



## Information note

Luxembourg, 28 August 2019

### Banking supervision in the EU: the European Court of Auditors and the European Central Bank reach an agreement on sharing sensitive bank-specific data for auditing purposes

The European Court of Auditors (ECA) and the European Central Bank (ECB) have agreed on a Memorandum of Understanding (MoU) setting out the practical arrangements for sharing information during the ECA's audits of the ECB's supervisory activities.

The document, while reaffirming the independence of the ECB and the ECA in the exercise of their functions, sets out the arrangements for document and information exchange to guarantee the ECA full access to all the information needed to perform audits on the ECB's banking supervision. It contains provisions to protect confidential and market-sensitive material, including bank-specific data.

The MoU covers solely the ECA's audit of the ECB's supervisory tasks conferred on it by the Single Supervisory Mechanism (SSM) Regulation, in line with the ECA's mandate under EU law.

*"We welcome having reached an agreement with the ECB on how to deal with sensitive bank-specific data," said Klaus-Heiner Lehne, the ECA President. "This MoU will foster smooth and constructive cooperation between our institutions, and facilitate our audit work in the context of banking supervision."*

The official signing ceremony will take place in Luxembourg on 9 October 2019. The MoU will then be published on the websites of both the ECA and the ECB.

#### Notes to Editors

Since the entry into force of the SSM Regulation in 2014, the ECB has had exclusive responsibility for supervising large banks (referred to as "significant institutions") in euro area Member States. In total, the ECB directly supervises 114 such significant institutions, representing almost 82 % of bank assets EU-wide. The SSM is a system comprising the ECB and the national competent authorities. Medium and small ("less significant") banks are supervised directly by the national competent authorities, although the ECB retains ultimate supervisory authority and ensures that supervisory requirements are consistent (e.g. methodology, manuals, etc.). With the introduction of the SSM, audit responsibilities for banking supervision also changed:

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- Responsibility for auditing direct banking supervision by the ECB – i.e. of the largest banks – became part of the ECA’s mandate.
- Responsibility for auditing the national supervisors of medium and small banks remains with national audit institutions, although some have only a limited – or no – mandate in this regard.

ECA special report [29/2016](#) examined the set-up of the SSM. Special report [23/2017](#) looked at the work of the Single Resolution Board, which was established to manage the resolution of failing banks in the EU. Special report [02/2018](#) considered the ECB’s operational efficiency with regard to its crisis management procedures for banks.

The MoU follows [the ECA’s call](#) in January 2019 on the Union’s legislators to intervene to ensure the ECB allows the ECA full access to information on its banking supervision tasks. In November 2018, the heads of the supreme audit institutions of the EU and its Member States also [urged](#) clarification and harmonisation of the audit mandates of the national SAIs, in view of the current efforts to complete the Banking Union.

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