Implementing the pledge

How to make major improvements

CHANGE FINANCE

1) WORK TO COUNTER THE OVERWHELMING INFLUENCE OF THE FINANCIAL SECTOR BY RESTRICTING THE INTERACTIONS OF FINANCIAL LOBBYISTS WITH PARLIAMENTARIANS AND DECISION-MAKERS.

Financial sector representatives are lobbyists, not advisers, with whom contacts should be restricted.

For years, the financial industry has dominated the European Commission's advisory groups and consultations on financial reform. It has had a decisive influence on many debates in the European Parliament, and it is able to win votes in the Council of Ministers. With at least 1.700 lobbyists, the financial industry has the means necessary to set the agenda.

If we want financial reforms that do away with harmful speculation and bring the financial sector under democratic control, we need to restrict interaction between lobbyists for the financial industry and decision-makers.

We urge MEPs to work for measures such as:

- Employing clear criteria to ensure that in-person meetings with lobbyists from the financial industry are limited in number and in timing (e.g. a publicly announced period) to those that are strictly necessary in order to ensure that the public interest takes priority.
- Setting new criteria for interaction between the Commission and any representatives of the financial industry, including clear limits or targeted bans to participation in the Commission advisory groups.
- Having rules that restrict official participation of Commissioners and civil servants at events organised by the financial industry to a certain number/ratio (with non-industry events).

2) ENSURE TRANSPARENCY WHEN INTERACTIONS OCCUR.

Basic information on all meetings with lobbyists and external stakeholders needs to be made public.

If rules on transparency are not comprehensive and effective, both the public and decision-makers will not know who is influencing whom about which matters.

In February this year, the European Parliament adopted new rules on transparency that will help the public to see information on who lobbied certain key MEPs. But the majority of MEPs are not covered, nor the many meetings with civil servants at the Commission and the Council. This enables the financial lobby to stage door-to-door lobbying campaigns under the radar. This makes it more difficult to figure out what is going on, to follow the debate, and ultimately to assess who has exerted decisive influence.

We urge MEPs to work for measures such as:

- Publishing information about whom MEPs meet and what topics/files are discussed.
- Creating a register on the external sources of amendments tabled by MEPs.
- Ensuring transparency about which lobbyists meet officials in the Council's working groups, who prepares the Council's positions.
- Granting public access to minutes of meetings between the Commission (in particular Commissioners and top civil servants), lobbyists and other external stakeholders.

3) ENSURE STRONG PRESENCE OF VIEWS OTHER THAN THOSE OF THE FINANCE INDUSTRY ON FINANCIAL REFORM.

Consultations, advisory groups and hearings are used as lobbying occasions if measures are not taken to ensure a balanced representation of other voices, such as civil society organisations and academics.

Financial sector representatives form the majority within 22 committees set up by the European Central Bank, occupying 508 out of the 517 places. The remaining 9 places are limited to only ONE of these committees.

The financial industry has vast resources and groups of specialists ready to deploy when they receive invitations from the EU institutions. Consultations, advisory groups, hearings and conferences are used as opportunities for the financial lobby to continue dominating the political and regulatory process. Targeted measures are needed to avoid this dominance by financial industry lobbyists, and to ensure the presence of other voices, including civil society organisations, trade unions, consumer groups and independent academics with no links to the financial industry.

We urge MEPs to work for measures such as:

- Making it an obligation for EU institutions to facilitate a pluralist debate, so that groups representing different interests in society are fully able to express their opinions.
- Allocating sufficient resources for outreach to, and input from, many stakeholders beyond the financial industry during the entire decision-making process.
- Improving the rules for EU decision-making, including impact assessments of EU financial laws, so that the public interest is clarified and prioritised.

4) REJECT FORMAL BONDS AND MEMBERSHIP OF CLUBS OR ASSOCIATIONS THAT LINK THE FINANCIAL INDUSTRY TO DECISION-MAKERS.

Politicians and civil servants should not join or participate in such clubs or associations, which are employed to gain access to them for lobbying purposes.

A recent example is when the European Ombudsman recommended that the President of the European Central Bank, Mario Draghi, should leave the Group of Thirty (G30) – a high profile, exclusive club for central bankers and representatives of some of the biggest banks in the world. The G30 has, on occasion, played a vital role in promoting the views of the banking sector on how to regulate banks. To see the most powerful banker in Europe join them was a matter of public concern. But Draghi refused to leave!

Inviting decision-makers to join an association, a club, a forum or a conference is a subtle form of lobbying and it is used at all levels. In the European Parliament too, several groups set up by the financial industry have operated over the years. Their virtually unlimited means result in a strong imbalance in access to decision-makers. The most important one is the European Parliamentary Financial Services Forum which has dozens of MEPs as members.

We urge MEPs to work for measures such as:

- Adopting rules in the European Parliament to prevent special privileges and exclusive forums for groups run by the financial industry i.e. free access to The European Parliament's facilities.
- Refraining from participating in the industry-led groups that operate inside and outside the European Parliament. Work towards a policy of not participating, at least at political group level.
- Working to strengthen the ethics rules of the European Central Bank and the Commission: for industry-led groups that could have a lobbying purpose, ban membership for employees at all levels, including the leadership.

5) WORK FOR STRONGER RULES REGARDING CONFLICTS OF INTEREST AND REVOLVING DOORS FOR OFFICIALS AND POLITICIANS IN ALL EUROPEAN UNION INSTITUTIONS.

Longer 'cooling off' periods and restrictions on activities are needed for civil servants or politicians who come from or go to the financial sector.

For example, in February 2019, it was announced that former chief lobbyist for Spanish bank Santander (which is on the FSB list of thirty globally systemic financial institutions) had been elected as the new head of the European Banking Authority. This sparked criticism. How can someone whose job was to dissuade regulators from being tough on banks be expected to set this history aside and assume an important job as supervisor? Another example is when former President of the Commission José Manuel Barroso joined Goldman Sachs, which was heavily criticised. As former Commission President, he had networks and know-how on how best to reach decision-makers and could now put that to the service of a Wall Street investment bank.

The past five years have shown that the EU institutions' rules on revolving doors need strengthening – at all levels and in all institutions.

We urge MEPs to work for measures such as:

- Setting stricter criteria for what jobs a civil servant or a decision-maker can take up after leaving office, including cooling-off periods and more lengthy and comprehensive lobbying bans.
- Having stronger rules on conflicts of interest to prevent former industry lobbyists from taking on official positions when there is a risk that their links to industry are too strong, particularly where this could prevent them from being seen as independent.
- Extending the length of the so-called notification period when top officials leave.
- Ending the current system of self-policing – where colleagues or ex-colleagues are allowed to pass judgment on revolving doors. Replace this with independent ethics bodies that have the power to investigate potential conflicts of interests and implement their decisions (including via sanctions).

The **Change Finance Coalition,** which consists of member organisations across Europe, is working to expose and prevent the harmful activities of the financial lobby. We are calling for a citizen's **Finance Agenda** that strives for social justice, sustainability and democracy, including:

- a more diversified banking and financial system that focuses finance on long-term social and environmental goals;
- regulation of the financial system to eliminate shadow banking, whose unregulated nature poses perilous risks to our economies;
- fair taxes on various types of financial transactions to raise revenue to pay for social and environmental public goods;
- democratic and accountable regulatory and financial authorities, who prioritise the public interest.

These reforms will remain illusory unless we tackle the financial lobbies' excessive influence on political decision-makers.

CHANGE FINANCE

www.changefinance.org