

Institutional Analysis on the European Banking Union: Relations with the European Banking Authority and Financial Stability Board

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Abstract

This study aims to elucidate three aspects of the European Banking Union (EBU). First, the single supervisory mechanism (SSM) and single resolution mechanism (SRM) are analyzed by considering relations between the European Central Bank (ECB) and national competent authorities (NCAs). Second, understanding the interaction between ECB and European Banking Authority (EBA) to make a single supervisory and regulatory framework in eurozone and non-eurozone countries is essential. Third, the study emphasizes the fact that EBU shares some important and evitable points with the Financial Stability Board (FSB) on the harmonization of banking supervision and regulation in the field of international standards.

Four elements are included in the analysis: (1) SSM's fundamental framework, (2) SRM's disputes on the methodology through either bail-ins or bail-outs, (3) EBA's roles, i.e., mediation among NCAs as a non-binding style and Single Rulebook, including drafting regulatory technical standards, and (4) FSB's key attributes and its relations with EBU, i.e., effective supervision and weakening the linkage between sovereign and banking crises.

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