

# Finance Watch

## Presentation, funding and membership

April 9<sup>th</sup> 2011

# Context and objectives

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- Finance Watch was initiated by a call launched in June 2010 by Members of the European Parliament emanating from five different political groups. 88 Members of the European Parliament have now signed this call and are therefore supporting Finance Watch
- In the context of the financial crisis that has developed since 2007 and of the intensive lobbying activity deployed by the financial industry, the objective of Finance Watch is to strengthen the capacity of voices not representing the financial industry to be heard in the public debate over financial matters and to influence the decision making process on issues related to the regulation of the financial industry and of financial activity
- Finance Watch is founded on the conviction that society needs to supervise financial institutions and financial activity and that the democratic principles of our societies require a system of checks and balances between the various economic actors

# Objective

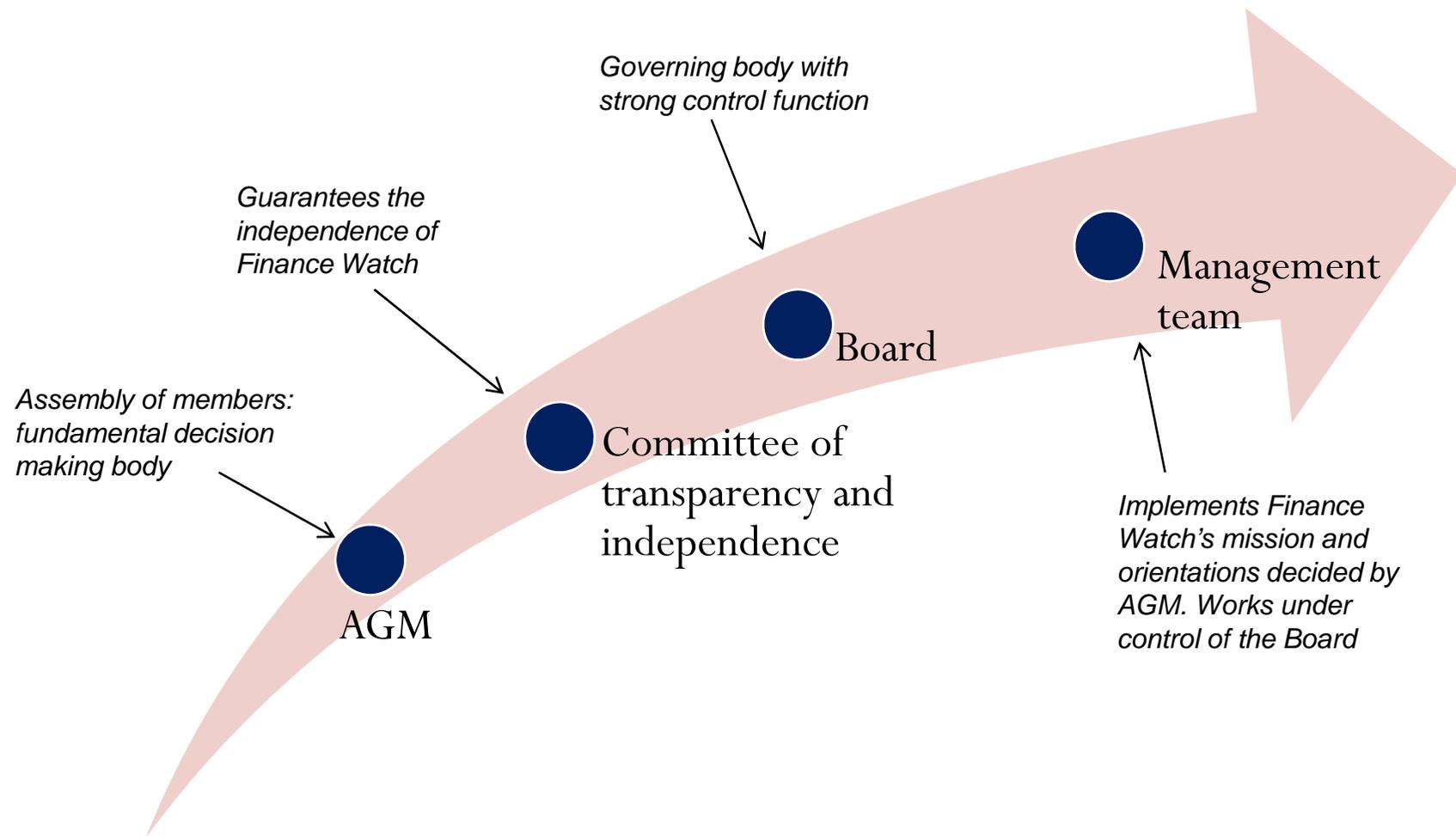
- Finance Watch's action will be founded on two pillars:
  - Expertise production and expertise sharing with its members
  - Advocacy organised along a communication axis and a lobbying axis
- Field of intervention:
  - Fields of expertise: finance, functioning of the financial industry, financial markets, market infrastructures, financial sector activities and products, regulatory capital and prudential issues, economic impact of financial issues and of financial industry organisation, regulation related to financial, banking, asset management and insurance issues
  - Targets of communication work: press, general and specialized media, forums and conferences
  - Targets of lobbying work: European Commission, European Parliament, Council of the Ministers or the European Council, European, national and international regulators (e.g. ESMA, EBA, EIOPA, Bank for International Settlements / Basle Committee, European Central Bank...)

# Governance

# Finance Watch's governance

- Two types of members:
  - Organisations not representing the financial industry: mainly trade unions, nongovernmental organisations, consumer organisations, retail investor organisations or research institutions not representing banking interests
  - Qualified members: individuals with a special knowledge or experience of finance, financial regulation or advocacy
- Annual General Meeting (AGM) electing the Board and giving the orientations of Finance Watch for the year within the framework of its mission statement
- Committee of transparency and independence approved by AGM upon proposal from the Board and assuming the following missions:
  - Agreeing members (whether organisations or qualified members) on the basis of their qualification and the absence of conflict of interest
  - Agreeing the sources of funding to ensure Finance Watch's independence
- Board elected by the AGM for three years:
  - 7 members with a majority of seats (4 out of 7) to organisations and the other seats (3) to qualified members
  - Chair of the Board elected by fellow Board members
- Secretary General appointed and revocable by the Board
  - Manages Finance Watch
  - Responsible for expertise produced and advocacy positions taken

# Finance Watch's governance



# Finance Watch's non member status

- Non member status will be attributed to categories of persons who will have a special relationship with Finance Watch without being members and therefore without participating to its AGM or to its governance structure
  - “Friend of Finance Watch”: this status will be offered to private individuals. It will entitle private individuals to stay informed of actions taking place by receiving a newsletter (format to be determined). Individuals will also be encouraged to contribute to Finance Watch's funding through donations
  - “Supporter of Finance Watch”: this status will be created for Members of the European Parliament who wish to send a public signal that they are supporting Finance Watch. This status will imply no funding, no fee and no membership. MEPs having declared themselves as a “supporter of Finance Watch” will be entitled to participate to the “MEP liaison Committee” (see page 18)

# Finance Watch's transparency and accountability commitment

- The Committee of transparency and independence will be responsible for vetting members and funding in order to guarantee the independence and the absence of conflicts of interests of Finance Watch. If the Board decides not to follow a recommendation made by the Committee, a qualified (5/7) majority will be necessary and a written justification of the decision will be published.
- Funding:
  - Funding from the banking or financial industry will not be accepted
  - Origin of funds raised will be made public
- Governance:
  - Members of the Board and of the various committees will disclose their affiliations to and memberships in any other organisations or companies
  - Minutes and voting results of the AGMs will be published
- Operations:
  - Finance Watch will sign up to the EP and any future EU lobby register
  - Finance Watch will keep a register of contacts and make it public

# Operational organisation

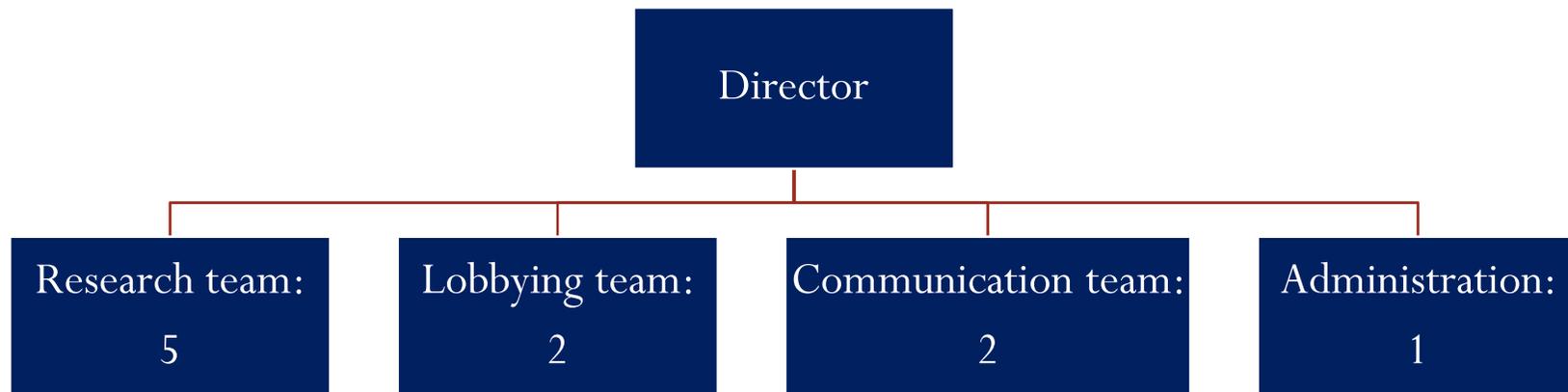
# Main organisation principles

- Work done by staff of a dozen professionals
- Expertise produced in cooperation with members and shared systematically with them
- Advocacy positions built after exchange of views with members. Systematic a priori information of members on advocacy positions taken
- Autonomy of Finance Watch's management team to take positions, release research reports and communicate publicly without seeking approval from its members but within the framework given by its mission statement, following the orientations given by the AGM and after a systematic consultation of members (cf. point above and charts pages 16 and 17)

# Finance Watch's operations

- Expertise production and advocacy work will cover the texts on the agenda of EU institutions (reactivity work stream) and the fundamental issues of the financial industry (pro-activity work stream decided by AGM)
- Expertise produced will take the form of:
  - Answering European Commission's and other Institutions' consultations
  - Detailed analysis of texts on the agenda of European institutions
  - Production of amendment proposals and their justifications for texts going through the European Parliament
  - Research and production of advocacy arguments on issues decided in the pro-activity work stream
  - Publications and newsletters in paper and electronic format, when possible in collaboration with members
- Lobbying work will target legislators and regulators with the objective of translating Finance Watch's founding principles into concrete implementable measures
- Communication work will target the press, media and specialized forums

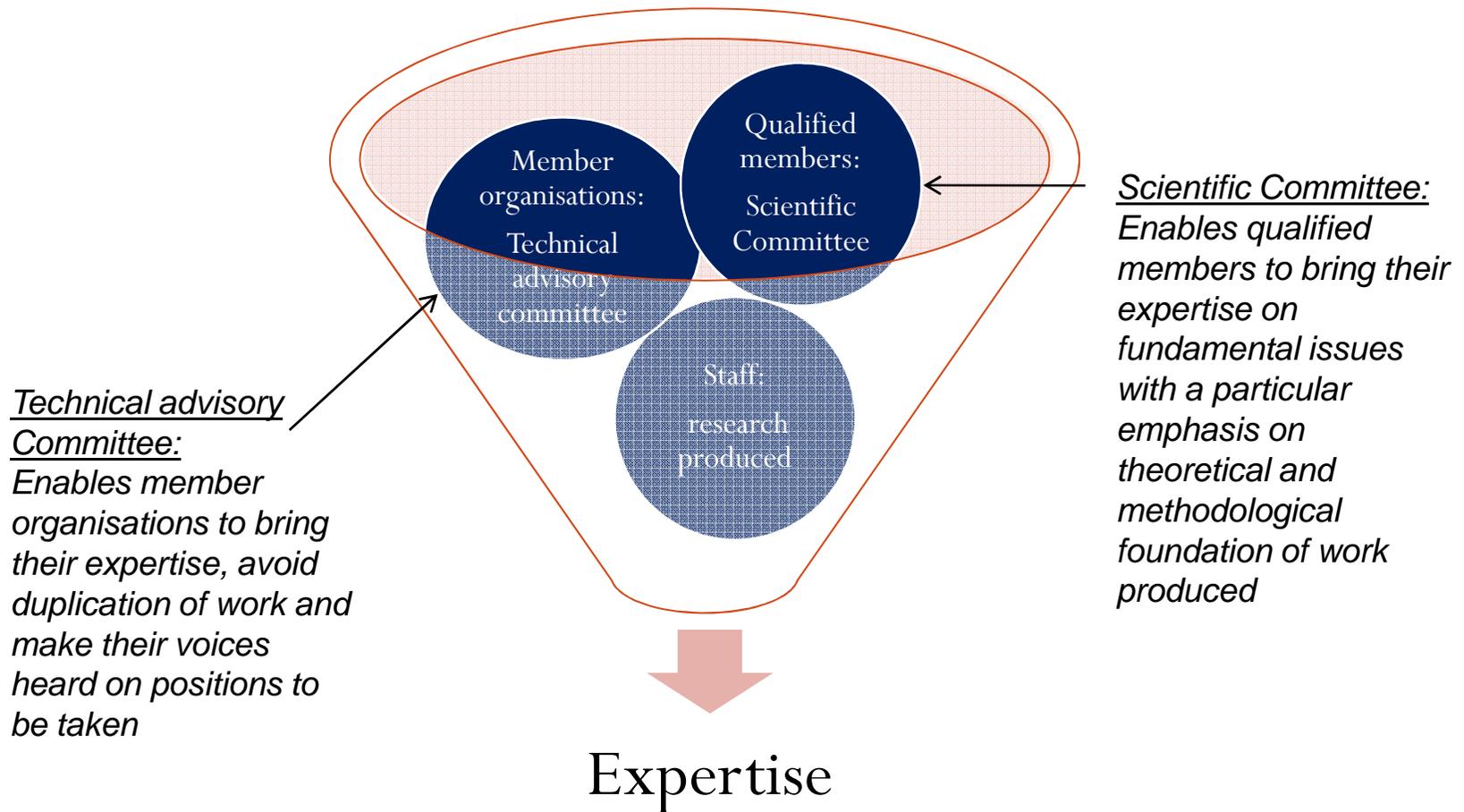
# Finance Watch's team



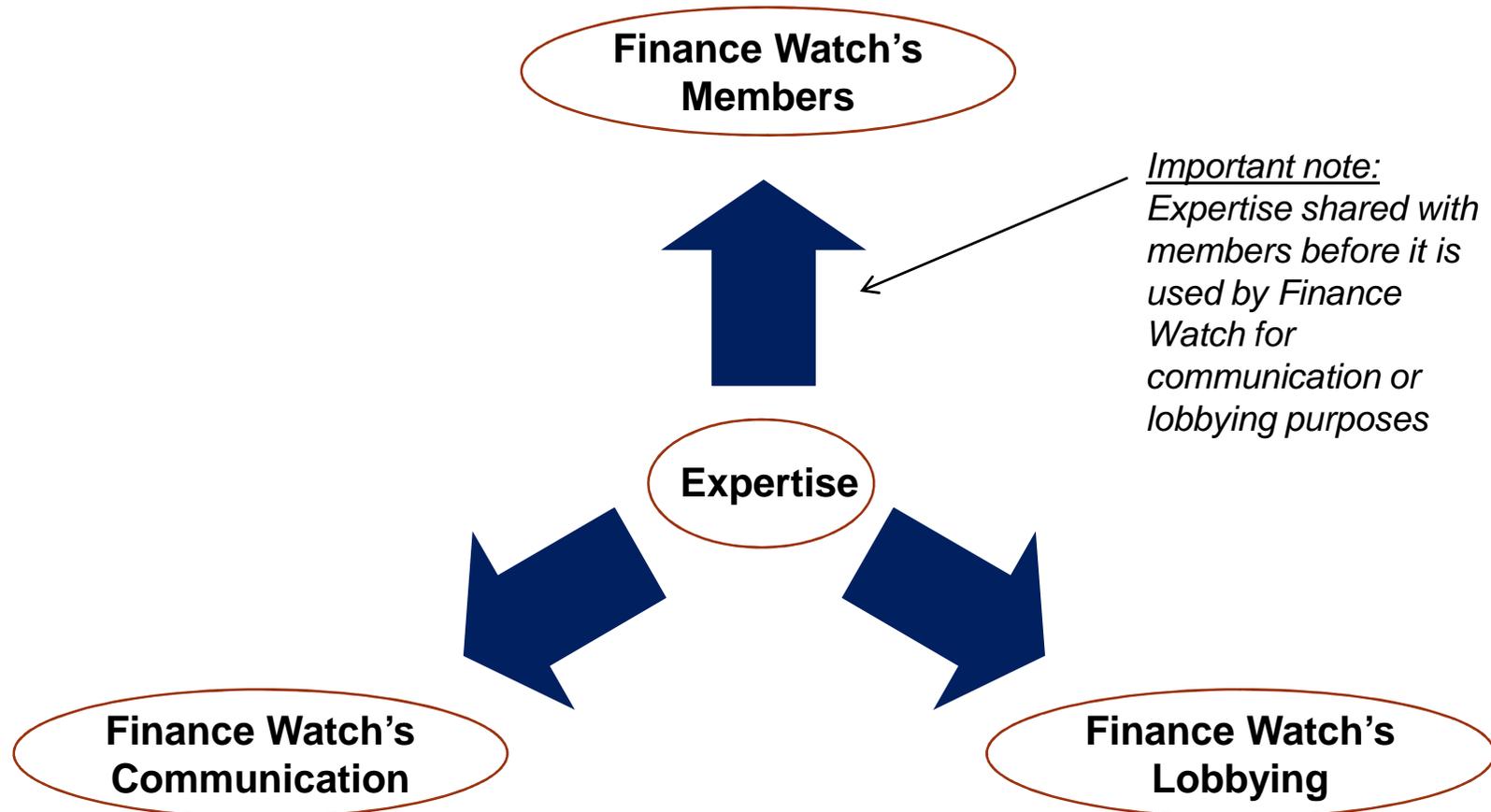
# Production of expertise

- Finance Watch's production of expertise will be the result of a process involving Member organisations through the technical advisory Committee, qualified members through the scientific Committee and Finance Watch's staff:
  - The **technical advisory Committee** will bring together member organisations and Finance Watch's staff with a view of coordinating positions, avoiding duplication of work and sharing existing expertise
  - The **scientific Committee** will bring together qualified members (with a particular emphasis on academics) and Finance Watch's staff with a view of founding Finance Watch's expertise on a strong methodological, theoretical and conceptual ground

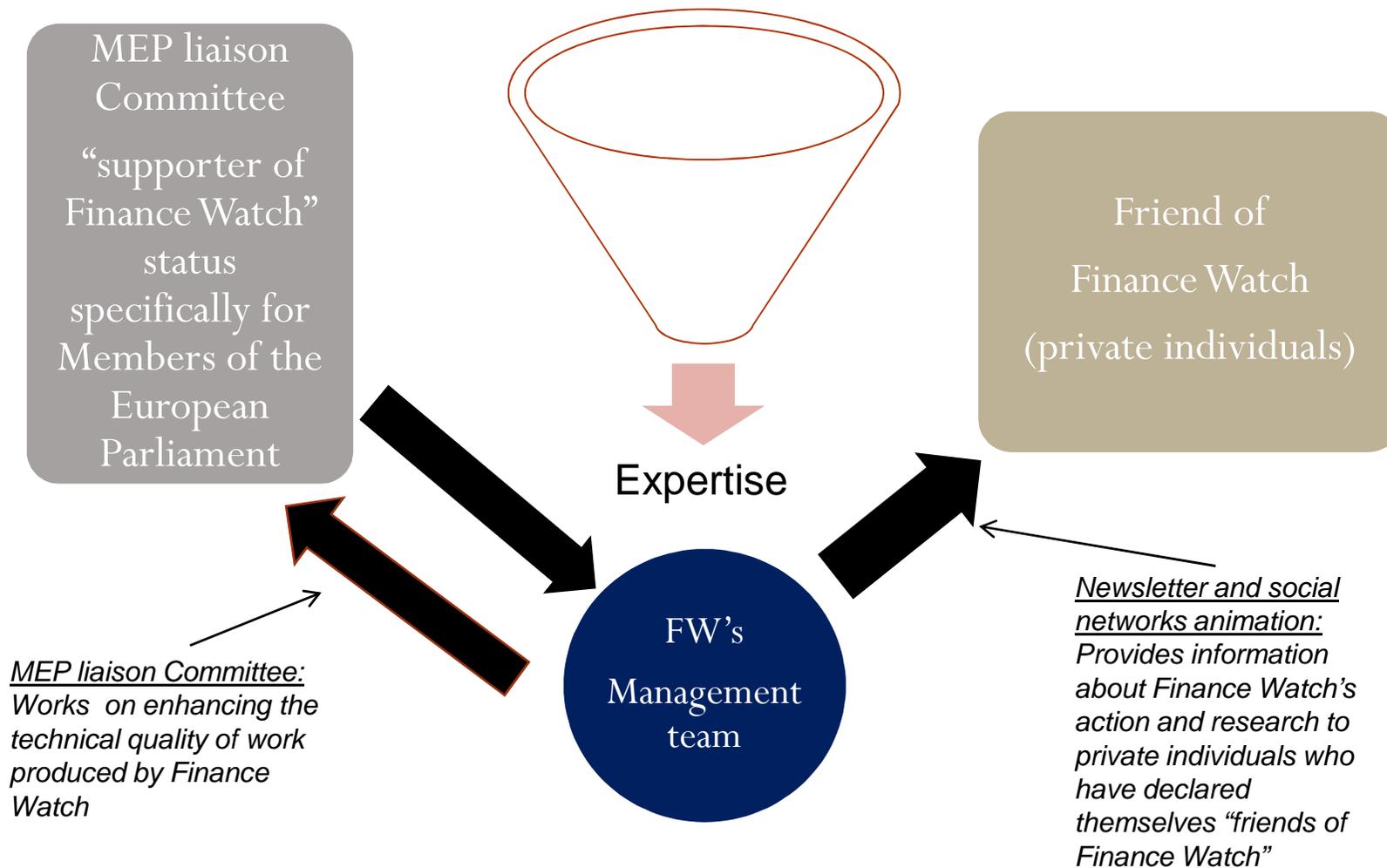
# Production of expertise



# Use of expertise produced



# Relationship with non members



# Legal structure and funding

# Legal structure and funding

- Finance Watch to be created as an “Association Internationale sans But Lucratif” (AISBL) under Belgian law
- Annual budget : € 2 million
- Discussions held with the European Commission for funding of € 1 million per annum
- Discussions held with foundations, independent grant-making bodies and private individuals with the objective of raising the remaining € 1 million per annum funding
- Unconditional nature of funding contributions
- Funding sources will be vetted by the Committee of transparency and independence and approved by the Board to ensure absence of conflict of interest and guarantee the independence of Finance Watch’s action
- Sources of funding to be disclosed publicly

# Annexes:

1. **Founding principles**
2. **Consultation process**
3. **Founding membership**
4. **Road map**

# Annex 1: founding principles

- Finance Watch believes that the financial industry serves the important purpose of allocating capital and providing financial services to society and that this purpose has strong general interest implications.
- Finance Watch believes that the role of the financial system of intermediation, allocation and transfer of capital to productive use is fundamental.
- Finance Watch believes that the development of a sustainable economy requires capital to be allocated with a long term view and in a transparent manner to the real economy.
- Finance Watch believes that the purpose of finance is to serve the economic world and that society should never find itself faced with an inversion of priorities where the real economy becomes the servant of finance as such an inversion of priorities is destructive of economic and social structures.
- Finance Watch believes that, if being profitable is a legitimate objective for financial institutions and a necessary condition of their sustainability, the pursuit of profits should not be conducted to the detriment of the general interest of society.
- Finance Watch believes that the transfer of credit risk to society at large is not acceptable.
- The overall objective of Finance Watch can be defined as a state where the financial industry is organised in such a manner that the need of society and of the real economy to have access to capital and to financial services is fulfilled in a sustainable, equitable and transparent way and where non-productive use of capital has been banished.

## Annex 2: summary of consultation process

- Call for a Finance Watch initiated by 22 Members of the European Parliament in June 2010, now signed 88 MEPs from five different political groups and close to 200 elected officials in Europe
- Two large meetings held in Paris and Brussels in September
- Project management mission started in December
- Since the start of project management mission:
  - over 100 one-to-one meetings held throughout Europe
  - two large meetings held in Berlin (January 14), and in Brussels (February 3<sup>rd</sup>)
  - one written consultation of potential members
  - two draft sets of terms of reference sent on January 19<sup>th</sup> and February 1<sup>st</sup>
  - final terms of reference sent on February 22<sup>nd</sup>
- Very strong interest throughout Europe for Finance Watch

# Annex 3: founding membership

<b>List of organisations joining Finance Watch as initial members (9th April 2011)</b>	<b>Web site</b>
<b>Notes:</b>	
<i>1) It is expected that more organisations will be joining before the first AGM to be held in June</i>	
<i>2) The list of initial qualified members will be released during the month of May</i>	
Anticor	<a href="http://www.anticor.org">www.anticor.org</a>
Attac France	<a href="http://www.france.attac.org">www.france.attac.org</a>
Bureau Européen des Unions de Consommateurs (BEUC)	<a href="http://www.beuc.eu">www.beuc.eu</a>
CCFD-Terre Solidaire	<a href="http://www.ccfid-terresolidaire.org">www.ccfid-terresolidaire.org</a>
CECODHAS Housing Europe	<a href="http://www.housingeurope.eu">www.housingeurope.eu</a>
European Federation of Investors (EuroInvesotrs)	<a href="http://www.euroinvestors.org">www.euroinvestors.org</a>
European Trade Union Confederation (ETUC)	<a href="http://www.etuc.org">www.etuc.org</a>
Fédération CFTD des Banques et Assurances	<a href="http://www.banques.cftd.fr">www.banques.cftd.fr</a>
Fédération des Associations Indépendantes de Défense des Epargnants pour la Retraite (Faider)	<a href="http://www.faider.fr">www.faider.fr</a>
Friends of the Earth Europe	<a href="http://www.foeeurope.org">www.foeeurope.org</a>
Institut pour le Développement de l'information économique et sociale (IDIES)	<a href="http://www.idies.org">www.idies.org</a>
Institut Veblen pour les réformes économiques	<a href="http://www.veblen-institute.org">www.veblen-institute.org</a>
new economics foundation (nef)	<a href="http://www.neweconomics.org">www.neweconomics.org</a>
Nordic Financial Unions (NFU)	<a href="http://www.nordicfinancialunions.org">www.nordicfinancialunions.org</a>
Observatoire de la Finance	<a href="http://www.obsfin.ch">www.obsfin.ch</a>
Ökosoziales Forum Europa	<a href="http://www.oekosozial.at">www.oekosozial.at</a>
Oxfam	<a href="http://www.oxfam.org">www.oxfam.org</a>
Réseau Financement Alternatif	<a href="http://www.financite.be/rfa,fr,57.html">www.financite.be/rfa,fr,57.html</a>
Rosa Luxemburg Stiftung, Brussels Office	<a href="http://www.rosalux-europa.info">www.rosalux-europa.info</a>
Secours Catholique-réseau mondial Caritas Paris	<a href="http://www.secours-catholique.org">www.secours-catholique.org</a>
Sherpa	<a href="http://www.asso-sherpa.org">www.asso-sherpa.org</a>
Sofi	<a href="http://www.sofi.be">www.sofi.be</a>
Solidar	<a href="http://www.solidar.org">www.solidar.org</a>
Stichting Onderzoek Multinationale Ondernemingen (SOMO)	<a href="http://www.somo.nl">www.somo.nl</a>
Tax Justice Network International Secretariat	<a href="http://www.taxjustice.net">www.taxjustice.net</a>
Transparency International - EU Office (TI-EU)	<a href="http://www.transparencyinternational.eu">www.transparencyinternational.eu</a>
UNI Europa	<a href="http://www.uni-europa.org">www.uni-europa.org</a>
Weltwirtschaft, Ökologie & Entwicklung (WEED)	<a href="http://www.weed-online.org">www.weed-online.org</a>
World Development Movement	<a href="http://www.wdm.org.uk">www.wdm.org.uk</a>

## Annex 4: road map

- April / May: Finance Watch being created as an “Association Internationale Sans But Lucratif” (AISBL) under Belgian law
- “Arrêté royal de reconnaissance” of AISBL expected at the end of May
- June:
  - first AGM held, Board elected, Committee of transparency and independence appointed
  - first Board meeting, Secretary General appointed
- July (subject to funding):
  - Office opened
  - Start of staff recruitment
  - Start of administration and support functions
- During the summer: start of operations, subject to funding