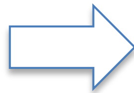
Micro- and macroprudential supervision

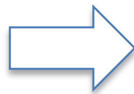
- Both micro- and macroprudential supervisions aim at the stability of the financial system
- The main difference is in the scope, rationale and nature of measures

micro



- Addressed to specific institutions
- Based on specific individual assessments
- Aimed at ensuring the viability of single institutions

macro



- Generally addressed to the generality of institutions
- Based on macro-economic analysis
- Aimed at avoiding systemic risk

Coordination between authorities is crucial

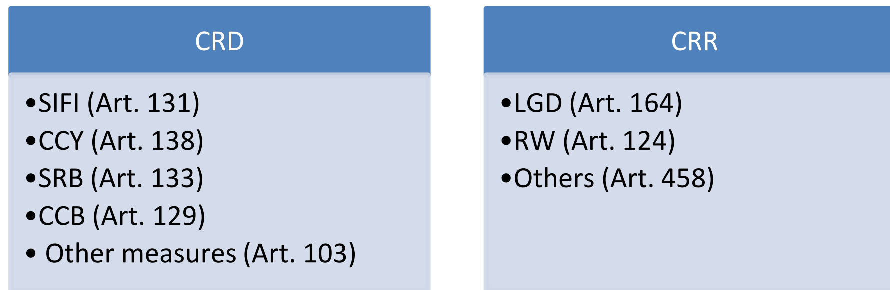
- Micro measures can lead to overshooting macroprudential objectives
- Macroprudential measures can influence the business models and in some cases may reduce the ability of competent authorities to discriminate

SREP and macroprudential requirements

When determining the additional own funds or other capital measures, competent authorities should take into consideration the existence of macro-prudential requirements

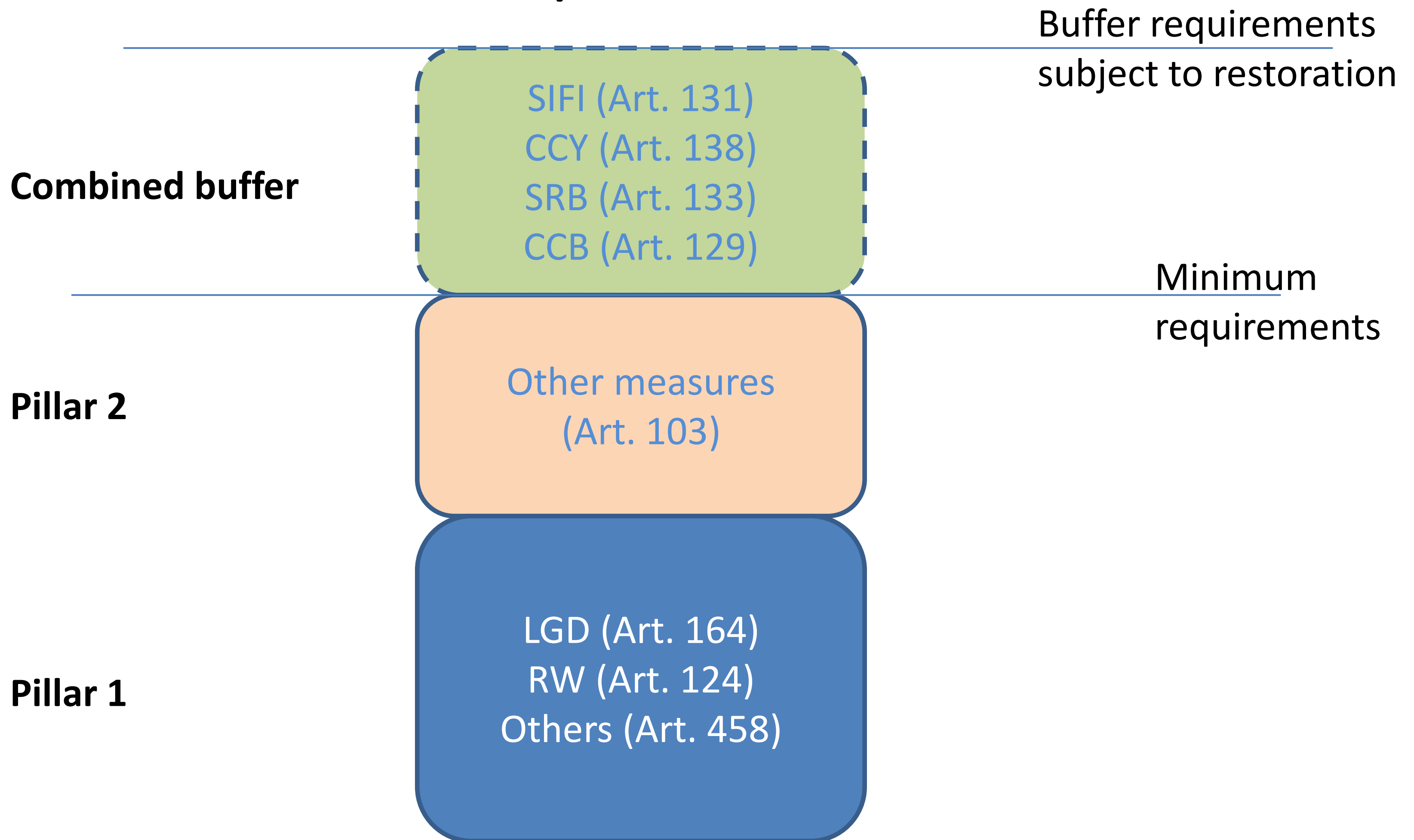
No additional own funds requirements (**or other capital measures**) should be imposed **where the risk is already covered by capital buffer requirements** and/or additional macro-prudential requirements

- CRR and CRD envisage several 'macroprudential' measures in terms of capital requirements



- Some are imposed by **competent authorities** and others by **designated authorities**
- **However, the potential set of macro-prudential measures is much wider** and goes beyond CRR and CRD (i.e. national measures). Some examples are:

Stacking order of micro / macro-prudential requirements



Possible overlaps (CRR-CRD measures)