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Introductory Statement



Public Hearing on the Financial Supervision in the EU
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Ladies and Gentlemen,

First of all, I would like to thank the European Commission for organizing this public hearing and promoting the discussion on such a relevant topic.

I believe that the current structure of the European System of Financial Supervision achieved important results in a very challenging environment as already discussed today. We should build on these achievements and improve the system. We should focus on substance and not on the theoretical debate about the optimal structure. There is no silver bullet in terms of structures. They all have pros and cons.

In my view there are three key points where there is a clear need for evolution: to strengthen EIOPA's operational independence, to reinforce our independent challenging role towards National Competent Authorities and to enhance EIOPA's mandate and powers.

1. Strengthen EIOPA's operational independence

The following steps would be necessary in order to strengthen the operational independence of EIOPA:

- Financing through an independent budget line in the General Budget of the European Union;
- Explore partial financing by levying fees on the industry in line with the evolution of EIOPA's mandate and powers;
- Further flexibility in the budgetary framework to continue to attract highly qualified staff which is needed to fulfil EIOPA's role in Solvency II implementation and to develop EIOPA's independent challenging role;
- More efficient decision-making to ensure the capacity to take swift and effective decisions and avoid situations of conflict of interest with the mandate of national competent authorities, for example in crisis management or breach of union law.

2. Reinforce EIOPA's independent challenging role

In order to ensure an adequate and consistent level of supervision, for the benefit of consumer protection and financial stability, it is fundamental to strengthen our independent challenging role towards National Competent Authorities. We need to:

- Ensure EIOPA's access to individual information in order to fulfil this challenging role and avoid the need for burdensome case by case discussions. This should allow EIOPA to obtain access to the information included in the harmonized templates developed for Solvency II in a smooth and direct way;
- Extend the current powers of EIOPA to conduct an inquiry into a particular type of financial institution, type of product, or type of conduct. This power should not be confined to situations of potential threats to the stability of the financial system but be used more generally to support the independent challenging role of EIOPA.

3. Enhance EIOPA's mandate and powers

Based on our experience we can also identify some important enhancements in terms of EIOPA's mandate and powers:

- Sectorial legislation in insurance and pensions is needed to make the powers under the EIOPA Regulation work. EIOPA's power to ban or restrict financial activities needs to be brought to life;
- Extending EIOPA's scope of action to personal pensions; and
- Introducing a centralized oversight role for EIOPA in the field of internal models.

In the medium term, as part of a step-by-step approach, consideration should be made to assign EIOPA an enhanced supervisory role for the largest important cross-border insurance groups.

On the overall macro-micro interaction I believe that the ESRB is proving to be a useful platform. Nevertheless, the Governance of the ESRB should be improved in order to increase efficiency, maybe with a stronger role for the Steering Committee. It would also be important to reinforce the truly cross-sectoral nature of the ESRB and develop better access to information to improve the analysis and understanding of interconnectedness.

Furthermore, it is important to maintain the macro and the micro analysis of risks and vulnerabilities. The Joint Committee of the ESA's has been instrumental in delivering cross-sectoral risk reports, identifying the vulnerabilities and the possible policy measures. This complements the macro risk analysis performed by the ESRB.

All in all, from my perspective the European System of Financial Supervision needs a constant evolution, not a revolution.

Thank you for your attention.