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FACTS AND FIGURES TRENDS AND STRATEGIES 2026

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Publisher Information
Published by: Austrian Financial Market Authority (FMA)
A-1090 Vienna, Otto-Wagner-Platz 5
Phone: +43-1-249 59-0, Fax: +43-1-249 59-5499
www.fma.gv.at
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SUPERVISION AT THE LEADING EDGE

CURRENT SITUATION AND RISK ANALYSIS OF THE FMA EXECUTIVE BOARD

Austria's financial sector is well equipped to face the demands that will be made of it over the coming years. It is financially strong and stable, and able to support the resurgence in economic growth. The geopolitical situation and structural changes on the financial markets remain challenging. For the Austrian Financial Market Authority, resilience and stability are basic prerequisites and a fundamental objective. From this basis, the FMA's aim over the next few years, working in harmony with the European supervisory authorities, is to simplify and improve regulation and supervision for both the supervised entities and the supervisors. A supervisory authority at the leading edge of financial supervision should dedicate itself to current risks and free up resources to tackle the issues of the future, including digitalisation, new business models, artificial intelligence, maintaining a clean financial centre, financial education and sustainability. This work is already in progress – based on the **FMA's guiding principles:**

- **Resilience & stability**
- **Digitalisation, AI and new business models**
- **Sustainability**
- **Consumer protection**
- **Money laundering & sanctions**
- **Modern organisation.**

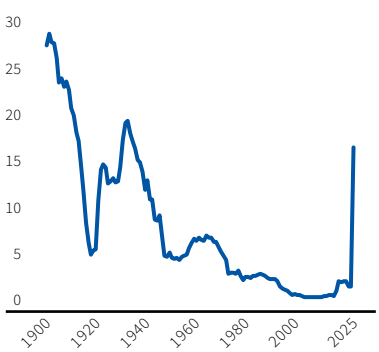
THE MACROECONOMIC SITUATION

As a small and open economy with a high level of foreign trade and internationally active financial intermediaries, Austria and its financial centre have benefited particularly strongly in the years since the fall of the Iron Curtain. Open markets, multilateral structures and reliable international rules have served both manufacturing and the financial sector well, contributing to a level of growth that outperformed Austria's Western European neighbours for many years. Now that these issues seem to be moving in reverse, Austria finds itself especially vulnerable to international developments. The current geopolitical tensions, ranging from the protectionist tariff policy of the US administration to Russia's war of aggression against Ukraine and the structural imbalances in Chinese foreign trade, send a clear signal: international cooperation and the principle of multilateralism face increasing pressure. Austria, which has previously fared particularly well thanks to an open world economy and stable multilateral structures, now faces new challenges. The looming fragmentation of the global order could bring lasting change not only to trade flows, but also to investment decision-making, security alliances and technological value chains *(> Chart 1).*

These developments are taking place during a period of structural challenges for Europe in general and Austria in particular. Demographic changes and an ageing population are coinciding with upheaval on the labour market, exacerbated by lower levels of immigration and rapid advances in technology – specifically in the area of artificial intelligence (AI). At the same time, the public purse is facing increasing demands too, with spending and investment needed in the care sector, defence, housing, education, decarbonisation and mobility at a time when economic growth is weak and amid calls for tax cuts.

Austria's headroom in tackling these challenges is severely limited. On the plus side, after two years of economic stagnation, the latest forecasts do indicate a return to moderate growth. However, just as the national debt built up during the last financial crisis was being reduced, the government aid provided during the Covid-19 pandemic caused it to rise again. This high level of debt, combined with currently rising interest costs, eliminates the scope for any significant fiscal stimulus, severely limiting the government's ability to take action in the form of expansionary measures *(> Chart 2).*

Chart 1: *US effective tariffs 1900–2025 (source: Yale Budgetlab)*



In contrast to this somewhat worrying picture, the outlook is more optimistic on the capital markets. Unfortunately, however, their performance largely reflects a dynamic that is absent elsewhere in Europe. The US accounts for more than half of global market capitalisation, and the current boom rests on one main pillar: investment in AI infrastructure *(> Chart 3).*

Yet there are still positive aspects that should be highlighted. Austria has a developed and broadly diversified economy with a work-

Chart 2: *Real GDP growth forecast 2025–2027 (in %; source: EC, Autumn 2025 Economic Forecast)*

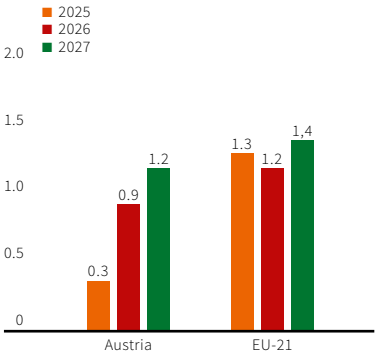


Chart 3: *Selected equity indices 2025 (in %, 01/25 = 0; source: LSEG/Refinitiv)*

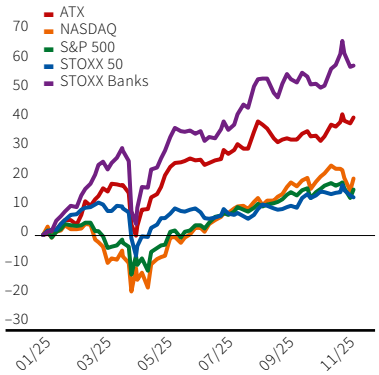
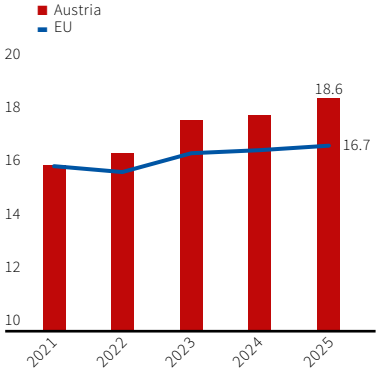


Chart 4: *CET1 ratio 2021–2025 (in %; source: ECB, Consolidated Banking Data/CBD2)*



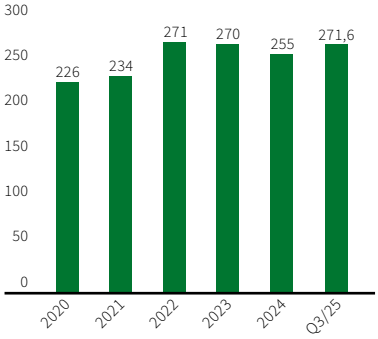
ing population that is disproportionately well qualified, relatively low levels of private and corporate borrowing coupled with innovative enterprises and cooperative institutions that have repeatedly demonstrated their ability to overcome structural challenges.

FINANCIAL CENTRE

Austria's status as a strong and stable financial centre has not been earned by chance. These qualities are the result of **financial reforms** embraced in Austria and the European Union, not to mention globally, in the wake of the major financial crisis of 2008. The FMA played a central role in this process, cooperating closely with the supervised banks, insurance undertakings and other market players:

- **Measures to build up capital** have had an impact over recent years. Austrian banks (Common Equity Tier 1[1] capital of 18.6%, > *Chart 4*) and insurance undertakings (median solvency ratio of 271%) have better capital resources than the European average *(> Chart 5)*. Having sufficient capital backing was and remains key to the resilience of the financial sector.
- **The liquidity levels** within the Austrian financial sector are well above international requirements. Above all, the successful subsidiaries of Austrian banks and insurance undertakings in Central, Eastern and South-Eastern Europe have been predominantly locally funded for some time now. They are not dependent on the liquid assets of their group head offices.
- The FMA's zero tolerance policy with regard to the **prevention of money laundering** in the financial sector is having an effect and is gaining increasing international recognition, minimising what was a major operational risk just a few years ago, for the economy as a whole and for Austria too.
- Thanks to the **European Single Supervisory Mechanism,** banks are no longer automatically deemed "too big to fail". Institutions with failed business models can exit the market in an orderly way

Chart 5: *Development of average solvency ratio of insurance undertakings 2020–2025 (in %)*



[1] *Data correct as at Q2/2025 unless stated otherwise.*

without having to rely on the public purse. An equivalent system is now also being set up for the insurance sector.

- **The Vienna Stock Exchange** performed better than most other stock markets this year, primarily due to the strong weighting of banking and insurance stocks. New listing activity on the regulated market remained muted. However, the development of listings on the Vienna MTF, which is primarily used by small and medium-sized enterprises, has been positive.

A thought experiment can be used to illustrate the success of the legal, regulatory and supervisory measures. What would be the state of the Austrian financial sector after two years of economic crisis, in the face of geopolitical risks and a growing portfolio of ailing loans, if capital resources had been maintained at 2007 levels, if subsidiaries in Eastern Europe were still dependent on the corporate headquarters, and if many Austrian households had still been encumbered by the risk of foreign currency loans?

See Priority for Supervison p. 21

The fact that this scenario remains purely theoretical is something nobody is unhappy about. Rather, banks, insurance undertakings and capital market players in Austria are healthy, strong and stable, also thanks to high profit levels over the past two years, and are in a position to finance the real economy, businesses, companies, households and the public sector and to supply them with financial products.

GUIDING PRINCIPLE: RESILIENCE & STABILITY

This solid starting point is not merely a success story but also a necessity, as the challenges that lie ahead are considerable.

Firstly, there are the after-effects of the low-interest rate phase, the pandemic, Russia's invasion of Ukraine, inflation, the interest rate turnaround and recession. These **after-effects** are mainly reflected in an increase in non-performing loans (NPLs) among both businesses and households. Alongside more company insolvencies, the associated increase in unemployment is another key factor. The rise in insolvency filings has been gaining pace since the hiatus introduced by the legal exemptions and government support during the pandemic; it is driven by the construction and real estate sectors, but also by the retail and services sector *(> Charts 6 and 7).*

For the banking sector in particular, the ability to **quickly move past these ailing loans** will be vital in the

Chart 6: *Cumulative insolvencies 2019–2025 (source: Public Edicts Archive, OeNB)*

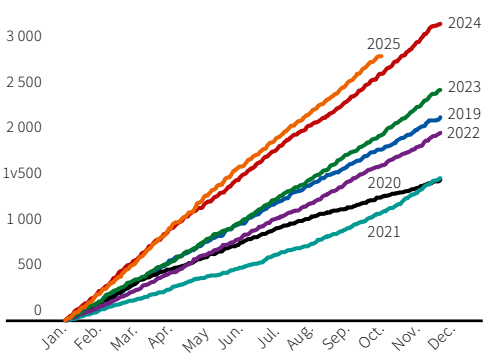
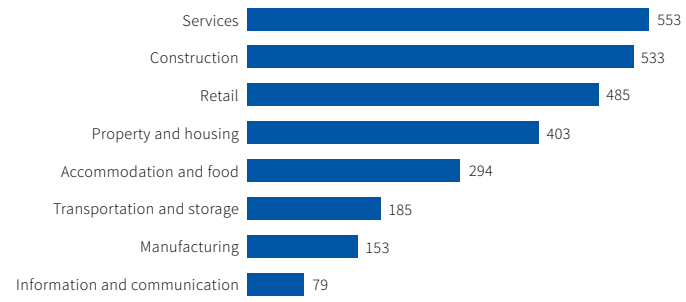


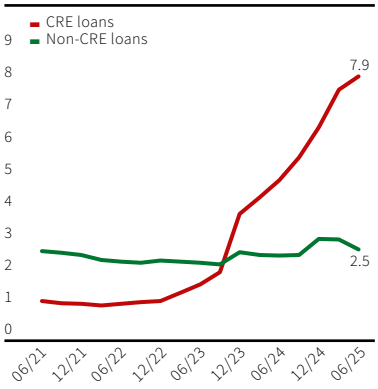
Chart 7: *Number of insolvencies by sector 2025 (until 11/25)*



next few years. Past experience from the periods following previous financial crises has shown that zombie loans that weigh heavily on balance sheets can have a lasting negative impact on lending to healthy companies. Making sure this does not happen again will be one of the main focuses of the FMA's supervisory work over the coming years.

Fortunately, Austria has a comparatively **efficient insolvency regime,** as highlighted in a recent study conducted by the European Banking Authority (EBA). Both the proceeds realised by creditors in Austrian insolvency proceedings and the duration and costs of such proceedings are among the positive examples at a European level. The fact that, within the EU, this area continues to be dominated by national considerations remains a major obstacle to a European capital markets union.

Chart 8: *NPL ratio for commercial real estate (CRE) loans 2021–2025 (Source: OeNB)*



Commercial real estate financing accounts for by far the largest chunk of non-performing loans *(> Chart 8)*. This is indeed a particular problem in Austria (and Germany), the root cause of which lies in the low-interest rate phase. A further particular problem is that this issue affects many smaller, local banks, which were granting loans outside their region – and outside their area of core expertise – during this time.

See Priority for Supervison p. 22

The tools available to European banking supervisors can and must be used to help reduce bad loans – wind-down entities, dedicated workout teams and other resources. In many cases, however, there will be no option but to realise losses – whether at the point of selling the problem loans on, or later when the back-stop kicks in, forcing full write-offs after five years at the latest.

To ensure that sufficient capital is available to offset losses in this case, the Financial Market Stability Board (FMSB) has recommended a sectoral systemic risk buffer. This buffer has been 1% of the relevant risk-weighted assets since July. It is a figure that we will evaluate again before the end of the year. The main aim here is to ensure that bad loans do not adversely affect the financing of the real economy.

Interest rate developments up to 2022 also led to overheating in the **private residential real estate market.**

Chart 9: *Development of real estate prices and incomes 2012–2025 (OeNB, DataScience Service GmbH, University of Technology Vienna, Prof. Feilmayr/Residential property price index, ECB/ quarterly sector accounts)*

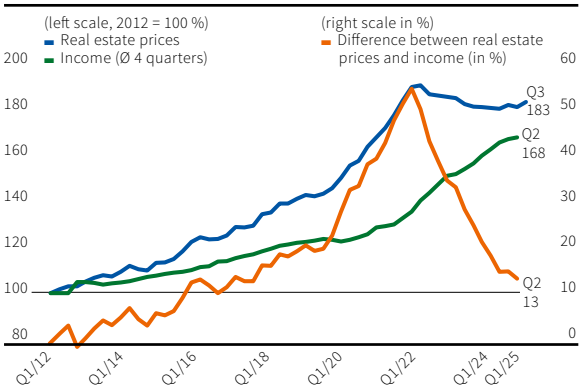
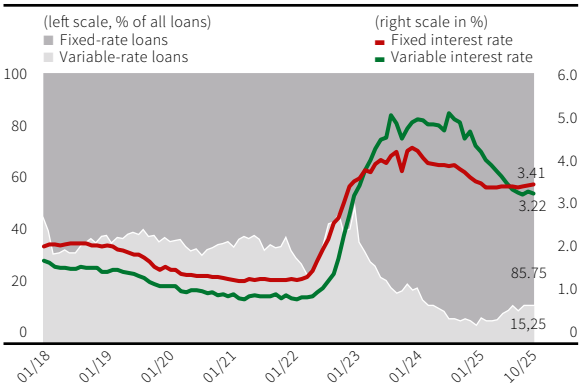


Chart 10: *Comparison of interest rate fixation and interest rates for new loans 2018–2025 (source: OeNB)*



However, there has not been a high level of loan defaults in this area to date. Moderate declines in property prices, income growth due to higher wage agreements of late and falling interest rates have helped normalise the situation to an extent *(> Charts 9 and 10)*. Lending activity has been blossoming again for a few months now.

SUPERVISION AT THE LEADING EDGE

This position of strength is what gives the Austrian financial sector **resilience and stability.** The FMA shares the European financial supervisory authorities' firm belief that deregulation and the erosion of capital buffers would damage the foundations of the success achieved over recent years. Such an approach would be wrong, given the effects of the economic downturn, which are yet to be completely overcome, and in light of the renewed increase in risks at a global level.

See FMA Objective p. 20

At the same time, we are very aware that the reforms introduced since the financial crisis have created a complex body of rules and a more intensive supervisory practice. This has resulted in a more costly and more demanding landscape for both the supervised entities and the supervisory authorities. To a large extent, the time and effort required is a sound investment. The financial sector has become considerably more complex this millennium, with new sources of income and financing options. Logically, these highly developed structures also require a more nuanced approach to supervision. The financial crisis brought into focus what can happen if controls in the system lag behind the latest developments.

However, certain risks are now better under control, better understood or less significant. Some rules and regulations, some data collections, and some auditing procedures were necessary in the past, and have since contributed to improved practices at institutions and in supervision. Consequently, their ongoing contribution to stability and risk management is no longer as significant, and they can be scaled back accordingly.

Supervision at the leading edge is also supervision that knows how to adapt – tightening up during crisis periods and then easing off again. It also means embracing technical innovations in the interest of greater efficiency. The potential savings in this area are huge. All of the European supervisory authorities have pre-

Table 1: *FMA efficiency improvement plans*

Authority	Main focus	Key simplification measures	Efficiency objectives
EBA	Banking regulation and reporting	– Slimmed-down mandatory reporting – Reduced data templates – Proportionality for smaller institutions	Lower compliance costs; harmonised data collection
ECB banking supervision	Supervisory processes for significant institutions	– Simplified SREP methodology – Risk-based prioritisation – Digitalisation of processes	Faster decision-making; less red tape
ESMA	Market and securities supervision	– Holistic approach to rules, supervision and data – "Report once" principle: Elimination of redundant reporting (MiFIR/EMIR/SFTR)	Less complexity; improved data quality and usage
EIOPA	Insurance and pensions (Solvency II)	– Fewer data points in templates – Broader application of proportionality – Simplified rules on disclosure	Robust supervision at a lower cost

sented plans that are similar in key respects, namely leaner reporting requirements with fewer data points, less duplication and redundancy, greater consideration of proportionality with exemptions for small and non-complex institutions, and more efficient supervisory processes *(> Table 1).*

Most of the framework for financial supervision is decided at European level. For its part, the FMA is involved in the decision-making by the European bodies and implements the corresponding recommendations. The European supervisory authorities' plans and measures listed above will therefore make a tangible difference to Austrian financial companies, removing complexity.

At the same time, however, we are always seeking new ways to adapt supervision at a time when budgets are strained and during a period of change, innovation, new risks and new opportunities for us as the FMA and for the supervised entities, ensuring that there are as few "empty miles" as possible. This objective on the part of a leading-edge supervisor will be a common thread in many of the issues tackled over the coming year.

- Our **360-degree project** is core to our efforts to improve efficiency. The aim is to consolidate, harmonise and digitalise our view of the supervised companies, across all sectors. This will enable us to reduce our costs and free up resources as the inspection process will become more efficient.

See FMA Objective p. 32

- In 2026 the FMA will assume responsibility for supervising the financial sanctions imposed by the OeNB (more on this later), making it a **one-stop shop** in the efforts to ensure a clean Austrian financial centre. By combining prevention work in the field of money laundering and financial sanctions, we achieve a synergy factor of around 25% on average.

See FMA Objective p. 30

- One area of national law is supervision of the institutions that make up the second pillar of Austria's pension system, the ***Pensionskassen* and corporate provision funds.** Subject to the planned change to the law in this area, the FMA will establish a new supervisory framework offering providers greater efficiency and synergies.

DIGITAL RESILIENCE

The increasing digitalisation of the financial sector brings significant efficiency gains, but is also making the sector more vulnerable to systemic risks. Information and communication technology (ICT) is indispensable for modern financial services, not least cloud computing, payment platforms and core banking systems. These technologies can be used for scalability and innovation, but they also create dependencies on a handful of large international providers. Such concentrations pose significant risks to the stability of the financial market, as evidenced time and time again when key service providers have suffered outages.

To address these risks, European regulation has set a new focus with the Digital Operational Resilience Act (DORA), involving the direct monitoring of critical third-party ICT service providers by European and national supervisory authorities. These providers – including cloud hyperscalers, software groups and telecoms companies – are classed as systemically important as their demise could potentially destabilise the entire financial market. They are monitored by pan-European teams with far-reaching authority encompassing on-site inspections and the right to issue fines for lack of cooperation. The aim is to detect any weaknesses at an early stage and improve providers' resilience.

For Austrian financial companies, this means additional demands in terms of third-party risk management.

See FMA Objective p. 20

They remain under an obligation to identify and reduce their own risks, even if the supervisory authority is monitoring critical service providers in parallel. DORA calls for stricter inspections and measures to reduce concentration risks and secure business continuity. The challenge is how to exploit the opportunities of digitalisation without jeopardising financial stability.

Meanwhile, new risks are emerging, and these will tie up resources too. We will discuss some of these in the next section.

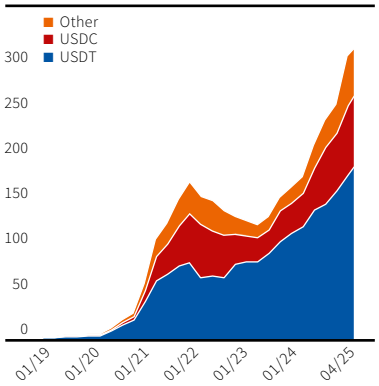
NEW RISKS

Our financial system is facing profound change, shaped by new technologies, international competitive dynamics and structural shifts. There is a greater concentration of money in **investment funds** as ETFs become more popular. Private equity and private debt are becoming increasingly entrenched with the danger that risks and exposures in the non-banking sector will grow unobserved by regulators and observers. The lack of public pricing for these assets on the financial markets also means that market participants and regulators are missing out on important signals.

Alongside this development, new players and digital platforms are gaining in importance. Private investors are participating in the capital market to a much greater extent. Exchange-traded funds have emerged as a **gateway to the capital market,** especially for young customers. Crypto assets and stablecoins are becoming increasingly accepted as alternative forms of investment and payment. At the same time, traditional banks are experiencing a tangible loss in market share. This means that a growing part of the financial system is escaping the direct control of supervisory authorities: investors are acquiring company shares via big tech platforms, a significant proportion of fund investments is flowing into foreign products, and more and more capital flows are being processed via crypto assets and stablecoins *(> Chart 11).*

New technologies such as distributed ledger and AI are driving efficiency and generating new business models and broader access to financial services. At the same time, new risks are coming to the fore. Primarily operational, market, cyber and consumer risks, these demand responsible regulation. Europe is assuming a central role in this regard. As a highly standardised and integrated market, the EU is implementing a uniform set of rules for crypto-asset service providers and issuers for the first time, in the form of MiCAR. Its aim is to create a genuine level playing field and a European single market for crypto assets.

Chart 11: *Stablecoin market capitalisation 2019–2025 (in USD billions; sources: coingecko.com; IMF Global Financial Stability Report; FMA)*



The FMA see itself as an equal partner, supporting innovation and new business models but always taking action when standards are ignored. Supervision has a clear remit within the framework of European rules. The FMA works proactively at European level ensuring that MiCAR is applied consistently in the interests of fair competition.

High demands are made of CASP[2] applicants: a substantial EU presence on the ground, solid governance, robust risk management and

[2] *Crypto-Asset Service Provider.*

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Mariana Kühnel,
FMA Executive Director

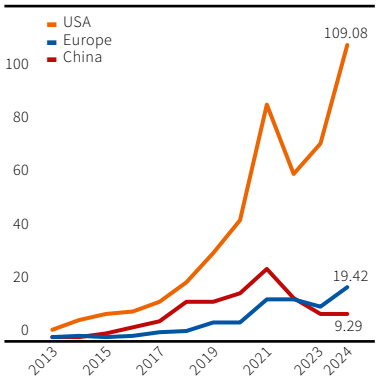
strong consumer protection are all vital. The FMA offers full guidance and expects high-quality, comprehensive applications with a granular level of detail.

In the medium term, the harmonisation of Europe's rules and regulations is viewed as an opportunity, for companies as much as for consumers. Sustainable business models, transparency and a distinct compliance culture form the basis for market access and growth. Austria is positioning itself as a stable and innovation-friendly location boasting dependable infrastructure and a high level of expertise. The FMA remains a reliable partner, promoting innovation and working to maintain integrity and stability in the financial market.

Stablecoins are growing increasingly important in the global financial system and also represent a new challenge for European and Austrian banks. These digital tokens, which maintain a stable value, unlike traditional currencies, are typically used to make payments and as a way of preserving value. While they are not yet in widespread use in Europe, they still require careful monitoring as stablecoins also bring risks for the stability of the banking sector in the euro area.

One potential problem is that bank deposits could be shifted into stablecoins. If customers start moving their money out of the traditional banking system, this could push up refinancing costs and impair the banks' liquidity situation. Potential risks also arise from the interactions between stablecoin issuers and the traditional financial system. A run on stablecoins could trigger a sudden wave of selling and market volatility. Finally, there is also the risk of regulatory arbitrage, resulting in fragmented financial markets.

Chart 12: *Corporate investment in AI 2013–2024 (in USD billions; source: Quid, 2024, chart: 2025 AI Index report[3])*



ARTIFICIAL INTELLIGENCE IN THE FINANCIAL SECTOR

Artificial intelligence (AI) is transforming practically every area of the financial system. **Applications with AI** can be used to automate complex processes, to speed up data analysis and to exploit new potential for personalised financial services. They can process huge quantities of data in real time, which means they can increase efficiency, reduce costs and improve decision-making quality. The financial industry is particularly well suited to this type of application as large parts of it are already digital *(> Chart 12)*. Such potential is also available to supervisory authorities like the FMA that can use AI to work in a more risk-oriented and efficient way. More on this to follow.

See FMA Objective p. 24

At the same time, however, significant risks are emerging that require careful regulation and governance. One key problem is the **lack of transparency surrounding highly complex models.** The lack of traceability makes internal control mechanisms more difficult to implement and hinders compliance with regulatory requirements. Added to this is the risk of **distorted results due to poor data quality,** with a potential impact on decisions on lending or risk assessment. **Cybersecurity risks** pose a further challenge, as AI systems themselves may become the targets of attacks or deliver incorrect results after having been manipulated.

The strongly interconnected character of financial institutions also elevates the risk of systemic effects: malfunctioning or automated trading strategies could quickly spread to other market participants and trigger instability. International experience shows that inadequately controlled AI applications can exacerbate crisis situations. This means that robust governance, clear remits and the use of **explainable models** are all essential in order to guarantee confidence and financial market stability.

The **EU AI Act** (Artificial Intelligence Act), effective since 2024, creates a harmonised legal framework and is based on a risk-based approach. High-risk AI systems are particularly relevant for the financial sector, including credit checking, credit rating and risk modelling. These are subject to strict requirements:

- Implementation of **risk management systems** to identify and control potential risks
- **Data governance** with high quality standards to avoid bias
- Comprehensive **technical documentation and recording obligations** for regulatory traceability
- **Ensuring transparency and human oversight** to maintain explainability
- Guaranteeing **accuracy, robustness and cybersecurity** for resilient systems.

The requirements will gradually come into full effect by 2027. The FMA's aim here too is to promote innovation while shoring up fundamental rights, consumer protection and the stability of the financial system. It is ready to assume responsibility for AI supervision in the financial sector if the relevant national legislation is passed. The priority for the coming year will be dialogue with the sector to improve understanding of planned use cases as a basis for developing the FMA's requirements and expectations.

[3] *https://hai.stanford.edu/ai-index/2025-ai-index-report/economy*

NEOBANKS AND DIGITAL SALES

Neobanks and neobrokers, as well as **online sales** in general, are another product of digitalisation and they are fundamentally changing the financial market. Digital providers offer a user-friendly experience, low barriers to entry and a strong online presence. Young investors in particular are keen users of these platforms, with the welcome result that this is increasing participation in the capital market. The challenge here for the FMA is that most neobanks and neobrokers are not directly supervised as their services are being provided from other EU countries. It is worth noting, however, that European players are leading the way and dominating the market – and not, as feared a few years ago, US big tech companies.

The **structural changes** promoted by neobanks and neobrokers bring opportunities but also risks. Traditional providers must address this issue and keep pace, which they are also increasingly managing to do. The move away from traditional branch models and the lack of advisory services require clear rules for consumer protection. We adhere to the principle of "same risks, same rules". Transparency, solid governance and effective prevention against money laundering are essential. These are the very areas in which repeated problems with neobanks have emerged – as well as in customer service, which can undermine consumer confidence. The FMA will therefore continue to consistently monitor whether new providers have structures designed to function long-term rather than just focusing on fast growth.

From the FMA's perspective, digital sales represent a growing **challenge for collective consumer protection.** Consumers' increasing use of online channels, social media and new technologies such as AI means a higher risk of investment fraud, misleading marketing messages and lack of transparency. They are being flooded with information and aggressive marketing strategies, which makes it difficult to make informed decisions.

Against this backdrop, the FMA is planning on making digital sales one of its priorities for supervision in 2026. Clarity and impartiality in marketing communications, as well as appropriateness assessments in digital distribution channels, are key issues in this regard. In addition, a special inspection module is being developed for crypto-asset service providers to ensure compliance with the regulatory requirements. These measures apply across all sectors and include coordinated spot checks, analysis and the associated development of improvements by the end of the year. The aim is to ensure a high level of transparency and consumer protection in digital sales while creating a level playing field for all market participants.

See Guiding Principle p. 28

Another key area is **financial education.** Digital offerings make products easier to access but, at the same time, can lead customers to make bad investment decisions or even become the victims of fraud. A greater level of **individual responsibility** is vital. This is why the FMA is stepping up its educational work, using social media campaigns, how-to videos and podcasts to teach the basics of returns, risk and product diversity. The aim is to empower investors to make informed decisions and seize the opportunities of digitalisation.

There is no stopping the transformation of the financial market. This makes it all the more important to combine innovation with responsibility. The FMA supports a framework that promotes competition and technological development without sacrificing stability or consumer protection.

SAVINGS AND INVESTMENT UNION

Against the backdrop of the European Capital Markets Union, the issue of financial education has moved back into the limelight. Austria is traditionally considered to be a country of savers, yet low interest rates

With the tight integration of money laundering prevention, sanction supervision and proliferation supervision, as well as through co-operation with Europe's new AMLA, Austria is positioning itself at the forefront of effective and future-oriented supervision. In this way, we are protecting the financial market in the long term and maintaining the interests of the economy and society as a whole.

Helmut Ettl,
FMA Executive Director

and European companies' growing need for investment mean that more private capital has to be channelled into the capital market.

A properly functioning capital market is a bridge between ideas and finance, securing growth, innovation and jobs in the process. To have more people taking advantage of these opportunities, we need to break down barriers – through user-friendly information, targeted financial education and transparent, easily accessible products. We will contribute our national knowledge and expertise to the debate on the European Commission's new proposals for stronger centralisation and harmonisation of the European capital market.

CLEAN FINANCIAL CENTRE

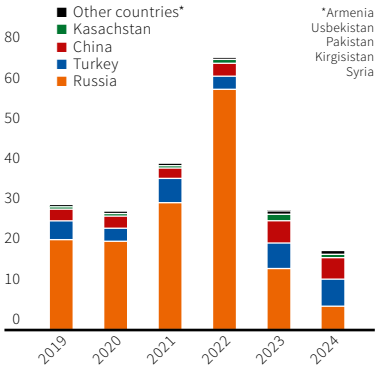
Anti-money laundering measures and sanction supervision are of paramount importance to Austria. They guarantee the stability and integrity of the financial market and strengthen international partners' confidence. As a country with a strong export focus and an open financial system, it is particularly important that Austria consistently prevents abuses by organised crime, terrorist financing and the evasion of international sanctions. As well as considerable reputational damage, illegal activity can also jeopardise access to international markets *(> Chart 13).*

The FMA has achieved considerable success in recent years. The number of suspicious transaction reports has climbed, reflecting the growing awareness of potential problems in the financial sector. Supervision has

become more data-driven and risk-oriented, with Austria establishing itself as a European leader in crypto assets. By consistently sanctioning illegal activity and by working closely with international partners, Austria is more than staking its claim as a guaranteed "clean" financial centre.

New roles are set to be added in the coming year, with the FMA taking on all **sanction supervision** tasks with effect from 2026. This means that money laundering, terrorist financing and financial sanctions will all be handled by a single body for the first time. Supervisory activity will become more efficient as a result, while eliminating redundancies and enabling inspections to be more targeted. One particular future focus will be combating proliferation financing. The FMA is integrating these requirements into its risk analysis and inspection processes and relying more heavily on state-of-the-art, digital control mechanisms. With the tight integration of money laundering prevention, sanction supervision and proliferation supervision, as well as through cooperation with Europe's new AMLA, Austria is positioning itself at the forefront of effective and future-oriented supervision. This will not only protect the financial market in the long term but will also mean that the interests of the economy and society are maintained.

Chart 13: *Development over time of outgoing transactions in countries known for the evasion of proliferation 2019–2024 (in € billions)*



SUSTAINABILITY

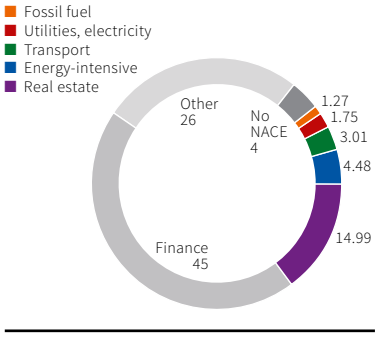
The increasing number and severity of extreme weather events and natural disasters, increasingly also in Austria and Europe, leave little doubt about the very real and acute risks of climate change. These risks are also a danger to the stability of the financial system. Financial institutions face the threat of losing their assets, while real estate and insurance markets are experiencing an increase in the insurance gap. The FMA is aware of these developments and taking action in the context of its statutory remit.

The regulatory framework is currently being fundamentally redesigned. One priority is the simplification of sustainability reporting, easing the burden on companies, at a time when the demands on the financial industry arising from the relevant laws are increasing. This is generating uncertainty and increased complexity, for businesses and supervisors alike. The FMA sees it as its role to offer guidance and foster dialogue with all market participants.

The risk outlook is key for the FMA. Integrating ESG factors into risk management is crucial for the long-term stability and resilience of supervised companies. Physical risks, such as climate-related disaster damage, are becoming increasingly apparent and have a direct impact on insurance undertakings and credit institutions. At the same time, financing the transition to a climate-friendly economy is creating new opportunities and business potential *(> Chart 14).*

The issue of transition and the integration of physical risks into the risk management of banks, insurance undertakings and other financial intermediaries will be at the heart of our supervisory activities

Chart 14: *Climate assets of insurance undertakings in total portfolio 2025 (in %, incl. fund review, without derivatives)*



FMA Executive Directors Mariana Kühnel and Helmut Ettl

See FMA Objective p. 26

in the coming year. The overriding objective is a resilient and viable financial market that can support the transition to a climate-neutral economy while at the same time guaranteeing stability.

CONCLUSION

The Austrian financial sector continues to be stable and strong. Banks, insurance undertakings and capital market participants have robust capital resources and are well positioned to provide the real economy, businesses, companies, households and the public sector with reliable finance.

At the same time, the FMA is taking targeted action to encourage efficiency improvements, simplification and less bureaucracy. By consistently developing its supervisory processes and embracing modern technologies, it will make optimal use of resources and reduce the burden on the supervised entities. Our objectives for the coming year will be set out in further detail below.

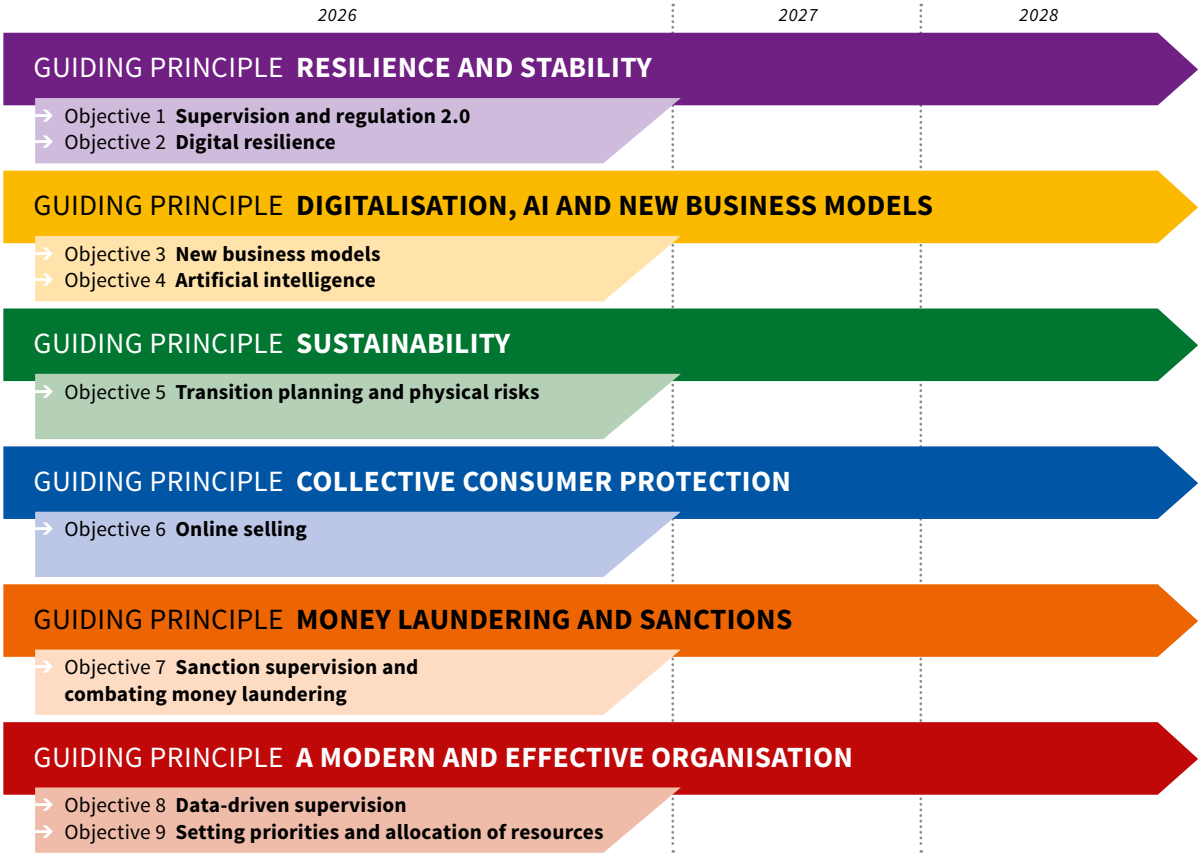
These will ensure that, even in a challenging wider context, the Austrian financial market will remain effective, resilient and future-oriented.

CHARTING THE FUTURE COURSE

GUIDING PRINCIPLES FOR 2026-2028 AND FOCUS FOR 2026

The FMA is committed to the principle of transparency and engages in open dialogue with all stakeholders, the market and the supervised entities. Publishing its priorities for supervision and inspections every year for the next twelve months is a key aspect of this commitment.

Based on the medium-term risk analysis, in which it identifies and analyses the particular challenges facing the financial markets over the next few years, the FMA assesses and revises its supervisory strategy. This involves medium-term "guiding principles" for its supervisory activity, which in turn feed into the priorities for supervision and inspections for the coming year. The latter are published in the annual "Facts and figures, trends and strategies" publication and also on the FMA website in order to make supervised entities aware of risk areas in their field of business and to give them the opportunity to prepare specifically for the risk-oriented supervisory priorities. This raises awareness of risk and creates transparency around the challenges that the supervisory authority has identified and wishes to focus on. In this way, the supervised entities are also given a clear indication of which areas they should be prioritising.



GUIDING PRINCIPLE: **RESILIENCE AND STABILITY**

Rising geopolitical tensions and economic uncertainty will pose greater risks to the Austrian financial market in the future. As the FMA, we provide risk-oriented, forward-looking, cross-sectoral and integrated supervision in the interests of a resilient financial market and to equip the supervised entities to withstand crisis situations.

FMA OBJECTIVE 1: SUPERVISION AND REGULATION 2.0

With risk-oriented priorities and simplification measures, we are improving the effectiveness and efficiency of our supervisory work and reducing complexity for the supervised entities.

The FMA's main aim is a stable and effective financial market, providing reliable finance for business and households. The regulatory and supervisory progress made since the global financial crisis provide a solid foundation: in Austria, the financial sector is part of the solution and capable of supporting an economic upturn.

Yet the context is changing. Technological advances and new risks demand a flexible and effective authority at the leading edge of financial supervision. Applying a risk-oriented and proportionate approach, we deploy resources efficiently and avoid making things unnecessarily complex.

Adhering to national and European rules, we are simplifying and modernising reporting obligations, regulations and processes. In this way, the supervisory authority and business can focus on the relevant risks. Our objective: a supervisory system that secures stability and resilience, creates scope for innovation and strengthens the Austrian financial sector long term in its role for the wider economy.

FMA OBJECTIVE 2: DIGITAL RESILIENCE

By having focused priorities for supervision and inspections and eliminating any shortcomings detected on this basis, we are strengthening the supervised companies' risk management in relation to digital risks and improving their risk classification.

Digital risks are currently one of the biggest challenges facing financial companies. Cyberattacks, dependency on third-party providers and new technologies like AI are making risk management more and more complex.

In the form of DORA, the EU has put in place a clear legal framework, which we are implementing consistently. One of the priority areas is the risk posed by external IT providers such as cloud providers, networks, IT centres and software firms. Supervision of these third-party operators is crucially important.

Testing cyber resilience using simulated attacks is another new area. The FMA is also developing its own SupTech tools to enable it to detect risks at an early stage and take effective action. What the FMA demands: institutions should manage digital risks strategically as well as technically.

PRIORITIES FOR SUPERVISION 2026

SUPERVISION AND REGULATION 2.0

Initiatives for greater efficiency and simplification across all areas of supervision. The FMA identifies risk-oriented efficiency potential at European and national level, implementing simplification measures to ease the burden on credit institutions and insurance undertakings in a risk-focused way. With a new supervisory framework for corporate provision funds and *Pensionskassen*, the FMA is eliminating regulatory complexity, making it easier for providers to plan ahead, and increasing efficiency with a risk-oriented form of supervision that is geared around business models and implemented with a single point of contact. With regard to securities supervision, reporting obligations are being evaluated from the perspective of simplification and digitalisation. The FMA is integrating the principle of simplification into the law-making process. The parameters and criteria for penalty assessment in administrative penal proceedings are being further developed.

ICT THIRD-PARTY RISK

More in-depth supervision of ICT third-party risk. The FMA is deepening its supervision of risks relating to ICT third parties and using on-site inspections to monitor implementation of the regulatory requirements. These include checking whether financial companies have appropriate ICT third-party risk management systems in place, as well as evaluating critical service providers and securing proper governance in this sector. The FMA identifies the key national service providers and establishes a channel for communication. Such measures are carried out in close cooperation with the European supervisory authorities in order to guarantee a harmonised approach and to strengthen the resilience of the financial market as a whole when faced with ICT risks.

THREAT-LED PENETRATION TEST

First test of resilience against cyberattacks. The first threat-led penetration test at an insurance undertaking is planned for 2026. TLPTs are one of the most stringent methods used to test IT security. The processes, tactics and techniques of real cyberattackers are replicated in order to test the resilience of critical systems under real conditions. These tests are not carried out in isolated environments, but directly on productive live systems that are essential for business operations. The aim is to detect any vulnerabilities in the system before they can be exploited in a real attack. For its part, the FMA will play a central role in this process. In the capacity of responsible TLPT authority and test manager, it will actively support the entire process and ensure that the high regulatory and security demands are fulfilled.

GEOPOLITICAL RISKS

Integrating geopolitical decisions into risk management. The geopolitical situation is facing sweeping changes, creating new uncertainties and risks for supervised institutions and the Austrian financial market. These developments range from geopolitical tensions and trade conflicts to energy and raw material dependencies coupled with regulatory and security policy challenges. Such factors, as well as harming the stability of individual institutions, can also produce systemic risks for the entire financial sector. To counter these risks effectively, the FMA identifies particularly exposed institutions and makes sure that relevant geopolitical risks are being integrated into their risk management. This involves analysing the impact of geopolitical events on business models, liquidity and the capital base. Where necessary, the FMA sets out its

supervisory expectation in clear terms in order to strengthen the institutions' resilience in the face of geopolitical shocks. One key factor in the success of such efforts is the close interlinking of supervision at both micro and macro level.

REAL ESTATE RISKS

Continued focus on commercial real estate risks in particular. The increase in non-performing loans in the commercial real estate sector continues, placing a burden on the affected banks. Upcoming refinancing of loans that were initially granted during the period of low interest rates can create additional burdens. The FMA is particularly focused on the NPL reduction plans of the banks that are the most severely exposed. We are reviewing the feasibility of their wind-down strategies, looking at their current implementation and sustainability moving forward. With regard to private residential property loans, the focus is on the solidity of the loans, which are reviewed half-yearly in accordance with the requirements set out in the FMA Circular and using reporting data. With regard to open-ended real estate funds, the FMA focuses on any liquidity mismatch arising from investment in property, implementing appropriate measures to protect investors and market integrity.

RESOLUTION

In 2026, resolvability testing will be carried out for the first time on the basis of multi-year testing programmes in order to improve the resolvability of banks in a targeted way. The results will be incorporated into the assessment of resolvability and used to help plan related measures. The planned changes in the course of the crisis management and deposit insurance (CMDI) review clarify the existing legal framework and provide important impetus for the further development of resolution law. In parallel, the FMA's readiness for resolution will be further strengthened with cross-border crisis exercises and coordinated processes with external stakeholders.

PREPARING FOR THE NEW REGIME

Ensuring the smooth practical implementation of new European regulations for insurers. With effect from 2027, new European requirements for the restructuring and resolution of insurers (IRRD) and the Solvency II review will take effect. The FMA is supervising implementation by the industry and ensuring that the requirements are clearly formulated. We are defining criteria for preventive recovery plans and requirements for the insurance industry in connection with resolution planning, and promoting the integration of new proportionality rules. The aim is a smooth implementation process that strengthens the resilience of the insurance sector and improves the stability of the financial market.

CCP STRESS TESTING

European stress testing. To make the market infrastructure and the clearing system in particular more resilient, the FMA is actively involved in European stress testing for central counterparties. The tests focus on credit, liquidity and concentration risks, as well as the impact of market volatility. The results are fed into supervisory planning and ensure that the institutions can withstand even extreme market conditions, thereby guaranteeing financial market stability.

SAVINGS AND INVESTMENT UNION

The Savings and Investment Union is one of the EU's leading projects to promote European competitiveness, strategic autonomy and economic growth. The FMA contributes its expertise to the further development of this project, analyses the impact of the proposals on the Austrian capital market and thus plays a significant role in strengthening market infrastructure, market integrity and cross-border fund management and fund distribution.

GUIDING PRINCIPLE: **DIGITALISATION, AI AND NEW BUSINESS MODELS**

Digital asset classes and artificial intelligence are bringing about profound changes for financial service providers and creating completely new business models. As the FMA, we are aware of the impact that these changes are having on our supervisory activities and strive to guarantee a supervisory level playing field by taking the respective business model into account.

FMA OBJECTIVE 3: NEW BUSINESS MODELS

By means of proactive and integrated supervision, we guarantee a supervisory level playing field and a risk-based approach to supervision.

New technologies are fundamentally changing the financial sector and generating new business areas and business models. The EU's Markets in Crypto-Assets Regulation (MiCAR) provides a comprehensive framework for the authorisation and supervision of crypto-asset service providers (CASPs) that engage in the trading, custody and issuance of crypto assets. In 2026, the FMA will be focusing on the systematic creation of a risk-based, integrated supervisory approach. Following the approvals phase, the focus now lies on continued operational supervision. In particular, the FMA is establishing an integrated supervisory regime for CASPs and payment institutions, interlinking MiCAR supervision and supervision under the Austrian Payment Services Act (ZaDiG; *Zahlungsdienstegesetz*) and creating efficient processes for dual licences. Internal colleges and risk-based tools are strengthening coordination and supervisory efficiency in this regard. The aim is to create a robust supervisory model that guarantees investor protection, market integrity and a level playing field – including within the European single market.

FMA OBJECTIVE 4: ARTIFICIAL INTELLIGENCE

We are using integrated analysis and the coordinated market communication of supervisory expectations to create clarity around the use of AI systems in the market.

Artificial intelligence opens up new opportunities for efficiency and innovation in the financial sector, but also poses risks to market integrity and consumer protection. The FMA is committed to ensuring that AI is used responsibly. It monitors the use of AI, analyses developments and defines clear expectations in line with European guidelines such as the Artificial Intelligence Act (AI Act). The focus is on three principles: transparency, responsibility and risk management. Financial companies must use traceable and verifiable systems, uphold data quality and actively manage model risks. The FMA provides guidance in the form of basic principles and supplements these with audit processes to ensure trust, stability and consumer protection. In this way, AI, as a new innovation, is integrated into the financial market safely and fairly.

PRIORITIES FOR SUPERVISION IN 2026

CASP INSPECTIONS

Establishing continued supervision. The FMA is building up legal certainty for CASPs through precise guidelines and establishing an effective, risk-based supervisory structure. Supervision is based on the respective business model and focuses on transparency and equal treatment in order to have a competitive environment that is stable and fair (a level playing field). There is a particular focus on on-site inspections to ensure compliance with standards and bolster confidence in the market. The FMA is actively involved in European supervisory bodies as a way of contributing to the uniform application of MiCAR within the internal market.

MICAR/ZADIG SUPERVISION

Joined-up approach to crypto supervision. Investor protection, technological openness and financial market stability are crucially important during turbulent times. In response, the FMA is creating an integrated supervisory regime for CASPs and payment institutions in order to efficiently process dual licences and create legal certainty. Internal colleges, coordinated processes and risk-based tools will strengthen the joined-up approach, bringing together MiCAR and ZaDiG supervision. The aim is to establish a transparent, effective supervisory system that guarantees market integrity and ensures a level playing field.

ARTIFICIAL INTELLIGENCE

Use of AI systems. The FMA is continuously monitoring the specific use of AI across all sectors of the financial market and proactively formulating its expectations for the AI systems in use both sector-wide and under the AI Act. This involves the efficient collection of data from the supervised entities and market analysis. A robust system of AI governance and the embedding of AI in the risk management of supervised companies are essential if this new technology is to be put to meaningful use in the financial sector.

GUIDING PRINCIPLE: **SUSTAINABILITY**

The physical and financial risks associated with climate change and the transition to a more sustainable economy are set to play an even greater role in the future. As the FMA, we demand that risk management take account of sustainability risks and climate change, we promote market transparency and we work to tackle greenwashing.

FMA OBJECTIVE: TRANSITION PLANNING AND PHYSICAL RISKS

We take targeted action as supervisors to strengthen how the supervised institutions manage the physical risks associated with climate change.

Sustainability risks are becoming increasingly relevant to the stability of the financial market. As well as physical risks arising from extreme weather events and long-term climate change, the market is also subject to the transition risks created by regulatory requirements and technology shifts. Such developments are forcing the supervised entities to actively integrate sustainability risks into their business models. The aim is to strengthen the financial market's resilience to such risks and contribute to financial market stability.

It is crucially important that risk management models are adjusted to cope with the impact of climate change and that efforts to align business models with the achievement of climate objectives (transition planning) are driven forward. In the face of climate change and biodiversity loss, greater resilience is key.

The FMA is playing its part in this process by engaging in structured dialogue with the institutions, and through analysis questionnaires and risk-based audits. One key area being examined is the extent to which physical risks are being incorporated into ESG risk management and whether transition plans include specific and measurable actions. Institutions are expected to incorporate EU climate policy targets into their planning.

The FMA also helps companies to implement their transition planning processes in practice and to integrate physical risks associated with climate change and waning biodiversity into their risk management, including in the context of ongoing regulatory developments. The emphasis lies on shared learning and practical support, with the FMA publishing guidance documents on transition planning. The FMA is also analysing governance structures, responsibilities and internal control mechanisms, as a source of further support for companies.

Through these measures, the FMA's goal is to ensure that sustainability risks are being effectively managed in practice rather than simply being addressed from a regulatory perspective. The overriding objective is a resilient and viable financial market that can support the transition to a climate-neutral economy while at the same time guaranteeing stability.

PRIORITIES FOR SUPERVISION 2026

TRANSITION PLANNING AND PHYSICAL RISKS

Support with transition planning and risk management integration. The FMA helps supervised companies to draw up robust transition plans and to integrate the physical risks arising from climate change and biodiversity loss into their risk management. The main focuses are adapting risk models to the impacts of climate change, strategic alignment with climate targets, and the integration of risks relating to climate change and nature degradation in ESG (environmental, social and government) risk management. Using dialogue, analysis and risk-based audits, the FMA is boosting the resilience of market participants and supporting them at a time of regulatory change.

PREVENTION OF GREENWASHING

Preventing greenwashing in order to raise trust levels. The prevention of greenwashing is a key aim of financial supervision, directing capital into sustainable projects and boosting confidence in the market for sustainable investments. Financial reporting enforcement has a major role to play, with key audits of issuers' sustainability reports and by promoting transparency, investor protection and market confidence, while helping to prevent greenwashing. New regulatory demands are being integrated into the supervisory process and form the basis for new measures.

NATCAT[1] RISKS IN THE INSURANCE SECTOR

Optimising the integration of physical risks in risk management by insurance undertakings. Physical risks such as extreme weather events, climate change and natural disasters pose a twofold challenge for insurance undertakings. In the first instance, their assets are being put at risk and, secondly, they face rising claim volumes in their portfolios. The FMA will be carefully reviewing insurers' exposure to NatCat risks with increased monitoring of how ESG risk management is taking account of the physical risks.

[1] *Natural Catastrophe.*

GUIDING PRINCIPLE: **COLLECTIVE CONSUMER PROTECTION**

Investment decisions are set to become even more complex in future as consumers wrestle with an abundance of available financial information, unauthorised offerings of financial services and the presence of professionally organised financial criminals. As the FMA, we uphold collective consumer protection and market transparency in both traditional and online sales through effective complaint management at financial institutions, the targeted provision of information and supervisory measures.

FMA OBJECTIVE 6: ONLINE SELLING

By pinpointing trends, taking preventive measures and acting decisively, we safeguard consumer interests in the digital distribution of financial products, with a particular focus on new market participants such as neo-brokers and CASPs.

As well as benefits, digitalisation also brings new challenges and risks for financial service providers and consumers. Easy-to-understand and fair information for customers is particularly important when they have aggressive marketing and a lack of advice during online transactions to contend with.

The FMA is working during this time of dynamic change to provide an integrated and cross-sectoral form of supervision. The aim is to ensure that digital marketing messages are clear and fair. Through coordinated and risk-based monitoring, we ensure that all of the marketing content produced by supervised participants on the financial market is honest, clear and not misleading. In this way, we can lay the foundation for consumers to make sound investment decisions.

The supervisory focus also encompasses digital selling risks associated with new entrants to the market, such as crypto-asset service providers (CASPs) and neo-brokers. Our integrated approach helps to strengthen collective consumer protection and promotes the consistent application of supervisory standards across all sectors, creating a level playing field for all.

The FMA also consistently strives to combat investment fraud and unauthorised business operations in the area of digital sales. We utilise our media reach and consumer formats such as “Let’s talk about money” and the “A-Z of Finance” for effective prevention. In parallel, we build strategic alliances to tackle investment fraud.

PRIORITIES FOR SUPERVISION 2026

ONLINE SALES

Clear information for consumers. The FMA is using coordinated measures with banks, neo-brokers, insurance undertakings and CASPs to build up trust in digital distribution channels. It is reviewing processes for the MiFID[1]-compliant production of marketing communications and carrying out appropriateness assessments. A specific test module is being developed for use with CASPs. By analysing complaints and market trends, we can identify the main providers, improve compliance and, consequently, secure information for consumers that is honest, clear and not misleading. The FMA is focused on the onboarding process as part of online selling and demands consistent application of the know-your-customer (KYC) principle.

FIGHTING INVESTMENT FRAUD

National anti-fraud alliance. Investment fraud has been soaring for years, driven by low interest rates, digitalisation, cryptocurrencies and – currently – social media, AI and deepfake technology. Increasingly, scammers are operating on an international scale in corporation-like structures. In this context, the FMA is planning a national alliance against investment fraud in order to overcome isolated solutions and create a joint process that pools information, leverages synergies and enables all parties involved to use their powers of action to maximum effect.

FINANCIAL MARKET 2.0

Young, independent and digital. The pandemic accelerated the pace of digitalisation on the financial market. Many young people are investing for the first time, with ETFs and fractional shares proving to be popular first-time investments. The under-30s are generally opting for “execution-only” transactions online, with no advice provided. At the same time, online lending at the click of a mouse is a booming sector, making it easy for young people to acquire excessive debt. All of this means a bigger role for personal responsibility and financial education. The FMA is contributing in this regard with its range of consumer information channels under the “Let‘s talk about money” brand.

INSURANCE CLAIM SETTLEMENT

Fairness when settling claims. The FMA checks that claims are being settled fairly and without discrimination when handled digitally. This involves systematically questioning insurers about how they process claims and the associated considerations when using AI systems. Building on previous surveys, the aim is to raise awareness among insurers in the interests of policyholders and to ensure a fair and non-discriminatory approach underpinned by a proper corporate governance system.

[1] *Markets in Financial Instruments Directive.*

GUIDING PRINCIPLE: **MONEY LAUNDERING AND SANCTIONS**

Economic and financial crime, and a disregard for financial sanctions pose an increasing risk to the integrity and stability of the financial market. As the FMA, we play a key role in maintaining a clean financial centre for all financial market participants by guaranteeing market integrity.

FMA OBJECTIVE 7: SANCTION SUPERVISION AND COMBATING MONEY LAUNDERING

Through sanction supervision and by scaling up money laundering supervision in the crypto-asset sector, we strengthen and secure Austria's status as a clean financial market and leverage synergies in national and international supervision to combat money laundering.

The FMA is set to assume responsibility for monitoring and enforcing financial sanctions in Austria, significantly expanding its contribution to a clean and stable financial market in Austria, and stepping up its cooperation with national and international bodies.

The aim of the amended Anti-Money Laundering and Sanctions Acts is to prevent the circumvention of targeted sanctions, particularly in the area of proliferation financing. It implements recommendations made by the Financial Action Task Force (FATF) and EU law, and makes it mandatory for financial market participants to adopt organisational measures to minimise risk. The amendment stipulates that, with effect from 1 January 2026, the FMA will take over responsibility for sanction supervision, replacing the OeNB and Federal Ministry of the Interior in this regard. This transition has begun in 2025, in close cooperation with the OeNB, taking the form of joint on-site inspections based on the new statutory provisions on sanctions.

In its capacity as an internationally well-connected financial centre with a marked export focus and as the base for numerous global companies, Austria is particularly vulnerable to the risks associated with money laundering, terrorist financing and sanctions evasion. As well as considerable reputational damage, illegal activity can also jeopardise access to international markets. At the same time, we face rising complexity as a result of new technologies such as crypto assets and geopolitical tensions, all of which put sanctions at the heart of international security policy.

The FMA will be fully integrating sanction supervision into its cross-sectoral activity in future and further developing its risk classification systems, becoming a one-stop shop in a clear demonstration of Austria's strategic approach as a secure and transparent financial centre. With a scaled approach to supervision, the aim is to detect any risks associated with global companies that are based in Austria at an early stage, while also taking advantage of greater compliance among new market participants to keep such risks to a minimum.

PRIORITIES FOR SUPERVISION 2026

INTEGRATION OF FINANCIAL SANCTIONS IN ESTABLISHED AML/CFT SUPERVISORY FRAMEWORKS

One-stop shop for AML/CFT and sanction supervision. The FMA is increasingly integrating its review of international and European financial sanctions into its anti-money laundering and countering the financing of terrorism supervision. This joined-up approach means a uniform approach to risk monitoring and strengthens rule enforcement. Combined on-site and off-site measures (for AML/CFT and sanctions) are focused on the new requirements in terms of internal organisational structure, thereby guaranteeing the highest standards in money laundering prevention and sanction implementation. In this way, the FMA is adhering to the one-stop shop principle for AML/CFT and sanction supervision, for more effectiveness and improved efficiency.

EUROPEAN AND INTERNATIONAL INVOLVEMENT

Working with the AMLA and FATF. The FMA works closely with the Anti-Money Laundering Authority. Through its involvement in EU standards, information and coordination at national level, it reinforces its role in the European supervision system. One key objective is to make the necessary arrangements for the smooth and timely implementation of the Europe-wide risk analysis methodology in Austria. By implementing the measures recommended by the FATF, the FMA is consolidating the Austrian financial market's positive reputation.

NEW BUSINESS MODELS AND FINANCIAL MARKET PARTICIPANTS

Focus on crypto-asset service providers. The FMA is focusing to an ever greater extent on the crypto market in order to improve the early detection of risks in relation to money laundering, the financing of terrorism and sanctions evasion. The testing points in the process for approving CASPs are being reviewed, with targeted supervisory stages after approval in order to ensure that new entrants on the market subsequently establish effective compliance structures.

GUIDING PRINCIPLE: **A MODERN AND EFFECTIVE ORGANISATION**

External developments, demographic change and new technologies – including artificial intelligence – are changing the demands made of the financial markets, and consequently of the supervisory authority and its staff too. In its capacity as a flexible and effective authority at the leading edge of financial supervision, the FMA is facing up to these challenges with an impactful organisational structure, a strong IT framework, an integrated and data-based form of supervision, and an attractive working environment.

FMA OBJECTIVE 8: DATA DRIVEN SUPERVISION

With a specific roadmap detailing application upgrades and an expansion of the FMA's data management and data governance systems, we are laying the foundation for consistent implementation of the 360-degree supervision project, leveraging efficiencies in the individual departments and in IT.

The FMA is continuing along its path towards data-based, harmonised and integrated supervision, with a two-pronged approach. Firstly, we are leveraging efficiency potential by embracing the latest technologies and data-based methods, helping us to harmonise our in-house processes. Secondly, we are also creating real added value for the supervised companies through shorter processing times, the rapid availability of information and uniform standards.

At the heart of this development is the 360-degree supervision project, designed to provide a complete view of the supervised entities, thereby transforming the way in which we use data and implement supervision. This project is being accompanied by a roadmap for the renewal of all supervisory applications and the expansion of the FMA's structured data management system.

In terms of implementation, the FMA embraces state-of-the-art technologies, integrating artificial intelligence and workflow-supported processes. In this way, the FMA is thus continuing to build the foundations needed for modern, forward-looking and data-driven supervision. The principle of integrated supervision is being taken to the next level – risk-based and focused.

FMA OBJECTIVE 9: SETTING PRIORITIES AND ALLOCATION OF RESOURCES

By setting strategic objectives and priorities, and by optimising our own practice, we are leveraging potential for greater efficiency and allocating resources in a targeted way to perform our remit.

The FMA ensures that it is deploying its resources efficiently and in a targeted way. We set strategic priorities, optimise our in-house practices on an ongoing basis and make targeted use of the latest technologies to leverage potential for greater efficiency and to keep our costs sustainable from a public service perspective. We regularly analyse and digitalise our processes, extending automation where possible, to help cut

administrative costs and to ensure that the supervisory authority is focusing on the most important tasks at hand. The FMA consistently reviews how it can make best use of its resources whether through the development of digital tools, the optimisation of workflows, or the introduction of transparent steering tools. As a result, even when under pressure to make savings, we can guarantee the quality of supervision, exploit synergies and cut costs. Consequently, the FMA actively contributes to the efficient use of public funds and the strengthening of a modern-day organisation that performs at a high level.

PRIORITIES FOR SUPERVISION 2026

360-DEGREE PROJECT VIEW

Adopting a 360-degree approach to supervision. With its 360-degree view, the FMA is implementing its objective of integrated 360-degree supervision, namely having all information available in a single place where it can be accessed quickly and on a timely basis, with no blind spots.

The initial steps have been taken in 2025, and the first products needed for daily supervisory work are already in place. The information space will continue to be expanded in 2026 through regular releases.

The 360-degree view project makes full use of the central added value of an integrated supervisory authority, providing a way to consider companies from every possible angle.

360-DEGREE PROJECT WORKSPACE

Central workspace. The 360-degree Workspace will form the FMA's central workspace in future, accommodating all of the authority's core tasks – on-site inspections, management of official processes and analysis.

The workflow-supported tools will take users through all of the necessary work steps with integrated AI. The first on-site inspections will be conducted in this new workspace in 2026. At the same time, work will begin on process harmonisation and optimisation alongside technical implementation of all FMA processes and workflows.

The new workspace will improve the efficiency and quality of the FMA's activity while projecting a uniform and consistent presence both internally and externally.

CHARTS AND TABLES

ABBREVIATIONS

AI	*Artificial Intelligence*
AMLA	*Anti-Money Laundering Authority*
AML/CFT	*Anti-Money Laundering and Countering the Financing of Terrorism*
CASP	*Crypto-Asset Service Provider*
CCP	*Central Counterparty*
CET1	*Common Equity Tier 1*
CMDI	*Crisis Management and Deposit Insurance*
DORA	*Digital Operational Resilience Act*
EBA	*European Banking Authority*
ECB	*European Central Bank*
EIOPA	*European Insurance and Occupational Pensions Authority*
EMIR	*European Market Infrastructure Regulation*
ESG	*Environmental, Social and Governance*
ESMA	*European Securities and Markets Authority*
EU AI Act	*European Artificial Intelligence Act*
FATF	*Financial Action Task Force*
FMA	*Financial Market Authority Austria*
FMSB	*Financial Market Stability Board*
ICT	*Information and Communication Technology*
IRRD	*Insurance Recovery and Resolution Directive*
KYC	*Know Your Customer*
MiCAR	*Markets in Crypto-Assets Regulation*
MiFID	*Markets in Financial Instruments Directive*
MiFIR	*Markets in Financial Instruments Regulation*
NatCat	*Natural Catastrophe*
NPL	*Non-Performing Loans*
SFTR	*Securities Financing Transactions Regulation*
SREP	*Supervisory Review and Evaluation Process*
TLPT	*Threat-Led Penetration Test*
USDC	*USD Coin (stablecoin)*
USDT	*Tether (stablecoin)*
ZaDiG	*Payment Services Act*