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The institutional and operational frameworks for macroprudential policy in the EU

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Abstract

After the global financial crisis, all EU countries have developed within their jurisdictions a dedicated macroprudential pillar of financial oversight, in line with EU regulations and recommendations. However, governance structures differ, reflecting country-specific rationales and path-dependent choices. This paper provides an overview of the various institutional and operational frameworks for macroprudential policy in EU countries. This overview aims to deliver insights on the key aspects of these frameworks and their impact on the use of macroprudential policy. The analysis is based on i) a literature review, ii) a stocktaking exercise based on a survey among EU Member States and iii) country deep dives.

Keywords: financial stability, macroprudential policy, institutional framework, governance

JEL codes: G18, G28

Non-technical summary

The global financial crisis showed the need for a dedicated macroprudential pillar of financial oversight. Macroprudential policy, equipped with dedicated tools to focus on systemic risks in the financial system, and adopting a holistic and forward-looking approach, is a necessary complement to microprudential supervision. It aims to ensure a stable contribution of the financial system to the real economy and covers both the banking and non-banking sectors.

All EU jurisdictions have developed institutional and operational frameworks for macroprudential policy in line with EU regulations and recommendations.

In 2011, the European Systemic Risk Board (ESRB) Recommendation on the macroprudential mandate of national authorities played a pivotal role in shaping national organisational frameworks by identifying key governance aspects. A report by the ESRB, with a follow-up assessment on the implementation of the ESRB Recommendation, showed that compliance across EU countries is high.¹ Moreover, the introduction of the Single Supervisory Mechanism (SSM) in 2014, together with the enactment of the SSM Regulation², provided an additional harmonising dimension, making the conduct of macroprudential policy a shared responsibility between the ECB and the relevant national authorities.

This paper provides an overview of the institutional and operational frameworks for macroprudential policy in the EU. Governance structures differ across jurisdictions, reflecting country-specific rationales and path-dependent choices. These are determined, among other things, by the balance between policy control and political independence, the existing governance arrangements and cultural differences. This paper aims to deliver insights on the key aspects and the impact of these frameworks on the use and effectiveness of macroprudential policy, via i) a literature review, ii) a stocktaking exercise based on a survey among EU Member States and iii) country deep dives.

The theoretical and empirical literature identifies the main institutional building blocks for an effective macroprudential framework. The design of an effective macroprudential framework should i) reduce incentives for regulatory capture³, ii) address inaction bias, and iii) promote interaction with other relevant policy domains. Under these conditions, the framework enables the ability to act and the willingness to act and supports coordination and cooperation. Building on this, the key elements of a macroprudential framework should include: i) a well-defined mandate and clear objectives, ii) strong governance, robust institutional arrangements and effective mechanisms for cooperation and coordination, iii) adequate powers and iv)

¹ ESRB (June 2014): ESRB recommendation on the macroprudential mandate of national authorities; Follow-up report – Overall assessment.

² See Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63) ([SSM Regulation](#)).

³ In the context of this paper, regulatory capture refers to capture with the macroprudential policy process and may therefore alternatively also be regarded as supervisory capture.

transparency, closely paired with accountability. Moreover, it is crucial that all these elements are embedded within a politically and operationally independent setting.

The allocation of roles and responsibilities differs across jurisdictions.

Regardless of the institutional setting, all jurisdictions apply their own set and combination of macroprudential capital buffers. The decision-making power over such measures is typically centralised, most often within the central bank. In recent years, there has been a growing convergence and a near-universal adoption of the countercyclical capital buffer (CCyB) and/or the sectoral or system-wide systemic risk buffer (SRB) within the EU, while capital-based requirements under Articles 124, 164 and 458 of the Capital Requirements Regulation (CRR)⁴ have rarely been used. For borrower-based measures (BBMs), the responsibility is also predominantly allocated to the central bank. Furthermore, most countries broadly rely on a comparable set of BBMs. However, the differences across jurisdictions in the application of BBMs are more prevalent, reflecting the broader nature and distributional effects of BBMs. Moreover, the implementation of BBMs is often constrained by political and governance frictions, including scattered decision-making structures with differences in views among relevant stakeholders, data limitations and legal challenges.

There is a notable distinction in the organisation of the national macroprudential authority (NMA).

The NMA may typically either be a single institution with formal decision-making powers or organised as a board. In the latter case, it may also have decision-making powers, but more often primarily serves as a consultative body in which various relevant stakeholders cooperate and share views. Institutionalised structures, for example via a board, may require more time to initiate macroprudential actions. On the other hand, it formally ensures early interaction, which otherwise is often organised more informally. In any case, it is important for the decision-making process not to suffer from inaction bias or regulatory capture from political bodies or the financial industry.

No single institutional model on its own can ensure effective macroprudential policy; the governance details crucially matter.

There are notable differences across countries in the overall institutional and operational frameworks. Nevertheless, all jurisdictions report that – notwithstanding the challenges that are also highlighted – they consider their frameworks to be generally effective in practice for conducting macroprudential policy. This indicates that the organisational set-up itself is not the decisive factor, also considering that the 2011 ESRB Recommendation⁵ is widely implemented. At the same time however, it should be considered that the methodology used for this paper, i.e. a self-survey among jurisdictions, may have resulted in responses which could be skewed towards a more positive perspective. Such a “positive bias” could also result from the fact that none of the frameworks have yet been properly tested during a serious boom-bust crisis episode. Notwithstanding these observations, the details of some key

⁴ 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 (OJ L 176, 27.6.2013, p. 1)

⁵ Recommendation of the European Systemic Risk Board of 22 December 2011 on the macro-prudential mandate of national authorities (ESRB/2011/3) (OJ C 41, 14.2.2012, p. 1)

institutional and operational elements are clearly essential for the timeliness and the effectiveness of macroprudential policy.

The allocation of ultimate decision-making powers is a key institutional factor.

In all jurisdictions, NMAs have been established with a well-defined mandate and clear objectives, within the overarching context of contributing to the safeguarding of the financial system as a whole. However, if the NMA or one of its individual members cannot act directly on the systemic risk assessment, this may result in inaction bias. Moreover, when hard legal powers are absent, for example in some cases for BBMs, and when the NMA only has an advisory role in the decision-making process, this cannot per se ensure that there will be an adequate follow-up. This observation also applies to “soft-law” powers, via warnings and recommendations, in some cases with a comply-or-explain mechanism, or the issuance of non-binding measures.

Political and operational independence are crucial to prevent regulatory capture and inaction bias.

The allocation of roles between institutions guides the macroprudential policy process. Assigning an independent role to the central bank or to a separate authority facilitates an active management of macroprudential measures. Bringing macroprudential policy under the control or even the influence of political bodies – as recently considered in some countries – would undermine the effective conduct of macroprudential policy, with possible repercussions on financial stability. The literature review, empirical analyses and country experiences show that when macroprudential measures are placed under the control of political bodies, the decision-making process becomes more complex, which could hamper the timely use of these measures.

Early involvement of interested stakeholders through cooperation and coordination can favour information sharing without creating inaction bias.

Interaction can be organised in different ways, and an institutionalised exchange of information with other relevant authorities may make a positive contribution to the implementation of macroprudential measures and to a better overall policy stance. However, this should not result in a stalemate position. This can, for example, be prevented by using majority voting in collegial bodies, rather than unanimity, and with a strong role for the central bank.

Transparency and accountability should be considered an integral part of macroprudential policy.

Most jurisdictions do not seem to actively use communication as a strategic tool for macroprudential policy. However, providing more insights into the objectives of macroprudential measures, including the underlying trade-offs, can facilitate the implementation of macroprudential measures.

This paper supports discussions on the institutional and operational frameworks and the effectiveness of macroprudential policy.

However, further analytical work is needed. More in-depth quantitative analysis could further explore the role of the institutional setting, starting with this paper. There is also significant room for analysis, building on the ESRB’s work on the macroprudential stance. Furthermore, more research on other relevant factors for the conduct of macroprudential policy – not directly related to the institutional and operational

framework – could be useful, for example the characteristics of the banking sector. Finally, the paper identifies further options that could inform the setting of macroprudential policy and enhance its effectiveness. For example, gaining insights into the distributional effects of macroprudential measures, and quantifying their costs and benefits, seem particularly relevant for BBMs, which are typically more subject to political influence, or for the early activation of macroprudential policy measures, when risks are building up. In this context, macroprudential authorities could learn from experiences gained in other policy domains, particularly monetary policy.

1 Introduction

The global financial crisis (GFC) of 2007–2009 showed the need for a dedicated macroprudential pillar of financial oversight.

In the run-up to the crisis, the supervision of banks was centred almost exclusively on a microprudential, i.e. bank-specific, perspective. The GFC showed that such an approach may underestimate the build-up of systemic risks. It became apparent that the stability of the financial system is not merely the aggregate of its components, but that systemic implications had to be considered as well. As a result, policymakers recognised the need to complement microprudential supervision with a macroprudential dimension, equipped with a variety of dedicated tools to identify and mitigate systemic risks, building on the premise that safeguarding financial stability requires a holistic and forward-looking approach, encompassing both banks and non-banking institutions.

1.1 The emergence of macroprudential policy in the EU

The Basel Committee on Banking Supervision (BCBS) set the stage for the creation of macroprudential frameworks across the globe.

The third iteration of the global regulatory framework for banks – known as Basel III – reflected the lessons learned from the GFC. The Basel III standards and all successive post-crisis regulatory reforms have been integrated into the [consolidated Basel Framework](#). In addition to more stringent capital requirements and ad hoc measures to address excessive use of debt (leverage) and liquidity risks, the Basel III standards introduced a set of macroprudential capital buffers. This pushed lawmakers to embed an adequate toolkit to curb systemic risks into their jurisdictions.

In 2009, the de Larosière Report created the blueprint for reforming the regulatory and supervisory framework of the EU.⁶

First, it recommended the adoption of a comprehensive set of EU legislative acts designed to ensure uniform application of prudential rules for banks and financial institutions across all Member States: the so-called Single Rulebook. Second, it advocated for a major overhaul of the EU supervisory architecture, which soon resulted in the launch of the European System of Financial Supervision (ESFS), comprising three microprudential European Supervisory Authorities (ESAs), namely: the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA). In addition, it comprises a dedicated body tasked with the macroprudential oversight of the EU financial system: the ESRB. Established by Regulation (EU) No 1092/2010 of the European Parliament and of the Council⁷, the ESRB is an EU body without legal personality. While autonomous in the pursuit of its tasks, the ESRB does not have administrative or financial independence, instead relying on the support of the ECB, as envisaged

⁶ See the [Report of the High-Level Group on Financial Supervision in the EU](#), 25 February 2009.

⁷ = Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (OJ L 331, 15.12.2010, p. 1).

in Council Regulation (EU) No 1096/2010⁸. This implies that the ESRB mainly acts through soft-law measures, such as warnings and recommendations, which are not legally binding towards their addressees. Their compliance is ensured primarily through a comply-or-explain mechanism, according to which recipients must either implement the actions recommended by the ESRB or provide reasons for not acting.

Two key developments contributed to shape macroprudential frameworks across EU Member States.

First, in 2011, the ESRB issued the Recommendation on the macroprudential mandate of national authorities (ESRB/2011/3) that urged Member States to designate an authority responsible for the conduct of macroprudential policy in their respective jurisdictions. The Recommendation acknowledged that “the effectiveness of macroprudential policy in the European Union also depends on the national macroprudential policy frameworks of the Member States, since the responsibility for the adoption of the measures necessary to maintain financial stability lies first within national frameworks”.⁹ Second, in 2013, the EU transposed the Basel III standards into its Single Rulebook through the CRR and Capital Requirements Directive (CRD IV)¹⁰. This legislative package introduced for the first time in EU banking legislation a specific toolkit – composed of a set of capital buffers and other instruments – that can be used by relevant authorities to address distinct sources of systemic risks. Recommendation ESRB/2011/3, which preceded the adoption of the CRR/CRD IV package, ensured that national authorities were established and assigned a financial stability mandate beforehand. This created the necessary administrative infrastructure at the national level to roll out the macroprudential toolkit once the necessary legislation entered into force.

The CRR/CRD entrust the governance of macroprudential tools to either national competent authorities or national designated authorities.

The CRR defines the national competent authority (NCA) as “a public authority or body officially recognised by national law, which is empowered by national law to supervise institutions as part of the supervisory system in operation in the Member State concerned”.¹¹ The CRD refers to the concept of national designated authority (NDA) as “a public authority or body (a “designated authority”) that is responsible for setting the countercyclical buffer rate for that Member State”.¹² In most jurisdictions, this means that the latter can be identified as the authority entrusted with setting the macroprudential capital-based measures for banks enshrined in the CRR/CRD.

The ESRB Recommendation aims to ensure consistency in macroprudential frameworks across the EU with flexibility to accommodate national specifics.

ESRB Recommendation 2011/3 delineates guiding principles for the following core

⁸ 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 (OJ L 331, 15.12.2010, p. 162).

⁹ See Recital (2) of ESRB Recommendation ESRB/2011/3.

¹⁰ Directive 36/2013/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, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338). Major amendments were introduced in 2019 (CRD V, Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms) and in 2024 (CRD VI, Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024).

¹¹ See Article 4(1)(40) CRR.

¹² See Article 136 (1) CRD.

elements: (a) objectives; (b) institutional arrangements; (c) tasks, powers and instruments; (d) transparency and accountability; and (e) independence. While these core elements – including the common aspects and divergences of the various national frameworks – are explored in the following chapters of this paper, the following observations are particularly relevant.

For institutional arrangements, the ESRB did not prescribe any specific architecture but advocated for central banks to play a leading role. The leading role of central banks would follow from their existing responsibilities and expertise in financial stability. The ESRB Recommendation also stated that Member States should establish an NMA, either as a single institution, or as a board composed of the authorities whose actions have a material impact on financial stability. As a result, institutional arrangements for the governance of macroprudential policy at the national level vary significantly across the EU. In many jurisdictions, the role of the NMA is entrusted to the central bank. In others, this role is assigned either to a financial supervisory authority or to a collegial body, e.g. a committee or council. The latter typically involves the central bank, the banking supervisor and other independent administrative authorities and representatives from national governments, such as the Ministry of Finance.

The macroprudential authority should be operationally independent, particularly from political bodies and the financial industry. This is a key aspect in the ESRB Recommendation, as it plays a crucial role in the implementation of macroprudential policy. Independence – from both the industry's interests and political pressures – is essential to ensure timely and credible action against systemic risks. Independent institutions are better positioned to adopt appropriate long-term policies to safeguard financial stability, as they can prioritise systemic risk management without being influenced by short-term political agendas. It should be highlighted that these independence arrangements are counterbalanced by accountability and transparency requirements, such as the need for NMAs to be ultimately accountable to national parliaments and to communicate their macroprudential policy decisions to the public in a timely manner, unless doing so would pose a risk to financial stability.

1.2 Macroprudential policy within the banking union

The creation of the banking union reshaped the allocation of prudential powers between national and European authorities. The establishment of the SSM in 2014 introduced a centralised system for microprudential supervision in the euro area, with direct supervision of significant institutions conducted by the ECB, while national authorities continue to supervise less significant institutions but under the oversight of the ECB, which ensures consistent supervisory standards across the BU. Meanwhile, on the basis of Article 5 of the SSM Regulation (SSMR), the conduct of macroprudential policy became a shared responsibility between the ECB and the

relevant national authorities.¹³ When systemic risks are identified, national authorities are first in line in activating macroprudential policy measures in their jurisdictions, subject to a consultation with the ECB, before adopting a final decision when such measures are enshrined in EU law. The ECB has the power to apply stricter requirements, the so-called top-up power, for such measures if it deems that national actions are insufficient to address the systemic risks identified.

The creation of the banking union led to a multi-tiered governance structure for macroprudential policy within Member States. European banking supervision relies on continuous coordination between the ECB and relevant national authorities to facilitate a common risk perspective and to ensure that policy stances are adequate. However, an analysis of the reasons that led to the creation of this governance structure within the SSM is outside the scope of this paper.

1.3 Overview of the current EU macroprudential legal framework

The operational conduct of macroprudential policy for the banking sector in the EU rests on the framework of the Single European Rulebook. The Single Rulebook constitutes the unified regulatory framework for the EU financial sector, designed to ensure the consistent application of prudential rules across all Member States. Originating as a response to the regulatory fragmentation observed during the financial crisis, it aims to dismantle national barriers and prevent regulatory arbitrage by harmonising the transposition of global standards, such as Basel III. The Rulebook is based on a hierarchy of EU legal acts: “Level 1” legislative acts such as regulations and directives (key legislative acts for the banking sector are the CRR, the CRD, the Bank Recovery and Resolution Directive (BRRD) and the Deposit Guarantee Schemes Directive (DGSD)); “Level 2” delegated and implementing acts, frequently developed by the ESAs and adopted by the EU Commission; and “Level 3” acts, namely guidelines and recommendations issued by the ESAs¹⁴.

The CRR and the CRD provide for specific macroprudential instruments. These two EU legislative acts differ in terms of their applicability and enforceability. The CRR is binding in its entirety and directly applicable in all EU Member States. The CRD requires transposition into national legislation and allows for more flexibility, as national lawmakers can tailor the transposing law to the national context.

The CRD establishes the framework for several key capital buffers, resulting in a relatively harmonised EU-level approach. These buffers comprise the capital conservation buffer (CCoB), to improve banks’ loss-absorbing capacity during times of stress; the countercyclical capital buffer (CCyB), to address cyclical systemic risks; the systemic risk buffer (SyRB), either in a system-wide or sectoral manner to

¹³ For more details, see Constancio et al. (2019), “[Macroprudential policy at the ECB: Institutional framework, strategy, analytical tools and policies](#)”, *Occasional Paper Series*, No 227, ECB, Frankfurt am Main.

¹⁴ For a comprehensive legal analysis of the Single European Rulebook in the context of European banking supervision, see Lefterov, A. (2015), “The Single Rulebook: legal issues and relevance in the SSM context”, *Legal Working Paper Series*, No. 15, ECB, Frankfurt am Main.

target a range of systemic risks not addressed by other macroprudential instruments; and buffers for global systemically important institutions (G-SIIs) and other systemically important institutions (O-SIIs), to address the too-big-to-fail externalities. The CRR complements this by providing specific tools for real estate risks, such as the ability to increase risk weights or loss-given-default (LGD) floors under Articles 124 and 164. Furthermore, Article 458 of the CRR allows authorities to introduce stricter national measures to tackle systemic risks not adequately covered by other instruments. The CRD mandates the automatic application of CCyB rates up to 2.5% for all exposures within its scope in EU Member States, while the CRR envisages the automatic application of measures under Articles 124 and 164. The recognition of other macroprudential tools, such as the SyRB (including its sectoral application) or measures adopted pursuant to Article 458 CRR, is voluntary. The consequences of breaches of these capital buffers and macroprudential measures, including their interactions with other capital requirements and measures that are within the remit of microprudential supervisors, are outside the scope of the present paper.

BBMs remain outside the perimeters of EU law, resulting in a more heterogeneous patchwork across jurisdictions. BBMs are a critical component of any macroprudential toolkit. However, instruments such as loan-to-value (LTV), debt-to-income (DTI) and debt-service-to-income (DSTI) are not enshrined in the Single European Rulebook but are only present in national laws. Consequently, the availability and legal definition of BBMs vary across the 27 Member States. While some countries have embedded these tools in their legislation as binding instruments, others rely on soft-law measures (e.g. non-binding supervisory recommendations/expectations) or lack the legal basis to implement them entirely. Furthermore, macroprudential instruments covering non-bank institutions also remain a national prerogative.

Finally, the voluntary reciprocity framework established by the ESRB in 2015 plays an important role in macroprudential policy within the EU¹⁵. The reciprocity framework strengthens the effectiveness of national macroprudential measures in an integrated EU financial system. Financial institutions operate across borders but the legal reach of authorities' macroprudential measures remains confined to their national remit. This creates the risk that, when a Member State adopts a macroprudential measure (either capital-based or borrower-based), financial institutions could circumvent it. The framework allows the ESRB to recommend that other Member States voluntarily recognise these measures ('reciprocate', in the wording of the Recommendation) for their domestically authorised institutions' exposures to the originating country. This promotes a level playing field, limits regulatory arbitrage and enhances the consistency of systemic risk mitigation across the EU. Reciprocity remains voluntary but is supported by the ESRB's "comply-or-explain" mechanism, encouraging coordination among authorities. The reciprocation of macroprudential measures among EU countries is further explored in Chapter 4.

¹⁵ See Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/2) (OJ C 97, 12.3.2016, p. 9). For an overview, see [Reciprocation of measures](#) on the ESRB website.

2 Literature review

The literature on the impact of the institutional and operational frameworks on the effectiveness of macroprudential policy has been growing in recent years. The theoretical literature offers the conceptual rationale and identifies the core elements within a macroprudential framework. The empirical literature supports these theoretical findings by analysing how these elements affect macroprudential authorities' willingness and ability to act in a timely fashion and promote financial stability in an effective way.

2.1 Theoretical underpinnings

Foundations of a macroprudential policy framework

The literature offers three main theoretical foundations that underpin the design of macroprudential policy frameworks. These conceptual aspects constitute the basis for understanding the key institutional and operational features.

The first foundation is that the institutional framework for macroprudential policy should reduce incentives for regulatory capture. This relates to the economic theory of regulation (Bengtsson, 2020). Just like microprudential regulation, macroprudential policy is prone to regulatory capture due to information asymmetries between the public and the policymaker, giving rise to misaligned incentives for the macroprudential authority which may cause it to pursue self-interest, rather than social welfare. Another form of capture may arise from industry and political influence, when such powers are used to steer policy. The literature suggests that institutional arrangements should therefore be designed in a way that reduces the influence of industry and politics on macroprudential policymakers.

The second foundation is that the macroprudential framework should address inaction bias resulting from time inconsistencies and distributional effects. As with monetary policy, the benefits of macroprudential policy decisions accrue in the future and may be uncertain and difficult to measure, while the costs in terms of reduced growth can be seen in the short-term by borrowers, making them difficult to communicate. Time inconsistencies in macroprudential policy may be more pronounced, since the implementation of measures usually happens during the early phase of the financial cycle, when vulnerabilities start accumulating but the economic environment seems benign. Moreover, macroprudential measures – as with monetary policy – also create distributional effects, since they affect specific sectors, exposures or transactions, which influence prices and credit flows and reduce access to credit for particular types of borrowers or sectors. Time inconsistencies and distributional effects are likely to increase inaction bias and induce inertia on the part of macroprudential authorities (Bengtsson, 2020). Inaction

bias may be aggravated in the presence of lobbying by the financial industry and political pressures.

The third foundation focuses on the interaction between macroprudential policy, monetary policy and microprudential supervision. The key takeaway from this literature is that macroprudential policy should either be allocated to the central bank (Garicano and Lastra, 2010; Blanchard et al., 2010; Blinder, 2010; Mishkin, 2011), or the central bank should play a key role in the macroprudential policy process (IMF, 2013a) to reap the synergies between monetary and macroprudential policies. These synergies arise from the experience and knowledge stemming from the lender-of-last-resort role of central banks and their experience of managing financial stability risks, as well as information gains due to access to large datasets related to macroeconomic and financial variables. This literature also finds that microprudential policy powers should be independent (Lima, 2018). The interactions and trade-offs between these three policy domains require cooperation and coordination across potentially separate authorities, which need mechanisms to foster coordinated actions.

Core elements of macroprudential policy

Based on the foundations, several elements can be identified that have become broadly recognised in the literature and country practices. Following the emergence of macroprudential policy in the aftermath of the GFC, key guiding principles have been progressively clarified and consolidated. International organisations, such as the International Monetary Fund (IMF), the Financial Stability Board (FSB), the Bank for International Settlements (BIS) and the ESRB, share common principles that define an appropriate setting of macroprudential frameworks.

The first element is the establishment of a clear mandate and objectives. The macroprudential mandate and objectives need to be explicit and well-defined, and should aim to prevent systemic risk, reduce the frequency and severity of crises and ensure a stable contribution of the financial system to the real economy. This should be set within an adequate institutional arrangement (IMF-FSB-BIS, 2016; Edge and Liang, 2019; Nier, 2025).

The second element is the requirement of strong governance and a robust institutional framework. This implies that models need to combine different elements to support a proactive and accountable macroprudential policy in practice. In this context, there is no one-size-fits-all model (Arslan and Upper, 2017; IMF 2013b; IMF-FSB-BIS, 2016; Borio, 2011). The approach that countries take when designing a legal and institutional framework varies, depending on – among other things – legal and constitutional traditions and institutional preferences. Specific national and historical characteristics inevitably shape institutional design.

The third element builds on the mandate and governance, relating to the operationalisation of these into available powers. Key features of macroprudential powers and effective toolkit, include – among other things - information powers, calibration powers, designation powers (via the identification of

systemically important institutions) and perimeter powers. The potential to extend the regulatory scope, should also aim for coverage beyond that of credit institutions, for example via non-bank tools, borrower-based tools, liquidity and leverage requirements and sectoral capital buffers (IMF-FSB-BIS, 2016). Finally, the toolkit needs to enable comprehensive risk monitoring and systemic risk analysis. Continuous monitoring of the financial cycle, non-bank risks, cross-sector spillovers and interconnectedness should be integrated with early-warning indicators and macro-financial analysis (Borio, 2011); (IMF-FSB-BIS, 2016).

The fourth element concerns transparency, closely paired with accountability.

Transparency enhances the understanding of objectives and policy decisions, and supports the justification of preventive measures, while helping to build public acceptance (Bengtsson, 2021; Nier, 2025). Accountability, in turn, ensures legitimacy, particularly when policies are unpopular or perceived as intrusive. It should also include the publication of strategies and mechanisms for democratic oversight (ESRB 2011/3; IMF-FSB-BIS, 2016). Accountability should be based on a clear objective and strong communication. On the one hand, clear objectives enshrined in law create incentives to act and promote the legitimacy of macroprudential action. On the other hand, strong communication ensures transparency, by creating public awareness of risks and understanding of the need to take action. From a practical point of view, strong communication may involve the publication of the macroprudential policy strategy and periodic reports on the assessment of risks and of the measures taken to mitigate them, and the release of records explaining deliberations and decisions.

All these elements would ultimately be ineffective without political and operational independence.

Independence is a core prerequisite for avoiding inaction bias and ensuring the implementation of macroprudential instruments without due inference. Although institutional set-ups vary across jurisdictions, the literature points out that the central bank should fulfil a central role due to its credibility and insulation from outside pressure (Arslan & Upper, 2017; Nier, 2025). This role could be organised either within an institutional framework where the central bank has single responsibility, or in a framework where the central bank is closely involved within an inter-institutional body. At the same time, some studies indicate that institutional set-ups where financial stability committees have a leading role for macroprudential policy can also be effective, if they have the necessary tools and voting processes (Edge and Liang, 2022), the ability to engage with the Ministry of Finance in binding discussions and adequate governance arrangements for the activation of precautionary instruments (Thiemann and Stellinga, 2023).

These elements are reflected in the concepts of willingness to act, ability to act and effective cooperation (IMF-FSB-BIS, 2016; Nier, 2025).

These concepts constitute a synthesis of all the crucial components of macroprudential policy architecture and implementation discussed above. These elements may be achieved through different institutional models, provided they respect national features and legal traditions. Among them, willingness to act, often rooted in political independence, is typically the decisive factor, since even a large or flexible toolkit is insufficient if authorities lack the resolve to deploy it (Lepers & Thiemann, 2024).

Political independence may coexist with the participation of the Ministry of Finance on macroprudential committees. In fact, country experiences in IMF analyses under the Financial Sector Assessment Program (FSAP) suggest that the involvement of the Ministry of Finance may be desirable, to ensure some degree of political backing for the introduction of measures and thus help elicit broader political support for legislative initiatives. At the same time, experience also suggests that the Ministry of Finance should not play a dominant role. Voting arrangements should enshrine majority voting, rather than imposing unanimity or consensus in the decision-making processes, which may hamper effective policy action (Nier, 2025).

Driving factors in the design of the institutional and operational framework

The institutional and operational frameworks reflect efforts to balance financial stability objectives with broader institutional and political considerations.

A key decision is whether to assign macroprudential policymaking to a single authority – most commonly the central bank – or to a multi-agency structure, which brings together several regulators or supervisors, each with the legal competence and relevant expertise to monitor specific segments of the financial system. The latter typically takes the form of a committee, which often also involves ministries of finance, introducing an element of government involvement to the process.

Single-agency models remain prevalent, but country practices show substantial variation.

Despite the common motivation to commit to enhanced oversight and a more resilient financial system, the tasks and powers assigned to macroprudential authorities differ markedly across countries. The configuration of national political systems, prevailing party dynamics and established patterns of policymaking shape how responsibilities are delegated and how newly created authorities are embedded in existing regulatory architectures. These factors help explain why countries facing similar external shocks have adopted distinctive institutional solutions. In a cross-country sample by Moschella and Pinto (2022), nearly two-thirds of jurisdictions assign the macroprudential mandate primarily to the central bank, due to the advantages of clear lines of authority and operational coherence. By contrast, inter-institutional committees are designed to incorporate diverse perspectives and enhance coordination across policy domains, albeit sometimes at a cost of slower decision-making.

Institutional design choices are also shaped by an interplay of political incentives and institutions' structural features.

As macroprudential tools may have meaningful distributive implications, some governments prefer arrangements that facilitate closer political oversight. In this context, periods of high political uncertainty may be associated with a greater propensity to centralise authority into a single institution, as this may provide a more direct line of accountability than a dispersed committee structure. In addition, institutional features traditionally viewed as enhancing credibility and insulation from short-term pressures may, in certain circumstances, be perceived as limiting political control. Delegation to a body with a high degree of formal independence may therefore constrain policymakers' ability to influence the macroprudential stance. More broadly, the selection of macroprudential

governance arrangements cannot be fully understood without considering the available alternatives.

Reforms of institutional and operational arrangements often reflect a signalling function.

The GFC highlighted concerns about accountability in financial oversight, strengthening policymakers' incentives to introduce institutional changes. Lombardi and Moschella (2017) suggest that the decision to delegate macroprudential functions was not merely efficiency-oriented but also served as a signal that lessons had been absorbed and that more robust supervisory arrangements were being put in place. This symbolic dimension of delegation does not, by itself, account for the considerable variation in institutional design among macroprudential authorities. Domestic political considerations and institutional traditions continue to play a central role in shaping macroprudential arrangements and the balance between independence, accountability and political oversight.

Differences in macroprudential governance structures can also be explained by previously existing institutional arrangements.

Evidence from a sample of 31 advanced and emerging economies suggests that the existing distribution of microprudential responsibilities across different authorities shaped the composition of newly created macroprudential bodies (Masciandaro & Volpicella, 2016). If the central bank was already the primary microprudential supervisor or had low monetary policy discretion, its role in macroprudential policy tended to be more prominent. By contrast, in countries with multiple sectoral supervisors, central banks frequently assumed roles as coordinators or participants, rather than sole macroprudential authorities. The study indicates that most countries established their macroprudential frameworks after defining the central bank's microprudential responsibilities and its degree of institutional independence.

The literature also points to a political dimension. Central banks with greater political independence often receive more modest macroprudential roles, while those with lower levels of independence may be assigned broader responsibilities. One interpretation is that policymakers may be cautious about expanding the authority of institutions they cannot easily influence, particularly where macroprudential measures could have sensitive distributive or sectoral consequences. Conversely, limited political independence may facilitate the integration of macroprudential powers into central banks without raising concerns about creating an overly autonomous institution.

Lastly, national cultural traits may also play a role in shaping supervisory responsibilities.

In a cross-country study, Gaganis et al. (2021) found that higher levels of individualism within a society is associated with a greater probability that supervisory responsibilities are assigned to the central bank, whereas greater power distance correlates with a lower likelihood of central bank centralisation of supervision. In more individualistic societies, where trust in individual initiative and decentralised decision-making tends to be stronger, policymakers may perceive central banks as more legitimate or capable candidates for concentrated supervisory duties. In contrast, in societies characterised by high power distance, where hierarchical structures and acceptance of unequal power distribution are more deeply rooted, supervisory fragmentation and distributing tasks across multiple

agencies may better align with cultural expectations about governance and authority. This adds a non-institutional dimension to the determinants of the design of the macroprudential architecture and implies that any evaluation of supervisory mandates should also look at broader cultural patterns.

Overall, macroprudential governance reflects the interplay between a broad variety of different factors. Existing supervisory arrangements, institutional independence and political incentives help explain why countries reforming their financial stability frameworks in response to similar external shocks have opted for markedly different configurations for central bank involvement in macroprudential oversight. Moreover, the evolution of central banks' macroprudential responsibilities is influenced by an interaction of political incentives, institutional path dependency and perceptions of the information advantages held by central banks.

2.2 Empirical findings

Empirical studies on the impact of institutional and operational structures are still relatively scarce. However, in recent years there has been an increase in papers published on this topic. The review of these studies shows that empirical evidence is mainly focused on investigating how the following features of institutional arrangements influence macroprudential decisions: i) political independence and the leading role of central banks; ii) institutional quality and effectiveness; iii) inaction bias and the role of the financial stability committees (FSCs); and iv) regulatory capture.

2.2.1 Political independence and the central banks' leading role

The literature highlights that the independence of regulatory and supervisory authorities constitutes a fundamental determinant of financial stability.

Fraccaroli, Sowerbutts and Whitworth (2025) develop a comprehensive indicator of Regulatory and Supervisory Independence (RSI) for 98 countries over the period 1999–2019, showing that higher independence is associated with a significant reduction in non-performing loans and, by extension, with a strengthening of banking system resilience. Their results remain robust when tested against alternative measures of financial stability, and the effects appear stronger when macroprudential powers are embedded within the central bank. These findings align with earlier research exploring institutional architecture and banking stability. Kim and Kim (2014) show that supervisory independence, combined with coherent organisational structures, enhances banking discipline and reduces the likelihood of crises. In the European context, Bengtsson (2020) shows that countries that rely on a single macroprudential authority and enforce strong transparency requirements tend to adopt more active and effective macroprudential policies.

Another essential dimension of the literature concerns the central banks' capacity to lead the macroprudential policy process. Kim, Mehrotra and Shim (2025), relying on data from 31 advanced and emerging economies between 2000

and 2020, find that a stronger role for the central bank is associated with a more contractionary macroprudential response to credit shocks. Interestingly, this effect is not driven by the central bank's formal independence, and the findings are robust to different classes of macroprudential instruments. The literature also documents certain limitations of central bank leadership. In contrast to most other studies, Lepers (2024) finds that central banks are less willing than ministries of finance to tighten macroprudential policy during expansionary phases of the credit cycle, especially in the case of highly visible and politically unpopular instruments, such as LTV ratio caps. Nevertheless, the presence of FSCs helps mitigate institutional differences by fostering coordination and sharing responsibility, thereby improving the likelihood of appropriate policy action. Taken together, the literature suggests that political independence is an important component of effective macroprudential governance, with a central role for the central bank to operate effectively in a complex institutional ecosystem.

2.2.2 Safeguarding institutional quality and effectiveness

The empirical literature also emphasises that institutional quality is important for ensuring macroprudential effectiveness. Institutional quality encompasses dimensions such as the rule of law, government effectiveness, disclosure and transparency frameworks, regulatory quality and the protection of creditor rights. Recent empirical studies show that these factors do not merely provide a favourable environment for macroprudential policy, but fundamentally condition the transmission and impact of policy instruments. Apergis, Aysan and Bakkar (2021) show that macroprudential measures reduce bank systemic risk only when institutional quality is sufficiently high. Strong information-sharing mechanisms, robust creditor rights frameworks¹⁶ and high levels of rule of law amplify the stabilising effects of macroprudential interventions. In such institutional environments, banks tend to internalise macroprudential constraints more effectively. Similarly, Chaurasiya, Singh and Kumar (2025) show that institutional quality enhances the ability of macroprudential policy to mitigate sovereign default risk. They find meaningful differences across various governance dimensions, such as political stability, control of corruption and regulatory quality, suggesting that the effectiveness of macroprudential measures depends on the broader institutional and governance ecosystem.

These findings support the view that macroprudential policies cannot operate effectively in institutional voids. Even well-designed instruments can fail in environments characterised by weak judicial systems, limited administrative capacity or pervasive political interference. The literature therefore positions institutional quality, not as a supportive factor, but as a structural condition necessary for macroprudential success, by enhancing macroprudential effectiveness and by fundamentally shaping the channels through which macroprudential policies operate. High-quality institutions strengthen the credibility, enforceability and timeliness of

¹⁶ Creditor rights index: strength of collateral and bankruptcy laws protect the rights of borrowers and lenders.

macroprudential interventions, thereby underpinning financial stability in a durable manner.

2.2.3 Overcoming inaction bias and the role of FSCs

The institutional design of macroprudential governance influences countries' willingness to act. Focusing on the use of the CCyB as a key tool in building resilience in the financial system during credit booms, Edge and Liang (2022) find that strong FSCs enhance willingness to act. FSCs that have been formally established by law, with clear leadership, voting mechanisms and access to policy tools, substantially increase the likelihood that a country will activate or increase the CCyB, compared with countries with weak or merely consultative FSCs, which are more likely to remain inactive, even when credit risks are rising. This governance aspect directly relates to the challenge of overcoming inaction bias in macroprudential policy, because such policies are pre-emptive and often politically unpopular. Depending on the national circumstances, authorities may find it more difficult to act and impose costs in good time to avoid potential crises later. Strong FSCs can mitigate this potential inertia by institutionalising decision-making processes, clarifying accountability and facilitating coordination among central banks, supervisors and ministries of finance. In this way, the paper highlights the functional role of FSCs as governance mechanisms that transform collective awareness of systemic risks into concrete action. By embedding analysis, accountability and cross-agency collaboration within formal structures, FSCs serve as antidotes to inaction bias and help to ensure that macroprudential tools, such as capital buffers, are activated before financial imbalances transform into crises.

2.2.4 Preventing regulatory capture

The structure of banking supervision affects the risk of regulatory capture. Using a formal model, Boyer and Ponce (2012) show that concentrating supervisory power in a single authority, such as a central bank, can increase the likelihood of capture, since concentrated control and information make authorities more vulnerable to influence and collusion with the industry. Their key insight is that splitting supervisory powers across multiple independent supervisors, each responsible for distinct aspects or dimensions of risk, reduces discretion and limits opportunities for collusion. This institutional separation functions as a safeguard against capture by introducing “rules over discretion”, transparency and mutual oversight among agencies. In terms of governance design, the paper argues that decentralised supervisory architectures (e.g. separate microprudential and macroprudential authorities, or shared oversight between home and host supervisors) help prevent regulatory capture by dispersing power, clarifying mandates and reducing incentives for rent-seeking behaviour.

Formal and operational independence shields macroprudential policy from unwarranted influences from the financial sector. McPhilemy (2013) examines the contradictory character of the supervisory approach of the UK Financial Services

Authority (FSA) before the GFC, which combined a highly formalised, rule-heavy system with informal, trusting relationships between supervisors and banks. The article argues that this duality of formal “risk-based” frameworks, coexisting with collegial form, helped produce the regulatory failures that preceded the crisis. Excessive informality and relational dependence may have functioned as a subtle form of cognitive or social capture, as supervisors internalised the industry’s assumptions about efficient markets and risk control, leading to complacency and deference. The paper therefore suggests that preventing capture requires more than insulating policymakers from financial interests: it demands institutional distance, procedural rigour and accountability mechanisms that counteract the pull of relational trust. Post-crisis reforms, such as the splitting of the FSA into the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), partly aimed to reduce these vulnerabilities. Nonetheless, McPhilemy (2013) cautions that the tension between formal rules and informal relationships remains inherent to financial supervision. The balance between preserving effective communication with industry, while avoiding dependency and deference, is essential to prevent regulatory capture in practice. Igan (2019) also shows that bank lobbying may lead to regulatory capture and has effects on riskier practices and worse economic outcomes.

Regulatory capture may contribute to policy divergence across the EU.

Sigmund’s (2020) analysis of O-SII buffer calibration highlights how national discretion in translating systemic risk scores into capital requirements may lead to large and persistent divergences across EU Member States. The paper suggests that these divergences may, in part, reflect regulatory capture. Preventing such capture therefore becomes central to strengthening the credibility and effectiveness of macroprudential oversight. The study shows that O-SII buffers frequently depend more on an institution’s home country than on its measured systemic importance, indicating that domestic political pressures or industry influence may shape supervisory choices. Such patterns undermine the purpose of the EBA’s harmonised scoring framework, which was designed to ensure that banks with similar systemic footprints face comparable capital expectations across the EU. Linking these findings to the broader goal of preventing regulatory capture implies that authorities must insulate buffer-setting processes from short-term national interests. Greater clarity and consistency within the EU framework on how O-SII scores should translate into buffer rates, greater transparency in the national decision-making process and centralised oversight by independent institutions, such as central banks, may limit the scope for lobbying or forbearance. This enhances public trust that macroprudential tools are applied consistently and in the broader public interest.

Conclusions

The theoretical and empirical literature identifies the main building blocks for an effective institutional arrangement. There is consensus on the key elements for the institutional and operational framework for macroprudential policy. These general key elements are underpinned by theoretical considerations and empirical analyses.

The positive impact of institutional arrangements on macroprudential effectiveness is determined by a combination of specific aspects. The foundations and core elements that determine the willingness to act and the ability to act and ensure effective cooperation can be organised in different models.

Differences in institutional and operational structures among jurisdictions seem to reflect country-specific factors and path-dependent choices.

Governance structures have been determined by the balance between policy control and political independence, previously existing governance and institutional frameworks and – notably – cultural differences. Overall, macroprudential governance reflects the interplay between inherited supervisory arrangements, institutional independence and political incentives. These factors largely explain why countries reforming their macroprudential frameworks in response to similar external shocks have different preferred configurations for macroprudential policy.

Empirical evidence identifies relevant factors within institutional arrangements that matter for macroprudential policy effectiveness. Empirical findings suggest that the assignment of macroprudential powers to a single agency, usually the central bank or a committee, may be effective if it ensures independence and helps to overcome regulatory capture and inaction bias. Moreover, empirical studies agree that institutional quality increases macroprudential effectiveness. The use of formal rules more often than discretion is also important to reduce regulatory capture and increase effectiveness. The literature review also points to heterogeneous effects on different classes of instruments, given that some of these tools may have stronger distributional effects than others, making them less popular and more prone to inaction bias behaviours on the part of macroprudential policymakers.

Flexibility within the institutional framework increases the capacity to respond to changing circumstances. Financial systems evolve dynamically, due to innovations, regulatory constraints and distortions originated by other policies. Elements of flexibility within the macroprudential framework are essential for authorities to adjust to these new challenges in the financial system, particularly the capacity to identify new sources of systemic risks, the ability to impose measures where needed to mitigate those risks and powers to collect timely and adequate data and information.

3 Macprudential frameworks across the EU

To develop a precise understanding of the institutional and operational macroprudential frameworks in the EU, it is fundamental to analyse the organisational features of these frameworks in different countries and the legal contexts in which they operate¹⁷.

As indicated in Chapter 1, EU law mandates, after the CRD V reform in 2019, that the governance of CRR/CRD macroprudential measures be entrusted either to NCAs or NDAs. The definition of NMA is not enshrined in law but derives from ESRB Recommendation 2011/3 and indicates the authority that has been entrusted with conducting macroprudential policy.

3.1 Institutional framework

Allocation of decision-making powers for macroprudential capital-based measures

The responsibility for setting macroprudential capital-based measures is predominantly centralised with other roles in the financial system (Table 3.1).

In most jurisdictions, the role of NDA is attributed to a national authority that is also the microprudential supervisor, with both roles integrated within the central bank. In 21 out of 27 jurisdictions, a single institution is both the NDA and the NCA. In 16 of those countries, this role is fulfilled by the central bank, whereas in the other five countries, the role is allocated to a financial authority outside the central bank. In six countries, the role of NCA and NDA is organised separately: in four of these cases either the central bank or a financial authority is the NDA, but not the NCA, and in two of these cases, CRR/CRD macroprudential capital-based measures are set by a government entity. In most Member States, the entity that is the NDA – responsible for setting the CCyB in accordance with Article 136(1) CRD – is also empowered to set other capital-based measures (O-SII, G-SII, Articles 124/164/458), except in five jurisdictions (PL, MT, RO, FR, DK) where the responsibilities for those measures are allocated to another entity or shared between entities, namely the NCA or NMA.

¹⁷ This is a stocktaking exercise based on a survey conducted in 2025. All tables therefore reflect the organisational structure at the cut-off date of 1 July 2025. Any organisational changes that may have occurred in jurisdictions since then have not been considered. This applies not least to Sweden, where the macroprudential framework was substantially revised on 1 April 2026.

Table 3.1

Allocation of the role of NDA, as defined in Article 136 CRD

	Centralised: NDA is also the NCA	Separate: NDA is not the NCA
Within the central bank	16 (BE, BG, CY, CZ, ES, GR, HR, HU, IE, IT, LT, LV, NL, PT, SI, SK)	2 (EE, MT)
Financial authority outside central bank	5 (AT, DE, FI, LU, SE*)	2 (FR, RO)
Government entity	-	2 (DK, PL)
	21	6

* See also footnote 17.

Allocation of decision-making powers for BBMs

The responsibility for setting BBMs is also predominantly allocated to the central bank (Table 3.2). In 23 jurisdictions, the NDA that holds decision-making powers for CRR/CRD capital-based macroprudential measures also holds the powers for setting BBMs. In 16 of those countries, this responsibility is located within the central bank, and in seven countries it is assigned to a separate financial authority. Four countries have an institutional setting where the power to set BBMs lies with an institution other than the NDA, with two assigning the responsibility to the government.

Table 3.2

Responsibilities for setting binding BBMs

	Decision-making powers for BBMs lie with an entity, which is also the NDA	Decision-making powers for BBMs lie with an entity, which is not the NDA
Central bank or anchored within central bank	16 (BG, CY, CZ, EE, ES, GR, HR, HU, IE, IT, LT, LV, MT, PT, SI, SK)	1 (RO)
Financial authority outside the central bank	7 (AT, DE, DK, FR, FI, LU, SE*)	1 (PL)
Anchored within the government or a government entity	-	2 (BE, NL)
	23	4

* See also footnote 17.

The organisation of the NMA

There is a critical distinction in the organisation of the NMA between either a single authority or a board consisting of different stakeholders (Table 3.3). In 17 countries, the NMA is a single institution that is also the NDA, thereby having formal decision-making powers on CRR/CRD capital-based measures. Meanwhile, in ten countries, the NMA is organised as a board to facilitate the exchange of views. In the latter case, the NMA serves as a coordination mechanism in the form of a consultative committee, while formal decision-making powers are allocated to one of the members. In those cases, the NMA generally fulfils an advisory role, via non-binding guidance or recommendations. In eight of the ten countries where the NMA is a committee, this committee includes government representatives.

Table 3.3

Organisational set-up of the NMA

	NMA is also the NDA	NMA is a separate body
Central bank or anchored within central bank	14 (BE, BG, CY, CZ, EE, GR, HU, IE, LT, LV, MT, PT, RO, SK)	6 (DK, HR, IT, NL, PL, SI)
Financial authority outside the central bank	3 (FR, FI, SE*)	1 (LU)
Anchored within the government or a government entity	-	3 (AT, DE, ES)
	17	10

* See also footnote 17.

If the NMA is also the NDA with powers to set capital-based measures (CBMs), it often also holds decision-making power for BBMs (Table 3.4). In the 17 countries where the NMA is also the NDA with decision-making powers on capital-based measures, the NMA is also responsible for BBMs, except in the case of two countries (BE, RO). In the ten countries where the NMA operates as a consultative committee, the NMA usually does not have formal power in setting BBMs. However, in half of these countries (AT, DE, ES, LU, PL) the NMA is among the stakeholders that must be mandatorily involved in the decision-making process.

Table 3.4

Overview of the institutional framework (decision-making powers) for macroprudential policies

	Capital-based measures					Borrower-based measures
	G-SII/O-SII	CCyB	SyRB/sSyRB	Art. 124-164	Art. 458	
AT	NDA;NCA;(SA)	NDA;NCA;(SA)	NDA;NCA;(SA)	NDA;NCA;(SA)	NDA;NCA;(SA)	NDA;NCA; (SA)
BE	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	(GOV) ¹⁸
BG	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA; (CB)
CY	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA; (CB)
CZ	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA; (CB)
DE	NDA;NCA;(SA)	NDA;NCA;(SA)	NDA;NCA;(SA)	NDA;NCA;(SA)	NDA;NCA;(SA)	NDA;NCA; (SA)
DK	NDA;(GOV)	NDA;(GOV)	NDA;(GOV)	NCA; NCA(SA)	NDA;(GOV)	SA / GOV
EE	NDA;NMA; (CB)	NDA;NMA;(CB)	NDA;NMA;(CB)	NDA;NMA;(CB)	NDA;NMA;(CB)	NDA;NMA; (CB)
ES	NDA;NCA; (CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA; (CB)
FI	NDA;NCA;NMA;(SA)	NDA;NCA;NMA;(SA)	NDA;NCA;NMA;(SA)	NDA;NCA;NMA;(SA)	NDA;NCA;NMA;(SA)	NDA;NCA;NMA; (SA)
FR	NCA;(SA)	NDA;NMA;(SA)	NDA;NMA;(SA)	NCA;(SA)	NDA;NMA;(SA)	NDA;NMA; (SA)
GR	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA; (CB)
HR	NDA;NCA; (CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA; (CB)
HU	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA; (CB)
IE	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA; (CB)
IT	NDA;NCA; (CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA; (CB)
LT	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA; (CB)
LU	NDA;NCA;(SA)	NDA;NCA;(SA)	NDA;NCA;(SA)	NDA;NCA;(SA)	NDA;NCA;(SA)	NDA;NCA; (SA)
LV	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA; (CB)
MT	NDA;NCA;NMA;(CB)	NDA;NMA;(CB)	NDA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NMA;(CB)	NDA;NMA; (CB)
NL	NDA;NCA; (CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	(GOV)
PL	NCA;(SA)	NDA;(SA)	NDA;(SA)	NDA;(SA)	NDA;(SA)	NCA; (SA) ¹⁹
PT	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA; (CB)
RO	NDA;NMA;(SA)	NDA;NMA;(SA)	NDA;NMA;(SA)	NCA;(CB)	NDA;NMA;(SA)	NCA; (CB)
SE*	NDA;NCA;NMA;(SA)	NDA;NCA;NMA;(SA)	NDA;NCA;NMA;(SA)	NDA;NCA;NMA;(SA)	NDA;NCA;NMA;(SA)	NDA;NCA;NMA; (SA)
SI	NDA;NCA; (CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA;(CB)	NDA;NCA; (CB)
SK	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA;(CB)	NDA;NCA;NMA; (CB)

Notes: NCA= national competent authority; NDA= national designated authority; NMA= national macroprudential authority; GOV = government entity. (CB) = central bank; (SA) = separate authority (which in these cases is not the central bank but can be the NDA or NMA).

* See also footnote 17.

3.2 Organisation of national macroprudential authorities

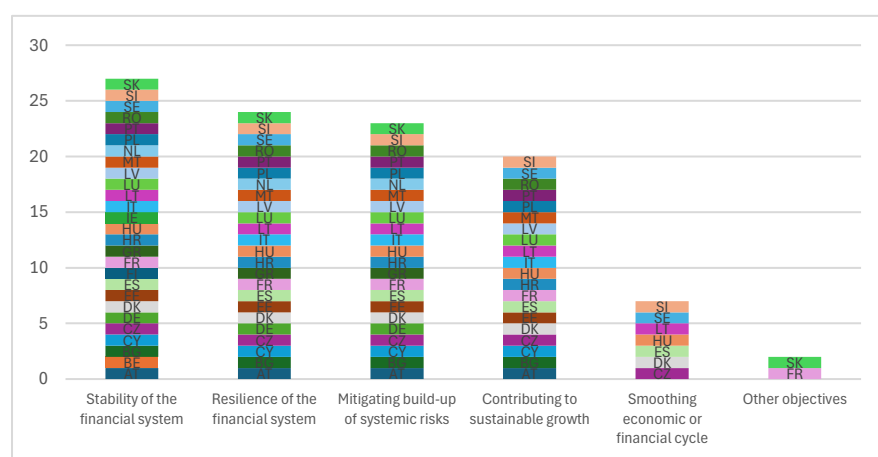
Most NMAs have been assigned at least four objectives, within the universal, overarching context of safeguarding financial stability (Figure 3.1). The functioning of the NMA is generally determined by national legislation and statutory

¹⁸ Belgium has both legally binding and non-legally binding BBMs. The table refers to legally binding BBMs that can be set by the Ministry of Finance, but have never been activated, while non-legally binding BBMs have been implemented by the central bank (NBB).

¹⁹ Poland has non-legally binding BBMs

documents. Within all 27 EU jurisdictions, the NMA is responsible for safeguarding the stability of the financial system. Furthermore, maintaining the resilience of the financial system (24 countries), preventing the build-up of systemic risks (23 countries) and ensuring a sustainable contribution of the financial sector to economic growth (20 countries) are also stated objectives of the NMA. Smoothing the financial cycle is less widespread and is only included as a separate objective in seven countries. Two countries have also included other objectives. These are either intermediate objectives from the ESRB Recommendation (FR) or additional objectives of maintaining the credibility of the financial market, protecting financial consumers and other clients in the financial market and observing competition rules (SK).

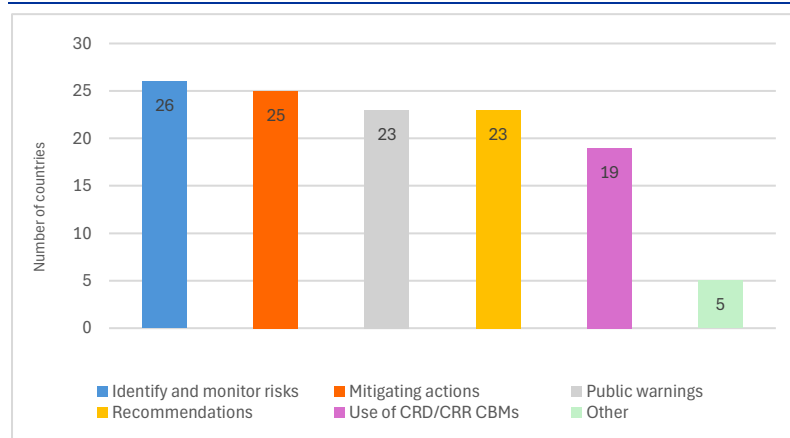
FIGURE 3.1 Objectives of national macroprudential authorities



National macroprudential authorities pursue similar tasks and objectives.

Almost all NMAs are tasked with analysing and monitoring systemic risks and identifying mitigating measures (Figure 3.2). In 23 countries, the NMA has the possibility to issue warnings and recommendations, which is relatively more important for NMAs that are not the NDA, because those NMAs act as a consultative committee and do not have formal powers. When addressed to public authorities, warnings and recommendations are subject to a comply-or-explain mechanism in 13 of the 23 countries. Finally, NMAs that operate as a board are focused on coordination, although the ultimate decision-making power is allocated to one of the member authorities.

FIGURE 3.2 Tasks entrusted to NMAs related to capital-based measures



Most NMAs are not organisationally independent. NMAs are generally not organised as a separate organisational unit. Of all 27 EU countries, the NMA does not have dedicated staff in 15 countries, whereas in 19 countries the NMA does not have a separate budget. Instead, NMAs typically rely on the resources of their host institution, usually the central bank. Separate autonomous NMAs, defined as having both dedicated staff and an own budget, are almost exclusively found in NMAs that operate as single, independent institutions. NMAs that operate as a consultative board do not have a separate organisational unit.

NMAs that operate as a board have broadly similar governance structures but show subtle differences (Table 3.5). The composition of boards highlights the inter-institutional nature of macroprudential policy, with the participation of representatives from the central bank, the Ministry of Finance and possibly other ministries, NCAs and other financial authorities, such as resolution authorities or conduct of business supervisors. On average, NMAs hold four meetings per year, chaired by the central bank Governor or the Minister of Finance, depending on where the NMA is anchored. The meetings are primarily devoted to information exchange but also address communication strategies and policy coordination. Decisions are usually taken by majority vote, with specific rules and procedures defined in legislation or internal rules. Unanimity is only required in Luxembourg.

Table 3.5

Summary of meeting attributes when the NMA is a board or a separate authority

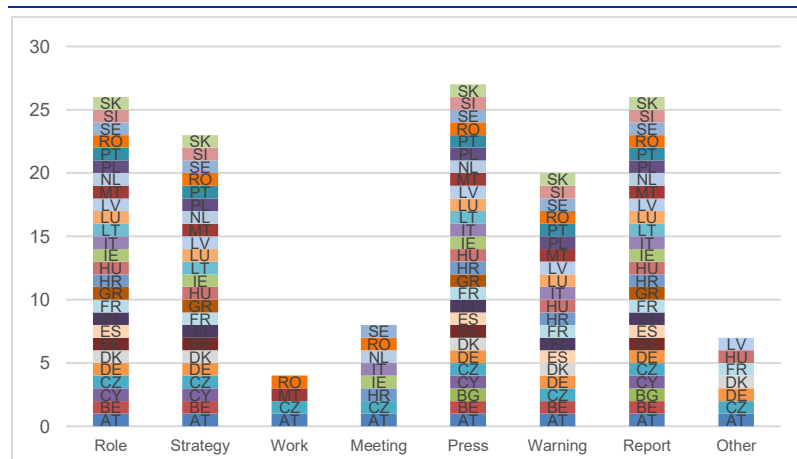
	Set-up	Meetings per year	Composition	Chair	Voting arrangement
AT	Board (gov..anchored)	4	MoF; CB; NCA; others	Ministry of Finance	Majority voting
DE	Board (gov..anchored)	4	CB; NCA/NDA; MoF; others	Ministry of Finance	Majority voting
DK	Board (CB anchored)	4	CB; NCA; MoF; Gov; others	Governor Central Bank	Majority voting
ES	Board (gov..anchored)	6	MoF; others	Ministry of Finance	Majority voting
FR	Board (separate entity)	4	CB; MoF; NCA; others	Ministry of Finance	Majority voting
FI	Board (separate entity)	13	CB; MoF; others	Governor Central Bank	Majority voting
HR	Board (CB anchored)	2	CB; MoF; others	Governor Central Bank	Majority voting
IT	Board (CB anchored)	2	CB; MoF; others	Governor Central Bank	Majority voting
LU	Board (separate entity)	4	CB; NCA; MoF; others	Ministry of Finance	By unanimity (consensus)
NL	Board (CB anchored)	2	CB; MoF; others	Governor Central Bank	Majority voting
PL	Board (CB anchored)	4	CB; NCA; MoF; others	Governor Central Bank	Majority voting
RO	Board (CB anchored)	4	CB; Gov; others	Governor Central Bank	Majority voting
SI	Board (CB anchored)	4	CB; MoF; others	Governor Central Bank	Majority voting

Countries employ several mechanisms to manage potential conflicts or trade-offs between macroprudential objectives and other policy goals. The most common is the circulation of preparatory documents, ensuring transparency and coordination among relevant authorities.

3.3 Transparency

Most jurisdictions make key macroprudential information publicly available (Figure 3.3). This typically includes an overview of the authority's role and structure, an overview of the strategic and operational framework, press releases explaining risk assessments and policy decisions and regular update reports. This holds regardless of whether the NDA is the central bank or another authority. A similar pattern emerges when considering whether the NMA is a central bank or not.

FIGURE 3.3 Publicly available information on macroprudential policies



4 Macprudential policy in practice

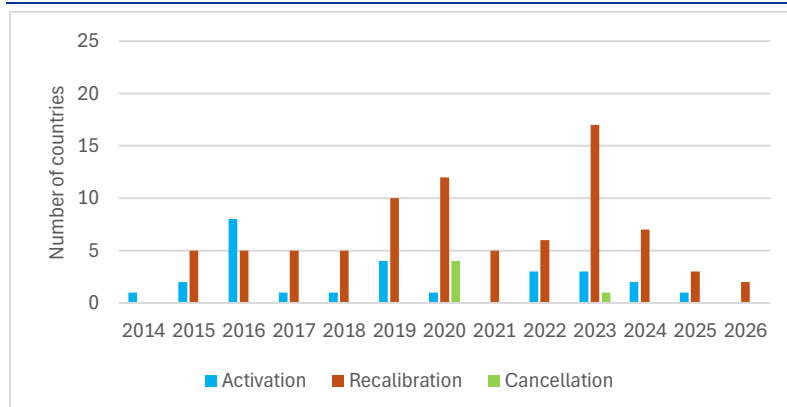
A cross-country analysis reveals that macroprudential measures were actively used between 2014 and 2025, with the institutional set-up affecting the timing and application of different instruments.

4.1 Capital-based measures

Following the introduction of the tools in the regulatory framework, all countries have set macroprudential capital buffers. Specifically, the CCyB and the SyRB are widely used.

Until the pandemic, the CCyB was predominantly determined by a countercyclical perspective (Figure 4.1). There was a peak in activations in 2016, shortly after the establishment of the EU macroprudential framework. After the start of the COVID-19 pandemic in 2020, there was a wave of releases, showing that macroprudential authorities were able to release accumulated buffers to support lending during the economic shock. After the pandemic, the resilience perspective of the CCyB became more prominent, with a peak of (upward) recalibrations in 2023 and a shift towards an early activation to build higher releasable buffers to absorb future cyclical risks.

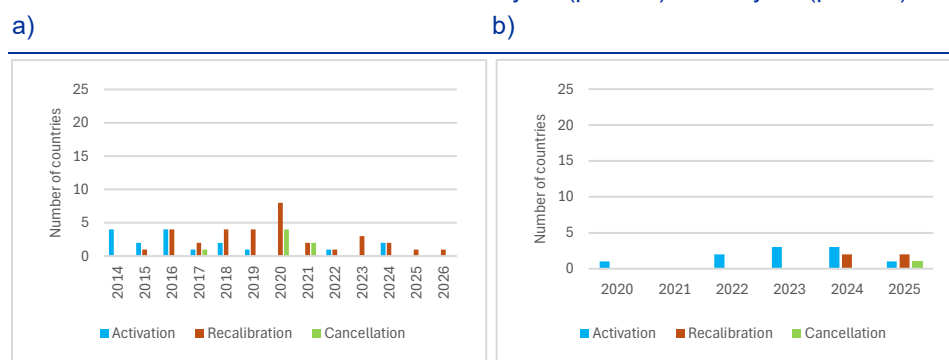
FIGURE 4.1 Activation and recalibration of CCyB



Notes: Recalibrations may be upward (positive) or downward (negative). Cancellation means a full release, where the buffer is set to zero starting from a positive value.

The SyRB, in its system-wide or sectoral version, has been increasingly used in recent years (Figure 4.2). The SyRB, which applies to the total risk exposure amount of an institution, shows a trend comparable to that of the CCyB, with several recalibrations in 2020. Some countries also activated a sectoral SyRB (sSyRB), specifically, following its introduction into EU law via CRD V in 2019. This indicates that authorities use both instruments as options to provide a macroprudential buffer against systemic risks. Indeed, all countries that have not activated the CCyB currently have a SyRB (AT, FI) and/or a sSyRB in place (AT, IT, MT).

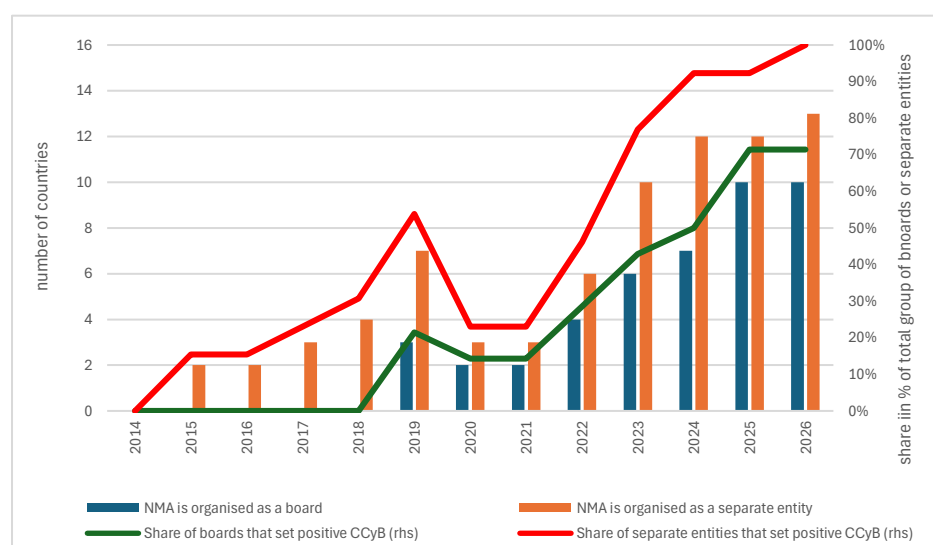
FIGURE 4.2 Activation and recalibration of SyRB (panel a) and sSyRB (panel b)



Notes: "Recalibrations may be upward (positive) or downward (negative). Cancellation means a full release, where the buffer is set to zero starting from a positive value, including if a measure is no longer used.

There is a near-universal application of CCyBs and/or SyRBs. Countries where the NMA is organised as a single authority, in which the role of NDA is often allocated to the central bank (see Table 3.1), have been at the forefront of setting capital-based measures. Board-structured authorities have moved with a delay and have been relatively less active (Figure 4.3).

FIGURE 4.3 Number of countries that announced a positive CCyB rate



By contrast, measures under Articles 124 and 458 have been used less frequently. Since the introduction of the CRR in 2013, seven countries have activated a macroprudential measure based on Article 458, and in four of which this measure has already expired (see Table 4.1). Only three countries have activated a macroprudential measure based on Article 124, whereas none has set measures under Article 164 CRR. The limited use of these measures is also partly due to the possibility of applying the SyRB in a sectoral manner following the CRD V reform in 2019.

Capital-based measures are heterogeneously adopted across countries (Table 4.1). O-SII buffers have been activated in all jurisdictions and are recalibrated on an annual basis. G-SII buffers have also been actively activated after 2016, though in smaller numbers, reflecting the limited presence of globally systemic banks in the sample. The use of CCyBs and SyRBs is widespread, but not universal. The other capital-based measures are less used.

Table 4.1

Current status of capital-based measures

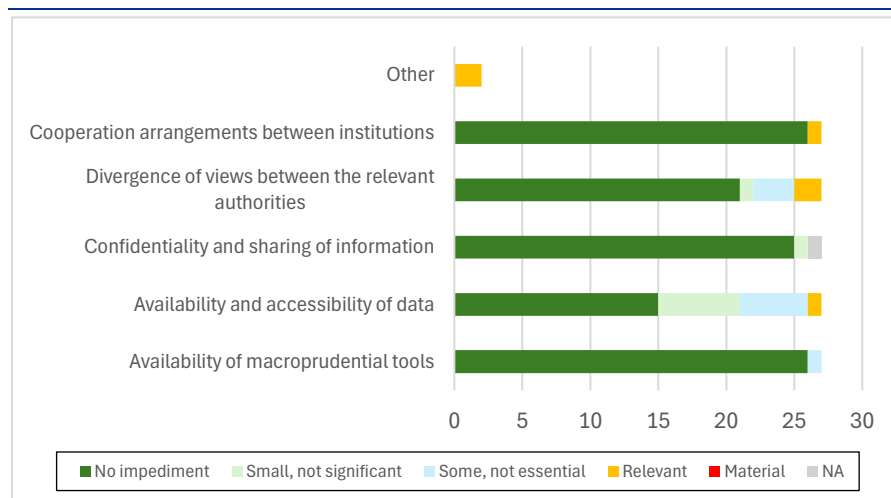
Country	NDA	Capital-based measures						
		G-SII	O-SII	CCyB	SyRB	sSyRB	Art. 124-164	Art. 458
AT	NDA = NCA (sep. aut.)	N	C	N	C	C	N	N
BE	NDA = NCA (CB)	N	C	C	N	C	N	P
BG	NDA = NCA (CB)	N	C	C	C	N	C	N
CY	NDA = NCA (CB)	N	C	C	N	N	N	P
CZ	NDA = NCA (CB)	N	C	C	C	N	N	N
DE	NDA = NCA (sep. aut.)	C	C	C	N	C	N	N
DK	Gov.	N	C	C	P	C	N	N
EE	NDA (CB) is not NCA	N	C	C	P	N	N	C
ES	NDA = NCA (CB)	C	C	C	N	N	N	N
FI	NDA = NCA (sep. aut.)	N	C	N	C	N	N	P
FR	NDA (sep. aut.) is not NCA	C	C	C	N	P	N	P
GR	NDA = NCA (CB)	N	C	C	N	N	N	N
HR	NDA = NCA (CB)	N	C	C	C	N	C	N
HU	NDA = NCA (CB)	N	C	C	C	N	N	N
IE	NDA = NCA (CB)	N	C	C	N	N	P	N
IT	NDA = NCA (CB)	P	C	N	N	C	N	N
LT	NDA = NCA (CB)	N	C	C	N	C	N	N
LU	NDA = NCA (sep. aut.)	N	C	C	N	N	N	N
LV	NDA = NCA (CB)	N	C	C	N	N	P	N
MT	NDA (CB) is not NCA	N	C	N	N	C	P	N
NL	NDA = NCA (CB)	C	C	C	P	N	N	C
PL	Gov.	N	C	C	P	N	P	N
PT	NDA = NCA (CB)	N	C	C	N	C	N	N
RO	NDA (sep. aut.) is not NCA	N	C	C	C	N	C	N
SE*	NDA = NCA (sep. aut.)	P	C	C	C	N	P	C
SI	NDA = NCA (CB)	N	C	C	N	C	P	N
SK	NDA = NCA (CB)	N	C	C	P	N	N	N
Total	C	4	27	23	8	10	3	3
	P	2	0	0	5	1	6	4
	N	21	0	4	14	16	18	20

Notes: Status of capital-based macroprudential measures, either currently in place (C), currently not active, but used in the past (P) or never activated (N).

* See also footnote 17.

Authorities indicate that institutional factors pose minimal impediments to the effective use of capital-based measures (Figure 4.4). Limited data availability stands out as the most consistent systemic challenge. There are also some instances where divergent views and the operational details of cooperation and decision-making among authorities are identified as a relevant impediment. This suggests that while the framework for capital-based measures functions well for the majority, specific inter-agency disagreements can still pose challenges in some countries. Other impediments that are mentioned relate to limited guidance on the use of tools, as well as the interaction with other capital buffers and requirements.

FIGURE 4.4 Impediments to applying capital-based measures



Cross-border aspects of macroprudential measures

The EU perspective is also a relevant factor when implementing capital-based measures. In the context of a single rulebook and to promote a level playing field, it is important for macroprudential authorities to also consider the cross-border effects of policy measures.

The coordinating roles of the ECB and ESRB contribute to a more harmonised approach to macroprudential policy within the EU. All EU countries notify the ESRB when they activate macroprudential measures. In relation to some of these measures, and if certain thresholds are met, EU law requires the ESRB to issue its opinion on their appropriateness. This interaction phase promotes coordination among jurisdictions. In addition, and as outlined in Chapter 1, the continuous interaction within the banking union between national authorities and the ECB – which can use its top-up power to overcome inaction bias at the national level – facilitates a common risk perspective and ensures that policy stances are adequate across countries. This regular engagement with the use of common methodologies leads to more harmonised macroprudential policy within the EU. Recent publicly available examples sharing key insights and best practices are the reports on the application of the sSyRB to residential real estate risks (Behn et al., 2024) and the ECB/ESRB report on the use of the positive neutral CCyB in the EEA (ECB and ESRB, 2025).

Reciprocity can mitigate cross-border effects. Reciprocity, which is the application of other countries' measures in the national jurisdiction, can be an important way to promote the effectiveness of macroprudential policy. It contributes to a more harmonised approach by limiting leakages and arbitrage and ensuring a level playing field. The importance of reciprocity by another jurisdiction depends on the type of measure and the exposures of the banking system in that country that fall within the scope of the enacted measure.

However, reciprocity arrangements are uneven across measures and countries (Table 4.2). As outlined in Chapter 1, the application of the CCyB is mandatory up to a buffer rate of 2.5% for all exposures within its scope, but this is not the case for the other measures, where reciprocity should be requested by the national authority, recommended by the ESRB and eventually applied by the other Member States. Among countries, standard capital-based measures are generally reciprocated more frequently than those adopted under Articles 124 and 458, where reciprocity is rare.

Table 4.2

Current status of reciprocations

Country	Reciprocation			
	SyRB	sSyRB	Arts. 124-164	Art. 458
AT	N	N	N	N
BE	Y	Y	N	Y
BG	N	N	N	N
CY	N	N	N	N
CZ	N	N	N	N
DE	Y	Y	N	Y
DK	Y	N	N	Y
EE	N	Y	N	N
ES	Y	Y	N	N
FI	Y	Y	N	Y
FR	Y	Y	N	N
GR	N	N	N	N
HR	N	N	N	N
HU	N	N	Y	N
IE	Y	N	N	N
IT	Y	Y	N	N
LT	Y	Y	N	Y
LU	N	N	N	N
LV	N	Y	Y	N
MT	N	N	N	N
NL	Y	Y	N	N
PL	N	N	N	N
PT	N	N	N	Y
RO	N	N	N	N
SE	Y	Y	N	Y
SK	N	N	N	N

SI	N	N	N	N
Total				
Y	11	11	2	7
N	16	16	25	20

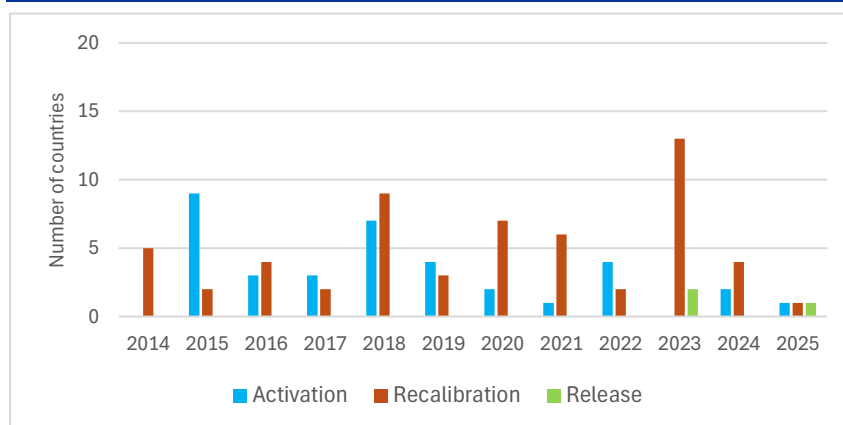
Notes: The table shows macroprudential measures that are reciprocated by the respective Member State. The countercyclical buffer is not included, as all current countercyclical buffer rates are mandatory applicable.

4.2 Borrower-based measures

BBMs have been regularly activated and recalibrated throughout the period

2014-25. BBMs were available earlier than other macroprudential tools and are now widely used across EU countries. The spike in activations and recalibrations in 2018 and 2023 might be explained as a response to growing housing market risk and changes in inflation and interest rates. The higher number of recalibrations also highlights that the focus has gradually shifted from initial introduction to regular recalibration. Furthermore, in the past three years there have been a few cancellations of BBMs in some jurisdictions.

FIGURE 4.5 Activation and recalibration of BBMs



The macroprudential approach for BBMs is not harmonised within the EU.

National authorities have more flexibility in applying BBMs than other macroprudential tools, reflecting national frameworks and the nature of real estate markets. The ECB and the ESRB promote a more consistent use of these tools across countries via their monitoring activity and soft-law measures (warnings and recommendations), respectively.

Most jurisdictions broadly rely on a comparable set of BBMs (Table 4.3). There seems to be a widespread consensus on collateral and affordability constraints, with LTV limits serving as a nearly universal foundation (implemented in 22 countries) and DSTI limits preferred over other income metrics (19 countries). In addition, most jurisdictions also enforce maturity limits. However, the calibration of these BBMs differs across countries and not all measures are necessarily binding.

There are some differences in the use of BBMs for macroprudential policy. In 21 countries, these measures are legally binding, with varying room for exceptions. In almost all other countries, BBMs are not binding, but subject to comply-or-explain mechanisms or to supervisory scrutiny. Some countries (DE, IT, ES) currently do not have BBMs in place.

Table 4.3

Current status of BBMs

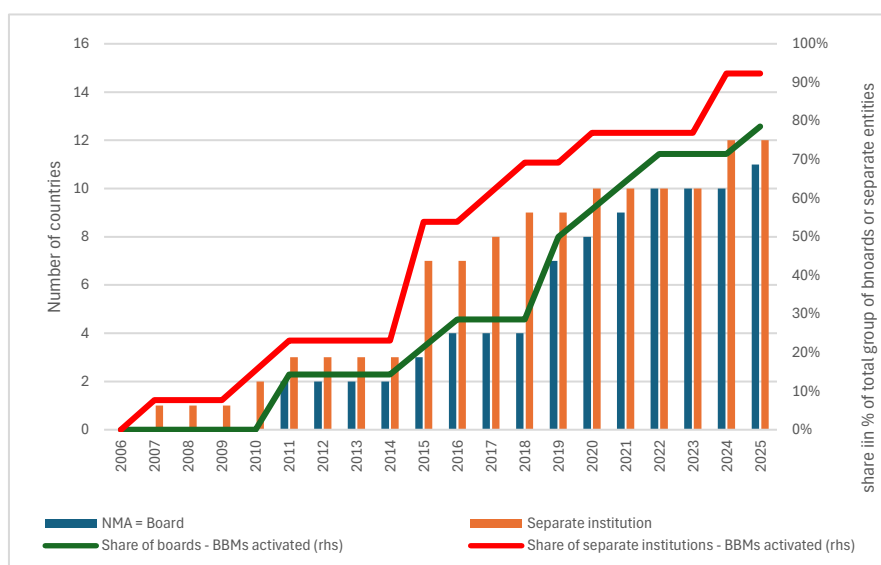
Country	Institutional setting for BBMs (Table 3.4)	Borrower-based measures					
		LTV	LTi	DTI	DSTI	Amortisation	Maturity limits
AT	NDA;NCA;(SA)	C	NA	N	C	N	C
BE*	(GOV)	C	N	C	C	N	N
BG	NDA;NCA;NMA;(CB)	C	N	N	C	N	C
CY	NDA;NCA;NMA;(CB)	C	N	N	C	N	N
CZ	NDA;NCA;NMA;(CB)	C	N	P	P	C	C
DE	NDA;NCA;(SA)	N	NA	NA	NA	N	N
DK	SA / GOV	N	N	C	C	N	N
EE	NDA;NMA;(CB)	C	P	P	C	P	C
ES	NDA;NCA;(CB)	N	N	N	N	N	N
FI	NDA;NCA;NMA;(SA)	C	NA	NA	NA	C	C
FR	NDA;NMA;(SA)	N	N	N	C	N	C
GR	NDA;NCA;NMA;(CB)	C	N	N	C	N	N
HR	NDA;NCA;(CB)	C	N	N	C	N	C
HU	NDA;NCA;NMA;(CB)	C	N	N	C	NA	NA
IE	NDA;NCA;NMA;(CB)	C	C	N	N	N	N
IT	NDA;NCA;(CB)	N	N	N	N	N	N
LT	NDA;NCA;NMA;(CB)	C	N	N	C	C	C
LU	NDA;NCA;(SA)	C	N	N	N	NA	N
LV	NDA;NCA;NMA;(CB)	C	NA	C	C	NA	C
MT	NDA;NMA; (CB)	C	NA	NA	C	NA	C
NL	(GOV)	C	N	N	C	C	N
PL	NCA;(SA)	C	NA	N	C	N	C
PT	NDA;NCA;NMA;(CB)	C	N	N	C	C	C
RO	NCA;(CB)	C	NA	NA	C	NA	C
SE	NDA;NCA;NMA;(SA)	C	N	N	N	C	N
SI	NDA;NCA;(CB)	C	NA	NA	C	NA	C
SK	NDA;NCA;NMA;(CB)	C	NA	C	C	C	C
Total							
C		22	1	4	19	7	15
P		0	1	2	1	1	0
N		5	16	16	5	12	10
NA		0	9	5	2	7	2

Note: Status of BBMs, either currently in place (C), currently not active, but used in the past (P), never activated (N) or not available (NA).

* For Belgium, the table refers to non-legally binding BBMs that have been activated by the central bank (NBB).

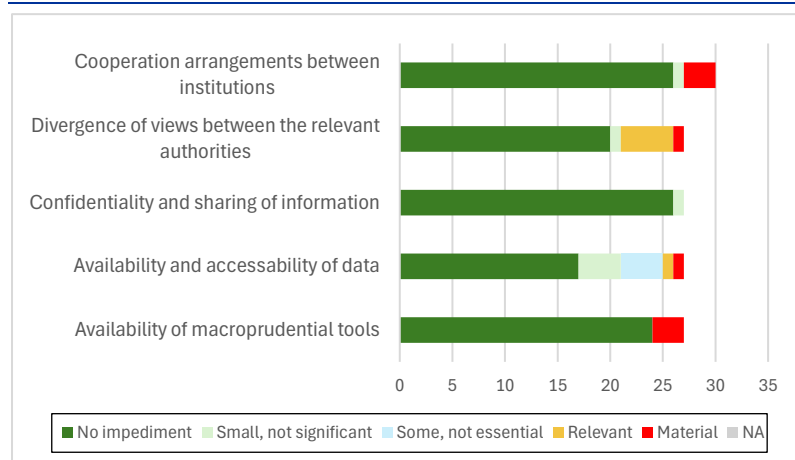
Differences in the institutional set-ups also affected the timing and frequency of application of BBMs (Figure 4.6). Jurisdictions where the decision-making power is allocated to a separate institution implemented BBMs slightly earlier, whereas jurisdictions where decision-making takes place via a board generally acted a slightly later. By 2025, most countries had applied BBMs in some form.

FIGURE 4.6 Number of countries that have implemented BBMs.



The impediments to implementing BBMs are more prevalent than for capital-based measures and fall into three main categories (Figure 4.7). The first category is political and governance friction. When the ultimate decision-making power rests with the government, rather than the central bank or macroprudential authority, this can result in potential measures being stalled or rejected due to political considerations, such as concerns about housing market access or unpopularity with the public. Rigid decision-making structures, such as the requirement for unanimous voting, can also prevent the activation of measures. The second category relates to data limitations. Significant gaps in data hinder both the development and monitoring of BBMs. Key challenges include the absence of credit registers, incomplete household balance sheet data and insufficient data infrastructure. The third category stems from the legal framework. The absence of clear legal provisions, possibly in combination with ambiguity about the financial stability objective, can limit the activation of specific measures when systemic risks are prevalent.

FIGURE 4.7 Impediments to applying BBMs

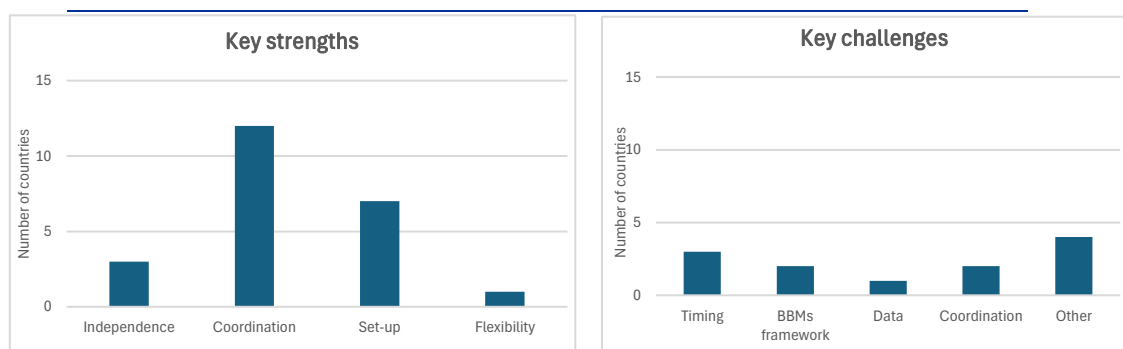


4.3 Overall strengths and weaknesses

Countries self-report that their current institutional and operational framework supports the effective and timely implementation of macroprudential policies.

In practice, EU countries consider their own existing macroprudential framework generally effective to safeguard financial stability. The key factors mentioned are a clear mandate, institutional independence, coordination among the authorities involved and the institutional set-up (Figure 4.8). Notwithstanding this positive self-assessment, most jurisdictions also highlight the presence of relevant challenges, particularly related to the implementation of BBMs, resulting from, among other things, lengthy and complex decision-making processes (timing), institutional and legal limitations (framework) and divergence of views and coordination hurdles (coordination and other), as well as data and analytical gaps (data).

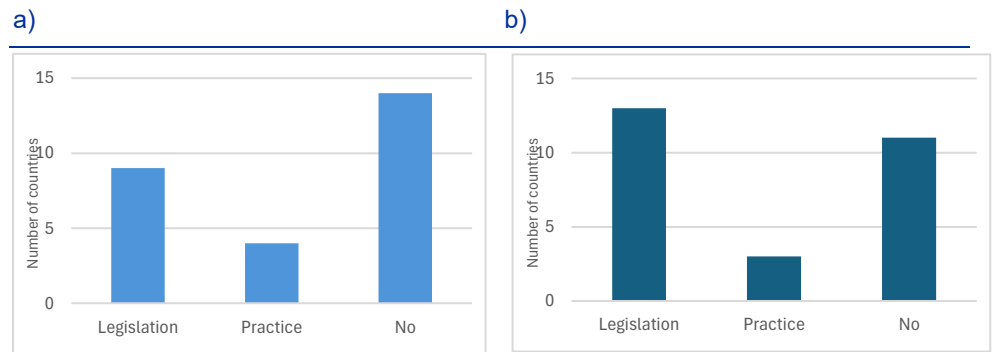
FIGURE 4.8 Key strengths and challenges for macroprudential policy



The implementation of macroprudential measures often requires interaction with political bodies. In 13 countries, the NDA consults with the government before adopting capital-based measures. This consultation is either required by legislation or has been developed as a standing practice. For the implementation of BBMs, the number of countries that seek interaction is slightly higher (16 countries). A broad

majority of the countries indicates that operational independence from both political bodies and the financial industry is generally ensured, in line with the ESRB Recommendation.

FIGURE 4.9 Interaction with political bodies on implementing legally binding capital-based measures (panel a) and BBMs (panel b)



5 Conclusions

The findings reflect a literature review (Chapter 2) and the responses to a survey among EU Member States conducted in mid-2025 (used for Chapters 3 and 4). In addition, the workstream of the Macroprudential Policy Group (MPPG) of the ESCB's Financial Stability Committee received presentations from a selected group of countries. Together, these elements show that there are notable differences across countries. At the same time, all jurisdictions self-report that their institutional and operational frameworks are generally effective, in practice, in conducting macroprudential policy. This indicates that the organisational set-up itself is not the decisive factor, as each model has its own benefits and challenges. Instead, the details of some key governance aspects determine the timeliness and effectiveness of macroprudential policy.

5.1 Objectives, mandate and power

All jurisdictions indicate that they have a macroprudential framework that provides a clear basis for conducting macroprudential policy. Following the lessons learned from the GFC and ESRB Recommendation 2011/3, the macroprudential function is now broadly established within all EU countries, providing a well-defined mandate and objectives to the relevant authorities. This ensures that a distinct responsibility for macroprudential policy is generally appropriately allocated.

Differences in objectives do not seem to have a material impact on the use of macroprudential policy. Although the number of objectives differs across countries, macroprudential policy seems to be predominantly driven by the overarching objective of safeguarding the stability of the financial system, to which all other objectives relate. There were no indications from jurisdictions that there are material trade-offs between the various macroprudential policy objectives, which seems to suggest that authorities can find the right balance in their internal decision-making processes.

The allocation of macroprudential powers differs across countries. Alongside a mandate and objectives, responsible authorities should also have adequate macroprudential measures at their disposal to fulfil their responsibility. For capital-based measures, in most cases the NMA is also the authority that can decide on the implementation of capital buffers. In countries where this is not the case, the central bank often has a strong role in the decision-making process. Also, in these cases, no major impediments to, or disagreements on, the implementation of capital-based measures have been reported. For BBMs, on the other hand, the relevant authorities often do not have direct or exclusive legal decision-making power, and country experiences indicate that macroprudential authorities often face stronger political opposition than for capital-based measures.

The absence of ultimate decision-making powers affects the timely and adequate implementation of macroprudential policy.

A situation in which macroprudential authorities cannot follow up on their systemic risk assessment with corresponding measures can lead to inaction bias. For example, analysis shows that jurisdictions where the central bank has the macroprudential power are more likely to have implemented BBMs (Popa et al.; forthcoming). This divergence between macroprudential objectives and available powers may be the result of political or economic choices or the assignment of a higher weight to other societal objectives, including the availability of financing and access to the housing market. In some cases, where the decision-making power is not allocated to the NMA, the authority contributes to the decision-making process through formal advice, assessments and consultations.

Box 5.1: Objectives and decision-making powers determine the use of BBMs

In the Netherlands, the responsibility for setting BBMs lies with the Government, specifically the Ministry of Finance and the Ministry of Housing and Spatial Planning. According to legislation, the primary objective is to limit excessive indebtedness of individual households. Promoting financial stability is a secondary objective. BBMs consist of an LTV limit and a DSTI limit. The latter is calibrated on an annual basis via a structured process in which the independent National Institute for Family Finance Information (NIBUD) is asked to provide a recommendation. NIBUD informally consults relevant stakeholders, but those entities do not play a formal role. Based on the recommendation from NIBUD, the ministries make the relevant legal changes, which are then subject to a public consultation and political approval process. In the past, De Nederlandsche Bank (DNB) proposed making LTV limits more stringent, but this was not taken up, and ultimate decision-making powers remain with the Government. The roles of the DNB and the conduct authority, the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten – AFM) have recently been strengthened by the Government via a request for an annual monitoring report on the effects of BBMs on financial stability. In addition, the Netherlands Bureau for Economic Policy Analysis (CPB) is invited to submit an analysis of the effects of BBMs on access to the housing market.

In the absence of hard legal powers, national macroprudential authorities may use soft-law measures to support the objective of financial stability.

In almost all jurisdictions, the NMA may issue warnings and recommendations to identify systemic risks and call for actions to relevant stakeholders to mitigate them. This can be an indirect but effective way to strengthen resilience in financial markets, for example when the NMA does not have sole decision-making power (in the case of a board comprising different institutions), when the NMA is not the same authority as the NDA (in the case of capital-based measures) or when decision-making power on BBMs is allocated to an entity other than the NMA. However, such soft-law powers are only useful when they have a relevant impact on the decision-making process or on the actions of banks and functioning financial markets. In the context of these powers, the effectiveness would be further strengthened with a formal comply-or-explain mechanism. For example, the Nationale Bank van België/Banque Nationale de Belgique (NBB) has issued recommendations on sound housing lending standards that provide a reference point for market participants, and, through a formal comply-or-explain mechanism, have helped shape market practices.

The active use of macroprudential measures is in some cases hampered by considerable decision and implementation lags. First, there is a natural time lag between developments in the financial sector and the moment when vulnerabilities are identified and assessed as a potential systemic financial stability risk that requires follow-up. Second, depending on the responsibilities and decision-making structure of each institutional framework, preparatory discussions and coordination are needed before a decision is taken. Finally, there is usually an implementation period – often legally prescribed by the regulatory framework – which results in a time lag between a decision to implement a macroprudential measure and the date that it effectively becomes applicable. Although these are normal and necessary steps within a policy process, they have an impact on the overall macroprudential policy response, which can be more relevant in the event of a dynamic market situation and when risks continue to build up.

5.2 Operational independence

Operational independence from political bodies and the financial industry are crucial to prevent regulatory capture and inaction bias. The institutional and operational framework should not only provide macroprudential authorities with adequate powers and responsibilities (“ability to act”) but also ensure that those measures to preserve financial stability are taken when needed and are not unduly delayed because of other considerations (“willingness to act”).

Macroprudential policy is often confronted with uncertainty, but this should not deter authorities from taking measures when needed. Macroprudential policy aims to mitigate tail risks that are inherently difficult to measure. Moreover, many authorities have indicated that – particularly for BBMs – the decision-making process may be hampered by a lack of data. In addition, macroprudential policy does not have a single, quantitative objective. These aspects imply that there will always be uncertainty, which may lead macroprudential authorities to delay decisions.

A leading role for the central bank or another independent authority can provide a solid basis for macroprudential policy. Central banks have a natural role to play, because financial stability is at the core of their work. Moreover, they benefit from well-established expertise and long-standing independence. Close involvement of the central bank creates the right incentives for vigilant macroprudential policy. This role can be organised in various ways. In many countries, the central bank is solely responsible. In other countries, the macroprudential authority is a committee of different stakeholders. In those cases, the central bank often provides resources, has the capacity to determine the agenda, proposes the implementation of measures and chairs the meetings. Alternatively, if the macroprudential authority is located outside the central bank, there are mechanisms for close coordination.

A divergence of views between relevant authorities is often identified as a key impediment to the effective implementation of macroprudential measures. Differences in risk assessment or priorities may lead to a stalemate position,

especially if decisions have to be taken by consensus in collegial bodies or ultimately require political approval. This is primarily the case for BBMs that have a direct, visible impact on households and distributional effects. The IMF suggests that macroprudential governance frameworks could be strengthened by providing more flexibility by, among other things, making more use of majority voting to prevent a minority or a single member from having blocking powers.

Box 5.2: The allocation of roles guides the macroprudential policy process

In Belgium, the NBB is responsible for macroprudential policy and has been allocated the roles of NMA, NDA and NCA. In that capacity, it has a number of capital-based instruments under its direct remit. Those measures are implemented via NBB regulations, whose enactment require the issuance of a Royal Decree that must be signed by the Minister of Finance or the Council of Ministers. This means that the Minister of Finance holds materially relevant powers in the implementation of capital-based measures. In its recent FSAP, the IMF recommended that activation and calibration should be at the sole discretion of the NBB. In practice, the Minister of Finance has never used its powers, because the institutional structure leads NBB to seek close collaboration with the Cabinet of the Ministry of Finance during the informal preparation phase. When actions required to maintain financial stability are outside of its powers, the NBB can issue “comply-or-explain” recommendations, including the possibility of recommending to the Federal Government the activation of legally binding BBMs. Because of their potentially significant redistributive effects, the Federal Government is competent to decide on legally binding BBMs in Belgium. The NBB can, and has, – on its own initiative – published expectations on BBMs, which are non-legally binding.

In France, the Haut Conseil de Stabilité Financière (HCSF) is the macroprudential authority. The HCSF is composed of the Ministry of the Economy, the central bank (Banque de France), the Prudential Supervision and Resolution Authority (Autorité de contrôle prudentiel et de résolution – ACPR), the Financial Markets Authority (Autorité des Marchés Financiers – AMF) and the Accounting Standards Authority (Autorité des Normes Comptables – ANC), as well as three academics as qualified professionals. This implies that macroprudential policy is developed in a broad economic and political context. The Minister of the Economy hosts and chairs the meeting, with the secretariat provided by Banque de France and the Treasury. Only the Governor of Banque de France can propose the adoption of a macroprudential measure, which is decided upon by majority voting with a casting vote for the chair. The Minister of the Economy needs to issue a decree to make HCSF decisions binding.

In Austria, the Financial Market Stability Board (Finanzmarktstabilitätsgremium – FMSB) is responsible for financial market stability and reducing systemic and procyclical risks. The FMSB is composed of members from the Ministry of Finance, the Fiscal Advisory Council (Fiskalrat), the Oesterreichische Nationalbank (OeNB) and the Financial Market Authority (Finanzmarktaufsichtsbehörde – FMA), with the former two having more voting powers than the latter two. The secretariat is provided by the OeNB, which also submits draft recommendations to the FMSB. In the case of BBMs and measures based on Article 458 CRR, a recommendation by the FMSB to the FMA is required before the FMA can issue macroprudential regulations. Moreover, the FMA can ask for an opinion from the OeNB on macroprudential measures. However, ultimately, all macroprudential regulations need to be approved by the Minister of Finance. In combination with the stronger voting powers in the FMSB, this gives a decisive role in the policy process to the Government.

Inaction bias can be addressed by macroprudential tools that mitigate the emergence of systemic risks without requiring active adjustment (BIS, 2023).

Some macroprudential measures, such as income-based borrowing limits (e.g. DSTI), if appropriately designed, would act as automatic guardrails, helping to support resilience in periods of sustained house price growth or sudden interest rate increases.

Box 5.3: Structural measures with automatic stabilising effects can overcome inaction bias

A cross-country study from the BIS on the use of BBMs shows that measures that become automatically binding during cyclical upswings, and have a loosening effect in a downturn, can be an attractive policy option, because they do not require active decisions during the cycle with corresponding uncertainty and implementation lags (BIS, 2023). For example, a DTI limit for household mortgage lending will become binding in case of strong house price increases that exceed the rise in income. Similarly, a DSTI limit – depending on its calibration and the assumptions on the interest rate – can dampen the procyclical effects of low interest rates and rising house prices. Such structurally oriented measures could be implemented at an early stage, when they are not yet very restrictive, as they build in mitigating effects against excessive developments in the housing market.

The implementation of macroprudential measures can also suffer from regulatory capture. Most institutional frameworks foresee an interaction with the banking sector, either via formal consultations or regular discussions. However, the active use of macroprudential policy can be undermined if the ultimate decisions by macroprudential authorities are not taken independently. For example, a funding structure where the costs of banking supervision are financed by the banks seems to have an undue impact on supervisory decisions (Döme and Sigmund, 2025). Furthermore, there is some evidence that political and economic considerations have an impact on the setting of capital buffers, either negatively correlated with the size of the banking sector or positively correlated with the share of foreign subsidiaries (Stammwitz et al., forthcoming). Further analysis of these aspects is warranted.

Political independence is an essential building block of an effective institutional framework for macroprudential policy. As indicated in Chapter 1, independence is a key concept in ESRB Recommendation 2011/3 on the macroprudential mandate for national authorities. The effectiveness of macroprudential policy depends on the timely activation of adequate measures when vulnerabilities are building up. If the use of such measures is placed under the control of political bodies, the decision-making process to ensure timely activation becomes more complex, due to either the lobbying powers of banks or reluctance to implement restrictive measures that directly impact households. These findings are supported by ample literature reviews, empirical analyses and country experiences. Changes in the institutional framework giving more powers to political bodies – as recently considered in some EU countries – could undermine financial stability by potentially delaying appropriate action to mitigate systemic risks.

Box 5.4: Undermining independence would lead to less efficient macroprudential policies

In France, three draft legislative proposals have targeted the HCSF since 2024. The first of these aimed to change the composition of the HCSF to include two members of parliament and reduce the power of BBMs by allowing banks more room for exemptions. This proposal was eventually withdrawn, after parliamentary disagreement and a negative [ECB opinion](#). The second draft proposal, in 2025, suggested adding a “housing access” dimension to the HCSF mandate, at the risk of confusing objectives and weakening the ability to act on BBMs. At a later stage, in early 2026, the first draft proposal came back almost unchanged, additionally authorising banks to override the DSTI cap if the borrower’s disposable income was deemed sufficient. These draft proposals may further impact the political independence of the macroprudential function, with potential negative effects on the efficiency and effectiveness of the implementation of BBMs.

5.3 Coordination and cooperation

An effective macroprudential framework requires close coordination and cooperation among several actors. The financial system as a whole includes many different stakeholders. Countries have indicated that early interaction improves involvement in, and understanding of, the overall macroprudential strategy and ensures that different perspectives are considered. It also helps to calibrate measures and coordinate the overall macroprudential stance. Moreover, in most cases, political support is either legally required or – in practice – informally needed to ensure the smooth implementation of macroprudential measures.

Coordination and cooperation should, however, not culminate in inaction bias.

Developing a shared risk assessment and a common view on any needed policy actions can be challenging for the different agencies involved in systemic risk assessment and mitigation, each with its own mandates and responsibilities. Because interaction among authorities does not necessarily lead to consensus, the ultimately responsible authority should be able to take macroprudential measures when needed. This can be organised by allocating macroprudential tools and decision-making power to the same entity, or by establishing a well-organised process to reconcile different perspectives or divergent views.

Interaction can be organised in different ways. In many countries, there is a financial stability committee that acts as a coordination point of information exchange and policy discussions. Because committees may comprise numerous institutions with a financial stability mandate, scheduling constraints can sometimes pose material challenges for the organisation of meetings or lead to short-notice rescheduling problems. A separate financial stability unit, often located within the central bank or the Treasury, is responsible for setting the agenda and providing background analyses. To this end, there should be an open exchange of information, with available relevant data. Moreover, there should be a clear process to translate discussions within the committee into macroprudential policy decisions.

Box 5.5: Cooperation mechanisms determine the policy process

In Germany, the Financial Stability Committee (Ausschuss für Finanzstabilität – AFS) brings together the Ministry of Finance, the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) and Deutsche Bundesbank. All members take part in discussions of matters relevant to financial stability. The Bundesbank is responsible for the risk assessment and provides the FSC with proposals for policy decisions. The AFS is the macroprudential authority but does not control legally binding instruments. The AFS can issue warnings and recommendations, over which the central bank has veto powers. Warnings and recommendations are directed to the Government, the supervisor or public entities, whereas BaFin is ultimately responsible for supervisory decisions. This approach implies that early interaction is needed, and it requires time and coordination, including with political counterparts, to ensure the implementation of macroprudential measures.

In Denmark, the Systemic Risk Council (Det Systemiske Risikoråd – SRC) is an advisory body that brings together three different ministries, the central bank (Danmarks Nationalbank), the Financial Supervisory Authority (Finanstilsynet – Danish FSA) and government-appointed individual experts. The central bank provides the chair and fulfils the secretariat by preparing analyses and risk assessments, to which other participants can contribute. The SRC can issue observations, warnings and recommendations. To strengthen the effect of recommendations, the Systemic Risk Council should strive for consensus. This integrated approach ensures coordination and an exchange of views across authorities within a political context. However, consensus building can also lead to a lengthy decision-making process, particularly in case of conflicting interests and a lack of formal arrangements within the decision-making process.

In Luxembourg, the Systemic Risk Committee (Comité du Risque Systémique – CdRS) is the NMA. It is composed of the Ministry of Finance, the central bank (Banque centrale du Luxembourg – BCL), the Financial Sector Supervisory Commission (Commission de Surveillance du Secteur Financier – CSSF) and the insurance supervisor (Commissariat aux Assurances). The CdRS is chaired by the Minister of Finance. The secretariat is provided by BCL. Decisions are taken unanimously. The CdRS can issue recommendations, opinions and warnings and monitors follow-up, but the CSSF is responsible for macroprudential decisions after consulting with BCL and – where applicable – asking for the opinion of the CdRS. The ex-ante exchange of views among relevant stakeholders and the central role of the secretariat provided by BCL support the decision-making process. There are no relevant impediments to the implementation of CRR/CRD capital-based measures. On the other hand, the requirement of unanimity can hamper the implementation of BBMs, in case of a divergence of views. In its recent FSAP for Luxembourg, the IMF recommended reducing the role of political bodies in macroprudential decisions, for instance by revoking the unanimity requirement at the CdRS.

The institutionalised exchanging of information with other authorities contributes to a better aligned overall policy stance (Nier, 2025). Monetary, fiscal and microprudential policies can interact with financial stability. Each of these policy areas has its own scope, goals and instruments, which can reinforce or offset the effects or the impact of macroprudential policy. Information sharing can contribute to a more comprehensive overview. For example, the financial stability effects of (large) changes in monetary policy are more easily accommodated when the financial sector is more resilient, thereby limiting any potential trade-offs between macroprudential policy and monetary policy.

In the European context, the interaction between national authorities and the ECB and ESRB can support a timely use of macroprudential measures.

A recent study shows that the view of the ECB and the national authorities' policy decisions on CCyB tend to converge (Stammwitz et al., 2025). The fact that this can take up to one year suggests a very careful approach to taking decisions on the part of some authorities. Efforts are ongoing within European banking supervision, and also on an EU-wide level, to develop a shared understanding of the use of macroprudential policy and use comparable methodologies across countries. Meanwhile, there is more divergence between countries on BBMs (Popa, 2025). According to the IMF, this indicates that the ECB and ESRB should strive for further adoption and consistency in the use of BBMs across EU Member States.²⁰

5.4 Transparency and accountability

Most jurisdictions do not seem to actively use communication as a strategic tool for macroprudential policy. Macroprudential authorities publish a broad range of documents, either as a formal accountability requirement or as part of an overall transparency policy, but in most jurisdictions, communication is not actively used as a separate pillar to support the implementation of macroprudential policy, whereas “controlling the narrative” could be an important part of a macroprudential strategy.

Providing more insights into the trade-offs could facilitate the implementation of macroprudential measures. It could be useful to explain the objectives of macroprudential policy more explicitly. Such communication could, for example, clarify how macroprudential measures (such as BBMs) target intermediate objectives (preventing excessive lending and household indebtedness) and thereby contribute to financial stability. Identifying the trade-offs between the short-term costs of binding measures versus the longer-term build-up of tail risks could provide useful insights. In addition, there has recently been a surge in granular analytic tools (agent-based models) that can provide much more detail on the distributional effects of BBMs (Borsos et al., 2025). Quantifying these effects can help to explain the measures, thereby facilitating the decision-making process and creating broader public and political support.

Box 5.6: Communication as an integral part of macroprudential strategy

Austria introduced BBMs for residential real estate (RRE) loans to private households in 2022. Before this, background briefings with major media outlets on the content and purpose of BBMs contributed to rationalising and balancing the public debate. However, the tone of the public policy debate shifted when BBMs came into force in mid-2022, just as interest rates started to rise. In the public debate, BBMs were regularly used as a scapegoat to explain the strong decline in RRE lending. At this stage, the public debate was dominated by the narratives of stakeholders lobbying against the measures. Misinformation, misunderstandings and the ramping up of anxiety influenced the public conversation. At first, the public relations initiatives of the supervisory authorities, largely centred around classic outlets, such as press releases or press conferences, did not have a notable

²⁰ Euro Area FSAP: Technical Note on Macroprudential Policy.

influence on the public debate. In mid-2024, the OeNB started a series of blogs on the BBMs, to be used as a reference for more frequent and engaged contributions by the supervisory authorities to the debate, for example in social media outlets. This experience highlights the need for willingness to engage in a frequent debate with the public via traditional as well as digital-first and social media outlets. This is specifically the case for potentially more controversial measures, such as BBMs. Such interactions require dedicated resources with a recipient-tailored, non-technical choice of words.

5.5 Prospects for further work

The literature review provides key insights into the determinants of effective macroprudential policy, but several aspects remain insufficiently explored.

First, future work should aim to develop more refined measures of macroprudential policy activity. Most empirical studies focus on the impact of policy on financial stability outcomes. Systematic indicators on the frequency, timing and intensity of macroprudential interventions are still lacking and would also support the analysis of activation patterns across different institutional arrangements. Second, empirical evidence on the behaviour of macroprudential authorities in normal times versus crisis periods would provide further insights into regime-dependent relationships of macroprudential policy during distinct phases of the financial cycle. This could include further analysis on the impact of macroprudential governance on inaction bias in different circumstances. Third, it is essential to have a more thorough understanding of systemic risks in the non-bank financial sector and how institutional governance arrangements enable macroprudential authorities to adapt to these sources of vulnerabilities from heterogeneous financial entities. Fourth, further unpacking the interactions between different authorities is crucial for designing effective institutional frameworks.

In addition, there is significant room for further statistical analysis, although this could also be challenging.

This paper lays the groundwork for discussion. Statistical analysis could provide useful further evidence for the debate by testing the impact of specific features in the institutional and operational frameworks on the conduct of macroprudential policy. Such analysis would require finding meaningful indicators on the macroprudential stance of a country (for example, by using the respective ESRB indicator under development) and linking macroprudential measures to the state of systemic risks in a country within the organisational framework. This would then allow an assessment of the willingness to act and of the extent of regulatory capture and inaction bias. However, a report by the ESRB (2019) has already pointed towards the obstacles to reaching a meaningful indicator on the willingness to act.

Furthermore, more research on other relevant factors – not directly related to the institutional framework – might be useful.

In addition to the analysis in this paper, there are other possible factors that may determine the willingness to act, including, for example, the presence of foreign-owned banks in a country, the concentration of a banking sector and the proportion of non-bank financial intermediation, as well as the quality of political governance. More analysis and

additional control variables would need to be considered to come to more conclusive findings. This work would require developing testable models, identifying and applying appropriate statistical methods and gathering (and even creating) additional indicators.

Finally, this paper identifies other options to enhance the effectiveness and impact of macroprudential policy.

Further work could focus on the role of communication as a distinct aspect of the macroprudential framework. Macroprudential authorities could increase transparency by more actively sharing their risk and policy assessments and engaging in more active dialogue on the objectives and potential trade-offs. Such enhanced communication could help to take the narrative forward and thereby increase the understanding of macroprudential actions among the public and political decision-makers. In this context, it would be particularly useful to provide more information on the distributional effects of macroprudential measures, including a more detailed quantification of the costs and benefits of specific measures and the identification of which groups are mostly affected. Existing practices and experiences gained within the monetary policy domain on these aspects could provide useful insights in this context.

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