

Evaluating the Quality of the Resolution Process in the Banking Sector: the EU Perspective

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Abstract:

This study addresses the critical issue of measuring the efficiency of bank resolution processes, a subject underscored by the recurring vulnerabilities exposed during financial crises. The study explores how resolution efficiency can be evaluated using a combination of quantitative and qualitative indicators within existing regulatory frameworks. Key metrics include: time to resolution, bail-in loss absorption ratio, fiscal cost ratio, and market impact indicators, each offering insights into operational readiness, burden-sharing, and systemic impact. In addition, qualitative aspects—such as the continuity of critical functions, communication strategies, and interagency coordination—provide essential context for understanding resolution effectiveness. The study highlights the need for improved data infrastructure, transparency, and institutional collaboration, emphasizing that efficient resolution is a multidimensional challenge requiring both technical metrics and organizational preparedness. These insights aim to guide policymakers and financial authorities in enhancing resolution regimes to safeguard financial stability in a better way.