

# **THE FUTURE OF BANKING REGULATION AND SUPERVISION IN THE EU**

**The future of banking: next regulatory frontiers**

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# History shows us

## **Huge reforms, though necessary**

- Economic (e.g. financial, product/labor markets, ...)
- Social (e.g. voting rights, education, religion)
- Institutional (e.g. legal system, government, supervision, ...)

## **Often result in political tensions and challenges**

- Part of game, not to be feared
- Symptom of change and transition, not stagnation
- Rome not built in 1 day
- Crises make unimaginable imaginable (trigger)

# Europe currently classic example

## Economic, social and/or institutional reforms needed

- Crisis aftermath: public and private deleveraging
- Path to growth difficult
- Efficiency  $\leftrightarrow$  equity and equality?

## Political tensions and challenges abound

- Subsidiarity principle  $\leftrightarrow$  central policies, decision-making
- European ideology, will, leadership  $\leftrightarrow$  nationalism
- European citizenship, identity  $\leftrightarrow$  democratic representation\*

# European regulation: lot going on

- 2013: SSM, CRD IV, ATD, MCD, PD, MAD/MAR
- Currently negotiated: BRRD, MIFID/MIFIR, PRIPs, IMD, UCITS V, AML, BPA, CSDR, Omnibus II, AR, N-F Reporting, EDGS, FTT, SRM, MMF, LTIFs, SB, Benchmarks, PSDII, MIFs
- In the pipeline (2014?): UCITS VI, SLL, Liikanen, IORP, STDR, FATCA, non-bank RRD?

**In large part crisis response – momentum?**

# What for the future?

## Should we stay, or should we go?

- Regulatory pause: implement, improve transparency and accountability?
- Use momentum: harmonize banking supervision completely?

## Always keep eye on the ball: criteria

- "Smart"
- Subsidiarity
- Proportionality

## As well as the goal

- Consumer protection, other?