

Regional Financial Cooperation Addressing Regulatory Gaps

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Experience gathered in Europe

First call for single European currency already in the time of the Grand Depression 1929!

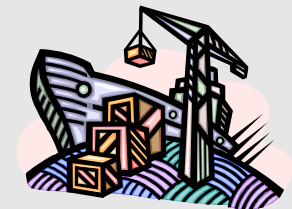


“Where is the European money, the European stamp we need?”

German Foreign Minister Gustav Stresemann, 9 Sep. 1929

European Economic Community established in 1957

- ❖ Customs Union in 1969
- ❖ Single Market in 1992
- ❖ Snake in the tunnel (European currencies within a range)
- ❖ European Monetary Institute, followed by the European Central Bank as guardian of single European currency (1999/2002)



Experience gathered in Europe



Towards a Single Market – four freedoms (Art. 43 EC Treaty):

- Free movement of people (residence, job)
- Free movement of goods (free trade)
- Free movement of services (in particular financial services)
- Free movement of capital (free transfer/payment)



An integrated Single Market calls for equal prevailing conditions, i.e. a level playing field

Level Playing Field



A common market needs common legislation

Harmonization of legal requirements as well as convergence of day-to-day administrative practice

In the financial sector this means

 adapting rules in the banking, insurance and securities field

In the European Union, various directives and regulations have entered into force in order to set the legal framework.

The European Commission is the “Guardian of the European Treaties” and ongoing European legislation. The Commission ensures compliance in all States and takes initiatives.



Benefits of Integration

Mutual recognition – e.g. “European Passport for Issuers”

- ❖ Approval / authorization by the competent administrative authority in one Member State
- ❖ Notification of other European authorities upon request
- ❖ Establishing of a branch, providing of services or offering securities in other Member States without the need to seek any approval / affirmation by the host authorities
- ❖ Goal: cross-border activities based upon one single approval in the home Member State

Institutional Setting

Efficient institutions must be in place for supervision

National authorities versus supra-national bodies



No “one fits all” solution. It depends heavily on political commitment, efficiency of institutions and the level of cross-boarder co-operation.

In the beginning often reluctance towards giving up slices of sovereignty
In the long run a high level of convergence is crucial for integration

Institutional Setting

Example of the European Union

Three supervisory committees in place

- Committee of European Securities Regulators (CESR)
- Committee of European Bank Regulators (CEBS)
- Committee of European Insurance and Occupational Pensions (CEIOPS)



In the wake of the crisis the supervisory architecture is under review



de Larosière Report dated 25 February 2009

“Towards a new supervisory architecture in Europe”

http://ec.europa.eu/internal_market/finances/committees/index_en.htm

Regional Integration

Transcontinental vs. regional integration ?



What are the common political and common denominators?

Disparities in the social, economic development, infrastructure,...

Is regional integration embedded in continental unification?

Regional Financial Cooperation

Integration needs long-lasting commitment

- ❖ Common understanding towards the benefits of an integrated financial market (cross-boarder trading)
- ❖ Common values shared across the member states
- ❖ Certain level of comparability between the member states
- ❖ Ongoing political commitment
- ❖ Overcoming restrains due to affects on sovereignty
- ❖ Harmonising the legal framework for business
- ❖ Sustainable commitment from the parties involved – even if the road gets bumpy once in a while



Contact

Thank you for your attention!

**In case of further questions,
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