



PRESS RELEASE

EU OMBUDSMAN INVESTIGATES REVOLVING DOOR CASE AT THE EUROPEAN BANKING AUTHORITY

Brussels, 20 January 2020 - Today, the European Ombudsman has [published](#) her decision to investigate a revolving door case at the European Banking Authority (EBA), following a [complaint](#) filed by the Change Finance coalition. The decision is hailed by Members of the European Parliament across political groups who [supported](#) the complaint.

The complaint is centered on an outstandingly shocking case of revolving doors in the EU. It condemns the decision of the EBA – EU’s bank regulator – to approve the request of its Executive Director to become Chief Executive Officer of the Association for Financial Markets in Europe (AFME), which is one of the largest EU banking lobby groups.

According to members of the Change Finance coalition who filed the complaint, the immediate move goes against the rules and will create an unavoidable conflict of interest.

The coalition criticises the way this has been handled by the EBA from start to end. The complaint shows how there has been no thorough consideration of the risks the institution will run by allowing the move of its top regulator to a lobby group. The EBA has the right to prohibit a direct move, but this option has not even been considered, according to the information acquired by the complainants. Finally, even though the EBA has imposed restrictions on Adam Farkas in the first period of his employment at AFME, these restrictions are clearly not feasible and there are no credible enforcement tools in place.

Change Finance, then, is asking for support from the Ombudsman to hoist a red flag to the EBA, including by recommending a reversal of the decision.

Kenneth Haar, a member of the Change Finance coalition and researcher at Corporate Europe Observatory, said:

“Over the past year, the European Banking Authority has gone from one revolving door case to the other. Looking at this makes us think that here is an institution that doesn’t really take conflicts of interest seriously. They acknowledge there are rules to follow, but their expertise lies in how to circumvent them.”

Shonan Kothari, convener of the Change Finance coalition and campaigner at Finance Watch, said:

“We are happy to see that the EU Ombudsman goes even further than the asks of our complaint. The investigation identifies that the Executive Director of the EBA remained in his position as a member of the Board of Supervisors of the European Securities and Markets Authority (ESMA), the body that governs financial markets. He served in this role at a time when he was restricted to “no longer be involved in policy matters at the EBA.” Yet he did, at the same time, remain involved in his position to influence ESMA policy-making. On this and other topics, we await the EBA’s response.”

Adam Farkas is set to leave the EBA on 31 January, to join AFME immediately after. The case has led to a reaction from many Members of the European Parliament.

A strong [resolution](#) urging the EBA to reconsider, was adopted at the plenary session of European Parliament on 16 January. With this resolution, political groups unanimously voted to call on the EBA to review its decision.

The resolution stresses that prohibiting the move would be a proportionate measure, and it raises concern that there has been no cooling-off period imposed. It calls upon the European Commission to develop stronger measures to prevent conflicts of interest and review the legal framework across all EU institutions. It also urges all EU institutions to refrain from contact with Mr. Farkas for 2 years. Some Members of European Parliament have already committed to not meeting with Mr. Farkas, and the resolution suggests the Parliament should consider very carefully whether Mr. Farkas should be granted access to enter the parliament.

With this resolution, the European Parliament has taken definitive action against revolving doors at the EBA. Now, the Ombudsman decision amps up the pressure even more.



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NOTES TO EDITORS

[Change Finance](#) is a coalition of civil society organisations and citizens that campaigns for reforms of the financial sector.

As a result of a Change Finance campaign during the 2019 EU elections, 78 Members of European Parliament signed a pledge to stand up to the power of the financial lobby. Now, the coalition is working to convert the commitments of the pledge into real action that matters.

On the EBA case, Change Finance coalition members have provided support to key MEPs by making them aware of the issue and implications, framing questions for commissioner hearings, building political support on the issue across the political groups, contributing to the framing of the resolution.

Further Resources

- [Ombudsman complaint filed by Change Finance](#)
- [Letter from the Ombudsman to the EBA](#) , which was sent on 16 January and made public on 20 January.
- [Resolution adopted in the European Parliament](#)
- [Statement from 62 civil society organisations](#)
- For more information on the Farkas case see this [article](#) by Corporate Europe Observatory

