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The Journey from EBA through SRB to AMLA: Agencification as a Core Component of Banking Resolution in the European Union and Hungary?

Summary

Financial supervision is an area in the European Union that is developing at a very dynamic pace. Since the initial supervisory agencies and the emergence of the European Banking Union in the first half of the 2010s, considerable practical experience has been added to the body of knowledge in this area. This article examines the banking resolution and anti-money laundering field through the filter of the administrative trend known as 'agencification', in accordance with the EU-level legislation primarily and the Hungarian legislation secondarily. The paper analyses these areas along a developmental arc shaped by practical experience.

Journal of Economic Literature (JEL) codes: F36, G01, G15, H12, P48

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Introduction

This study aims to explore the connection between banking resolution and the administrative tendency called "agencification". Agencification, or as Griller and Orator put it,

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the "mushrooming of agencies", is the trend of establishing new agencies and also that of already existing agencies receiving further powers from the legislator (Griller-Orator, 2010:7). The so-called *decentralised agencies* of the European Union (EU) have a history going back to the earlier decades of the integration, and today, they are to be found in most policy areas of the EU. (Their further attributes are specified in the next chapter.)

In this study, we focus on certain decentralised agencies in the field of financial regulation and supervision. As the title suggests, banking resolution is at the centre of our interest, but there is no banking resolution without banking supervision. Therefore, this journey starts with the first round of establishing the new financial supervisory framework of the EU pursuant to the 2008 financial-economic crisis – beforehand, there was almost nothing to serve this purpose.

The European Supervisory Authorities (EBA, ESMA, EIOPA) are decentralised agencies, among whom the European Banking Authority (EBA) shall be discussed here – but only in a brief manner. This agency has only supervisory powers and does not have much to do with the resolution processes, but still, from our complex agencification perspective, it is the starting point. As the European Banking Union (EBU) emerged, the Single Resolution Board (SRB) became the next actor in the line, and since the mid-2010s, it has been the functioning resolution authority of the supranational level, working in close cooperation with the national resolution authorities of the EBU member states. Finally, in recent years, new challenges have arisen in the field of banking supervision and resolution, and the question of anti-money laundering has become more and more prominent as an issue to be addressed on the EU level. This resulted in the latest decentralised agency in the financial supervision area, the Anti-Money Laundering Authority (AMLA), which will be operative starting in 2025.

As a result of the 2008 financial-economic crisis, the Hungarian system of financial supervision also underwent some changes. Being an EU member state (but not being an EBU member state), the regulatory framework is a mixture of some aspects of the EU level legislation (the Single Rulebook, for instance) and national legislation (the framework of banking resolution, for instance). The existence of agencification is not as apparent in banking supervision and resolution as it is in the case of the supranational level.

Methodology

This study uses a qualitative methodological approach. From a disciplinary point of view, the fields of European Studies, Financial Law, and Public Administration are involved. The study is based on the analysis of the relevant regulatory and institutional framework and the relevant case law of the institutions and bodies involved.

In general, we take a neo-institutionalist approach. Neo-institutionalism is a legal methodology having a complex focus on political science, economics, organisational behaviour and sociology, examining how institutional structures, rules, norms and cultures constrain the choices and actions of individuals when they are part of an institution. As Gajduschek writes: "Lawyers have always thought in terms of institutions." Institutions in this approach

also mean institutions in the organisational sense and the so-called legal institutions (Gajduschek, 2020:191).

What is EU agencification?

Agencification of EU executive governance has become a fundamental feature of the EU's institutional structure. These agencies can broadly be defined as bodies governed by European public law that are institutionally separate from the EU institutions, have their legal personality and a certain degree of administrative and financial autonomy and have specified tasks (European Parliament, 2018:5). From the aspect of EU public law, it is to be mentioned that the legal basis of decentralised agencies is highly debated. There are provisions in the Treaties that can serve as implicit legal basis for them, but explicit legal basis cannot be identified.

EU agencies are part of a process of functional decentralisation within the EU executive, with agencies being seated all over the EU. They assist in implementing EU law and policy, provide scientific advice for both legislation and implementation, collect information, provide specific services and fulfil central roles in coordinating national authorities. They may adopt legally binding and non-binding acts (European Parliament, 2018:5).

The rise and operation of agencies within the EU institutional structure fit well with academic thinking on the nature of the EU executive. EU agencies as 'in-betweeners' amidst EU institutions and Member States are part and parcel of the EU executive and strengthen its composite character. EU agencies rely to a large extent on networks, both inside and outside their formal institutional structure, with national authorities, experts and/or stakeholders (European Parliament, 2018:5). Regulatory networks, therefore, can be a part of agencification, or something independent from agencification, which shows that the latter is far from being the only solution for market regulation and supervision. For instance, regulatory networks in the field of environmental protection – such as the EU Network for the Implementation and Enforcement of Environmental Law (IMPEL) or the European Environment Information and Conservation Network (EIONET), are in close cooperation with the European Environment Agency (EEA). On the other hand, the European Competition Network does not rely on a decentralised agency, as the European Commission itself is the EU-level competition authority within the network (Szegedi, 2018a:40-41).

Among the latest developments, the case of the digital single market and data protection presents the latest case of a divergent solution. The Data Governance Act, the Digital Markets Act and the Digital Services Act packages have also brought about organisational changes. As Strihó and Szegedi summarise, regulatory networks involving national actors, extended by the digitalisation legislation, have taken the form of bodies and expert groups. The Commission provides their organisational framework, so they are not specifically recognised as EU agencies (Strihó – Szegedi, 2023:138-139; Szegedi, 2024). According to Szegedi, in the future, the twin transitions – green and digital transition – might surprise us in ways other than agencification-type organisational designs (Szegedi, 2024). In the field of cybersecurity, the qualitative aspect of agencification is to be observed as ENISA, which had originally been

the European Network and Information Security Agency since 2004, was turned into a stronger agency called the European Union Agency for Cybersecurity in 2019 – without changing the abbreviation (ENISA, 2024).

There were other cases in the past where an agency-type organ could have been the solution, but in the end, something else happened. When around 2016-2017, there was a debate about the quality of certain products (mostly food) in the context of whether consumers in Eastern Member States receive worse quality products than those in Western Member States, there was an idea that a new agency (dubbed 'Nutella-checking Agency' by the media) should be established for quality assurance. This idea was never realised as local laboratories, such as the Croatian, proved this accusation wrong – and the EU already has a European Food Safety Authority. (Pendleton, 2017) A more worrying development is that the Dieselgate scandal was not enough incentive for the EU legislator to create an agency (or any type of new organ) for the field of road transport regulation and supervision (Szegedi, 2018b:96).

In general, resorting to EU agencies is attractive as they can deal with complex technical and scientific issues by providing expertise, leaving the Commission to concentrate on its core tasks and policy priorities. Yet, EU agencies also raise concern, in particular concerning their constitutional position and legitimacy, their increasing role at the global level, their hierarchical way of knowledge production, their functional operation and their effectiveness in furthering European integration. A particular point of attention is that EU agencies may be empowered to adopt 'not very' discretionary measures (European Parliament, 2018:5).

Agencification in the post-2008 financial regulation and supervision

The financial markets constitute a particularly interesting part of EU agencification. Due to the 2008 financial-economic crises, the EU legislators – just like legislators and governments worldwide – realised that there would be no sufficient financial market regulation and supervision without strong institutions. Previously there was no considerable financial supervisory framework of the integration.

A whole new set of agencies were established as a result of the 2008 crisis. These were the so-called European Supervisory Authorities (ESAs). These three financial supervisory authorities, namely, the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA).

Since the topic of this study is related to the banking sector, we shall take a closer look at EBA, although all three agencies have an analogical regulatory framework that provides them with analogical organisational design, powers and competencies, etc. As para (1) of the Preamble of the EBA regulation (1093/2010/EU) states: "The financial crisis in 2007 and 2008 exposed important shortcomings in financial supervision, both in particular cases and in relation to the financial system as a whole. Nationally based supervisory models have lagged behind financial globalisation and the integrated and interconnected reality of European financial markets, where many financial institutions operate across borders. The crisis exposed shortcomings in the areas of cooperation, coordination, consistent application of

Union law and trust between national supervisors." EBA was aimed to address these issues in the banking market.

In the view of Iglesias-Rodriguez, the creation of the EBA has led to a high degree of centralisation of banking supervision powers. The EBA has been given a key role in achieving regulatory convergence through its involvement in developing the Single Rulebook and publishing standards, guidelines and recommendations. Iglesias-Rodriguez also highlights the use of stress tests as an essential tool for assessing the market and its weaknesses. (Iglesias-Rodriguez, 2019:186) According to the typology of the powers of the EBA, which are similar to those of the other ESAs, these can be divided into two broad categories, namely 1) quasi-regulatory and 2) supervisory powers. The literature agrees that – as Harlow and De Bellis point out – these financial supervisory agencies have significantly stronger regulatory and supervisory powers than the agencies that preceded them (Harlow, 2016:276, De Bellis, 2017:1-2).

Two aspects of the functioning of EBA should be highlighted in this paper. First is the regulatory aspect, especially the way the EBA – and the ESAs in general – regulate. This happens primarily through guidelines and recommendations, which are declared soft law instruments. The acceptability of this phenomenon is backed up by the case law of the Court of Justice of the European Union (CJEU) and is a further step in the line of later judgments mellowing the so-called Meroni doctrine. This process is also proof of the advance of agencification. Briefly, in the early days of the integration, the Meroni judgment (C-9/56.) laid down the – stringent – limits of the delegation of discretionary powers upon decentralised agencies, and this set of rules remained unchallenged up to the mid-2010s. In 2014, the ESMA judgment started to mellow the doctrine and allowed a broader delegation of these powers provided that judiciary review is there as a guarantee. (Teleki, 2019a:39-41) In 2021, the FBF judgment extended this to regulatory practices with soft law, also relying on judicial review as an ultimate guarantee (Chamon – De Arriba-Sellier, 2022:299-308). It is important to emphasise that these judgments set limits not only for financial supervisory but also for all decentralised agencies in the EU. It is important to note that this trend has recently received reinforcement from the field of energy regulation. In a judgment for multiple joint cases (T-446/21, T-472/21, T-476/21, T-482/21, T-483/21, T-484/21 and T-485/21.) the CJEU stated in the context of the ACER (EU Agency for the Cooperation of Energy Regulators), that: 'agencies have an implicit power to perform tasks other than those provided by the law, on the sole condition that the effectiveness of its regulatory functions requires it to do so' (Hoset, 2024).

The other important aspect to be mentioned here is the stress-testing function of the EBA, which leads us to our next point (and chapter) of the paper. This rather macroprudential-type competence exists as a rather odd element in the toolset of these basically microprudential supervisory agencies. The bigger problem is that it has been proven wrong and deemed unreliable at least once since its operation. The EBA's 2011 stress test on the Spanish banking system and its consequences were dire. This stress test did not foresee any problems with the Spanish banking system, which the EU had to rescue from collapse shortly afterwards in the summer of 2012 with a bailout of more than EUR 100 billion. Presumably, the Board of Supervisors of the EBA – consisting of national delegates from the member states

– did not act with sufficient vigour because of the impact of the "groupthink" phenomenon, i.e. the national delegates were probably afraid of a possible subsequent adverse decision as a retaliation. (Members of high-status decision-making groups may develop such extreme forms of camaraderie and solidarity that they suppress dissent, valuing group membership and harmony above others. The silencing of ideas that depart from the majority thinking can have devastating results. It may lead to the distortion of reality, the adoption of risky policies, and the abandonment of ethical considerations.) (Janis, 1972; Szegedi, 2018b; Teleki, 2019b).

The Single Resolution Mechanism and agencification

The European Banking Union is the second step in the reform of banking supervision following the 2010 reforms of EBA (as the first step). Of the three areas for which an ESA is responsible, only banking regulation and supervision has reached this level of organisation, with no analogues for securities or insurance and occupational pensions. In addition, the European Central Bank (ECB) has been given a new role by these reforms.

What are the EBU and its Single Resolution Mechanism at all?

The EBU is ultimately not a union of banks but a centralised financial framework with three subsystems, which were not created at the same time as the 2010 reforms but proposed in the package of proposals issued by the European Commission and the Council in September 2012, and finally adopted in 2013-14.

The EBU ultimately came into being in the wake of the 2011-12 euro crisis, at least as some of the literature, including Lastra, entirely attributes it to. Lastra basically links the creation of the ESFS (and within it the ESRB and ESAs) to the *de Larosière Report* and the creation of a second level, the European Banking Union, as a result of the eurozone crisis that emerged from the 2008 crisis by 2011-12 (Lastra, 2019:12-15). Tesche also writes that the euro crisis has both created new institutions, such as the European Stability Mechanism (ESM) and given a broader mandate and strengthened existing institutions, most notably the ECB, through the creation of the European Banking Union (Tesche, 2018:5). Sutt recalls that the current ECB President, then IMF President Christine Lagarde, was among the first to call for the creation of a European Banking Union. Although the euro area already had a central bank, Lagarde said the continent-wide industry lacked coordinated supervision to prevent banks from taking on too much risk and lacked comprehensive deposit insurance to prevent bank panics, and the resulting bank runs (Sutt, 2019:208). Halmai writes that despite the creation of ESAs, a degree of 'fragmentation' remained as a result of the crisis and the euro crisis. After 2013, with the creation of the banking union, this fragmentation was somewhat reduced and financial integration started to progress again, but it still remained below pre-crisis levels. In Halmai's view, the banking union is not yet complete; the further development of the common deposit insurance scheme (see below) and the banks' holdings of government bonds would still be necessary to complete the system (Halmai, 2020:260-264, 287, 390).

The abovementioned failure of the EBA's stress test on the Spanish banking system, along with the other challenges posed by the Eurocrisis in 2011, together triggered the process at the end of which the EU legislator decided to put a supranational institution, the European Central Bank, at the centre of banking supervision through the EBU (Szegedi, 2018a:106).

The three subsystems of the EBU are: 1) the Single Supervisory Mechanism (SSM), 2) the Single Resolution Mechanism (SRM), and 3) the European Deposit Insurance Scheme (EDIS). These are complemented by the so-called Single Rulebook, which covers the relevant EU regulations and directives, and the regulatory technical standards (RTSs) and the implementing technical standards (ITSs) issued by the EBA (ESMA, EIOPA).

The Single Resolution Board – a decentralised agency at the heart of banking resolution

As the self-definition of the Single Resolution Board (SRB) puts it: "The Single Resolution Board (SRB) is the central resolution authority within the Banking Union, which at present is 20 eurozone countries and Bulgaria. Together with the national resolution authorities, it forms the Single Resolution Mechanism. The SRB works closely with the European Commission, the European Central Bank, the European Banking Authority and national authorities. Its mission is to ensure an orderly resolution of failing banks, protecting the taxpayer from state bail-outs, promoting financial stability." (SRB, 2024).

It is important to note, that the European Central Bank also has an important role within the EBU including the SRM, but since it is an institution in accordance with Art. 13 TEU, it can only be considered a functional agency, not a decentralised agency, therefore the ECB is not in the focus of this article (Alexander, 2022:175-181).

The SRB shall be responsible for the effective and consistent functioning of the SRM. On the SRB delegated are all the relevant competencies and powers – in terms of the banking sector under the scope of the EBU – related to the recovery planning, resolution planning and execution of resolutions when necessary. (See: SRM Regulation – 806/2014/EU – Art. 7) To sum it up, its main tasks are to: 1) establish standard rules and procedures for the resolution of entities; 2) take decisions on resolution within the EBU according to a standard process – this helps maintain market confidence; 3) establish credible and feasible arrangements for resolution; 4) remove obstacles to resolution, to make the banking system in Europe safer; 5) minimise resolution costs and avoid destruction of value unless necessary to achieve the resolution objectives; 6) provide key benefits for taxpayers, banks and deposit-holders; and 7) promote EU-wide financial and economic stability (SRB, 2024).

The self-definition of SRB – according to its current president, Dominique Laboureix, who has been in office since January 2023 – is that this agency is a watchdog just like the ESAs and is an essential actor in the prevention of the next financial crisis. In his opinion, 'a bank accused of money laundering or targeted by international sanctions can find itself isolated, losing its ability to operate normally'. Laboureix is quite convinced that the next financial crisis will not come from the banking sector: 'The banking system, while imperfect, is subject to strict regulation and robust crisis management mechanisms today. By contrast,

other players in the financial sector – such as cryptocurrencies – are much less regulated, if at all.' (Meyer, 2024).

Fortunately, since its establishment, SRB has not managed to gain a large praxis; it had only four cases, resulting in nine resolutions (resolution in the sense of the decree). These cases are known as 1) the cases of the so-called Veneto Paradox, 2) the ABLV case, 3) the AS PNB Banka case, and 4) the Sberbank cases. From the aspect of this paper, the ABLV case is relevant. Therefore, it will be detailed hereunder.

The rocky road to AMLA – the recent developments in EU anti-money laundering

Money laundering is a criminal activity performed by criminals and terrorists and is aimed to make it impossible to identify the origin of illegally obtained money and to make this money appear to be from a legitimate source (Lentner – Zéman, 2017:20). The European Union adopted six directives to combat money laundering and terrorist financing so far. The last one is the 2024/1640/EU Directive. Besides that, two regulations were also issued from 1620/2024/EU, which especially aimed at the role of the ESAs in the whole framework by amending the underlying regulations (Sziebig – Zsigmond, 2024:91-93).

From our current perspective, it is much more important to understand how and why the new anti-money laundering agency was established. The reasons can be derived from the challenges faced within the EBU, especially in the SRM. The story revolves around a certain SRM case, which is therefore presented hereunder.

ABLV Latvia Bank was Latvia's third-largest lender, with representative offices in many Commonwealth of Independent States (CIS) countries. The bank was privately held and was one of three Latvian banks directly supervised by the ECB. Based on this data, its relevance was systematic in the Latvian banking market. Money laundering concerns had previously been reported to the bank by the Latvian supervisory authority in 2016 and by the US Treasury Department's Financial Crimes Unit (FinCEN) in 2018 (the latter leading to mass deposit withdrawals). FinCEN made the allegation that the management, the shareholders, and the employees of the bank institutionalised money laundering activities as part of the bank's business model. (Németh, 2019:146) In May 2016, the FCMC (the Latvian financial supervisory authority) fined ABLV over EUR 3 million and issued a reprimand against the board member responsible for anti-money laundering activities at the bank.

One of the most important consequences of the ABLV Latvia case is that it has provoked one further step in the tendency of "agencification", as Diessner claimed in his 2022 article – where he examines some of the Member State-level reactions to the establishment of the EU's own Anti-Money Laundering Agency (AMLA). As the EU's new decentralised agency, AMLA will start its operations in 2025 (Diessner, 2022). Germany supported this process and was a contender for hosting this agency – the latter became a reality since then, as the AMLA has become seated in Frankfurt-am-Main, just next to the ECB.

As Diessner put it: "This is largely due to the significant overlaps between anti-money laundering and financial supervision, the latter of which is currently under the auspices of the Single Supervisory Mechanism housed at the Frankfurt-based European Central Bank.

Among others, a major money laundering scandal at the ECB-supervised Latvian bank ABLV in 2018, which FinCEN first flagged, put the central bank on the spot for its lack of information and powers in anti-money laundering.” (Diessner, 2022).

Kirschenbaum and Véron suggested in their paper back in 2018 that a new anti-money laundering agency – they called it EAMLA – should be established, mainly because of the experiences of the ABLV Latvia case (Kirschenbaum – Véron: 2018). Therefore, the shift of another former national competence towards the EU level became apparent due to the ABLV case since AMLA will directly supervise those financial sector entities exposed to the highest risk of money laundering.

Briefly, the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (in short form, Anti-Money Laundering Authority – AMLA) is a decentralised EU agency that coordinates national authorities to ensure the correct and consistent application of EU rules. The AMLA aims to transform anti-money laundering and countering the financing of terrorism (AML/CFT) supervision in the EU and enhance cooperation among financial intelligence units (FIUs).

The Hungarian model – divergent tendencies

It is to be established that parallel tendencies (with those described above) are not to be found in the Hungarian system. Not being a member of the European Banking Union, Hungary is not under the scope of the SRM. Therefore, banking resolution is kept strictly on the Member State level and managed according to the national regulatory framework.

The Hungarian banking supervision in the context of agencification

“Agency” is not a legal term under Hungarian law, therefore the administrative science approach has to be used. In this paper the definition constructed by Fazekas is used. In this functionalist approach, three activities must be performed by an organisation to qualify as an agency: 1) adoption of decisions as an authority and give guidance to other participants in the given market, 2) functioning as a quasi-court, with a board making decisions in adversarial procedures and 3) functioning as a quasi-legislator, creating mostly soft laws (Fazekas, 2013:111-112). The latter definition, especially the first condition, emphasises another critical characteristic of agencies, namely that they are almost always bound to a special type of market, sector or policy.

As established above, the Hungarian financial supervision (including and resolution remain in the hands of the national authorities, in this case the Hungarian Central Bank – Magyar Nemzeti Bank, MNB). The first question we should ask is whether MNB is an agency or not. If it is an agency, as the author states, then it is not an EU decentralised agency but a Hungarian national agency-type organ. Again, the legal status does not give a proper answer to the question, therefore we have to turn to the literature of administrative sciences.

In the author’s view, MNB can be considered as a *functional* agency, using the set of criteria in the definition of Fazekas (see above), and based on the competences and powers

conferral upon it by the MNB Act (Act Hungarian Resolution Act (Act XXXVII of 2014). MNB acts as a financial supervisor, 1) issuing and publishing decisions by public authorities, 2) issuing soft law documents, thus performing a quasi-legislative function, and 3) in some respects also performing a quasi-judicial function, through the activities of the Financial Arbitration Board.

The regulatory and institutional framework of anti-money laundering differs from the EU's agency-type solution. In Hungary, no anti-money laundering agency has been identified. The history of this field in modern Hungary goes back to 1987, when the re-establishment of the two-tier banking system happened due to the gradual transition to capitalism. After almost two decades, following the financial and economic crisis of 2008, government efforts to curb illegal income and wealth generation have intensified worldwide, leading to more intensive legislation in Hungary (Nagy, 2020:94-95).

The current AML Act (Act LIII of 2017) and the relevant sections of the Hungarian Criminal Code (Act C of 2012) are the widest framework of the whole Hungarian anti-money laundering system. Regarding the financial sector, the most important further legal sources are the relevant regulations issued by the MNB. The MNB is obliged to cooperate with the ESAs and the AMLA in the fight against money laundering. (See especially Art. 1 para 3 and Art. 140 para 1 point a) of of the MNB Act.) Therefore, although MNB is not a designated anti-money laundering agency, since it has competencies in the field of anti-money laundering in the context of the financial sector, and since it was established above that it is deemed a functional agency, it can be established that agencification plays a part in the Hungarian anti-money laundering model as well.

The MKB case and its evaluation

The Hungarian MKB Bank got into trouble due to the GFC starting in 2008. It suffered one of the most considerable losses among Hungarian banks, mainly due to its exposure to extremely poor-quality real estate project loans, constituting an above-average share of the bank's portfolio. Its owner, the Bayerische Landesbank, also needed state aid and was bailed out by the State of Bavaria (of Germany) in 2008 with a EUR 10 billion subsidy and had to sell its Hungarian subsidiary by the end of 2016. This has been concluded under the restructuring agreement – approving the state aid –by the European Commission (Földényiné et al., 2016:9). MKB Bank's resolution plan aimed to achieve the general resolution key objectives by implementing the following subsequent steps: 1) Rationalizing MKB Bank's operations, restructuring group-wide investments, cutting operating costs, improving efficiency, and restoring profitability. The focus was on planning the medium-term strategy, particularly from a risk management perspective. 2) Remove the assets that caused the problems that led to the resolution order using sale-of-business and asset separation using a resolution tool. 3) At the end of the process, the sale of MKB Bank was carried out on market terms (sale-of-business is used as a resolution tool) (Földényiné et al. 2016:12).

The Hungarian Government – in power since 2010 – has increasingly sought to take control of the banking sector, which was decisively in foreign hands before 2010. (Várhegyi,

2023:50-51) On the one hand, gaining ownership was done by creating the merged Hungarian Development Bank (Magyar Fejlesztési Bank, MFB) and strengthening the Eximbank, controlled by the all-time government, and by making financing opportunities other than their core function. On the other hand, the government sought to take over the commercial banking sector. This was achieved by strengthening the undercapitalised mutual savings banks and acquiring some foreign-owned branches offered for sale, thus creating an opportunity for the government to place the banks in the hands of owners close to their political community. As a result, the share of the Hungarian banking sector's assets controlled by the political leadership increased from 4 to 29 per cent between 2010 and 2022. The MNB has also become much more potent: it has fully absorbed financial supervision and then, using the Hungarian Resolution Act, which was newly enacted back then, it has also gained control over banks (Várhegyi, 2023:50-51). It is beyond doubt, however, that the MKB resolution case was carried out legally and technically soundly (Földényiné et al., 2016).

There are, however, further interpretations of this process. Kovács emphasises that by 2016, the share of domestic-owned banks in the Hungarian banking sector indeed continued to increase. Although the highest share in the region, this share was only about to get close to the domestic ownership ratio of the banking sector in the Western European countries. In the case of other CEE countries, domestic control is typically a result of state ownership due to unsuccessful or delayed privatisation. In contrast, domestic control generally is a result of Hungarian private ownership caused by government measures and purchases (Kovács, 2016:20).

Scholars also point out that the continued departure from neoliberal economic policies should be followed by an active economic policy that relies on domestic/national ownership and develops internal resources. (After 2008, there was an era of understandable scepticism towards the neoliberal paradigm, which had declared the 'omnipotent market' that can regulate itself successfully.) (Rodrik – Subramanian, 2003:31-41; Lynn, 2008:17-30; Matolcsy, 2020:205-231, Lentner, 2013:39-42). To sum it up, the MKB case is also a typical post-2008 story of strengthening the state intervention through agencification as an institutional design choice for financial supervision and banking resolution.

Conclusion

The article established a connection between the European tendency of 'agencification' and the latest developments in EU-level banking resolution and anti-money laundering. The main conclusion to be drawn here is that agencification is still an ongoing trend, the EU legislator consequently chooses this construction to deal with issues of the financial sector. (It was also established and illustrated with several examples, however, that this is not necessarily true for other sectoral policies.)

The experiences of the Single Resolution Mechanism (especially the ABLV Latvia case) made it necessary for the EU to take action and establish an effective anti-money laundering regime on the supranational level, since between the SRM and the Single Supervisory Mechanism this field had remained at the Member State level. There is a lesson here to be learned

for the future. Such important fields of regulation simply cannot miss the existence of a European level solution that can sufficiently intervene when necessary, and the competences have to be clear on who has to act and how. Hopefully, by establishing AMLA, this particular case would have been solved.

The chronological line of events is truly intriguing. The reform that led to the strong agencies and the existence of a supranational financial supervisory system started off with agencies (the three European Supervisory Authorities). Because of certain circumstances the European Banking Union was established, diverging from this method regarding the SSM by making the European Central Bank the central actor of the SSM, but also establishing a new agency for the purposes of banking resolution (Single Resolution Board). Afterwards, AMLA was established as a new financial agency. In conclusion, this field started with agencification, and with a little detour, it came back to agencification.

Regarding Hungary, it can be observed that all the necessary competencies are in the hands of one actor, the Hungarian National Bank, which is to be considered as a functional agency from an administrative science perspective. The MKB case and the underlying Hungarian Resolution Act took a step in the same direction. The Hungarian Member State-level regulatory framework provides the necessary background for both banking supervision and resolution – Hungary is not a member of the EBU – and also for anti-money laundering, and the Hungarian system is in close cooperation with its EU-level counterparts.

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