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# Regulatory and supervisory lessons from the global financial crisis & how consumers are affected

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# Supervision & Regulation in crisis time: not a fairy tale .



- **Chapter 1: Peter and the Wolf**
  - **Chapter 2: Snow White**
  - **Chapter 3: The Three Little Pigs**
  - **Chapter 4: The Ugly Duckling**
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# Chapter 1: Peter and the Wolf

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- Need for preemptive supervision.
  - Need for sound Internal Controls.
  - Need for strong links between the Macro and Micro levels.
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# Chapter 2: Snow White and the 7 Dwarves

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- Risk based supervision is paramount.
- Consistency of responses
- Who does what? Need to allocate tasks and responsibilities.



# Chapter 3: The Three Little Pigs

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- Need to build a sound system.
  - Relevance of quality of capital.
  - Need to work on right calibrations.
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# Chapter 4: The Ugly Duckling

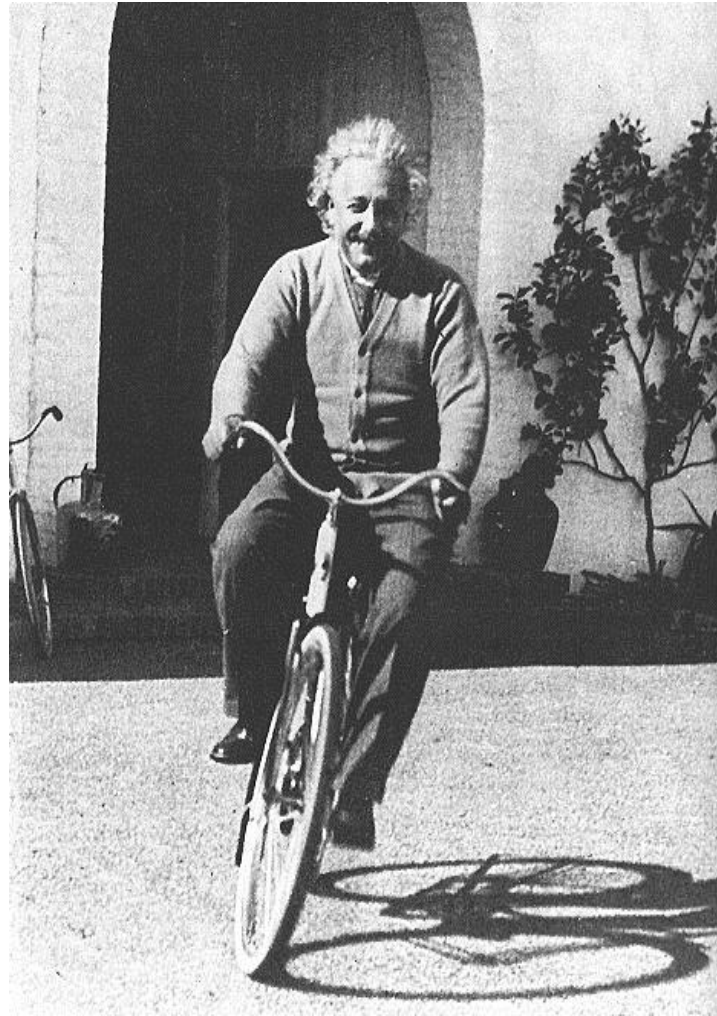
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- Insurance is NOT Banking.
  - Need of ad hoc sectoral responses.
  - Need to set a framework that avoids Arbitrage.
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# A FINAL REFLECTION OUTSIDE BOOKS...

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Consumer Protection under EIOPA: Let the  
music play!

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# Consumer Protection under EIOPA: Let the music play!



- The fool on the hill
- New kid in town
- Let's work together + bonus tracks
- Reach out (I will be there)
- Waiting on a friend/ We are only on it for the money
- Money honey

# The fool on the hill (the Beatles)

- Consumers need to be protected.
- Protection is the sum of regulation, supervision, self-regulation, right information and understanding.
- The main challenge is threefold: Ignorance, trust and greed.



# New kid in town (the Eagles)

- **NEW AUTHORITY: EIOPA**
- Stable/effective **financial system**
- Sound **regulation/supervision**
- Transparent, efficient and orderly **markets**
- **International** supervisory co-ordination
- No **regulatory arbitrage**
- **Equal conditions of competition**
- Appropriate **regulation/supervision of risks**

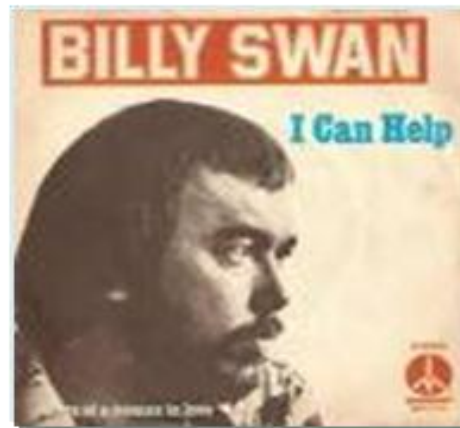
**AND enhanced customer protection**





# Consumer Protection under EIOPA: I can help (Billy Swan)

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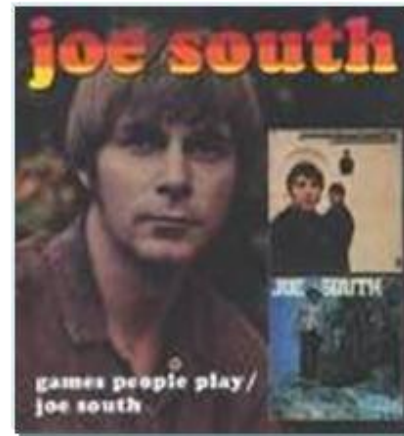


## Article 9 - Tasks related to consumer protection and financial activities

- Take a **leading role** in promoting **transparency, simplicity and fairness**:
  - i. collect, analyze and report on consumer trends,
  - ii. Review/coordinate financial literacy/education initiatives,
  - iii. develop industry training standards, and
  - iv. contribute to development of common disclosure rules
- Monitor new/existing financial activities
- Adopt guidelines/recommendations
- Issue **warnings** in case a financial activity poses a serious threat
- Establish a **Committee on financial innovation**
- **Temporarily prohibit/restrict** types of financial activities

# Games people play (Joe South)

- Collect, analyze and report on consumer trends
- Assess risks steaming from such behaviours
- Link it to financial stability
- Banning of products???



# Learning to fly (Tom Petty)

- Review/coordinate financial literacy/education initiatives
- What is financial education?
- What are its limits?
- How, where and when<sub>s</sub>



# Show me the way (Peter Frampton)

- Contribute to development of common disclosure rules
- Too much info kills info
- Focus on relevant info
- Focus on transparency



# Reach out I'll be there (Four Tops)

- **Article 26 - Development of a European network of national Insurance Guarantee Schemes**
- Contribute to the assessment of the need for:
  - a European network of national Insurance Guarantee Schemes
  - which is adequately funded and sufficiently harmonised



# Waiting on a friend/ We are only on it for the money

- **IMD review**
- Legal Framework
- Scope
- Professional requirements
- Notifications/ General good
- Transparency
- Conflicts of interest





# Money Honey (Lady Gaga)

- Resolution funds
- Taxes and levies



# Let's work together (Canned Heat)

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Thank you!

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