

The Europeanization of Financial Supervision: an Evolutionary Process

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BACKGROUND

1 Single Financial Market vs. 27 National Jurisdictions

The financial crisis acted as a catalyst for the design and introduction per 1 January 2011 of a new architecture for European supervision of financial markets. The Presidency Conclusions of 18 and 19 June 2009 – following proposals of the European Commission and the de Larosière report – paved the way for the setting up of a European System of Financial Supervisors (ESFS) which at EU level is made up of the European Systemic Risk Board (ESRB) and three new pan-European Supervisory Authorities in the areas of banking (EBA), insurance (EIOPA) and securities (ESMA) and at Member State level consists of national financial supervisors. This structure of network governance should promote cooperation and facilitate coordination amongst European and national financial supervisors. However, the question remains what the optimal future of supervision on the financial markets in the EU should be.

OBJECTIVE

Identifying elements that should determine the division of competences between EU & Member States

This research seeks to make recommendations for the supervision on financial markets in the EU concerning the division of responsibilities and competences between the EU and Member States.

METHOD

Comparing governance of two supervisory networks: The European System of Financial Supervisors (ESFS) vs. the European Competition Network (ECN)

The evolution of financial supervision in the EU is analyzed by:
I describing the chronological developments that led to the ESFS
II comparing the coordination and cooperation methods of the ESFS with the methods of the European Competition Network (ECN) responsible for the enforcement of European Competition Law, which comprises the European Commission and National Competition Authorities.

CENTRAL RESEARCH QUESTION

What principles and factors should define the governance model for financial supervision in the EU:

- I Centralized, decentralized or combined approach?
- II Sectoral, Functional ('Twin Peaks') or Unified supervision?

Considerations

- The ultimate final stage of institutional reform should incorporate both the internal market paradigm as the sector specific goals of financial regulation.
- The application of the *non bis in idem* principle on financial supervisory practices is desirable.

From
'The Right Way
Forward'

... to the
final stage

