FINANCING A STRONG, SAFE AND SUSTAINABLE EUROPE

March 2025

Competing visions of the world order are leading to a more transactional approach to global affairs. And Europe has to change to thrive in this new reality. We have to be smart and clear-eyed about what is ahead of us.

Speech by Ursula von der Leyen, Munich Security Conference, 14 February 2025.

The IMF estimates that Europe's internal barriers are equivalent to tariffs of 45% for manufacturing and 110% for services.

Mario Draghi, Financial Times, 14 February 2025.

We call on all EU institutions, Member States and stakeholders to urgently implement and deliver this New European Competitiveness Deal. We will continue to provide further strategic guidance and regularly review progress over the coming year.

Budapest Declaration on the New European Competitiveness Deal, 8 November 2024.

We made it clear in the Budapest Declaration that we all agree with the analysis of Enrico Letta and Mario Draghi. We must now decide on the right policies and deliver.

Report by President António Costa to the European Parliament plenary session, 22 January 2025.

We cannot fulfil our growth Mission as a government without cyber resilient businesses and supply chains, a Cyber aware workforce and society.

Securing Cyberspace, Speech by UK Minister Stephen Doughty, MP 9 October 2024.

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A. INTRODUCTION

In 2025, Europe will face many challenges, from an institutional, economic, geopolitical and security perspective. The European Commission started its mandate on 1 December 2024 with a clear policy agenda to safeguard and boost Europe's competitiveness, also vis-à-vis other global actors. It will do this in the institutional framework with the new European Parliament and the European Council. There was also a change of Government in the UK in mid-2024, while in the US the new Administration came into office in early 2025. The different policy agendas pursued by various governments of Europe's partners reveal clear economic and geopolitical challenges for Europe.

In its updated forecast of January 2025, the International Monetary Fund (IMF) projected global growth at 3.3% for both 2025 and 2026, below the historical (2000–19) average of 3.7%. The forecast for 2025 is broadly unchanged from that of the October 2024 World Economic Outlook, primarily on account of an upward revision in the United States, offsetting downward revisions in other major economies. Global headline inflation is expected to decline to 4.2% in 2025 and to 3.5% in 2026, converging back to target earlier in advanced economies than in emerging market and developing economies. Medium-term risks to the baseline are tilted to the downside, while the near-term outlook is characterised by divergent risks. Upside risks could lift already-robust growth in the United States in the short run, whereas risks in other countries are on the downside amid elevated policy uncertainty.

The European Commission stated in its "2025 European Semester - Autumn package"[1] that the EU is determined to ensure its sustainable prosperity and competitiveness while strengthening its social market economy and safeguarding its sovereignty, economic security and global influence, as highlighted by EU Leaders in the Budapest Declaration of 8 November 2024 and in President von der Leyen's Political Guidelines. Reference was made to the reports "Much More than a Market" by Enrico Letta and "The Future of European Competitiveness" by Mario Draghi, which both highlighted the structural barriers holding back the EU's economic growth and productivity and putting our future prosperity at risk. One of the first major initiatives of the new European Commission published in January is a competitiveness compass, built on: (i) closing the innovation gap with the US and China; (ii) a joint plan for decarbonisation and competitiveness to accelerate the transition and lower the cost of energy; and (iii) increasing security and reducing dependencies.

While the geopolitical environment is becoming increasingly challenging to navigate for globally operating financial services firms and their clients, the EFR Members reiterate their unwavering commitment to continue supporting their customers and the European economy. It is important to preserve and advance the economic and social progress that has been made in the EU, the European Economic Area (EEA), the UK and Switzerland over the past sixty years. It is pertinent to stress the benefits that the EU has brought to consumers and businesses. To advance these benefits further, coordinated action is needed to strengthen the Single Market and the competitiveness of the European financial sector with a consistent policy agenda and encourage innovation for effective climate, digital, and security transitions. We point especially to cybercrime, which has emerged as one of the most significant global risks affecting societies and economies, with the financial sector being a prime target. The current geopolitical situation also requires greater coordination and a stronger toolbox to mitigate cyber-attacks not only at national level but also at European/NATO level.

1 Strasbourg, 17.12.2024 COM(2024) 700 fin

The EFR endorses the growing consensus that Europe needs to become more globally competitive. The EFR welcomes the call by European leaders, as expressed in the Budapest Declaration of 8 November 2024, to improve the financing capacity of the European capital market as part of the European competitiveness and growth agenda. The EFR also fully supports the plan outlined by President Ursula von der Leyen to make competitiveness a central factor in its rule-making process by truly creating deeper EU capital markets, ensuring that the regulatory framework supports the ability of EU market participants to deploy their activities abroad and creating greater funding flexibility.

It is essential to extend the EU's financing capacity by deepening and further integrating its capital markets and deliver the higher investment needed for the EU's competitiveness and to fund the digital and green transitions, as well as the build-up of European resilience. The role of the financial sector will become even more important once the NextGenerationEU, i.e. the temporary recovery instrument to support Europe's economic recovery from the coronavirus pandemic and build a greener, more digital and more resilient future, which currently provides EU governments with funding, ends in 2026. By then, decisive measures must have been taken to enable the financial sector to play its designated role.

For Europe to remain a global player and achieve all the planned transitions, a strong and competitive European financial sector is essential. The EFR reiterates that Europe requires a policy framework that allows its companies to scale and succeed in global markets. To deliver these outcomes, a new policymaking focus is needed, acknowledging the role businesses play in fostering growth and innovation. A more open and trusting attitude to businesses together with a more agile policymaking process would help to deliver a competitiveness strategy and find a better balance between measures to protect financial stability and measures that enable growth. While we need to preserve the sound regulatory framework, it is important to realise that – faced with global fragmentation and deregulation in some jurisdictions – an overly restrictive approach will put Europe at a competitive disadvantage to its international peers.

In these challenging times, it is important for the EU to focus on strategic alliances. European countries must stand together to face a new reality challenging European stability and prosperity. The recent agreement between Switzerland and the EU to focus on future bilateral relations is an important achievement. This should be followed by a comparable approach between the UK and the EU with a focus on how to improve cooperation and coordination. Norway is integrated in the EU internal market through the EEA Agreement and is a close ally through numerous cooperation agreements. Strong global cooperation, including with the US, also remains a key topic of course.

Unlocking substantial levels of private investments for the European economy, while safeguarding financial stability, poses diverse and challenging risks. **The EFR Members and their institutions stand ready to play their role in supporting the green and digital transitions as well as the European economy as a whole.** The recommendations put forward in this report on the Growth Imperative, on Cyber Challenges and on Sustainable Finance will, if followed, enable the financial sector to perform this role.

B. SUMMARY OF MAIN ISSUES AND KEY RECOMMENDATIONS

GENERAL PRINCIPLES

- Regulation should be aimed at promoting transparency and stability in financial markets, ensuring a European and global level playing field and supporting the European financial industry in playing a central role in financing the European economy, for the benefit of all sections of society.
- Cooperation and coordination at global level is vital for Europe. Policymakers should ensure that measures taken in the EU do not create global competitive disadvantages for the European financial sector. Europe should ensure its markets are open in order to be attractive to international (financial) institutions.

KEY RECOMMENDATIONS

A. For Europe to remain a global player and achieve all the planned transitions, we need a strong and stable financial sector that can play its role as a key enabler for growth, innovation and competitiveness of the European economy and corporates. This objective should be reflected by making competitiveness a central factor in the EU's rule-making process, by truly creating deeper European capital markets that support a wider range of funding options, by ensuring that the regulatory framework supports the ability of market participants to deploy their activities abroad and by creating greater funding flexibility in the existing financial sector frameworks.

1. **Deeper and more integrated EU financial markets are needed**
   - → The Single Market should be advanced on the basis of a consistent policy agenda;
   - → Given the geopolitical tensions and the tendency across geographies to prioritise domestic control over supply chains, deeper and more integrated EU financial markets are needed to address the growing financing needs of Europe's green and digital agendas;
   - → The development of the Capital Markets Union/ Savings and Investments Union is key. The CMU/ SIU's role in mobilising capital for long-term investment is critical. The Savings and Investments Union project of the European Commission as part of the Competitiveness Compass is essential in this regard;
   - → A fully-fledged Banking Union, recognised as a single jurisdiction for all regulatory and supervisory components, should be a priority to benefit investment and competitiveness in the EU. We need to think at a consolidated rather than an entity level to overcome obstacles to cross-border activity and ensure that resolution rules are fit for purpose and do not distort the level playing field.

2. **Strengthening the competitiveness of the European financial sector**
   - → The best defences against fragmentation include strengthening the Single Market and supporting the global competitiveness of the European financial sector;
   - → Regarding the EU banking sector, it is essential to recognise that the co-existence of banking models is a financial stability factor and provides citizens of all profiles with a wide range of financial services.

3. **The regulatory framework should enable the European growth and competitiveness agenda**
   - → Europe should design regulatory frameworks that support making Europe competitive at the global level. The regulatory framework needs to be coherent and constructed in such a way that it allows financial services to contribute to funding European financing needs;

- → The focus for investments should be on concrete, achievable projects rather than redundant standards and norms. European financial flows need to be invested in Europe more and not diverted to third-country economies. An appropriate return on investment is key to achieving this in order to put Europe on the best possible track for innovation and for the double transition, which requires massive private investment. We need to take stock of existing rules and ensure their application, consistency and coherence, harmonising them where possible, improve the workability of legislation through simplification and consider the global landscape;
- → The SIU as part of the Competitiveness Compass will form the basis of redirecting financial flows, from savings into investments, from outward to inward;
- → The European legislative process needs to return to a strict division of powers between the different EU institutions and authorities;
- → The standard-setting process needs to be improved by limiting review clauses and delegations, providing a tighter framework for delegations, conducting more systematic impact studies of controlled quality, increasing transparency and consultation with stakeholders, anticipating scheduling difficulties, as well as clarifying the legal scope of Level 3 acts and the "comply or explain" procedures;
- → The governance of the ESAs should be diversified and include a competitiveness objective in their mandate. Political control by the Commission, Parliament and Council, as well as judicial control should be strengthened, and pre-litigation remedies for Level 2 and 3 acts need to be developed.

B. The fight against cybercrime needs to be organised at a global level.

4. **Public authorities should take relevant actions, in a concerted manner and at a global level, with the aim of tackling cyber risk sources, given that the fight against cybercrime needs to be organised at a global level.**

5. **A coordinated EU level response team – and decisive plan – needs to deal with the scale and borderless nature of cyber threats.**
   - → Information sharing at pan-EU level should be strengthened, covering the public sector, private sector and leading technology service providers, to include information on ongoing incidents and lessons learned from them in order to ensure that participating organisations are able to take immediate and accurate steps to protect themselves;
   - → A central effort is needed to create threat actor battle cards that are consistent and continuously updated in a centralised database. Full visibility into threat actors' behaviours, including tools, tactics and procedures, will allow organisations to strengthen both preventive and detective measures;
   - → Once a threat actor repository is built, tactical information should be shared on a timely basis related to the attacker infrastructure so that the infrastructure can be taken down even before an attack is launched. This will create a common deterrence and significantly reduce the volume of attacks against EU entities.

6. **A common framework for collecting cyber loss data should be created to help analyse aggregated information and provide deeper insights into cyber risks to enable both the private sector and government to close vulnerabilities.** A common framework for loss data sharing needs to be created for this. The introduction of a common reporting standard for ICT incidents at international level would greatly improve the understanding of cyber risks.

C. The regulatory framework for sustainable finance needs to be constructed in such a way that it allows banks and insurers to contribute to funding the transition to a net zero economy, rather than imposing a significant compliance burden to the extent that it constrains investment and creates confusion among investors.

7. **The Omnibus proposal should be the exclusive focus of policymakers instead of advancing separately with the further development of concurrent regulatory measures.**
   - → It is important to seek the input of stakeholders who are best placed to provide practical information on the things that are not working properly and inefficiencies or complexities in the reporting framework;
   - → Once drafted, discussed and agreed, it needs to be implemented quickly;
   - → Uniformity in its application should be promoted and fragmentation between Member States avoided;
   - → The consolidation of level 1 regulations should not translate into more level 2 standards or national gold-plating.

8. **Simplification of the reporting burden for SMEs and corporates should be consistent with the reporting and diligence requirements for financial institutions, given the reliance on client data.**

9. **Any decision linked to prudential supervision and based on the assessment of financial institutions' transition plans should ensure to remain consistent with, and avoid departing from, the risk-based nature of the prudential framework.**

10. **Disclosure standards should move towards international convergence and work should be paused on EU sectoral standardisation.**

C. MAIN ISSUES TO BE ADDRESSED TO ENABLE THE EUROPEAN FINANCIAL SERVICES SECTOR TO PLAY ITS ROLE IN THE EUROPEAN ECONOMY

1. The Growth Imperative

Introduction

Europe stands at a pivotal moment, with choices that will define its destiny for the next 50 years. President Ursula von der Leyen emphasised the importance of proactive decision-making for building our future. Europe needs to become more globally competitive, given that it is lagging behind other regions in terms of growth, innovation, and competitiveness. According to the IMF's latest regional economic forecast, *"the per capita income gap with the United States is well over 20% for many advanced European economies"*.

To achieve this, Europe must strengthen its business environment by reducing complexity and streamlining processes. This involves making it easier and faster to operate businesses in the EU through a reduction in red tape and reporting requirements, less risk-aversion, better enforcement, and speedier granting of permits. Additionally, improving the delivery of essential infrastructures is crucial for supporting growth, security and competitiveness, together with completing the European Single Market and delivering an integrated capital and financial services market. President von der Leyen mentioned this in her Special Address at the World Economic Forum on 21 January 2025: "European household savings reach almost EUR 1.4 trillion, compared with just over EUR 800 billion in the US. But European companies struggle to tap into that and raise the funding they need because our domestic capital market is fragmented".

The aim of the Competitiveness Compass presented by the EC on 29 January 2025 is to provide a strategic and clear framework to set a path for Europe to become the place where future technologies, services and clean products are invented, manufactured and put on the market, while being the first continent to become climate neutral. This framework should help in fixing the identified weaknesses in order to regain competitiveness. Three core areas for action are mentioned: innovation, decarbonisation and security. These were the three transformational imperatives to boost competitiveness that had been identified in the Draghi Report.

New policymaking approach to deliver growth

A new approach to policymaking is needed to deliver these outcomes. This includes greater acknowledgment of the role businesses play in fostering growth and innovation.

European policymakers rightly focused on making the financial system more secure after 2008, and this goal has now been achieved, as evidenced by Europe's financial resilience to the Covid-19 pandemic and market turmoil in March 2023. EU policymaking and supervision should now adopt a more open and trusting attitude towards businesses, without increasing systemic risk. A greater emphasis on enabling growth should go hand in hand with the objectives of financial stability and risk management.

Case study: Shortcomings in the EU regulatory approach to financial regulation[2]:

1. **Complexity of the European decision-making process**
   - The EU institutional set-up and decision-making process can add delay and complexity to the adoption of rules, with many files taking between 18 and 24 months before political agreement is reached. The length of this process constrains the ability to adapt to changing events and market conditions at pace, creating hurdles for the European economy and its main actors.
2. **Complexity of the Lamfalussy process**
   - Even when political agreement is reached, it takes several years for the rulebook to be finalised via Level 2 measures and market participants thus having full legal certainty regarding the final framework.
   - This process adds layers of complexity, uncertainty and keeps European corporates in an elongated process of policy and operational adjustments.
   - Examples: In the legislative period between 2019 and 2024, the co-legislators adopted financial services legislation which delegates more than 440 mandates to the European Supervisory Authorities (ESAs). This level of policy development will take several years.
   - On top of this comes another level of regulations developed by the SSM, which "interprets" the Level 1 & 2 regulations into its own supervisory practices.
3. **Uncertainty regarding application of rules**
   - Example 1, DORA: the law entered into force on 17 Jan 2025. However, key technical standards that provide guidelines and definitions on how to implement the law are not yet ready.
   - Example 2, EMIR – conditions for active accounts onshoring: In the context of the European Markets Infrastructure Regulation (EMIR 3.0), firms covered by the requirements will have to comply with certain regulations (e.g. operational and representativeness requirements for active accounts) a few months before the final Level 2 rules are expected to be finalised.
4. **Lack of focus on external aspects**
   - The U.S. proposal for the Final Basel III implementation issued in July 2023 (Basel Endgame) included a number of helpful deviations for U.S. banks with regard to Market Risk, which will undermine the position of EU banks in trading, e.g. in relation to sovereign bonds. Today, implementation of the Basel Endgame remains very unclear in terms of both content and timeline. The UK recently announced that implementation of the Basel standards will be delayed until 1/1/2027.
   - By virtue of the EU discussion being focused exclusively on the mandate for the prudential assessment report, it was not possible for EU banks to bring those Market Risk concerns to the CRR III debate. Flexibility embedded in the CRR3 allows EU co-legislators to adapt quickly in the absence of global consistency avoiding putting the competitiveness of European market operators at stake. We would encourage to apply this flexibility in any relevant European legislation to adapt the Market risk rules (FRTB) as applied recently by EU co-legislator.

2 These shortcomings need to be addressed as part of the Omnibus proposal "A simpler and faster Europe: Communication on implementation and simplification"

5. **Supervisory fragmentation**

- Even in regulatory frameworks established as a set of regulations, supervisors still have the scope to interpret the legal framework, provide their own guidance and set supervisory priorities. We see this leading to diverging interpretations in, for example, the data protection (GDPR), MiFID and anti-money laundering (AML) frameworks (the creation of an AML Authority is an important step forward in this regard).
- Combined with passporting, this leads to fragmented domestic markets where parties are subject to different supervisory standards, hindering competition.

The Lamfalussy process needs to be made more agile and responsive to innovation. The European Financial Services Round Table (EFR) is proposing the adoption of three principles to make Europe more competitive and which should be taken into account when producing new regulatory proposals.

1. **Consider the competitiveness of Europe's international firms as a starting point of any regulation:** Most EU regulations take "proportionality" into account at European level. They should also consider whether requirements are proportionate for European businesses that operate across Europe and in global markets and compete with firms subject to different standards. European policymakers should focus more on supporting Europe's most internationally competitive firms, whether from the financial sector or other strategic sectors identified by the Letta[3] and Draghi[4] reports.

2. **Avoid continuous policymaking:** EFR members fully support the three Levels of the Lamfalussy process as an approach to developing new laws and rules for financial services. However, the system does result in a regularly changing set of definitions and rules. Under EU processes, when the legislative process is closed on "Level 1" legislation, ESAs start work on Level 2 mandates assigned to them from Level 1. There should be less focus on Level 2 standards and each mandate should be accompanied by a proper impact assessment. We would encourage more use of ESAs no-action letters to adapt European rules temporarily (i.e. suspension or delaying application) in order to deal with events in the markets without going through a full Level 1 revision.

3. **When new regulation is necessary, make better use of "fast track" procedures:** The EU could make more use of fast-track procedures instead of always relying on the normal legislative process, which could take anywhere between 2 1/2 and 4 years. Policymakers should act with urgency when a proposal would help to increase growth and innovation in Europe.

Deepening the Single Market

The Single Market, a cornerstone of European integration, is the most effective leverage the EU can use to generate growth for its businesses and its citizens. However, Europe's capital markets are falling behind, and further integration is needed to sustain and increase productivity and competitiveness. The development of private credit observed in Europe should also be taken into account: in a well-developed environment, this is a useful component of the financing system that contributes to spreading risks and investment opportunities among financing players, while optimising the use of banking expertise in particular sectors or for targeted needs.

3 Report by Enrico Letta: Much more than a market – Speed, Security, Solidarity - Empowering the Single Market to deliver a sustainable future and prosperity for all EU Citizens – April 2024

4 Report by Mario Draghi: The future of European competitiveness – A competitiveness strategy for Europe - 9 September 2024

Important steps still need to be taken to deepen and complete the Single Market. In January 2025, BusinessEurope issued 68 proposals for the reduction of regulatory burden in 2025, including - on page 60 - Financial services: Extensive and overly complex regulatory framework in the financial sector create a burden for both companies and consumers. This was preceded by five European business associations[5] issuing a joint statement on 27 June 2022 calling for fresh political engagement to renew economic integration in the Single Market, as they no longer experienced the Single Market as a true free trade area. They called for action to reinstate the idea of a Single Market as an economic union for free trade without internal obstacles and bring freedoms back to the top of the political priorities. They asked for the removal of all barriers to cross-border business operations and intra-EU investments, forming a fully-fledged Single Market for all economic activities.

As rightfully mentioned in the report by Enrico Letta, the single market for financial services has still not been completed. While important steps have been taken, over the last decade with the creation of the Single Supervisory Mechanism and the European Supervisory Authorities, financial institutions are still facing regulatory and supervisory fragmentation. Furthermore, the Capital Markets Union (CMU) and the Banking Union are still far from being fully established. European capital markets remain fragmented along national borders, which leads to inefficient allocation of capital, hampering the EU single market and its cross-border financing capacities. Far from a harmonised picture, the single market for financial services is a patchwork of 27 loosely connected markets.

A fully integrated EU financial market, a Single Market with consistent rules and requirements, combined with a strong, stable and competitive European financial services industry, will lead to increased choice and better value for all users of financial services across the Member States of the European Union. An open and integrated market reflecting the diversity of banking and insurance business models will support investment and growth, expanding the overall soundness and competitiveness of the European economy.

Concerning the Single Market, President von der Leyen tasked Executive Vice-President Séjourné with developing a horizontal Single Market Strategy for a modernised and deeper Single Market that promotes cross-border provision of services and cross-border movement of goods, as well as focusing on improved access to finance, simplifying the regulatory environment, and promoting innovation for SMEs. In her letter to Commissioner Albuquerque, President von der Leyen tasked her with developing a European Savings and Investments Union, including banking and capital markets, to leverage private savings in support of our wider objectives.

According to the IMF regional report of October 2024, which notes the lasting influence of trade barriers in the EU, "the direct impact of reducing estimated intra-EU sectoral barriers to the level observed among US states could potentially increase productivity by 6.7%".

Core focus needs to be on growing equity markets[6]

Equity markets in the EU are only 25% the size of those in the U.S., yet the EU has three times as many exchanges, 18 central counterparties (CCPs), and 22 central securities depositories (CSDs), while the U.S. has significantly fewer. Consolidation of Europe's infrastructure, where it makes sense, would possibly reduce fragmentation and deepen financial markets. The provision of cross-border retail investment products remains limited and hampers the full potential of the Single Market and the CMU.

The development of private credit observed in Europe should also be taken into account. In a well-developed environment, private credit is a useful component of the financing continuum that contributes to spreading risks and investment opportunities among financing players, while optimising the use of banking expertise in

5 BusinessEurope, DIGITALEUROPE, ERT, Eurochambres and EuroCommerce

6 EFR paper on Strengthening European competitiveness and growth through equity dated February 2025

particular sectors or for targeted needs. As a consequence of not delivering on CMU, private credit in the EU still relies on non-European actors, which can be seen as a serious dependency issue.

As indicated in Mario Draghi's report, high-growth, young innovative firms need capital to scale up that can be provided by capital markets.

Developing Venture Capital – Private equity including venture capital could allow the EU to leverage growth.

VC investments in the EU averaged 0.3% of GDP over the last decade, less than 1/3rd of the US figure.

Securitisation

We also need a more flexible securitisation market mobilising short-term savings towards long-term investments required by European funding needs. Securitisation should therefore be made an effective instrument for the European financial sector to enable savings and assets under the management of institutional investors to be mobilised and used to invest in Europe instead of other jurisdictions such as the US. To meet this objective, we call for a swift review of the EU's STS Securitisation framework, notably regarding the prudential and due-diligence aspects, in order to better reflect the high-quality of securitised assets.

In short..

In conclusion, Europe must adopt a consistent policy agenda to strengthen its financial sector, support innovation, and ensure long-term investment. This will help Europe remain a global player and achieve strategic autonomy. Strong regulatory governance is key, as an overly heavy regulatory burden reduces competitiveness. Strengthening the competitiveness of the European financial sector is among the best defences against fragmentation. Financial services are partners in advancing strategic autonomy and defragmentation of rules. Concrete actions need to be taken swiftly, such as the various initiatives relating to pensions and long-term savings.

EFR Recommendations

Given the fact that the European financial sector is a key enabler for growth, innovation and competitiveness of the European economy and corporates, the following actions should be taken:

1. **Deeper and more integrated EU financial markets are needed**
    a. The Single Market should be advanced on the basis of a consistent policy agenda;
    b. Given the geopolitical tensions and the tendency across geographies to prioritise domestic control over supply chains, the EFR calls for deeper and more integrated EU financial markets to address the growing financing needs of Europe's green and digital agendas;
    c. Development of the Capital Markets Union/Savings and Investments Union and completion of the Banking Union are key. The CMU/SIU's role in mobilising capital for long-term investment, including the green and digital transition and defence, is critical;
    d. Reviewing the securitisation framework offers the potential to increase financing to European economy and to strengthen European financial markets with a significant role played by banks and insurers.

2. **Strengthening the competitiveness of the European financial sector**

   a. The best defences against fragmentation include strengthening the Single Market and supporting the global competitiveness of the European financial sector;

   b. Financial services should be seen as partners in advancing strategic autonomy and defragmentation of rules as opposed to being an afterthought.

3. **The regulatory framework should enable the European growth and competitiveness agenda**

   Europe needs to design regulatory frameworks that determine the future of Europe as a whole, of its place at the global level. The regulatory framework needs to be coherent and constructed in such a way that it allows financial services to contribute to funding European financing needs.

4. **Focus on concrete, achievable projects rather than redundant standards and norms**

   European financial flows need to be invested in Europe and not diverted to third-country economies in order to put Europe on the best possible track for innovation and for the double transition that requires massive private investment. To facilitate the uptake of European projects, products and initiatives, it is essential to reduce cross-border barriers and burdens so that economies of scale can develop. **To this end, we need to take stock of existing rules and ensure their application, consistency and coherence, harmonising them where possible, improving the workability of legislation** through simplification, **and consider the global landscape. This needs to be done across Levels 1, 2 and 3.**

5. When it comes to the **European legislative process**:

   a. **Return to a strict division of powers between the different EU institutions and authorities**;

   b. **Improve the standard-setting process** by limiting review clauses and delegations, providing a tighter framework for delegations, conducting more systematic impact studies of controlled quality, increasing transparency and consultation with stakeholders, anticipating scheduling difficulties, clarifying the legal scope of Level 3 acts and the "comply or explain" procedures;

   c. **Diversify the governance of the ESAs and include a competitiveness objective in their mandate.** Strengthen political control by the Commission, Parliament and Council, as well as judicial control, and develop pre-litigation remedies for Level 2 and 3 acts.

6. **Work towards a fully-fledged Banking Union, recognised as a single jurisdiction for all regulatory and supervisory components**, which would benefit investment and competitiveness in the EU. To achieve this, we need to think at a consolidated rather than an entity level in order to overcome obstacles to cross-border activity and ensure that resolution rules are fit for purpose and do not distort the level playing field. Obstacles to consolidation affect the profitability of EU banks, leading to a "high costs, low profits" model. Cross-border groups are still unable to manage their capital and liquidity on a fully consolidated basis: limits on large exposures, ring-fencing of capital and bailable assets, national reluctance to pool liquidity, fragmented macroprudential framework. Given that the EC considers the 28th regime for businesses such regime should also include cross-border banks.

7. Furthermore, **regarding the EU banking sector, it is essential to recognise that the co-existence of banking models is a financial stability factor and provides citizens of all profiles with a wide range of financial services. We encourage policy-makers to consider the impact of legislation on the universal banking model –** peculiar to Europe, to the benefit of financial stability and clients - and banks' capacity to finance the economy (ongoing and future legislation, e.g. consumer and prudential requirements, RIS, digital euro, etc.).

2. Cyber Security Challenges

Introduction

Cybercrime has emerged as one of the most important global risks affecting societies and economies, with the financial sector being a prime target. The last few years have seen an increase in the types of perpetrators of cyber-attacks, with their skills and the sophistication of their attacks expanding significantly. These actors can come from a wide range of groups, from political activists to organised crime syndicates. They can also be rogue state operatives trying to destabilise other nations, for example, by attacking their critical infrastructure or pirating sensitive systems such as finance or telecommunications.

Furthermore, the current geopolitical situation also requires greater coordination and a stronger toolbox to mitigate cyber-attacks not only at national level but also at European/NATO level. Currently, the responsibility lies very much with the individual institution being attacked to take mitigating actions.

A higher level of coordination could minimise the risk of the attacks being successful. Although DORA provides us with a good basis to rely on, with the possibility of sharing information between institutions, we need to create an eco-system where public and private institutions can work together to fight these attacks. Also, going forward, it is imperative to ensure that institutions are not limited to using Artificial Intelligence (AI) to fight attacks as this would give the attackers a great advantage.

For criminals, cybercrime remains a low-risk, high-reward business, which knows no international borders, growing very rapidly due to a variety of factors including the limited resources and knowledge required to launch an attack, low deterrence measures and sanctions, fragmentation of the legal and regulatory framework and the complexity and heterogeneity of the IT landscape.

Insurers also have a role to play in providing cyber cover and raising cyber awareness. Beyond insurance coverage, insurers also provide cyber resilience services to prevent and mitigate risks and provide resolution after an event has happened.

How the European financial sector is tackling cyber risks

Banks and insurers are exposed to some of the greatest cyber security risks due to their primary function as economic intermediaries and to the interconnected environment in which they operate. They face cyber threats on a daily basis. Some of their primary concerns include the threat of data breach and violating the confidentiality and privacy of personal or confidential data. In addition to defending against the more commonplace fraud incidents through digital means, financial institutions are also busy countering vulnerabilities to the integrity and availability of data and systems. An attack on one part of the global financial system can quickly spread directly to others via interconnected systems or indirectly via supply chain attacks, including newer non-traditional financial technologies.

Financial institutions are working to creating a culture of awareness, building resilience and mitigating risks against attacks and emerging threats. Nevertheless, while the probability of a devastating attack can be reduced, it can never be fully mitigated in practice.

According to the IMF's Global Financial Stability Report of April 2024[7], the (global) financial sector has suffered more than 20,000 cyber-attacks causing USD 12 billion in losses over the past 20 years. The Report states that cyber-attacks in the financial sector pose a serious threat to global financial stability. The Report notes that the

7 International Monetary Fund, *The Last Mile: Financial Vulnerabilities and Risks*, Global Financial Stability Report, April 2024

risk of extreme losses from cyber-attacks is increasing, leaving the financial sector uniquely exposed to cyber threats due to operations involving vast amounts of sensitive data and transactions. It is concluded that, with the global financial system facing significant and growing cyber risks, policy and governance frameworks to mitigate the risks must keep pace. The IMF has called for greater international cooperation around cybersecurity efforts, noting that cyber-attacks often originate from outside a financial firm's home country.

Over the past 6 years, the EU has taken numerous measures to address the challenges posed by cyber crime.

- **The EU Cybersecurity Strategy (December 2020)** responds to the challenges of geopolitical competition in cyberspace, and the increased cyber threat landscape. It enables the EU to increase its resilience and show leadership in cyberspace; build capacities to prevent, deter and respond to cyber-attacks; and strengthen its partnerships in favour of a global and open cyberspace.
- **The EU Cybersecurity Act (April 2019)** introduced an EU-wide cybersecurity certification framework for ICT products, services and processes. It also aimed to establish a comprehensive and standardised approach to cybersecurity across European Union Institutions, Bodies and Agencies.
- **The NIS2 Directive (December 2022)** provides for legal measures to boost the overall level of cybersecurity in the EU by way of ensuring that the Member States are properly prepared - by requiring them to be appropriately equipped.
- **The Cyber Resilience Act (October 2024)** stipulates mandatory cybersecurity requirements for products that include digital elements. The Act introduces greater responsibilities on the part of manufacturers to guarantee the security of hardware and software products. The new policy calls for investments in full-spectrum cyber defence capabilities and is aimed at strengthening coordination and cooperation between the EU military and civilian cyber communities. It will enhance cooperation with the private sector and efficient cyber crisis management within the Union. This Act is also aimed at filling the gaps, clarifying the links and making the existing cybersecurity legislative framework more coherent.
- **The EU Cyber Solidarity Act (December 2024)** is aimed at strengthening capacities in the EU to detect, prepare for and respond to significant and large-scale cybersecurity threats and attacks. The Act includes a European Cybersecurity Alert System, made up of Security Operation Centres interconnected across the EU, and a comprehensive Cybersecurity Emergency Mechanism to improve the EU's cyber resilience.
- **The aim of DORA (Digital Operational Resilience Act, December 2022)** is to strengthen the information and communication technology (ICT) security of financial entities in the remit of the 3 ESAs and make sure that the financial sector in Europe is able to remain resilient in the event of a severe operational digital disruption.

The EFR and its member institutions strongly support the EU-level actions and coordination to strengthen European cyber security.

Looking at all the measures that have been introduced, the main focus has been on making the European financial sector even more resilient. While most measures state that the aim is "to prevent, deter and respond", in reality the focus has been more on prevention and deterrence, though without addressing the need for a joint – public and private – coordinated response, especially with regard to ongoing cyber-attacks as well as the seamless consistency of all the above regulations and their transposition. The best response to a cyber-attack is coordinated action by both public and private institutions. Unlike the US[8] and the UK[9], the EU does not yet have an overarching authority but, rather, a coordination system of national competent authorities, complemented by ENISA and Europol.

What should be done to enhance cyber resilience

Cyber security is a joint public and private sector responsibility. All stakeholders are responsible for ensuring the robustness of their defences, their overall resilience and responding to cyber-attacks. Given the reality that cyber risks and attacks are not limited by national boundaries, a concerted international effort is required to effectively address responses to the evolving cyber threat landscape. Furthermore, State-sponsored attacks are not likely to diminish. The response has to be timely coordination based on collaboration between agencies and the financial sector.

For a coordinated response to – ongoing – cyber-attacks on the part of public and private institutions, bilateral information sharing is key. DORA provides for the data sharing possibility, which presents the opportunity to take action. However, the first challenge concerns governments, public authorities and technology service providers, who at times are reluctant or are not always consistent in sharing or divulging accurate information concerning their cyber-vulnerabilities and resulting losses for fear of compromising sensitive or proprietary business information and thus risking reputational damage.

The second issue impacting coordinated response is having a confidence among participating firms that this information will not make it into the hands of those who might use the information for malicious intent, making trust a critical component of any information-sharing mechanism.

The final challenge concerns the fact that the focus of law enforcement is on stopping large criminal operations altogether, whereas the focus of the private sector is on keeping ongoing legitimate business running while addressing a wide range of ongoing incidents such as phishing campaigns, fraud campaigns, supply chain attacks and targeted nation-state attacks.

Adequately addressing cyber-attacks requires greater cooperation focused on both strategic and tactical goals, a carefully vetted pan-European circle of trust, sharing information on a timely basis, followed by an effective collective response. Successfully forging public-private relationships will produce a source of significant security advantages. A crucial priority is the timely, bi-directional sharing of intelligence and information - not just on cyber-threats but also regarding ongoing cyber-incidents & root cause analysis - among key public and private actors through an efficient, robust and secure process.

The EFR would therefore strongly support a public-private partnership for considering the best approach to the sharing – during and after cyber-attacks - of cyber security intelligence and incidents within the financial industry and public authorities at EU-level. This Public-Private Partnership could serve as an honest and efficient broker of information. Any public-private information-sharing regime on cyber-attacks must allow for transparent sharing of incident information without creating any additional risk of enforcement actions or other liabilities for victims of a cyber-attack.

8 The Cybersecurity and Infrastructure Security Agency (CISA) is a component of the United States Department of Homeland Security (DHS). CISA is responsible for cyber security and infrastructure protection across all levels of government, coordinating cybersecurity programs with US States, and improving the government's cybersecurity protections against private and nation-state hackers.

9 The National Cyber Security Centre (NCSC) supports the most critical organisations in the UK, the wider public sector, industry, SMEs as well as the general public. When incidents do occur, they provide effective incident response to minimise harm to the UK, help with recovery, and learn lessons for the future.

Resilience and Protection gaps

Cyber-attacks often feature similar tactics and techniques regardless of the overall goals and motivations of the threat actor conducting the attack itself. This is often due to common security deficiencies, oversights and failures made by organisations, and which threat actors are quick to capitalise on.

While the following list is not intended as a comprehensive list of all security issues, it covers the most common security deficiencies observed:

- Failure to Secure Valid Credentials and Secrets
- Lack of Multifactor Authentication (MFA)
- Lack of Urgency and/or Inability to Patch Vulnerabilities
- Failure to Remove Outdated and Legacy Systems
- Misunderstanding of Security Alerts by Front Line Cybersecurity Staff
- Overly Permissive Bring Your Own Device Policies
- Lack of Configuration or Misconfiguration of Security Settings
- Lack of Technical Cybersecurity Understanding Leading to Poor Decision Making
- Lack of global assessment of all the existing regulatory texts

By minimising the above deficiencies, all organisations can decrease the opportunity for threat actors to be successful and ensure that common and frequently used tactics are ultimately unsuccessful.

Artificial Intelligence exacerbates existing risks via greater speed and scale as well as the development of deep fakes techniques. However, AI does not pose specific new threats and the risks of AI mentioned in the previous sentence can be handled perfectly well by way of the existing governance within Financial Institutions concerning Operational Risks and Internal Controls.

The EU legislative framework adequately addresses the concerns posed by cyber risks and threats through the EU cybersecurity strategy and key legislative pieces such as the Digital Operational Resilience Act (DORA), which has just entered into force (17 January 2025), the review of the Network and Information Services Directive (NIS 2), the Cyber Resilience Act (CRA) and the Cyber Security Act (CSA). However, the European Commission should still aim to avoid overlapping requirements between these texts as well as seek consistency with other existing norms at international or regional level, particularly with regard to ICT reporting.

Insurance plays a specific role in increasing awareness, promoting the implementation of prevention measures and then increasing the overall resilience of the economy when confronted with cyberattacks. Although the cyber insurance market has grown in general over the last decade, this is not true for the cyber insurance of small and medium-sized enterprises (SMEs), which are, more often than not, uninsured or underinsured against the occurrence of cyber risk. This is mostly due to a very low level of risk awareness among SMEs. Raising awareness and incentivising better cyber hygiene practices are essential for improving organisational cyber resilience. This includes adopting best practices and ensuring employees are digitally literate. Cyber security maturity as well as the deployment of cyber risk management practices are a vital component in preventing disruptive attacks as well as limiting their overall impact on the economy.

Addressing the overall issues posed by cyber risk requires strong cooperation between the (re)insurance industry and the public sector. Partnerships between the public and private sectors can play a crucial role and governments have an important role to play by providing incentives for cybersecurity measures and implementing regulations that support better cyber hygiene practices, especially among SMEs.

When developing their response to catastrophic cyber events, governments and private stakeholders should work collectively to jointly develop clear and effective response scenarios for catastrophic cyber events. Key stakeholders include (re)insurance companies and relevant government agencies such as national and European cyber security agencies.

Creating a common framework for collecting cyber loss data will help to analyse aggregated information and provide deeper insights into cyber risks to enable both the private sector and government to close vulnerabilities. This will require the establishment of a common framework for data sharing. The introduction of a common reporting standard for ICT incidents would greatly improve the understanding of cyber risks in this regard.

EFR Recommendations

EFR is convinced that a coordinated EU level response team and plan is needed to deal with the scale and borderless nature of cyber threats. EFR therefore calls for the following three critical actions:

1. **Public authorities should take relevant actions, in a concerted manner and at a global level, aimed at tackling the sources of cyber risk, given that the fight against cybercrime needs to be organised at a global level.**

2. **A coordinated EU level response team and decisive plan are necessary to deal with the scale and borderless nature of cyber threats. The following three critical actions should be taken:**

   a. Information sharing at pan EU level should be strengthened, covering the public sector, private sector and leading technology service providers to include not only cyber threats but also information concerning ongoing incidents and lessons learned from them in order to ensure that participating organisations are able to take immediate and accurate steps to protect themselves;

   b. It should be ensured that there is a central effort to create threat actor battle cards that are consistent and continuously updated in a centralised database. Providing full visibility into threat actors' behaviours, including tools, tactics and procedures, would allow organisations to strengthen both preventive and detective measures;

   c. Once a threat actor repository is built, tactical information related to the attacker infrastructure should be shared on a timely basis so that the infrastructure can be taken down even before an attack is launched. This will create a common deterrence and significantly reduce the volume of attacks against EU entities.

3. **A common framework for collecting cyber loss data should be created to help analyse aggregated information and provide deeper insights into cyber risks,** thus enabling both the private sector and government to close vulnerabilities. This will require the establishment of a common framework for data sharing. The introduction of a common reporting standard for ICT incidents would greatly improve the understanding of cyber risks in this regard.

3. Sustainable Finance / Climate Change

Introduction

The EFR is a strong supporter of the ambitious Paris agreement from COP21. As leading European financial institutions, we particularly welcome recognition of the contribution our sector can make and of the role that insurance and the financial industry in general play in tackling the opportunities and risks associated with climate change impacts.

Sustainable finance is now a core area of focus for regulators and affects every area of a company's activities. Achieving growth without compromising sustainability and climate ambitions is at the core of the European Green Deal, and the regulatory framework for sustainable finance needs to be constructed in such a way that it allows banks and insurers to contribute to funding the transition to a net zero economy, rather than imposing a significant compliance burden to the extent that it constrains investment and creates confusion among investors.

This is also in line with the conclusions of the Future of European Competitiveness report by Mario Draghi, which called for the simplification of rules and measures to avoid hindering the competitiveness of the EU compared to other major jurisdictions. In this respect, the EFR welcomes the Competitiveness Compass presented by the EC on 29 January 2025, which is aimed at providing a strategic and clear framework for guiding the Commission's work on competitiveness. Part of the Competitiveness Compass is the Omnibus Proposal where the enabler simplification is intended to simplify sustainability reporting, due diligence and taxonomy.

Policymakers, regulators and supervisors should acknowledge that climate and ESG remain evolving areas of expertise, and need to consider using a mix of rules, principles and guidance to allow best practices to develop within the market, rather than adopting an overly prescriptive approach which could limit progress and innovation over time.

All this should be done against the backdrop of an increasingly complex geopolitical situation, with the potential for a more fragmented approach towards climate-friendly policies. The need for investment in the sustainable transition will, however, remain.

Sustainable finance as a driver of growth

The transformative potential of sustainable finance lies in fostering resilience, innovation and creating long-term value while addressing global challenges such as climate change. For Europe to continue to perform its role in such an endeavour, the sustainable finance framework needs to be streamlined and simplified to support investment – notably in view of the Clean Industrial Deal. As such, supporting the real economy, particularly the most intensive industries, to make the transition to net zero will require an estimated €620 billion of additional investment every year[10].

In light of the above, it is worth noting that the financial sector plays an important role in financing the transition to a sustainable future. However, it should be seen as an enabler rather than the sole driver. As banks are the main financiers of the European economy and insurers are Europe's largest institutional investors, with over €10.6 trillion of assets under management[11], they both play a significant role in financing the transition to a more sustainable economy.

10 Page 28 of the report by Enrico Letta «Much more than a market – Speed, Security, Solidarity - Empowering the Single Marker to deliver a sustainable future and prosperity for all EU Citizens» , April 2024

11 InsuranceEurope dated February 2025: https://insuranceeurope.eu/value-of-insurance

In order to continue developing sustainability strategies, it is also essential for banks and insurance companies to rely on global, clear, solid and coherent regulatory frameworks that encourage sustainable financing.

It is important to note that, while the financial system is an important element in the economic transformation, the ultimate goal is a sustainable economy that enables growth and job creation. Governments must provide an enabling environment with ambitious and predictable climate policies, promoting demand and incentives to invest in decarbonisation. Policy actions should therefore be balanced between broader economic actors and the financial system financing their investments.

The Omnibus File[12] as an opportunity for simplification

The European Commission's Omnibus Simplification Package provides an opportunity to make the regulatory framework for sustainable finance simpler, clearer, and more efficient. This could produce the benefits of keeping companies engaged in moving towards decarbonised business models and preventing the risk of greenwashing. There are several potential complexities to this exercise, however, and the EFR advises the European Commission to approach it thoroughly rather than as a "quick win" measure.

- **Timing:** The Omnibus proposal is part of the European Commission's work on simplification, while the EC is, at the same time, working on guidelines for the implementation of the CSDDD and on the review clause concerning the approach of this Directive to financial services. Meanwhile, Member States and companies will be working on the transposition and implementation of the measures covered and potentially amended by the Omnibus. The Commission should pursue these concurrent efforts in the context of its existing position on Better Regulation[13], improving legislative efficiency and avoiding burdens that are not strictly necessary for the achievement of policy objectives. It is also crucial to avoid generating additional uncertainty and discrepancies in application timelines and content across existing pieces of legislation and jurisdictions.
- **Consultation:** The Omnibus should only be approved after extensively seeking the input of financial services stakeholders who are best placed to provide practical information on the things that are not working properly and regarding inefficiencies or complexities in the reporting framework. The two round tables organised on this by Commissioner Dombrovskis in February 2025 are welcomed. It is important to keep this dialogue going.
- **Expedience:** Once drafted, discussed and agreed, the Omnibus needs to be implemented quickly.
- **Uniform application:** The Omnibus proposal should promote uniformity in its application and avoid fragmentation between Member States. Importantly, the consolidation of level 1 regulations should not translate into more level 2 standards or national gold-plating.

Disclosure standards should move towards international convergence

Corporate sustainability reporting is an essential part of the sustainable finance regulatory framework, as it provides information to support investor decision-making and enables financial services firms to better understand the physical and transition risks to which they are exposed.

It is now critical to avoid fragmentation and duplication of reporting requirements. International companies, including those in financial services, should not have to report multiple times under different jurisdictional

12 Please note that the EFR text on the Omnibus file has been written before the publication of the EC proposal

13 For example, the "One in, One Out" Approach: see Communication from the Commission to the European Parliament, the Council, the European and Social Committee and the Committee of the Regions, p9: 199176cf-6c4e-48ad-a9f7-9c1b31bbbd09_en

frameworks. Close coordination between global and regional standard setters and the convergence of national regulators with them are essential to prevent fragmentation and ensure a fair level playing field for European companies operating internationally. While Europe's broader ambition in its climate and environmental policies can be maintained through a global common baseline, it should be complemented by additional layers tailored to specific regions, where needed.

Simplification of the reporting burden for SMEs and corporates is both welcome and necessary. However, this cannot be achieved at the expense of removing adequate access to key data that is necessary for reporting purposes or for proper ESG risk management by financial institutions. Any simplification of the reporting burden for corporates should be consistent with the reporting and diligence requirements for financial institutions, given the reliance on client data.

The importance of transition finance

The sustainable finance regulatory framework currently focuses on identifying those sectors whose activities are already sustainable. This narrow focus, only now being supplemented by emerging guidance on transition finance, risks channelling finance only to those activities and products that are already well advanced on a sustainable path, potentially diverting capital away from the transition itself and raising the capital cost of financing the transition.

In particular, the financial industry is an enabler of the transition and not its sole driver. Private sector financial intermediation can only support economic transformation if the business case for transition investment is strong, demand for transition finance is evident, and market signals are clear. Instead of a narrow focus on how to scale the flow of capital from the regulated private financial sector, the emphasis should be on scaling up transition activity and demand for transition finance across the real economy, alongside the development of new low-carbon technologies, sectors, and supply chains - and on improving the risk-return profiles of these investment opportunities. In this regard, there is a need for governments to ensure predictable industrial climate policies, with sectoral pathways and simplified processes, as well as promote demand and create the enabling environment and sufficient incentives for our clients to invest in decarbonisation.

The prudential framework for sustainable finance should remain risk-based

Climate change is a driver of traditional financial risks, including credit, operational and market risks. Given the objective of supporting the transition, the EFR is concerned that politicising capital requirements could jeopardise the transition of the global economy; capital requirements should always be risk-based. This principle must guide all EBA's and EIOPA's efforts when developing its ESG risk mandates. The other challenging aspect is the inclusion of transition plans from EU credit institutions and insurance undertakings in the area of prudential supervision, taking account of EU Climate law. Any extension of prudential supervision to include financial institutions' transition plans should also be consistent with the risk-based nature of the prudential framework and take account of the fact that transition plans are first and foremost a strategic business planning tool and not a risk management tool.

The instruments used for the prudential supervision of climate risks should generally be risk-based. Over time, a more targeted consideration of climate risks in prudential supervision is conceivable as data availability and quality increase and sound standards for the assessment of climate risks are established for all relevant business areas. The politically motivated use of blanket, non-risk-based brown penalising and green supporting factors, arbitrary concentration limits or changes in credit risk model parameters should be avoided.

EFR Recommendations

1. **Concerning the Omnibus proposal[14]:**
   a. Policymakers should focus exclusively on this proposal instead of advancing separately with the further development of concurrent regulatory measures;
   b. It is important to seek the input of stakeholders who are best placed to provide practical information on the things that are not working properly and inefficiencies or complexities in the reporting framework;
   c. Once drafted, discussed and agreed, it needs to be implemented quickly;
   d. Uniformity in its application should be promoted and fragmentation between Member States avoided;
   e. The consolidation of level 1 regulations should not translate into more level 2 standards or national gold-plating.

2. **Simplification of the reporting burden for SMEs and corporates should be consistent with the reporting and diligence requirements for financial institutions, given the reliance on client data.**

3. **In order to simplify matters, there should not be any duplication of transition plans. Any sustainability risk information that might be missing should be added to existing report mechanisms (CSRD, ORSA in Solvency II) rather than being part of a new document.**

4. **Disclosure standards should move towards international convergence and work paused on EU sectoral standardisation.**

14 Please note that the EFR text on the Omnibus file has been written before the publication of the EC proposal

The European Financial Services Round Table (EFR) was formed in 2001. The Members of EFR are Chairs and Chief Executive Officers of international banks and insurers with their headquarters in Europe.

EFR Members believe that a fully integrated EU financial market, a single market with consistent rules and requirements, combined with a strong, stable and competitive European financial services industry will lead to increased choice and better value for all users of financial services across the Member States of the European Union. An open and integrated market reflecting the diversity of banking and insurance business models will support investment and growth, expanding the overall soundness and competitiveness of the European economy.

Increased fragmentation as a result of the post-crisis regulatory response underlines the need to safeguard the single market and protect the level playing field. The EFR therefore strongly encourages national governments and the EU institutions to continue their efforts to create a truly single market for wholesale and retail financial services, which will play an essential role in providing long-term financing for the economy in Europe. Furthermore, strong market discipline is essential to ensure fairness and alignment of interests of the financial sector and the rest of the economy towards serving the citizens of Europe and the world.

The integration of financial markets does not stop at the EU's borders – markets are increasingly global. EFR Members therefore encourage both national and European leaders to establish internationally consistent and coherent financial regulation and supervision and to support and promote free and open markets throughout the world.

As per March 2025, EFR Members' companies combined represent

- Around 974 million customers[15]
- Around 2.07 million employees
- EUR 24.19 trillion in total assets
- EUR 20.48 trillion in assets under management

15 Please note that double counting of customers may occur

ANNEX II: EFR MEMBERS – MARCH 2025

Michel M. Liès
EFR Chairman and
Chairman of the Board
Zurich Insurance Group

Pietro Carlo Padoan
EFR Vice-Chairman and
Chairman of the Board of Directors
UniCredit Group

Oliver Bäte
Chairman of the Board of Management
Allianz SE

Lorenzo Bini Smaghi
Chairman
Société Générale

Kjerstin Braathen
Chief Executive Officer
DNB Bank ASA

Sir Edward Braham
Chairman
M&G

Philippe Brassac
Chief Executive Officer
Crédit Agricole SA

Bruce Carnegie-Brown
Chairman
Lloyd's

David Cole
Chairman of the Supervisory Board
NN Group

William Connelly
Chairman of the Supervisory Board
Aegon NV

Dame Clara Furse
Chairman HSBC UK/ HSBC Bank PLC
HSBC

Antoine Gosset-Grainville
Chairman of the Board of Directors
AXA

Héctor Grisi
Chief Executive Officer
Banco Santander

Karl Guha
Chairman Supervisory Board
ING Group

Rick Haythornthwaite
Chairman
NatWest Group

Sir Stephen Hester
Chairman
Nordea

Nigel Higgins
Chairman
Barclays

Antonio Huertas Mejías
Chairman and CEO
MAPFRE

Colm Kelleher
Chairman of the Board of Directors
UBS

Thierry Léger
Chief Executive Officer
SCOR SE

Jean Lemierre
Chairman
BNP Paribas

Andrea Sironi
Chairman
Assicurazioni Generali S.p.A.

Carlos Torres Vila
Chair
BBVA

Alex Wynaendts
Chairman of the Supervisory Board
Deutsche Bank AG

ANNEX III: ABBREVIATIONS

AI	Artificial Intelligence
AML	Anti-Money-Laundering
Bn	Billion
CISA	The (US) Cybersecurity and Infrastructure Security Agency
CMU	Capital Markets Union
COP21	21st Conference of the Parties in Paris in 2015
CCPs	Central counterparties
CRA	Cyber Resilience Act
CRR	Capital Requirements Regulation
CSDDD	Corporate sustainability due diligence directive
CSA	Cyber Security Act
CSDs	Central securities depositories
DORA	Digital Operational Resilience Act
EC	European Commission
EC3	Europol's European Cybercrime Centre
EEA	European Economic Area
EFR	European Financial Services Round Table
EMIR	European Market Infrastructure Regulation
ENISA	European Union Agency for Cybersecurity
ESAs	European Supervisory Authorities
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
EUROPOL	European Union Agency for Law Enforcement Cooperation
GDPR	General Data Protection Regulation
ICT	Information and communication technology
IMF	International Monetary Fund
IoT	Internet of Things
IT	Information Technology
MFA	Multifactor Authentication
NATO	North Atlantic Treaty Organization
NIS2	The review of the Network and Information Services Directive
NCSC	The (US) National Cyber Security Centre
PRA	The (UK) Prudential Regulation Authority
SIU	Savings and Investments Union
SME	Small and Medium Enterprise
SSM	Single Supervisory Mechanism
T + 1	Transaction date plus one day
UK	United Kingdom
US	United States of America
USD	US Dollar

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