

The function of the single resolution mechanism (SRM) as central institution for bank resolution in the EU

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Abstract

The paper aims to provide the comprehensive analyze on how the single resolution mechanism works and its role in the process of the European Banking Sector integration. It is evident that since 2008 the European Commission carried a number of initiatives to safe the financial sector from crises occurred on some parts of the banking sector. On that base, after the establishment of Single supervising Mechanism, the EU Member States also agreed to have so called resolution mechanism for all its financial actors to preserve financial stability. The purpose was to take measures such as: setting rules for managing failing banks and improve protection of depositors.

The paper will analyze the impact of the Single Resolution Mechanism of the European Banking Union (EBU) on the unifying national bank resolution and Single Resolution fund to be able to recapitalize banks directly when it fails.

Keywords: SRM, SRB, single resolution fund, banking union.

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