

The Financial Services Insider

Risk & Regulatory Insights

Q1 2025



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01 Highlights

Highlights

The 1st quarter of 2025 was marked by several regulatory developments in various areas such as AML, ESG, Fintech, Risk Management, Insurance and Capital Markets.

Anti-Money Laundering (AML)

EBA launched a consultation on new rules related to the AML/CFT package.

Capital Markets

EBA repealed guidelines on major incident reporting under the revised PSD2 and published its draft final ITS on reporting of data on charges for credit transfers and payments accounts, and shares of rejected transactions. Furthermore, ESMA launched consultation on revised disclosure requirements for private securitisations and published technical standards on different aspects of the CSDR Refit.

ESG

EBA published its final guidelines on the management of ESG risks and launched a consultation on guidelines on ESG scenario analysis.

Fintech

EBA and ESMA published a report on recent developments in crypto-assets. Furthermore, ESMA published guidelines on MiCA best practices.



Highlights

Insurance

EIOPA i) published its 2024 Consumer Trends Report, ii) provided its advice on Solvency II's new proportionality framework to the EC, iii) launched a consultation on AI governance and risk management and iv) published recommended actions and best practices after peer review on stochastic valuation.

Risk Management

ESAs published their Spring 2025 Joint Committee update on risks and vulnerabilities in the EU financial system. Furthermore, EBA published its i) final draft technical standards to implement a centralised EBA Pillar 3 data hub, ii) Q4 2024 Risk Dashboard and iii) Consumer Trends report for 2024/25.

Other

EIB will support five Greek regions affected by lignite phase-out. Furthermore, EC issued a positive assessment of Greece's €3.13 billion payment request under NextGenerationEU.



02 Risk & Regulatory Insights

Anti-Money Laundering (AML)

EBA launched a consultation on new rules related to the AML/CFT package.

EBA consults on new rules related to the AML/CFT package.

On March 06, 2025 the European Banking Authority (EBA) launched a public consultation on four draft Regulatory Technical Standards (RTS) that will be part of the EBA's response to the European Commission's Call for Advice. These technical standards will be central to the EU's new AML/CFT regime and will shape how institutions and supervisors will comply with their AML/CFT obligations under the new AML/CFT package. The consultation runs until 6 June 2025.



Capital Markets

ESMA launched consultation on revised disclosure requirements for private securitisations.

EBA repealed guidelines on major incident reporting under the revised PSD2.

On January 17, 2025 the European Banking Authority (EBA) repealed its guidelines on major incidents reporting under the Payment Services Directive (PSD2) due to the application of harmonised incident reporting under the Digital Operational Resilience Act (DORA) from 17 January 2025. The repeal of the guidelines aims at simplifying the reporting of major incidents by payment service providers (PSPs) and providing legal certainty to the market.

EBA published its draft final ITS on reporting of data on charges for credit transfers and payments accounts, and shares of rejected transactions.

On February 04, 2025 the European Banking Authority (EBA) published its final draft Implementing Technical Standards (ITS) on reporting of data on charges for credit transfers and payments accounts, and shares of rejected transactions. The ITS deliver on the mandate in the Instant Payment Regulation (IPR) amending the SEPA Regulation, and aim at standardising reporting from banks, payment institutions and e-money institutions (i.e. Payment Service Providers - PSPs) to their National Competent Authorities.

The reported data will help to ensure consumers benefit from access to instant credit transfers, and that the latter are no longer more expensive than regular credit transfers. Following its public consultation, the EBA has postponed the first harmonised reporting from PSPs by 12 months, from April 2025 to April 2026.

ESMA launched consultation on revised disclosure requirements for private securitisations.

On February 13, 2025 the European Securities and Markets Authority (ESMA) launched a consultation on revising the disclosure framework for private securitisations under the Securitisation Regulation (SECR). The consultation proposes a simplified disclosure template for private securitisations designed to improve proportionality in information-sharing processes while ensuring that supervisory authorities retain access to the essential data for effective oversight. The new template introduces aggregate-level reporting and streamlined requirements for transaction-specific data, reflecting the operational realities of private securitisations.

CSDR Refit: ESMA published a first set of technical standards to recalibrate and clarify the framework.

On February 20, 2025 the European Securities and Markets Authority (ESMA) published technical standards on different aspects of the Central Securities Depositories Regulation (CSDR) Refit. The rules relate to the information to be provided by European CSDs to their national competent authorities (NCAs) for the review and evaluation process, to the criteria for assessing the importance of European CSDs in a host Member State and to the information to be notified by third-country CSDs

ESG

EBA published its final guidelines on the management of ESG risks and launched a consultation on guidelines on ESG scenario analysis.

EBA published its final guidelines on the management of ESG risks.

On January 09, 2025 the European Banking Authority (EBA) published its final guidelines on the management of Environmental, Social and Governance (ESG) risks. The guidelines set out requirements for institutions for the identification, measurement, management and monitoring of ESG risks, including through plans aimed at ensuring their resilience in the short, medium and long term.

EBA launched consultation on guidelines on ESG scenario analysis.

On January 16, 2025 the European Banking Authority (EBA) launched a public consultation on its draft guidelines on Environmental, Social and Governance (ESG) scenario analysis. The draft guidelines set out expectations for institutions when adopting forward-looking approaches and incorporating the use of scenario analysis as part of their management framework to test institutions' financial and business model resilience to the negative impacts of ESG factors.



Fintech

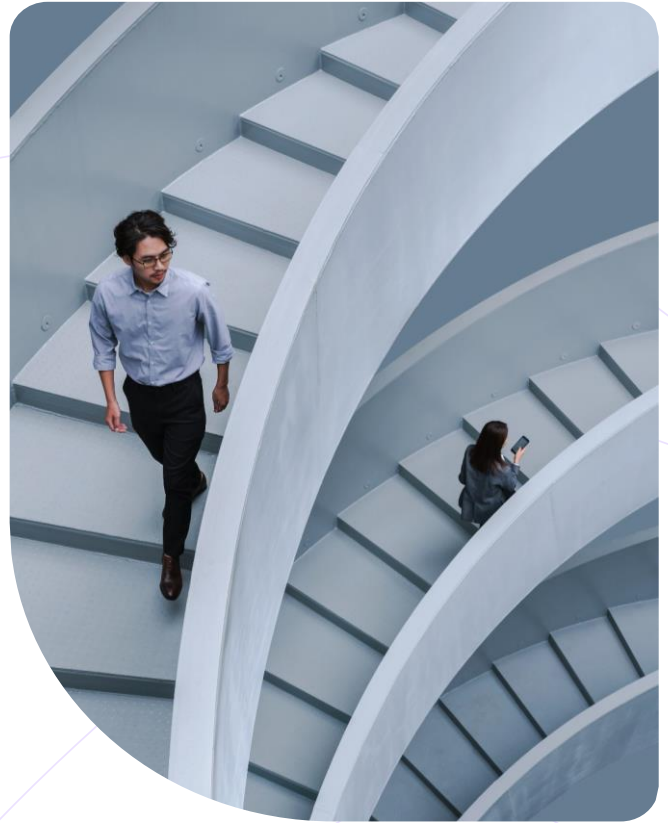
EBA and ESMA published a report on recent developments in crypto-assets. Furthermore, ESMA published guidelines on MiCA best practices.

EBA and ESMA analyse recent developments in crypto-assets.

On January 16, 2025 the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) published a joint report on recent developments in crypto-assets, analysing decentralised finance (DeFi) and crypto lending, borrowing and staking. This publication is the EBA and ESMA's contribution to the European Commission's report to the European Parliament and Council under Article 142 of the Markets in Crypto-Assets Regulation (MiCAR).

ESMA provides guidance on MiCA best practices.

On January 31, 2025 the European Securities and Markets Authority (ESMA) published a new supervisory briefing which aims to assist National Competent Authorities (NCAs) in the practical application of requirements in the Market in Crypto Assets Regulation (MiCA) to the authorisation of crypto asset service providers (CASPs) and to promote harmonised authorisation practices throughout the Union.



Insurance

EIOPA launched a consultation on AI governance and risk management.

EIOPA's Consumer Trends Report shows digitalisation is transforming insurance and pensions services.

On January 15, 2025 the European Insurance and Occupational Pensions Authority (EIOPA) published its 2024 Consumer Trends Report, highlighting the main trends in consumers' experience with insurance and pension products. The report explores four key areas: the role of digitalisation in shaping the insurance and pension sectors, the transformatory power of AI in insurance, consumers' appetite for supplementary pensions in light of increasing pension gaps and the real/perceived value for money of insurance and pensions products.

EIOPA provided its advice on Solvency II's new proportionality framework to the EC.

On January 30, 2025 the European Insurance and Occupational Pensions Authority (EIOPA) published its technical advice on the implementation of the new proportionality framework under Solvency II, requested by the European Commission (EC). This advice endorses the methodology for classifying insurance undertakings as 'small and non-complex', as outlined in the amended Solvency II Directive, and puts forward a set of conditions for granting similar proportionality measures to (re)insurers that do not classify as small and non-complex.

EIOPA launched a consultation on AI governance and risk management.

On February 12, 2025 the European Insurance and Occupational Pensions Authority (EIOPA) launched a consultation on its Opinion on Artificial Intelligence governance and risk management, which provides supervisors and insurance undertakings guidance on how to interpret and implement insurance sector provisions in light of the use of AI systems in insurance.

EIOPA published recommended actions and best practices after peer review on stochastic valuation.

On March 05, 2025 the European Insurance and Occupational Pensions Authority (EIOPA) published the results of its peer review on the supervision of the stochastic valuation method insurers use for products with options and guarantees. Following the review, EIOPA is issuing recommended actions to national supervisors, where necessary, and also publishing a number of best practices identified during the peer review.

Risk Management

ESAs published their Spring 2025 Joint Committee update on risks and vulnerabilities in the EU financial system.

Risk-Weighted Assets

EBA published its final draft technical standards to implement a centralised EBA Pillar 3 data hub.

On February 12, 2025 the European Banking Authority (EBA) published its final draft Implementing Technical Standards (ITS) on the Pillar 3 data hub for large and other institutions, which will centralise prudential disclosures by institutions through a single electronic access point on the EBA website. This project is part of the Banking Package laid down in the Capital Requirements Regulation (CRR3) and Capital Requirements Directive (CRD6).

Surveys and Statistics

EU/EEA banking sector remains stable amidst evolving geopolitical challenges.

On March 21, 2025 the European Banking Authority (EBA) published its Q4 2024 Risk Dashboard (RDB), which discloses aggregated statistical information for the largest EU/EEA institutions.

Other General aspects

EBA identifies payment fraud, indebtedness and de-risking as key issues affecting consumers in the EU.

On March 26, 2025 the European Banking Authority (EBA) published the 9th edition of its biennial Consumer Trends report for 2024/25. The report has identified payment fraud, indebtedness, and de-risking as the most important issues affecting EU consumers. The report is based on information provided by the national authorities of the 27 EU Member States, selected national and EU consumer associations, EU industry associations, national ombudsmen, as well as quantitative data from a variety of sources, including for the first time the EBA's new Retail Risk Indicators, which the EBA publishes separately since 2022 with a view to identify potential consumer harm.

ESAs call for vigilance amid rising geopolitical and cyber risks.

On March 31, 2025 the three European Supervisory Authorities (EBA, EIOPA and ESMA – the ESAs) published their Spring 2025 Joint Committee update on risks and vulnerabilities in the EU financial system, which focuses on the challenges linked to geopolitical tensions and cyber risks. The ESAs warn that growing geopolitical tensions and rising cyber risks present significant challenges to financial stability. These include trade disputes, rapidly shifting policies, ongoing international conflicts and the prospect of economic fragmentation which are reshaping global markets, requiring heightened vigilance and adaptability from supervisors and financial entities alike.

Other

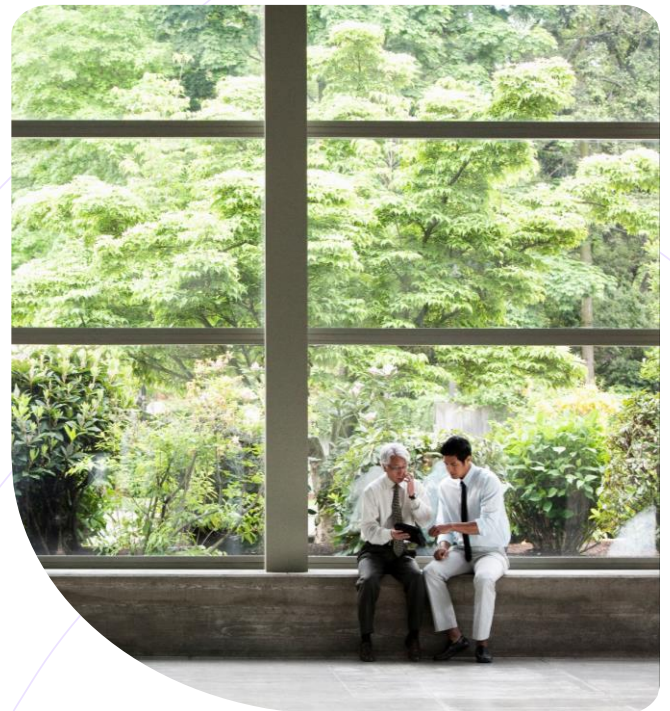
EIB will support five Greek regions affected by lignite phase-out. Furthermore, EC issued a positive assessment of Greece's €3.13 billion payment request under NextGenerationEU.

Greece gets EIB policy support for regions affected by lignite phase-out.

On January 24, 2025 the European Investment Bank (EIB) announced it will finance investment programs for five Greek regions to address the economic and social consequences of Greece's planned lignite phase-out and support its shift towards climate-neutrality. Through the InvestEU Advisory Hub, the EIB will help Western Macedonia, Megalopoli in the Peloponnese, Crete, and the North and South Aegean islands address economic and social aspects of the green transition. The five regions will benefit from the EIB's technical assistance, valued initially at 2.75 million euros. Greece has launched a plan to end, by 2026, the use of lignite, which generates about a third of the country's electricity, as it is more harmful than other fossil fuels to the environment.

EC issued a positive assessment of Greece's €3.13 billion payment request under NextGenerationEU.

On March 19, 2025 the European Commission (EC) issued a positive preliminary assessment of Greece's request for €3.13 billion under NextGenerationEU. This payment marks the fifth instalment in Greece's recovery and resilience plan. The EC's preliminary assessment confirms that Greece has met the required milestones and targets for this payment, financed under the Recovery and Resilience Facility (RRF) of NextGenerationEU. Flagship measures in this payment request include i) upgrading Greece's electricity network and ii) simplifying and digitalising the public sector.



03 Appendixes

Appendix: Glossary

AANA

Aggregate Average Notional Amount

AML/CFT

Anti-Money Laundering and Countering the Financing of Terrorism

AI

Artificial Intelligence

AISPs

Account Information Service Providers

AIFMD

Alternative Investment Funds Market Directive

BCBS

Basel Committee on Banking Supervision

BIS

Bank of International Settlements

BMR

EU Benchmark Regulation

CDD

Customer Due Diligence

CRD IV

Capital Requirements Directive IV

DGSs

Deposit Guarantee Schemes

DLT

Distributed Ledger Technology

DRSP

Data Reporting service providers

AISPs

Account Information Service Providers

EBA

European Banking Authority

ECON

Economic and Monetary Affairs Committee

EIOPA

European Insurance and Occupational Pensions Authority

EP

European Parliament

ESAs

European Supervisory Authorities

ESG

Environmental, Social and Governance

FICC

Fixed Income Clearing Corporation

GAR

Green Asset Ratio

IOSCO

International Organization of Securities Commissions

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

Appendix: Glossary

IT

Information Technology

ITS

Implementing Technical Standards

IOSCO

International Organization of Securities Commissions

LCR

Liquidity Coverage Ratio

LIBOR

London Inter-Bank Offered Rate

MiCA

Markets in Crypto Assets

NPEs

Non-Performing Exposures

NPL

Non-Performing Loans

P2B

Platform to Business

PISPs

Payment Initiation Services Providers

RTS

Regulatory Technical Standard

RegTech

Regulatory Technology

RWAs

Risk weighted assets

SFDR

EU Regulation on sustainability-related disclosures in the financial services sector

SFTR

Securities Financing Transactions Regulation

SFT

Securities Financing Transactions

SupTech

Supervisory Technology

OTC

Over-the-Counter

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We are happy to assist with queries you may have and any other issue you would like to discuss with us.

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For more information contact our Financial Services Risk & Regulatory Team:

FSRegulatory@gr.gt.com



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