Governing Council statement on macroprudential policies

7 July 2025

The Governing Council of the European Central Bank (ECB) is releasing this statement following the meeting of its Macroprudential Forum on 25 June 2025.

Since the Governing Council statement issued in June 2024,[1] risks to euro area financial stability have increased due to a sharp rise in global geopolitical uncertainty. In particular, trade policy uncertainty has risen to its highest level in more than 35 years, against the background of a significantly subdued euro area financial cycle position and a weak economic growth outlook. In this environment, the likelihood of more negative scenarios materialising has increased.

The Governing Council calls on national macroprudential authorities to maintain the current resilience of the banking system. Despite elevated risks, banking sector conditions in terms of capital headroom and profitability remain favourable, with no indication of credit supply constraints related to bank capital requirements. Capital headroom, i.e. available capital above the regulatory minimum and buffer requirements, remains high across banking union countries. At the same time, bank profitability is positive and higher than in the years before 2022 while asset quality deterioration is mainly present in some of those euro area countries that experienced the biggest real estate booms during the low-interest rate environment. Vulnerabilities built up during that period remain relevant to bank balance sheets and asset quality deterioration may gain pace in the future given the elevated geopolitical and trade policy uncertainty and the weak economic growth outlook. Against this background, and in the absence of signs of widespread losses or credit supply constraints arising from bank capital, national authorities should generally maintain existing capital buffer requirements. This should help preserve banking sector resilience and ensure that buffers are available in case banking sector or macro-financial conditions deteriorate. Similarly, existing borrower-based measures should be maintained to preserve sound lending standards via their role as structural backstops, where this is feasible in national legislation.

In line with the Governing Council statement issued in June 2024,[2] the main priority for macroprudential policy at this juncture is to preserve bank resilience. The Governing Council fully supports those national authorities still planning to increase capital buffer requirements, as the current capital headroom and profitability of their banking sectors limit the risk of procyclicality of such measures. Such buffer rate increases address existing vulnerabilities and enhance macroprudential policy space. Where the sources of systemic risks have changed persistently, a targeted recalibration or simplification of macroprudential measures

[1] See "Governing Council statement on macroprudential policies", ECB, 28 June 2024.

[2] See footnote 1.

can also be considered when such actions would not reduce substantially the overall resilience of the banking sector.

Finally, considering the high level of uncertainty, macroprudential policy needs to remain agile and adapt to changing conditions as needed. Policymakers should continue to closely monitor the situation, as further adverse shocks may require a shift in the policy stance.

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For specific terminology please refer to the ECB glossary (available in English only).