

# Commitments made at the hearing of

## **MAIREAD MCGUINNESS**

### Commissioner-designate

### Financial services, financial stability and the Capital Markets Union



The Commissioner-designate, Mairead McGuinness, appeared before the European Parliament on 02 October 2020 to answer questions put by MEPs from the Committee on Economic and Monetary Affairs. During the hearing, she made a number of commitments which are highlighted in this document. These commitments refer to her portfolio, as described in the [mission letter](#) sent to her by Ursula von der Leyen, President-elect of the European Commission, including:

- Banking Union;
- Capital Markets Union and SMEs access to finance;
- Sustainable finance;
- FinTech Strategy and cryptocurrencies;
- Comprehensive approach to fighting money laundering; and
- More resilience to extraterritorial sanctions.

Please note that the quotes included in this document only make reference to oral commitments made during the [hearing](#). The [verbatim report](#) of the public hearing is available on the European Parliament pages on the [Changes in the European Commission 2020](#). The Commissioner-designate was also sent some written questions in advance of the hearing to which she provided [written answers](#).



## Completing the Banking Union

“One of my key priorities will be to inject fresh energy into completing banking union. [...] I will not shy away from building consensus on banking union [...].”

“[...] if you were to trust in me [...] I can – with you, [...] deliver on banking union and indeed make progress on the capital markets union as well.”

“[...] my priority is that banking union and capital markets union go hand-in-hand [...], and I will [...] do my best to advance these areas in a structured way, working with this committee.”

### European Deposit Insurance Scheme (EDIS)

“Agreement on [...] a European deposit insurance scheme (EDIS) is essential. I will work with this Committee and Member States to find a way forward.”

“[...] we need to focus on areas where we have broad support. In that regard, [...] as a priority during my tenure, [...] the work of the Commission will focus on bringing forward a review of the crisis management and deposit insurance framework [...].”

### European Stability Mechanism (ESM) reform

“[...] in the short term, my focus will be on finalising the ESM reform package [...]. It is well advanced and it’s ready for closure and this includes the common backstop [...] to the Single Resolution Fund (SRF).”

“Agreement on the common backstop to the Single Resolution Fund (SRF) [...] is essential. I will work with this Committee and Member States to find a way forward.”

### Non-performing loans (NPLs)

“[...] non-performing loans [...] will receive my highest attention.”

“[...] we do need to find a mechanism [...] to unburden banks with non-performing loans, with sufficient consumer protection when we do that [...].”

“[...] if we turn a blind eye to the problems of non-performing loans, we then have problems in banks [...] but [...] people and their homes should be protected. [...] you’ll have a champion in me on that issue.”

“[...] we cannot allow the bundling of people’s homes to be sold in a very inappropriate way. That the connection between the borrower and the lender should not be broken when, and if, loans are sold on.”

“[...] I would be absolutely opposed to [...] the bundling of mortgages that have got into trouble, [...] because [of] the pandemic [...].”

“[...] we are working on an action plan on NPLs, which will be coming later in the year. It is being worked on to

provide a collective response to what is happening in all our different Member States.”

“What works, if it’s done correctly and which should help the workers and families [...] is that the secondary [NPLs’] markets operate and are regulated, so that we know what’s going on. So my commitment [...] is that I would be very mindful of how these secondary markets operate.”

### Banks’ sovereign exposure

“We have to move ahead with all the other streams, and [...] the treatment of sovereign exposures, amongst other things.”

“[...] we need to look at what impact this has on the financial markets, and we have to work with the supervisors [...] to see if there is any merit in changing from the existing regime [...].”

## Capital Markets Union (CMU)

“I fully endorse the recently-launched capital markets union action plan, which outlines a very clear way forward. I hope we can make quick progress on the SME IPO fund, but we will also need to tackle some difficult issues.”

### Tackling the barriers of the flow of capital

“[...] we need to look very closely at where the blockages are when it comes to people borrowing across borders. [...] I can give you a commitment to look carefully at this issue [...].”

“[...] one of the [...] reasons we don’t have a strong capital market [...] is [...] fear that [people] will not get the right information and make poor investments. [...] we need to look at the impact of inducements [...]. If we don’t have the trust of citizens that when they invest they’re doing so with full information, then we can’t make progress at all. I think it’s a high priority for the Commission, and it certainly would be a high priority for me.”

“To break down barriers, we will also need to look at insolvency proceedings, withholding tax procedures and supervision.”

### Insolvency proceedings

“I think we can make very important progress towards greater convergence and to make insolvency processes more efficient. [...] But we need to be careful and consider whether we need a new law, or indeed some non-legislative initiatives in this area, [...] I don’t have a fixed mind about which is the best way - we need to look at the details. But we do want to avoid legal processes that just impede progress.”

## Withholding tax procedures

"I think it's important to address the disadvantages of cross-border investors and find the proposals in the CMU action plan to address these burdensome tax refund procedures, a very good way forward. It won't be very easy to do, but I think it's absolutely essential."

## SMEs access to finance

"[...] we should use everything, all efforts, towards giving support to SMEs, whether that is finance, but also advice, guidance and other measures that would help them access capital and markets."

"One of the initiatives [...] is to develop the SME IPO fund, and I think we need to do that."

"[...] what we want to do is to move from a greater reliance on banking finance towards a more balanced situation, so [...] I will do whatever I can to make sure it becomes a reality."

## Sustainable Finance

"I will prioritise a new action plan on sustainable finance, accelerate work on an EU green bond standard, eco labels, green, sustainable investments, and improved disclosure of climate and environmental data by companies, helping investors and industry identify sustainable projects."

"[...] We have a lot of work to follow up in on the green-bonds standard and [on] biodiversity, [...] you can count on me [...] to work hard in that direction."

"In relation to the Green Bond Standard, [...] there are three priorities [...] we need it strongly to follow and link with taxonomy, [...] we would want to be market leaders in this, [...] and we would also want to make sure that if you claim to be a Green Bond, that there is verification."

"[...] we no longer can have a situation where a company or a country makes a claim [...], but behind it there is no verification [...]. [...] we have [...] to work quickly but cautiously [...]. I am fully committed to do that."

"[...] sustainability isn't just environment or green, [...] we have to see inclusive society, which is about social sustainability. [...] I support the concept behind a more socially inclusive Europe and that requires a more socially inclusive financial system."

## FinTech Strategy and cryptocurrencies

"We need to tackle fragmentation in the single market for digital financial services and strive for a European financial data space to promote innovation."

"[On] cryptocurrencies, we really need to work collectively – Commission, Parliament and Council – to do the right thing for a future which [...] will bring [...] opportunities but [...] risks as well."

"Cryptocurrencies [...] can hide financial fraud. [...] these entities have to be subject to financial supervision."

"We will look carefully at what comes out of [...] the investigations around Wirecard and act accordingly."

## Comprehensive approach to fighting money laundering

"Money laundering is part of a criminal chain of activity that wreaks havoc on our society [...] I [...] will continue to work towards a legislative package next year, taking into account this Parliament's resolution in July. We need a single EU rulebook, one that's not overseen just by national supervisors but by a very strong, independent EU anti-money-laundering supervisor. And we need enhanced cooperation between financial intelligence units."

"What I will commit to you is a strong architecture with overall European-level supervision. We will have the national, but we will also have the European."

"The central regulator, supervisor role, would also in my view take control of very risky areas of banking that need central supervision. [...] a central control is vital with linked financial units across our Members States."

"In terms of the instruments to use. I am very open on that. Sometimes if we want absolute clarity we go for a regulation, but we haven't come to a final decision [...]."

"The fact that [...] money laundering persists [...] means that we do need to have sanctions. I will look at this in more detail. [...] but the punishment needs to fit the crime."

"So, what do we do about poor implementation [of anti-money laundering legislation]? [...] I think it's really important that the Commission does work much tougher on this. [...] So I will look at where there are infringement proceedings, I will look at where I think there should be and I can give you that commitment because it is really, really, an area of huge concern [...]."

## Extraterritorial sanctions

"[...] I will look at ways to defend ourselves from unwarranted extraterritorial effects on our interests of sanctions adopted by others and will work on our ability to impose sanctions."

## Risks to financial stability

### Recovery from the COVID-19 pandemic

"[...] we need a strong banking union and a strong capital markets union. [...] and I think that COVID-19 propels us to take brave steps now [...]. For financial stability I think it's important that we move ahead."

"[On] Basel III [implementation] there is a one-year delay – rightly so, because of countries dealing with COVID-19 [...]. I can give you assurances that there will also be an impact assessment, and it will take into account the impact of COVID-19 on banks' financial situation. [...] I think that implementing Basel III in the way that I've mentioned respects our commitments to the process. We will also be very conscious of respecting the fact that the European banking system has a very different structure. So it will be done in a very appropriate way."

"[...] when it comes to shadow banking, we just have to be really mindful of these risks, as [...] that might shift from banks to non-banking sector and [...] review our regulations, our control mechanisms to make sure that they are fit for purpose [...]."

### Brexit

"[...] I want to make sure that we have a strong European financial system, and that the services that underpin our financial stability are under our rules and our supervision."

"[...] we certainly will not take risks with financial stability. I think it's also fair to say that we want a cooperative relationship with the United Kingdom, [...] but at the end of the day what I need to do, and the Commission collectively, is to make sure that we look after the interests of the European Union."

"In my view we need to take a precautionary approach, I think we need to build up our own infrastructure because, [...] we do not know what the intention of the United Kingdom is, particularly on financial services, but we do know they plan to diverge."

"[...] unless and until we get clear answers from the United Kingdom about their intentions, whether they intend to deregulate or [...] to diverge slightly or significantly, then we have to be open as to how we respond."

### Other relevant issues

#### Gender balance

"I also think we need to work with colleges and financial institutions and networks effectively to make sure that

women and men – but in terms of the balance in the financial sector we need to look at more women – are pointed in the direction, that they have the skill set."

#### European commitment and personal independence

"I'm going to be very, very clear on this. If I am approved by this committee, I will be a European Commissioner, defending the European interests, and that's absolutely essential to stress. Commissioners take an oath to leave their national hats at the door. I don't wear one, but I certainly will leave my national hat at the door when we take office."

#### Taxation

"As a European Commissioner, I can absolutely confirm that I would take a Community approach to taxation."

"[Regarding] country-by-country reporting [...] I believe very strongly in it [...]. We need to move in that direction. [...] We want this to proceed. [...] we have to try very hard. [...] I'm on Parliament's side on this. It's a good initiative. It needs to be done. I hope we can unlock it."

"[...] I would support the work on the financial transaction tax [FTT]. [...] we work and will continue to work on the FTT, see if we can do it in a way that brings in the revenue and also that works not against the financial interests of the European Union in terms of the global financial situation."

"On tax generally [...] work is going on at OECD level. I [...] would like that we do this globally, so that there is a move around [...] taxation of companies in a way that they pay their fair share of tax – and it is transparent. If it doesn't deliver, if the OECD process becomes bogged down in politics, then the European Commission will come forward with taxation proposals, and I support that."

"[...] my commitment to you is that I would strongly support the College's efforts to promote fair, simple and sustainable taxation in line with the Commission's package of July."

**Disclaimer and copyright.** The opinions expressed in this document are the sole responsibility of the authors and do not necessarily represent the official position of the European Parliament. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. The English-language quotes included in this document are based on the [verbatim](#) of the hearings, made available a posteriori. © European Union, 2020.

Manuscript completed: October 2020; Date of publication: October 2020  
Administrators responsible: Radostina PARENTI, Cristina DIAS, Kristina GRIGAITE, Rebecca SEGALL; Editorial assistant: Janetta CUJKOVA  
Contact(s): [poldep-economy-science@ep.europa.eu](mailto:poldep-economy-science@ep.europa.eu) ; [egov@ep.europa.eu](mailto:egov@ep.europa.eu)

This document is available on the internet at: [www.europarl.europa.eu/supporting-analyses](http://www.europarl.europa.eu/supporting-analyses)

IP/A/ECON/2020-44

PDF ISBN 978-92-846-7205-9 | doi:10.2861/51814 | QA-03-20-612-EN-N