

Joint Conference of EURO-CEFG, ECMI, CEPS, Bruegel, University of Warsaw and University of Wrocław

EU Financial Markets: East Meets West

Friday, **16 November 2018**, starting at **9:00 h**

University of Warsaw, Collegium Iuridicum II, Lipowa 4, **Warszawa**



The European Union's expansions of 2004 and 2007 brought about extension of the single market for financial services to the countries of the Central and Eastern European Union (CEEU). As a result, the financial institutions established in the CEEU region are today subject to the same EU regulatory framework as their western European counterparts. Many also belong to the same groups that dominate the western financial landscape. This, however, did not obliterate the differences in the development of financial services and in the roles played by the financial institutions in the western and the eastern part of the EU.

On the one hand, the western EU countries have been politically consolidated as a single currency area whose resilience was put to a severe test when the 2008 financial crisis revealed the excessive links between the area's banks and sovereigns, and exposed the limitations of 'home country control' in financial supervision. This resulted in the political impulse for the establishment of a stronger regulatory framework for banking, known as the Banking Union,

presently comprising the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM).

On the other hand, the smaller but more resilient financial sectors of the CEEU countries have proved able to cushion, rather than exacerbate, the global macroeconomic shocks of the past decade. Subsidiaries of the euro area banking groups operating in the region were less burdened by the unsound business practices that plagued their western parents. Moreover, relatively small proportion of banking assets to national GDPs of the CEEU countries allowed to limit the 'too big to fail' problem. Nevertheless, specific regulatory issues, such as gaps in anti-money laundering compliance, negatively affected the perception of some financial operators in the region. In addition, while smaller CEEU economies gradually joined the euro area, the larger countries of the region remained outside, and therefore outside the Banking Union. This exposes the cross-border banking groups operating in these countries to persistent exchange rate risks and home-host supervisory issues.

The European Research Centre for Economic Governance of the Universities of Leiden, Delft and Rotterdam and the Centre for European Economic Law and Governance at the University of Wrocław organise, together with the University of Warsaw, the European Capital Markets Institute (ECMI), the Centre for European Policy Studies (CEPS) and Bruegel organise a high-level conference in Warsaw on 'Banking and Financial Regulation in the East and the West'. The conference will discuss in four panels with speakers from supervisors, policymakers and academia from Eastern and Western Europe the following topics:

- Regional differences in financial intermediation: the eastern and western EU
- The euro area and its neighbours – links and prospects for the financial sector
- Social utility of the financial system: the role of regulation and supervision
- Capital Markets Union: EU-wide capital market or regional consolidation?

PROGRAMME

Friday, 16 November 2018

9:00 – Welcome Address

Prof. UW r. dr. hab. Dariusz Adamski,
University of Wrocław
Centre for European Economic Law and Governance

9:10 – Introductory Notes

Paweł Samecki
Member of the Management Board
Narodowy Bank Polski

9.30 – Keynote Speech

Dr. Elke König
Chair of the Single Resolution Board (SRB)

10:00 – Panel 1

**Regional Differences in
Financial Intermediation:
the Eastern and Western EU**

Introduction and Moderation
Tomáš Nidetzký
Board Member
Česká národní banka

Panelists
Andrzej Banasiak
Polish Bank Association
Willem Pieter De Groen
Centre for European Policy
Studies (CEPS)

Prof. Dr. Christos V. Gortsos
National and Kapodistrian
University of Athens

10.40 – Discussion

11.20 – Coffee

16.40 – Concluding Words

Prof. Dr. Fabian Amtenbrink
Scientific Director EURO-CEFG
Erasmus University Rotterdam

17.00 – End of the Conference

11:40 – Panel 2

**The Euro Area and Its
Neighbours: Links and
Prospects for the Financial
Sector**

Introduction and Moderation
Dr. Olga Szczepańska
Narodowy Bank Polski,
Department of Financial Stability

Panelists
Dr. René Repasi
EURO-CEFG
Erasmus University Rotterdam

Nina Stoyanova
Deputy Governor
Bulgarian National Bank

Nicolas Véron
Bruegel, Brussels

12.20 – Discussion

13.00 – Lunch

13.40 – Panel 3

**Social Utility of the Financial
System: the Role of
Regulation and Supervision**

Introduction and Moderation
Dr. Anna Gardella
European Banking Authority
(EBA), Banking Markets,
Innovation and Products Unit

Panelists
**Prof. UW r. dr. hab. Dariusz
Adamski**
University of Wrocław

Prof. Dr. Jens-Hinrich Binder
Eberhard Karls University
Tübingen

**Prof. Dr. Kleis W.H.
Broekhuizen**
Erasmus University Rotterdam

14.20 – Discussion

15.00 – Coffee

15.20 – Panel 4

**Capital Markets Union:
EU-wide Capital Market or
Regional Consolidation?**

Introduction and Moderation
Dr. Jakub Michalik
European Securities and Markets
Authority (ESMA)

Panelists
Prof. Dr. Matthias Haentjens
Leiden University

Jacek Kubas
European Bank for
Reconstruction and
Development (EBRD),
Local Capital Markets

Dr. Diego Valiante
DG FISMA
European Commission – tbc

16.00 – Discussion

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Topics of the panels

Panel 1: Regional Differences in Financial Intermediation: Eastern and Western EU

- What are the key regional differences affecting financial stability and financial intermediation within the EU?
- To what extent does the macroeconomic outlook in the eastern and western EU determine the resilience and stability of the financial markets?
- Ten years after the onset of the financial crisis, are financial institutions in the west and in the east of the EU more conducive to supporting sustainable economic growth and financial stability?

Panel 2: The Euro Area and its Neighbours: Links and Prospects for the Financial Sector

- Do different monetary regimes of the EU affect the stability and profitability of the EU's financial markets?
- What is the effect of the dominating presence by the euro area banking groups in the eastern EU financial markets?
- Have the EU countries outside the euro area made the right choice remaining outside the Banking Union?
- How may Brexit affect the financial markets of the eastern EU?

Panel 3: Social Utility of the Financial System: the Role of Regulation and Supervision

- How can financial regulations forged with large and complex banks in mind be effectively applied to other categories of financial institutions?
- Is there a need, and a way, to socialise a bigger share of profits generated by financial service providers?
- What lessons can be drawn from the initial period of operation of the SRM?
- What are the major current risk factors for financial stability and financial intermediation and to what extent is the regulatory system in Europe prepared to deal with them?

Panel 4: Capital Markets Union: EU-wide capital market or regional consolidation?

- Will the Capital Markets Union see the light of the day and improve the market-based financial intermediation throughout the EU?
- To what extent do varying macroeconomic and broader institutional setups influence the performance of capital markets in the EU?
- Fintech and market-based financial intermediation: a threat or an opportunity?
- May cross-border consolidation of capital markets strengthen the EU's financial sector in the global competition with North American and Asian actors?