



TOPICS:
SUPERVISORY CONVERGENCE & PRIORITIES 2022, ESEP

SOURCE:
 European Banking Authority

The EBA Sets Examination Programme for Prudential Supervisors for 2022

ESEP

- The 2022 European Supervisory Examination Programme or **ESEP aims at informing competent authorities' (CAs') planning processes for selecting supervisory priorities for 2022** and shaping their practices concerning the supervision of the selected topics: converging practices and methodologies contribute to achieving more consistency in SREP outcomes across the EU.

Five Key Topics

1) Impact of the COVID-19 pandemic on asset quality and adequate provisioning

Focus areas:

- Loans exiting moratoria and concentrations in vulnerable sectors
- Potential inadequate developments of estimates or realised IRB parameters
- Adequate provisioning and management of NPLs
- Role of internal control function
- Robust underwriting standards – loan origination practices

2) ICT security risk and ICT outsourcing risk, risk data aggregation

Focus areas:

- Cyber risk, cyber testing, security awareness and management
- Inherent risks in material outsourced ICT services
- Risk data aggregation capabilities

3) Digital transformation and FinTech players

Focus areas:

- Digital transformation strategies and the role of the management body
- Implementation of the digital transformation strategy
- Approach towards innovative FinTech solutions

4) ESG risk

Focus areas:

- ESG risk in business strategies
- ESG factors considered in the overall governance framework
- Risk appetite and loan origination practices take ESG risk into account

5) AML/CFT

Focus areas:

- Exchange of adequate AML/CFT information within the institution
- AML aspect in the suitability assessment of members of the management body

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