

Towards a new supervisory architecture in Europe

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European Supervisory Authorities

European Supervisory Authorities should be balanced in all aspects of their activities

Proper balance between competences of ESAs and national supervisors

- We need to consider whether ESAs should be empowered to adopt individual decisions addressed to financial institutions.
- Certain areas of supervision should not be covered by binding mediation.

Proper balance within the structure of ESAs

- The Board of Appeal and the mediation panel should be composed of individuals with relevant knowledge and experience in the field of operations of financial institutions from the perspective of both home and host countries.
- The mediation panel should be composed of five persons, in order to be able to elaborate well balanced and credible solutions.



Role of national supervisors

National supervisors should remain basic pillars of the UE financial supervision

- The purpose of the ongoing reform is to strengthen European supervisory arrangements, with the objective of establishing a more efficient, integrated and sustainable European system of supervision
- The crucial role of ESAs should be to facilitate cooperation between national supervisors, to coordinate their activities and to ensure harmonization of supervisory practices.
- However, national supervisory authorities should still be able to ensure stability of individual financial institutions.
- It is crucial to ensure effective supervision at the local level, where every crisis situation originates.



Power vs. Accountability

National supervisors must not be deprived of key competences

- All Members of the European System of Financial Supervisors should cooperate together in a harmonised way - as cogs in the machine.
- A proper balance of powers and accountability is essential in this context.
- Key supervisory competences should remain at the local level.
- Any transfer of competences could take place only with a parallel transfer of accountability.
- An establishment of a cross-border deposit guarantee scheme should be a precondition for creating cross-border financial markets.
- Issues of risk must not be subject to binding mediation at international level since risk is determined at the local level.
- Systemically important branches should be supervised by host countries.

