

EU and Global Financial Regulation

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*The International Effects of EMU and the
Sovereign Debt Crisis*

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Introduction

- Question:
 - How has the EU's role and influence in setting international financial regulatory standards* changed as a result of the sovereign debt crisis?
- Answer:
 - Not much!
- But it might change in the future

* The main focus here is on banking regulation

International Financial Governance

- Before the GFC
 - G7, FSF, BCBS, IOSCO, IAIS, IASB
 - A transatlantic affair
- Since the GFC
 - G20, FSB, BCBS, IOSCO, IAIS, IASB
 - Still a transatlantic affair, even if more players at the table

Before the Crisis

- Until the end of the 1990s
 - US hegemony over global capital markets and their governance
 - EU marginalized
- In the 2000s
 - EU-US “bipolarity” (Quaglia, 2014)
 - “Mutual adaptation” (Mügge, 2014)

During the Crisis

- New global financial standards
 - E.g., Basel III (agreed to in 2010)
- “Cooperative decentralization” (Helleiner and Pagliari, 2011)
 - Dodd-Frank Act in the US
 - CRD IV in the EU

“After” the Crisis

- The EU’s regulatory capacity has been further enhanced in banking (but only in the euro area!)
 - ECB’s supervisory role (SSM)
 - But regulatory standards remain the Commission’s domain
- National representation remains at the BCBS
 - Still UK vs. the Continent?
 - A “hybrid system” could make things worse (Moschella and Quaglia, 2013)
- Risk is moving to the shadows, however

Conclusions

- Not much has changed as a result of the European economic crisis
 - Global financial regulatory standards are still a transatlantic affair
 - Cooperative decentralization remains
- The sovereign debt crisis brought about the European banking union
 - The euro area might gain a stronger voice in international banking regulation
 - But it is unlikely to be an EU voice?
- Will the “capital markets union” further strengthen the EU’s regulatory capacity?

THANK YOU!