

kraka

Danmarks uafhængige tænketank

Financial Crisis, Banking Union
and New Financial Regulation
Oplæg d. 27.05. 2013

Graham Bishop

Washington – November, 2008

- **G20 Leaders agree on action plan and intensified co-operation:** In a common declaration G20 Leaders agreed on a set of five common principles for reforming financial markets and launched an action plan of 50 measures to be implemented in the short and medium term. Leaders found that 'inconsistent and insufficiently co-ordinated macro-economic policies' and 'inadequate structural reforms' were among the underlying factors to the current situation.
- Leaders underlined that "intensified international co-operation among regulators and strengthening of international standards, where necessary and their consistent implementation is necessary". They furthermore agreed to "avoid potentially adverse impacts on other countries, including regulatory arbitrage".
- Some 31 concrete immediate actions should to be taken until 31 March 2009, including the establishment of supervisory colleges for all major cross-border financial institutions. G-20 members will meet again by 30 April 2009 to review the implementation of the principles and decisions agreed.

Effective decision for 'Political union' by Euro Area HoSGs: May 2010

2/ Response to the current crisis: Today, we agreed on the following :

First, consolidation of public finances is a priority for all of us and we will take all measures needed to meet our fiscal targets this year and in the years ahead in line with excessive deficit procedures. Each one of us is ready, depending on the situation of his country, to take the necessary measures to accelerate consolidation and to ensure the sustainability of public finances. The situation will be reviewed by the Ecofin Council on the basis of a Commission assessment by the end of June at the latest. We have asked the Commission and the Council to strictly enforce the recommendations addressed to Member States under the Stability and Growth Pact.

3/ Strengthening economic governance: We have decided to strengthen the governance of the euro area. In the context of the Task Force headed by the President of the European Council, we are prepared to :

- **- broaden and strengthen economic surveillance and policy coordination in the euro area, including by paying close attention to debt levels and competitiveness developments;**
- - reinforce the rules and procedures for surveillance of euro area Member States, including through a strengthening of the Stability and Growth Pact and more effective sanctions;
- - create a robust framework for crisis management, respecting the principle of Member States' own budgetary responsibility.

The Parallel Tracks

Economic Reform

- May 2010 Summit: The Greek explosion:
 - €750 billion package inc EFSF
 - Mutualising oversight of competitiveness
- 6 Pack
- 2 Pack
- ESM
- TSCG (Fiscal Compact)
- European Semester/MIP
- CCI (+ fiscal capacity?) *proposal*

Financial Regulatory Reform

- LTRO/OMT
- Eurobill/Redemption Fund: *proposals*
- Single Resolution Mechanism
(to come by Summer 2013)
- Barnier's `44 cows in the field'...

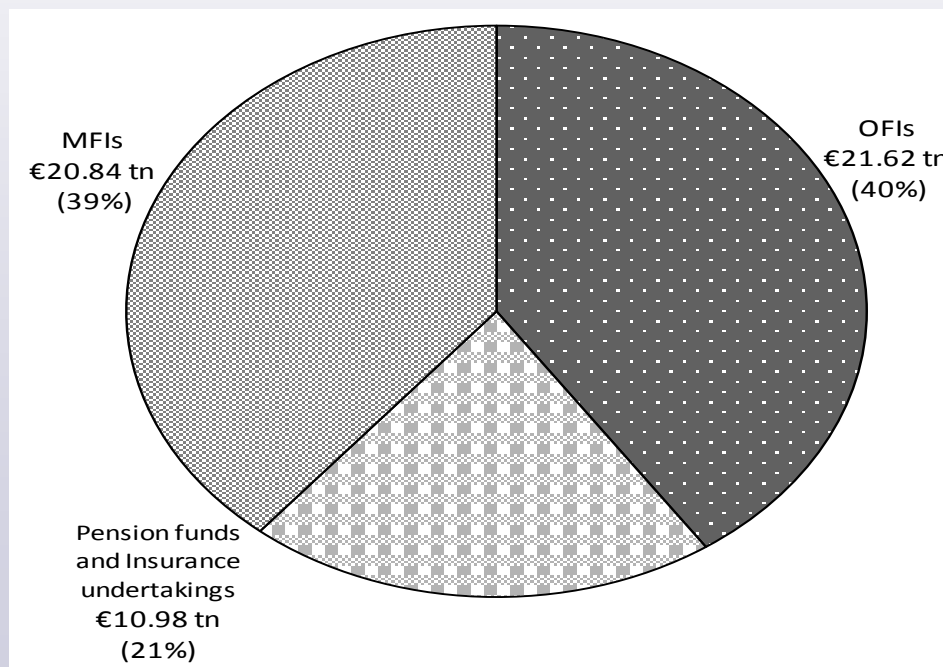
Jump directly to

- [EMIR - Regulating OTC Derivatives and Market infrastructures](#)
- [Alternative Investment Fund Managers Directive](#)
- [Market Abuse Directive review](#)
- [Regulation on short selling and certain aspects of Credit Default Swaps](#)
- [Insurance Mediation Directive](#)
- [Access to basic banking services](#)
- [Revision of the UCITS Directive - UCITS V](#)
- [Insurance Guarantee Schemes](#)
- [Central Securities Depositories \(CSDs\)](#)
- [Common Consolidated Corporate Tax Base \(CCCTB\)](#)
- [Single Supervisory Mechanism \(ECB\)](#)
- [Prevention, management & resolution of financial institutions other than banks - not yet proposed](#)
- [European long-term investment funds - not yet proposed](#)
- [Review of the European System of Financial Supervision - not yet proposed](#)
- [Capital Requirements Directive III - enacted](#)
- [Prospectus Directive](#)
- [Markets in Financial Instruments legislation review](#)
- [Financial Supervision Package](#)
- [Packaged Retail Investment Products \(PRIIPs\)](#)
- [Responsible lending and borrowing - Mortgage credit](#)
- [Corporate Governance in financial institutions](#)
- [Omnibus II Directive – Amending Solvency II](#)
- [Audit Directive/Regulation](#)
- [Regulation on European Venture Capital Funds](#)
- [EBA: adjustment of procedural modalities](#)
- [Structural reform of banks - not yet proposed](#)
- [Single Resolution Mechanism - not yet proposed](#)
- [Revised rules for innovative payment services \(cards, internet & mobile payments\) - not yet proposed](#)
- [Capital Requirements Directive IV](#)
- [Financial Conglomerates](#)
- [The Single Euro Payments Area \(SEPA\) - an integrated retail payments market](#)
- [Deposit Guarantee Schemes](#)
- [Framework for bank crisis management and resolution](#)
- [Credit Rating Agencies Regulation - CRAs III](#)
- [Financial Transaction Tax \(FTT\)](#)
- [Institutions for Occupational Retirement Provision \(IORP\) Directive](#)
- [Review of the Accounting Directives](#)
- [Banking Union](#)
- [Shadow Banking \(including Money Market Funds & Securities Law\) - not yet proposed](#)
- [Financial Benchmarks \(Libor/Euribor\) - not yet proposed](#)
- [Securities Law Regulation - not yet proposed](#)

The EU Financial System

Overall size= €53.4 tn = 420% of EU27 GDP of €12.6 tn

Figure 1: Assets of MFIs, OFIs and pension funds and insurance undertakings in the EU27 at the end of 2011, € tn and percentage of total



Banking Union: Parallel Tracks Merge

- Single Supervisory Mechanism (SSM)
- Deposit Guarantees Schemes (DGS): National and/or European?
- Bank Recovery & Resolution Directive (BRRD)
- Single Resolution Mechanism (SRM)

Banking Union = Economic Union?

'Unions' Ahead – in how many years?

Banking
+ Economic
+ Budgetary
+ Democratic Accountability
= Genuine Economic and Monetary Union

(+ Defence)
(+ Energy)
(+ Digital)
(+ Transport)
+ Etc.
= Political Union

The British Problem

- `Double majority' on EBA
 - Vickers Report
- Parliamentary Banking Commission
 - Referendum – `in/out'?