

Financial Supervision in Europe

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Scope

The organizational structure of external financial supervision in Europe of insurance companies, pension funds and banks has two dimensions. The first dimension is a decentralized system in which each country has its own national supervisor versus a centralized system on a European level. The second dimension is sectoral versus cross-sector supervision (functional or integrated supervision) of banks, insurance companies and pension funds.

Research Goals

This project explores whether the increased international integration of financial markets in Europe calls for more coordination between national supervisors, perhaps ultimately leading to a single European supervisor. It also investigates what are the lessons of bank supervision for the supervision of insurance companies and pension funds.

In this connection, the project analyzes the relationship between monetary policy and supervision of banks, insurers and pension funds. Indeed, stability of the financial sector is important for monetary authorities, as monetary and financial sector stability are closely connected. History provides many examples where problems in the financial sector led to monetary instability. If various banks, insurers or pension funds experience serious financial problems, this could lead to a serious recession.

Finally, the necessary degree of external supervision of pension funds is related to internal supervision of pension funds. This project will explore the desirability of reform of pension governance with different roles for the various stakeholders (including different generations).