



**EUROPEAN CENTRAL BANK**  
BANKING SUPERVISION

**Andrea ENRIA**

Chair of the Supervisory Board

*COURTESY TRANSLATION*

Mr Marco Zanni  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 22 February 2019

**Re: Your letter (QZ-007)**

Honourable Member of the European Parliament, dear Mr Zanni,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 1 February 2019.

Your questions mainly concern the way the ECB conducts its stress test activities and why a particular external service provider was used for these activities in 2016 and 2018.

In 2016 and 2018, ECB Banking Supervision carried out EBA EU-wide stress tests for euro area banks, as well as an ECB internal Supervisory Review and Evaluation Process (SREP) stress test covering significant institutions that were not covered by the EBA stress tests. The stress tests are usually conducted every other year, take between four and nine months to complete and require a significant number of risk experts and project management experts. The related workload comes on top of the ECB's normal banking supervision tasks. In the past, the requisite resources could not be provided by the ECB and the national competent authorities alone, and it was therefore necessary to engage consultants to assist in these activities.

As regards the specific measures taken to prevent conflicts of interest and to ensure the confidentiality of the information available to these consultants, please let me refer you to my predecessor's replies to Mr Viegas MEP<sup>1</sup> and to Mr Schäffler MdB<sup>2</sup> last year. As a supervisory authority, the ECB and its members of staff are subject to the professional secrecy requirements laid down in the Protocol on the Statute of the European System of Central Banks and of the European Central Bank and in relevant acts of EU law. In addition, the ECB is required to ensure that its consultants are subject to equivalent professional secrecy requirements. The ECB therefore requires strict compliance with these rules by its consultants, through contractual arrangements that include stringent confidentiality provisions. These provisions ensure that consultants observe a level of professional secrecy equivalent to that applicable to supervisors under supervisory law.

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<sup>1</sup> [https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter180711\\_Viegas.en.pdf](https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter180711_Viegas.en.pdf).

<sup>2</sup> [https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter181001\\_Schauble.en.pdf](https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter181001_Schauble.en.pdf).

According to these provisions, the service provider is, inter alia, strictly prohibited from transferring any confidential data to unauthorised persons, i.e. persons not directly involved in the provision of services for the stress test in question. Any breach of the relevant contractual confidentiality provisions is subject to a penalty.

In addition, the ECB applies strict contractual requirements to prevent conflicts of interest arising with the external service provider and its personnel, including measures involving the rigorous segregation of functions, namely the team working on the stress test and other staff. Please also refer in this regard to the letters to Messrs Viegas and Schäffler.

In your letter you also mention technical resources for conducting the ECB's stress test activities. Such resources, including the IT infrastructure, are available within the ECB. At the core is an IT system specifically designed for stress tests – the Stress Test Account Reporting ("STAR") system. This tool was introduced for the 2018 EBA EU-wide stress test and brought efficiency gains for all stages of the exercise.

As was the case for the ECB stress test conducted in 2017 outside the EBA context, the ECB's 2019 sensitivity analysis of liquidity risk does not involve consultants. With STAR designed to be adaptable for use in a variety of stress test set-ups, the system will also be used to support the 2019 sensitivity analysis.

For the upcoming EBA EU-wide stress test in 2020, as noted in my predecessor's letter to Mr Schäffler of 8 November 2018<sup>3</sup>, the Governing Council decided in 2018 to recruit additional ECB staff to work on stress tests, thereby reducing the reliance on consultants for this and future stress test exercises.

Yours sincerely,

[signed]

Andrea Enria

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<sup>3</sup> [https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter181108\\_Schauble.en.pdf](https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter181108_Schauble.en.pdf).