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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

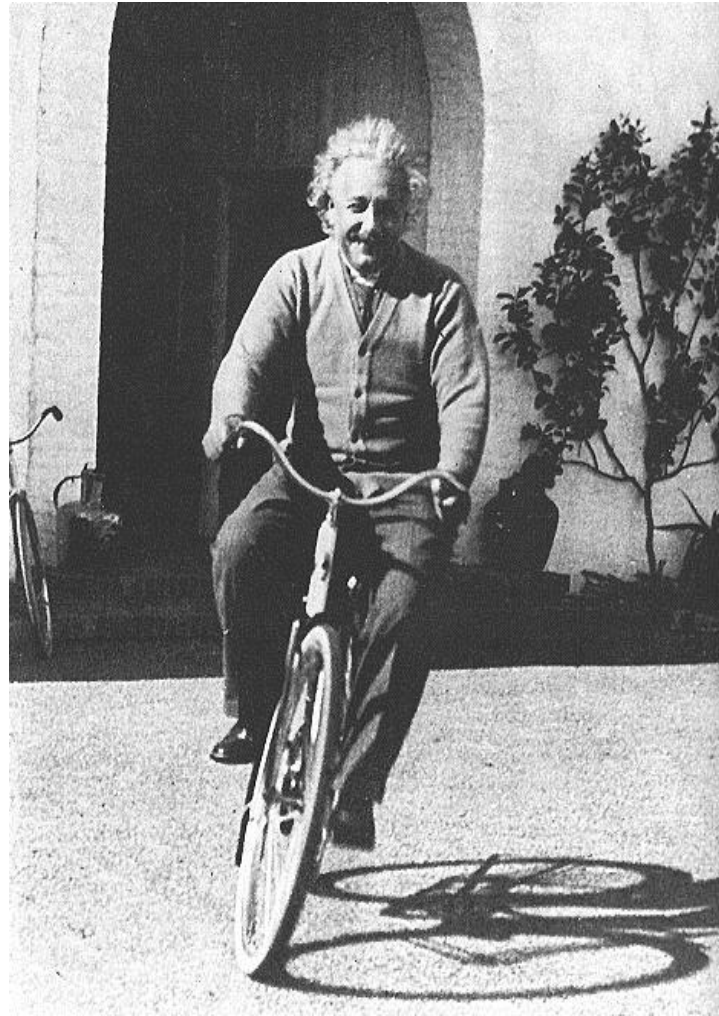
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- Insurance is NOT Banking.
 - Need of ad hoc sectoral responses.
 - Need to set a framework that avoids Arbitrage.
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A FINAL REFLECTION OUTSIDE BOOKS...

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Consumer Protection under EIOPA: Let the
music play!

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)

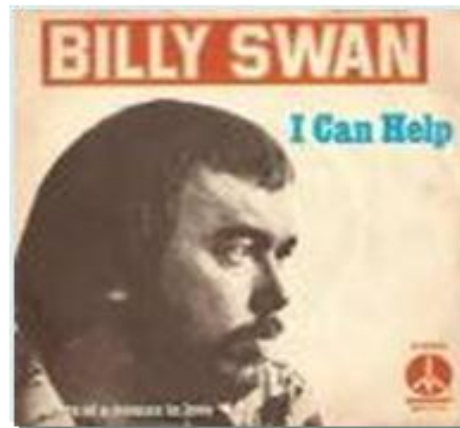
- **NEW AUTHORITY: EIOPA**
- Stable/effective **financial system**
- Sound **regulation/supervision**
- Transparent, efficient and orderly **markets**
- **International** supervisory co-ordination
- No **regulatory arbitrage**
- **Equal conditions of competition**
- Appropriate **regulation/supervision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



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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