

An aerial photograph of a Finnish city, likely Helsinki, showing a dense urban landscape with numerous multi-story apartment buildings, colorful facades, and extensive green spaces with trees. The city extends to the water in the background under a cloudy sky.

Finnish Financial Sector Objectives for the EU term 2019–2023



Finland's active role in the EU



Finland must be at the heart of EMU

- EMU must rely more on market discipline. Member states' own responsibility must be emphasised.
- There is no need for a fiscal union.
- Risk sharing in the banking union must only be increased with caution.

Stable and reliable financial markets

- Single rulebook, uniform supervision and effective investor protection ensure fair competition.
- The supervision of cross-border activity must be efficient.

Transparent regulatory processes

- Regulatory impact assessment must be transparent.
- Stakeholders must be invited to collaborate with the legislative supervisory authorities at an early stage of the preparatory process.



Developing EU into a global flagship for open market economy

EU must focus on creating
a level playing field with
fair competition.

EU must look after the
competitiveness of its
companies.



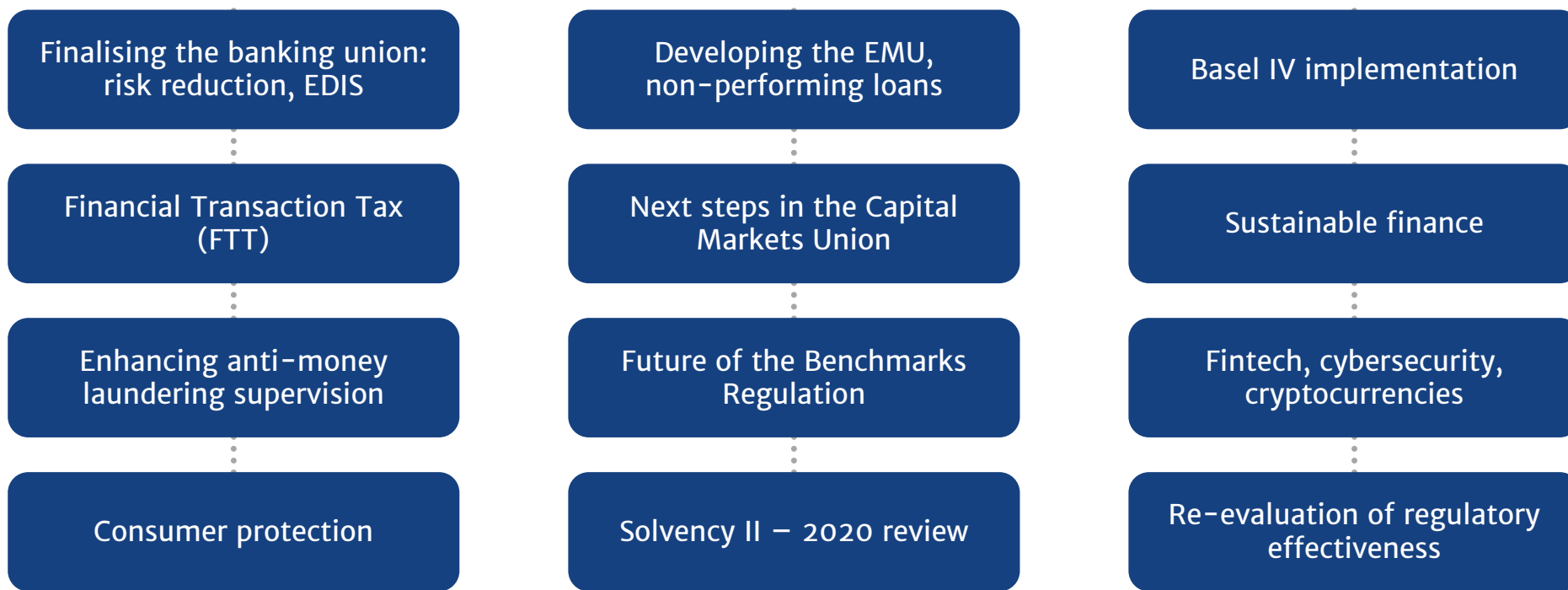
Diversification of capital
markets must continue.

Banks have a major role as a
source of funding, but we need
versatile markets with many
different actors.

European financial markets
must not shrivel up due to
Brexit. We must secure the
harmonic coexistence of the
markets.



Key themes for the new Commission and Finland's EU presidency period



Regulatory changes due to Brexit?



Our proposals

1. **The preparation, quality and predictability of financial regulation need to be invested in.** Overlapping and contradicting regulation must be dismantled. Companies must be guaranteed adequate transitional periods for changes.
2. **We will get more consistent results from efficient and harmonised implementation** than from building layers upon layers of new regulation over existing regulation.
3. National implementation should place **the Finnish financial market's competitiveness** at the forefront.



Our proposals

4. **Further risk sharing through EDIS** can be considered only after the present problems of banks are fixed and risks reduced. We should consider reviewing the regulatory treatment of sovereign exposures.
5. **Adopting eurobonds and macroeconomic stabilisation mechanisms** would increase risk sharing, which could lead to moral hazard.
6. **The forms of funding available on the EU capital markets** must be further diversified. Financial markets' deepening must continue after Brexit. The development of regulation must be market-driven.



Our proposals

7. **A Financial Transaction Tax (FTT) must not be introduced.** It would increase the costs of financial intermediation, and trade would seek out markets and financial instruments that are outside the scope of the tax. The tax would also reduce the incomes of pension funds.
8. Retail investors must get **clear and uniform information** on the products they are offered.
9. **The statutory earnings-related pension system must stay in national control** when the social dimension is deepened in the EU.
10. **The Solvency II review** must take into account that insurance business extends over long periods of time. Sustainable investments must be incentivised.

This is Banking Union

EUROPEAN BANKING SUPERVISION

SINGLE RESOLUTION MECHANISM Single resolution fund

Capital adequacy
and liquidity
regulation
(Basel III)

Directive on
deposit
guarantee
schemes

Bank Recovery
and Resolution
Directive



Euro area banks and credit institutions

SINGLE SUPERVISORY MECHANISM (SSM) comprises the European Central Bank (ECB) and the member states' national supervisory authorities.

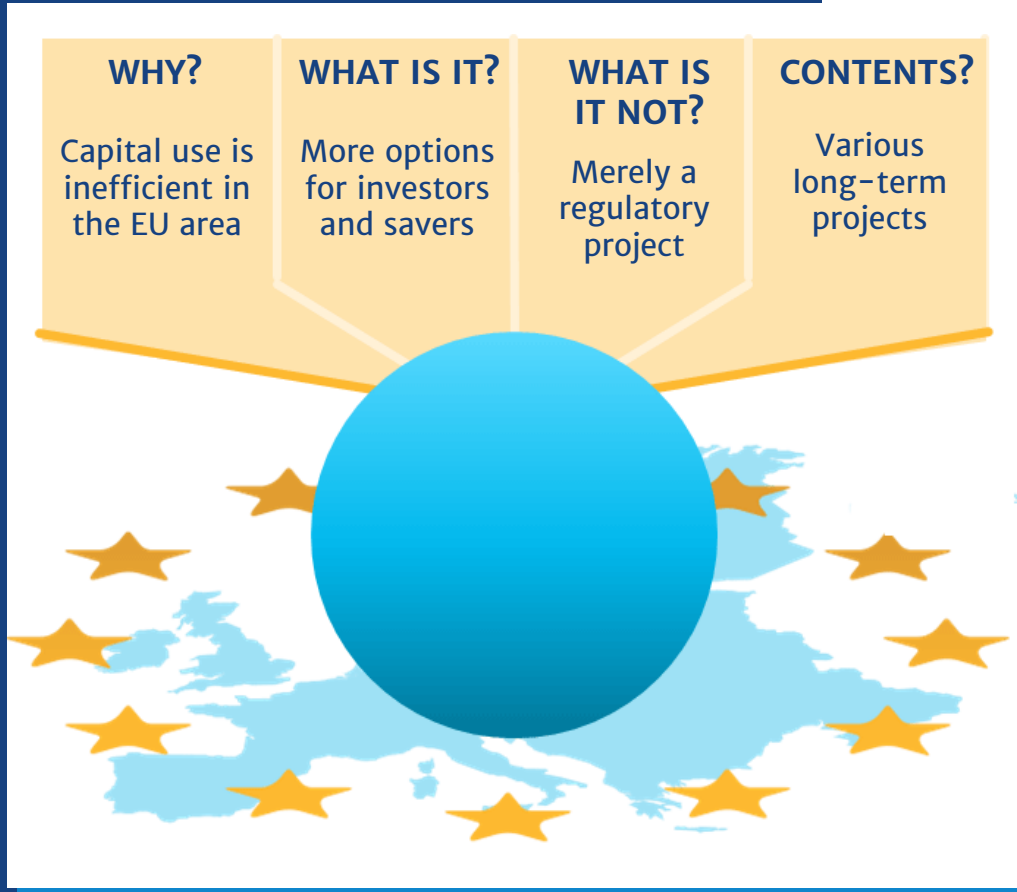
SINGLE RESOLUTION MECHANISM (SRM) aims to ensure that banking crises result in minimum costs on tax payers and the real economy.

DEPOSIT GUARANTEE SCHEMES protect a customer's deposits and accrued interest to a maximum of €100,000. At the moment, deposit guarantee is each member state's own responsibility.

FFI views on the banking union

- **FFI has supported the development of the banking union**
 - The union will increase stability of the euro area financial market
 - Single supervision and the single rulebook will promote fair competition
- **It is important to minimize the use of joint liabilities in the union**
 - Resolution measures should be primarily funded through investor liability
 - The use of the Single Resolution Fund must have a high threshold
- **The preconditions for EDIS are not yet fulfilled**
 - Further risk sharing through EDIS can be considered only after the present problems of banks are fixed and risks are reduced

This is Capital Markets Union



- Regulatory projects, reports, best practices by the EU Commission
- Example points of focus:
 - Funding of start-ups and non-listed enterprises
 - Better market access and accumulation of capital
 - Infrastructure of investments – long-term and sustainable investments
 - Diversification of investment opportunities also for retail investors
 - Promotion of cross-border investments
 - Dismantling obstacles and overlaps from financial regulation

Development of the Capital Markets Union should continue

- A common EU capital market must be developed primarily by removing obstacles, not by creating new regulation.
- A functioning EU single market requires active and diverse national capital markets.
- We endorse the diversification of corporate funding options.
- Households should be encouraged to save and invest.
- We want the same rules for similar activities.
- We want the same consumer protection for similar products.
- We oppose public authorities' interference in investment decisions.
- We oppose taxation and regulatory projects that weaken market operability.

Ongoing legislative processes

Legislative proposal	Topic	Current status	Likely entry into force
EU taxonomy	Criteria for 'sustainable economic activities'	Regulation in process. Detailed criteria proposed by Expert Group 06/2019.	Starting from December 2021 until (at least) December 2022.
Disclosures	Information about financial products' environmental impacts (positive and adverse)	Waiting for Member States' final approval.	Autumn 2020
Green Bond standard	Minimum requirements for investments, disclosure & verification	Expert Group proposal published 06/2018. Now in the European Commission.	No timeline
EU Ecolabel	Criteria for retail funds and investment-based insurance products	Joint Research Centre (JRC) working on criteria. New proposal est. 09/2019.	End 2020

FFI priorities in sustainable finance



Creating an incentives-based system

- Developing reporting throughout supply chains to finance decision-making
- Transparency through better disclosure
- Taxes and public incentives should support sustainable behaviour



One step at a time – allow businesses to develop

- Prioritisation is key: start with the climate goals
- Enable different forms of sustainable finance



Avoid uncertainty and market malfunctions

- Long-term and predictable political decision-making
- Risk-based solvency regulation
- ‘No’ to brown taxonomy and increasing bureaucracy

Sustainable development in the financial sector

- Increased transparency
- Better risk and investment analysis
- Improved investor confidence
- Fewer physical damages and financial losses
- Protects the environment and human rights
- Common, global ways of acting
- Potential for long-term profits



An aerial photograph of a dense urban neighborhood, likely in a European city. The image shows a variety of colorful buildings, including red, yellow, and white facades. The roofs are mostly dark grey or black, with many chimneys visible. The buildings are closely packed together, and there are some green trees interspersed among them. The overall scene is a typical representation of a historic city center.

**FFI – voice of the modern
financial sector**