



Finantsinspeksioon

European Single Supervisory
Mechanism: stellar performance or
total failure?

What it will look like from inside.

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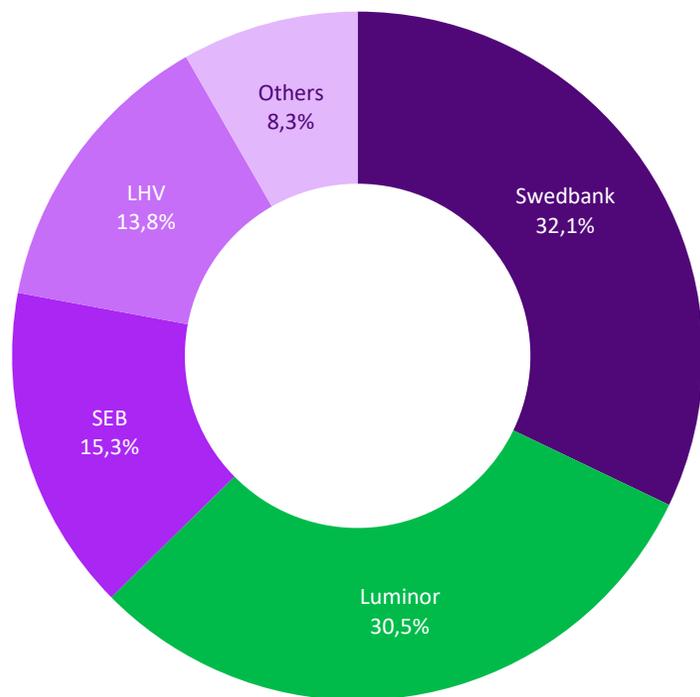


Introduction

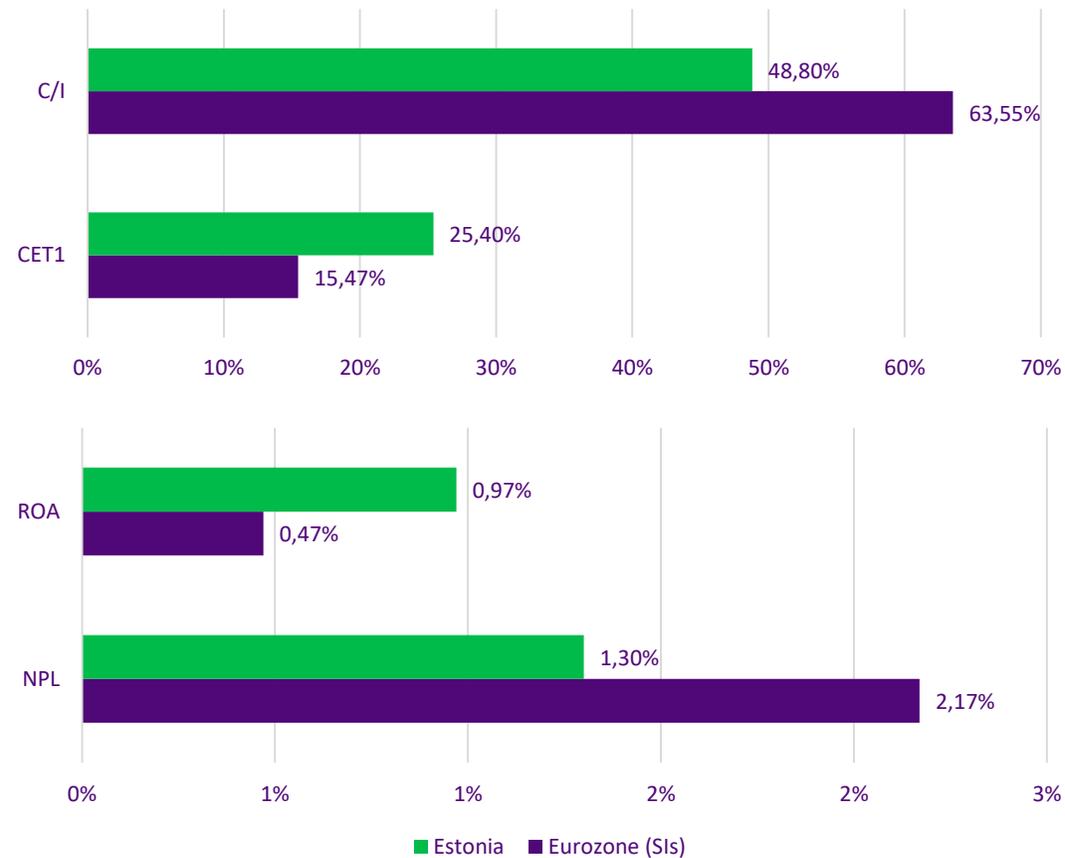
- Did the creation of the SSM shift the banking supervision paradigm in Estonia and in the Baltics?
- What are the strengths and weaknesses of the SSM?
- How might or should the SSM develop in the coming years?

Estonian banking

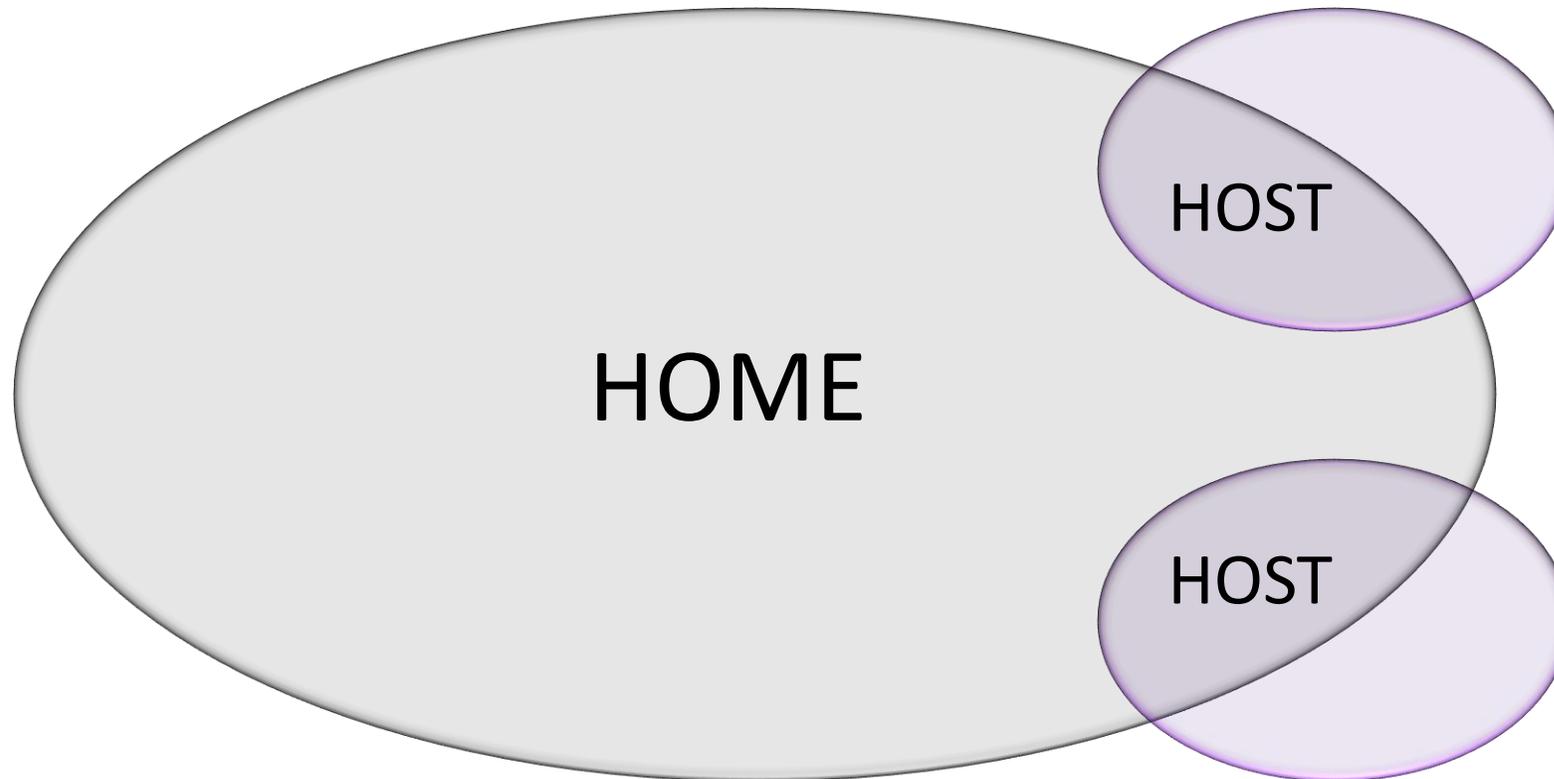
Market shares by assets



Key indicators

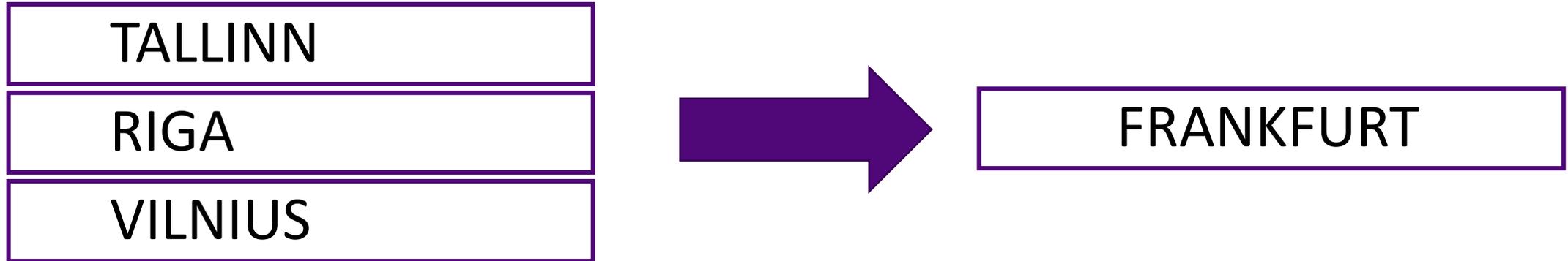


EU bank prudential supervision model



HOME+HOST ➔ SUPERVISORY COLLEGE

Shift in paradigm



- Daily supervision of SI's;
- Prudential decisions on SI's + licensing and qualifying holdings;
- Membership in colleges, managing JST's.

Strengths and weaknesses of the SSM

- Strengths:
 - independent from local influence, has negotiating power;
 - has capacity to produce methodologies within a short timeframe;
 - acts as catalyst for common culture, supervisors working together.
- Weaknesses:
 - has policy constraints dealing with special cases, sometimes little emphasis on local risk-environment context;
 - red tape;
 - a bit slow mover in reflecting the changing external environment and innovation.

SSM directions to develop

- SSM internal organisation:
 - Local centres of know-how, testbeds for further harmonisation and cooperation;
 - Automatization, digitalisation of the supervisory procedures.
- SSM value proposal to society:
 - Ability to swiftly manage pan-European (hybrid) crises;
 - To clear-up and communicate role of the European banks and the supervisor in the economic value chain.

Conclusion

- During its first 7 years of operation, all in all, SSM has met our expectations;
- We will continue to voice for continuous development and addressing shortcomings, however sometimes it is not the most popular job.

Thank you!