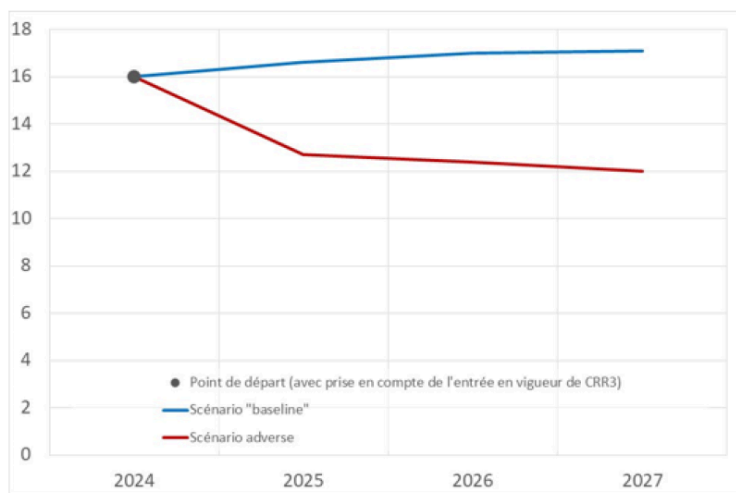


European financial institutions' resilience has been regularly confirmed by increasingly rigorous and credible stress tests.



Les banques européennes sont bien capitalisées

Ratio de CET1 des principales banques de la zone euro
(stress test EBA 2025, scénarios « baseline » et adverse, en % des RWA)



Source : BCE, résultats du stress test 2025



Les banques européennes sont bien capitalisées

The last EU-wide stress tests in 2025 showed that, under a very adverse scenario (cumulative GDP contraction of 6.4% in the euro area and 5.9% in France, rise in the unemployment rate to 12.5% and sharp corrections in financial and real estate markets), the aggregate CET1 ratio of France's main banks would fall from 15.9% to 10.5%, but all would continue to meet their regulatory requirements.

The lesson of this stress test is clear: the European banking sector, and the French sector in particular, is sufficiently capitalised. There is no need to add more requirements, as some still occasionally imagine is necessary.



This resilience is underpinned by a stronger regulatory framework and strict supervision. It has proved its worth in the series of unprecedented shocks we have witnessed over the past five years: i) the Covid-19 pandemic; ii) Russia's invasion of Ukraine; iii) the rapid rise in interest rates in 2022-24 and the March 2023 banking crisis **outside the EU** (SVB and the US regional banks, Crédit Suisse); and iv) for the past 18 months, a highly unstable geopolitical environment linked to the new US administration.

2. What lessons can we draw from the past decade?

Looking back at the past decade leads me to three observations.

Uncertainty has become a feature of our times

I can identify at least four new developments that we had not always anticipated in 2015 but which have profoundly affected the financial sector and our action as a supervisor.



Quatre novations

Brexit



Changement climatique et transition vers la neutralité carbone



Révolution numérique (tokenisation, IA, cyber, etc.)



Montée des rivalités et changements géopolitiques



Source : Noun Project (2026)

Présentation du rapport annuel 2025 de l'ACPR

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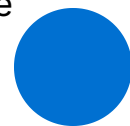
Quatre novations

The first was Brexit, ten years ago next month. We were saddened by this choice, but we had to deal with its consequences coherently. We established a new relationship with the City – which remains a vital financial centre – while also ensuring we maintain effective control over activities that are essential to the euro area. In parallel, we welcomed several hundred financial institutions to continental Europe after Brexit forced them to relocate. In Paris, around 60 banking and payment institutions, investment firms and insurers have been supported by the ACPR in this process. These relocations created over 2,500 jobs and brought over EUR 220 billion of assets to the Paris financial centre.



The second new development is the growing importance of climate-related challenges. First, because climate change has become much more tangible (2015-25 were the 11 hottest years recorded in the past 175 years), and second, because the transition has accelerated. The ACPR has been particularly innovative in this field: it monitors banks' and insurers' commitments, implemented the first global climate stress test for financial institutions in 2020-21, plays an active role in global and European regulatory work, and contributes to the work of the NGFS – a network of over 150 central banks and supervisors set up in Paris in 2017 that cooperates on climate and environmental challenges.

The third new development is the digital revolution – particularly its speed and scale. In 2015, bitcoin was for “geeks”, cybersecurity was a discussion for experts, and generative artificial intelligence seemed like science fiction. In 2025, the MICA regulation, adopted in Europe in 2023, extended the regulatory and supervisory framework to crypto-assets, two years ahead of the United States' GENIUS Act. But the real potential is not in crypto-assets: it is in tokenised bank deposits and privately issued, euro-denominated stablecoins. In parallel, European central banks are actively preparing for a digital euro, both for wholesale and retail use. Cybersecurity has also become a central concern, and we now regard it as a genuine systemic risk. The ACPR has armed itself accordingly, introducing a stronger and more precise regulatory framework (the DORA regulation) in 2025-26, and setting up an Innovation, Data and Technological Risk Directorate (DIDRIT). However, the recent “quantum leap” in the performance of certain generative AI models (Mythos, Open AI 5.5) is a stark reminder that nothing can ever be taken for granted in this field. Faced with this new challenge, the two qualities we will need to demonstrate collectively are, in my view, responsiveness and responsibility. We will need to act ever more quickly to counter a rapidly evolving threat that is being “turbocharged” by the capabilities of AI.



The fourth new development is the return of geopolitics: the increase in rivalries, the undermining of multilateralism by the very same country that guaranteed it, the return of a war of aggression on the European continent. But neither can we ignore the fact that we are interdependent. We will therefore have to fight on two fronts: to preserve the international standards we have worked to define over the past 15 years at the FSB – we have not done too badly so far – and to ensure greater financial and technological sovereignty in Europe. That is the goal of the Savings and Investments Union, and of truly European clouds and AI.

We need to know when to shift our appraisal

A supervisor is paid to be vigilant and to never assume that all risks are under control. Yet the progress achieved so far has made the banking and insurance sectors considerably safer, particularly in France. This means that, without compromising on security, the time has come to place greater emphasis on simplification and competitiveness – pragmatically and without being complacent.

Following a consultation period, during which over 200 contributions were received, the European Commission is due to publish its report on European banking regulation this July. The ECB contributed two reports on regulation and supervision last December. The French authorities – the Treasury and the ACPR – submitted an even more ambitious joint position in April. Let us be clear: things must change. The complex rules and overlapping procedures are weighing on competitiveness in the European financial sector. We need to simplify in a European way, without deregulating like the Americans. This does not necessarily mean lowering the overall level of requirements, but rather taking a more risk-based approach where requirements are proportionate to the risks. The ACPR should serve as an example: a competent supervisor masters its procedures rather than continually adding new ones. I said publicly at the start of 2025, alongside my German, Italian and Spanish colleagues, that I wanted us to take a holistic approach to risk, rather than siloed decision-making by microprudential, macroprudential and resolution authorities.

Let me add one final point: we succeeded in building a Supervisory Union; we now need to fully achieve the Banking Union. Cross-border mergers are far too rare because they remain overly complex. Banking protectionism is unfortunately still a reality, particularly in host countries. Our shared sovereignty and prosperity hinges on being able to develop genuinely pan-European, cross-border financial institutions.

The long term is taking shape today and failing to prepare for it means being left behind

In 2015 again, Mark Carney gave a famous speech on the “tragedy of the horizon”. But the tragedy of the horizon is not just a problem of short-termism. It also means that our actions (and omissions) today are shaping our tomorrow. Failing to address the risks and climate challenges today could mean we are unable to fulfil our financial stability mandate in the future.



Similarly, digitalisation is under way – be it tokenisation, artificial intelligence, notably generative and agentic AI or the quantum computing revolution. It poses a formidable technical challenge and raises huge structural questions: it is disrupting certain players' business models, rendering obsolete things we once took for granted, forcing a rethink of financial conduct and customer protection issues, and reshaping relationships between financial institution and suppliers who can no longer be considered service providers. Much remains uncertain, but by waiting we risk being left behind. I am thinking, for example, of tokenisation. While the regulatory framework may need to be adapted to ensure its safe and controlled adoption within the financial sector, this means, first and foremost revising the MICA regulation to simplify, clarify and expand it to suit the business models that have actually emerged. We may not need to keep an entire section on asset referenced tokens, which never saw the light of day; however, we need to deal with the issues of crypto-conglomerates and decentralised finance, and solve the technical problems – those posed by multi-issuer stablecoins, for example. But regulation cannot do everything: the French and European financial system must speed up its adoption of tokenised operational solutions. The main priority is to develop an offering of euro-denominated tokenised commercial bank money, to complement the wholesale central bank digital currency that will be available from next September.

Lastly, the expansion of non-bank financial intermediation (NBFII) has been one of the structural developments of the past decade, both in Europe and globally. It has gone hand in hand with new forms of instability whose effects we have seen sporadically but repeatedly since 2020. We still have not managed to find the right micro and macroprudential responses to guarantee the resilience of the financial system as a whole. This is the main goal of the system-wide stress test currently being conducted by the ACPR, the Banque de France and the AMF – the results of which are due in October. It has already confirmed that interlinkages and interactions within the financial system play an important role in disseminating stress. I hope that such a system-wide test can also be carried out at the European level, with a particular focus on private credit.¹

To conclude, I would like to share with you three certainties about the future.

Our mandate must be our compass. Everything we have done over the past decade has been done in the name of our financial stability mandate. The independence of the supervisory authority – which is just as important as that of the monetary authority – is the means to fulfil this mandate. But that independence comes with an obligation to deliver results: this report attests to that, and I believe the ACPR has lived up to its responsibilities.

The true scale of the financial sector is European. The Banking Union is not merely an institutional project centred on the implementation of the SSM. It is something much broader, embodied by the Savings and Investments Union, which is not just a technical project but a strategic vision and obligation: mobilising Europe's abundant savings to finance our transitions and strengthen our collective sovereignty is only possible at the continental level. The French financial sector – banks, insurers, asset managers – is an asset for France in Europe; but even more importantly, it is a strength that France provides to Europe. As highlighted in our latest *Letter to the President of the Republic*,ⁱⁱ France has weak public finances but strong private finances.

The only true wealth is people. The progress we have made, the crises we have overcome – we owe this all to the commitment of the men and women of the ACPR and of the entire financial sector. Being prepared means knowing how to harness these talents and this collective intelligence, which will always be worth more than artificial intelligence. Allow me to conclude by naming a few key individuals: Denis Beau, Deputy Chair of the Authority at my side since 2017; the General Secretaries with whom I have had the pleasure of working: Edouard Fernandez-Bollo, Dominique Laboureix, Nathalie Aufauvre, and now Emmanuelle Assouan. And the two Vice-Chairs: Bernard Delas and, since 2020, Jean-Paul Faugère. Thanks to them, and to the nearly 1,100 women and men at the ACPR, I am confident that our supervision is ready for the challenges of tomorrow.



i Villeroy de Galhau (F.) (2026). [“Private markets: Three conditions to get the Good without the Bad or the Ugly”](#), 12 March.

ii Villeroy de Galhau (F.) (2026). [Letter to the President of the Republic: Beyond the urgency, we need to broaden our horizon, now more than ever](#), 4 May.

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