



KPMG SSM Insights

kpmg.com/ecb

October 2025

Welcome to 2025's latest edition of KPMG's SSM Insights Newsletter.

As European banking supervision is undergoing a dynamic transformation, this edition of our newsletter offers articles on various pressing topics:

- **Reverse Stress Test:** The 2026 ECB Stress test will target banks' exposure to geopolitical risks, requiring proactive risk management and readiness for new regulatory expectations;
- **Regulatory Simplification:** Upcoming reforms will streamline capital and supervisory frameworks, reducing complexity while upholding strong financial standards;
- **SREP:** Reforms are making supervision more risk-focused, with special attention to governance, data quality, IT, and climate risk;
- **DORA Onsite Inspections:** Early inspections are assessing banks' ICT resilience and third-party oversight, urging stronger cybersecurity and continuity planning;
- **Onboarding:** New Significant Institutions must upgrade governance, data, and reporting to meet ECB supervision standards;
- **Desk Mapping Review and Article 21c:** Continued tightening of oversight of cross-border banks means enforcing local governance and compliance obligations under CRD 6;
- **AML:** Unifying anti-financial crime rules and supervision - banks must prepare for stricter AML standards as the new rulebook arrives;
- **ECB Internal Models Guidance:** Updates align with CRR 3 and require robust governance, including for machine learning models.

European banks continue to face a complex and rapidly evolving regulatory landscape. They must manage the complexities of stress testing, regulatory simplification, enhanced operational discipline, anti-financial crime initiatives, model upgrades, and cross-border regulations by investing in operational capabilities and maintaining transparent, ongoing communication with regulators. To thrive in this swiftly changing landscape an agile mindset is crucial.



Henning Dankenbring

Partner,
Head of KPMG ECB Office

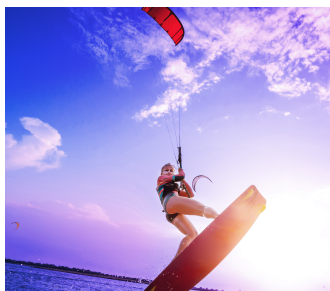
Latest Insights



Reverse Stress Testing

Read more about the latest EU-wide stress test results, highlighting European banks' resilience amid economic challenges. It also explores the upcoming 2026 ECB reverse stress test, which will focus on banks' vulnerabilities to geopolitical risks and outlines how institutions should prepare for this evolving regulatory exercise.

[Read more](#)



Regulatory simplification

This article reviews EU banking regulation simplification efforts, led by the ECB task force. It discusses proposals to streamline capital requirements and supervisory practices, highlights industry perspectives, and emphasises the need for collaboration to reduce regulatory burdens without compromising financial stability or competitiveness.

[Read more](#)



SREP: 2025 Insights and Impact of reform

SREP reforms are bringing new supervisory techniques, tools and responses to the annual cycle. Initial indications are that the ECB is taking a more focused, risk-sensitive approach – with notable implications for individual banks' findings and remediation.

[Read more](#)



Preparing for DORA OSIs

Looking at the first wave of DORA Onsite Inspections (OSIs) across the EU financial sector, this piece highlights the main supervisory trends and hands-on tips for firms aiming to boost their ICT risk management and third-party oversight, as compliance expectations become clearer and more robust.

[Read more](#)



Significant Institution Onboarding in the EU27

The essential steps and considerations for banks transitioning to SI status under ECB supervision focuses on the enhancement of governance, data management, and regulatory reporting standards, providing a structured approach informed by sector best practices and recent experiences of peer institutions.

[Read more](#)



Cross-Border Banking: ECB Keeps up the Pressure

The ECB is intensifying its oversight of global banks operating in the EU as new cross-border banking regulations take effect. With the implementation of CRD 6, banks must adapt their business models and strengthen local governance to ensure compliance and avoid being deemed 'empty shells.'

[Read more](#)



AMLA gets to work

AMLA is driving significant changes in regulatory standards, supervision, and coordination of Financial Intelligence Units (FIUs). As AMLA advances toward full operational capability, banks and obliged entities must prepare for the evolving requirements of the new single AML rulebook.

[Read more](#)



Charting the Future: ECB Internal Model Guidance

The ECB's revised Guide to Internal Models brings significant changes for banks, including CRR 3 alignment, new expectations for machine learning models, and strengthened governance standards. Key regulatory updates and practical implications are examined in the context of internal risk management frameworks.

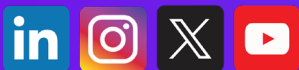
[Read more](#)

Further KPMG ECB Office Insights

Find all our latest insights [here](#) and practical expertise to help you dealing with the ECB supervisory approach under the Single Supervisory Mechanism (SSM).

If your colleagues would like to receive KPMG SSM Insights, they can [sign-up here](#).

kpmg.com/ecb



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited (KPMG International), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit <https://home.kpmg/governance>

Throughout this document/film/release/website, we, KPMG, us and our refers to the global organization or to one or more of the member firms of KPMG International Limited (KPMG International), each of which is a separate legal entity.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.

Create: CRT160999B | October 2025