



Finance Watch

2020

# Resilient 10 years on

Annual report 2020

finance-watch.org





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# LETTER FROM THE SECRETARY GENERAL



## Dear Friends and Members,

Thanks for your help and support during 2020, which was an unprecedented year for Finance Watch on many fronts.

Firstly, the Finance Watch community has persevered through Covid-19. Despite the challenges of lockdowns, travel restrictions and health scares, Finance Watch remains focused on its mission - the need to build back better in the aftermath of the Covid crisis and to deliver urgent reforms to the financial system.

Secondly, Finance Watch reached its 10-year anniversary. Since its founding, it has grown into a full-fledged association with 17 experts on staff and more than 100 members in 20 countries. Our funding base has diversified and widened, with backing from members, the European Union, foundations, as well as the generosity of people who share our vision, mission and efforts done through our programs.

Finance Watch remained on the front foot, achieving the following:

- Publishing 11 reports and responding to 16 consultations. These outputs cover its three main policy areas, financial stability, sustainable finance and financial inclusion & retail financial services.
- Met with policymakers from the European Commission, Parliament, Council and representatives of Member States in Brussels to discuss proposals and replied to many requests for advice, which led to specific analysis and contributions to ongoing files.
- On top of regular coordination with Members and the Change Finance coalition, Finance Watch focused on maintaining and strengthening its synergies with civil society networks based in Germany, France, Spain and Italy, but also at international level.
- Expanding our European network which provides a solid base for campaigning. Our membership has grown by 12.5% in one year.

We closed out a tumultuous 2020 driven to tackle the pressing challenges ahead. We developed our

capacity, bringing new expertise on insurance, sustainable finance, prudential and fiscal policy, while also enhancing our media and communications resources. As glimmers of hope emerge to move us out of the pandemic, we must ensure we don't rush back to normal, as this is a recipe for creating the next crisis. Instead, we should rebuild resilience in all areas of our social and economic system. This includes transforming the financial system from master to servant, from an obsession to amass short-term profit to a patient, diligent enabler of a sustainable future.

As we power forward in 2021, we remain steadfast 10 years on in our purpose to prevent crisis, and ensure Europe prepares for the challenges ahead. To tackle them, we rely on members, funders and friends to help us.

We remain grateful for your continued support.

**Benoît Lallemand**  
Secretary General

# HOW FINANCE WATCH WORKS

*Finance Watch is a European non-governmental membership organisation, supported by a permanent secretariat. The organisation was founded in 2011 and is registered in Belgium as an Association Internationale Sans But Lucratif (AISBL, Non-Profit Association).*

## MISSION



Making finance serve society by putting the public interest at the heart of financial regulation.

## VISION



A reformed financial system that creates and allocates capital for productive, as well as socially and environmentally sustainable uses through fair and open markets, in a transparent and sustainable manner in line with needs expressed by society and without exploiting or endangering society at large.

## MEMBERS



Include non-profit organisations and expert individuals from Europe. Members can have either full membership (voting) or associate membership (non-voting). Finance Watch's General Assembly of members meets at least once a year to debate and approve association priorities, budget and accounts, to elect the Board of Directors. The Committee of Transparency and Independence (CTI) reviews new donors and membership applications, which safeguards Finance Watch's independence from the financial industry and political parties.

## FUNDING



Comes entirely from its members, philanthropic foundations, public donations, and the EU. A complete breakdown of funding is provided in the budget section at the end of this report.

## TEAM



Mainly drawing from the financial and policy sectors, staff bring strong communications and stakeholder engagement expertise. It comprises both Brussels-based full-time staff and outside consultants. The team advocates at the European level and provides technical know-how and coordination for its civil society network. Finance Watch staff helps coordinate members' networks in Germany, France, Spain and Italy.

Members receive advice and intelligence to help their advocacy efforts, as well as invitations to attend association events, meet with policymakers, and work on common campaigns. Finance Watch also seeks input from members on policy dossiers and campaigns. Together, Finance Watch and its members act as a counterweight to the financial sector lobby.

## REPRESENTING PUBLIC INTEREST



Finance Watch represents civil society and the public interest in a number of the stakeholder groups that policymakers and supervisors set up for technical advice. Finance Watch was in 2020 member of the following European expert groups:

- European Commission Technical Expert Group on Sustainable Finance (TEG)
- European Commission Platform on Sustainable Finance
- European Commission Support to Circular Economy Financing Expert Group
- European Commission Financial Services User Group (FSUG)
- European Banking Authority (EBA) Banking Stakeholder Group
- European Securities and Markets Authority (ESMA) Securities and Markets Stakeholders Group
- European Securities and Markets Authority (ESMA) Financial Innovation Standing Committee
- European Insurance and Occupational Pensions Authority (EIOPA) Insurance and Reinsurance Stakeholder Group
- European Insurance and Occupational Pensions Authority (EIOPA) Consultative Expert Group on Digital Ethics

# MEMBERSHIP

*Finance Watch welcomed 12 new members in 2020 – four individual experts and eight organisations – bringing association membership to 109. They represent 20 European countries: Austria, Belgium, Bulgaria, Czech Republic, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, United Kingdom and Finland.*

*The Finance Watch membership comprises 66 organisations and 43 individual experts, of which 75 are full members and 34 are associate members (\*).*

## AUSTRIA / 3

- > ASB Schuldnerberatungen\*
- > Austrian Federal Chamber of Labour Belgium (AK Europa)
- > BfG Eigentümer/-innen- und Verwaltungsgenossenschaft eG – joined in 2020

## BELGIUM / 8

- > Centre d'Appui des Services de Médiation de dettes de la Région de Bruxelles-Capitale\*
- > Centrale Nationale des Employés (CNE)
- > Confederation of Christian Trade Unions of Belgium\* – joined in 2020
- > Financité
- > Greg Van Elsen – joined in 2020
- > Rym Ayadi
- > Yves Mathieu\*
- > Robert Thys

## BULGARIA / 1

- > Iskra Christova-Balkanska\*

## CZECH REPUBLIC / 1

- > Poradna\*

## DENMARK / 1

- > Sandy Madar

## EUROPEAN UNION / 11

- > Families Europe (COFACE)\*
- > Bureau Européen des Unions de Consommateurs (BEUC)
- > European Trade Union Confederation (ETUC)
- > Heinrich Böll Stiftung – EU
- > Housing Europe
- > Oxfam International
- > Transparency International – EU Office (TI-EU)
- > UNI Europa
- > Positive Money EU\*
- > Age Platform\*
- > Greentervention\* – joined in 2020

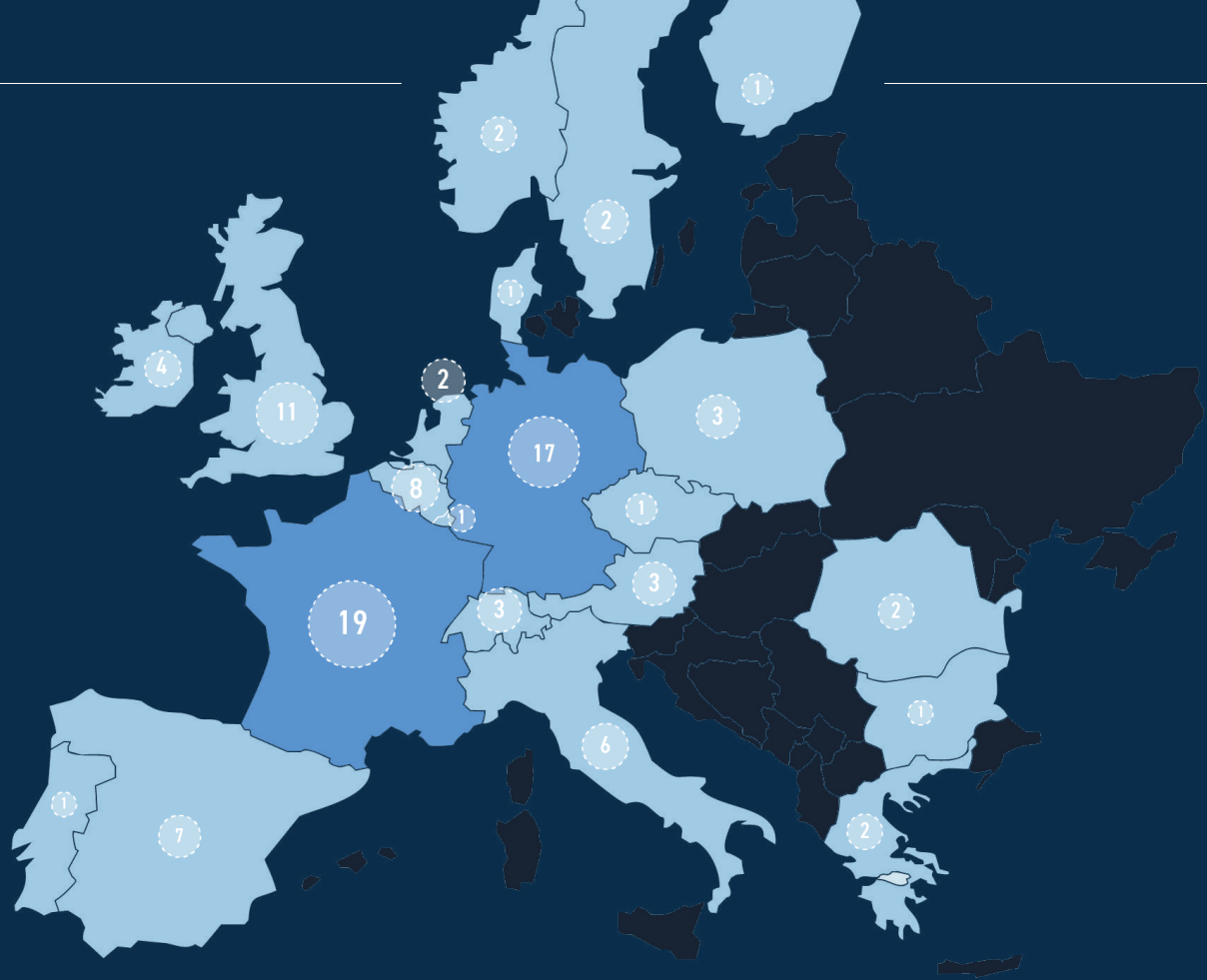
## FRANCE / 19

- > Attac France
- > Centre des Jeunes Dirigeants
- > Confédération Générale du Travail (CGT)
- > Fédération CFDT des Banques et Assurances
- > Fédération des métiers de la Finance et de la Banque/CFE-CGC (FFB CFE-CGC)
- > Fédération Européenne des Cadres des Établissements de Crédit (FECEC)
- > Fondation Crésus\*
- > Institut Veblen pour les réformes économiques
- > Les Economistes Atterrés\*
- > Secours Catholique - Caritas France
- > UNSA Banques et Assurances

- > Consommation, Logement et Cadre de Vie (CLCV)
- > Christian Chavagneux
- > Grégori Colin
- > Rainer Geiger
- > Dominique Perrut
- > Laurence Scialom
- > Yamina Tadjeddine\*
- > Jean Hetzel

## GERMANY / 17

- > Deutscher Gewerkschaftsbund (DGB)
- > Dezernat Zukunft e.V.\* – joined in 2020
- > MONNETA
- > SÜDWIND e.V. - Institut für Ökonomie und Ökumene
- > Vereinte Dienstleistungsgewerkschaft (VERDI)
- > Verbraucherzentrale Bundesverband (vzbv)
- > Weltwirtschaft Ökologie & Entwicklung (WEED)
- > Finanzwende
- > Stefan Calvi
- > Markus Duscha
- > Ingrid Groessl
- > Christian Kellermann
- > Rainer Lenz
- > Udo Philipp
- > Suleika Reiners
- > Hans-Joachim Schwabe
- > Nadine Strauss



#### **GREECE / 2**

- > EKPIZO\*
- > Union of Working Consumers of Greece (EEKE)\*

#### **INTERNATIONAL / 1**

- > International Movement for Monetary Reform (IMMR)\*

#### **IRELAND / 4**

- > Centre for Co-operative Studies - University College Cork (UCC)\*
- > Citizens Information Board – joined in 2020
- > Money Advice and Budgeting Service (Dublin South) – joined in 2020
- > Stuart Stamp\*

#### **ITALY / 6**

- > FABI
- > FIRST Cisl
- > FISAC CGIL
- > Fondazione Finanza Etica
- > Movimento Difesa del Cittadino (MDC)
- > Marcella Corsi\*

#### **LUXEMBOURG / 1**

- > Jean-Benoit Laithier\* – joined in 2020

#### **NETHERLANDS / 2**

- > Stichting Onderzoek Multinationale Ondernemingen (SOMO)
- > National Institute for Family Finance Information (NIBUD)\*

#### **NORWAY / 2**

- > Norwegian Confederation of Trade Unions (LO.NO)
- > National Institute for Consumer Research (SIFO)\*

#### **POLAND / 3**

- > Krzysztof Grabowski
- > Maria Aluchna
- > Marta Götz

#### **PORTUGAL / 1**

- > Catarina Frade\* – joined in 2020

#### **ROMANIA / 2**

- > Monica Calu
- > CREDERE\*

#### **SPAIN / 7**

- > Asociación de Usuarios Financieros (ASUFIN)
- > Asociación de Comunidades Autofinanciadas (ACAF)\*
- > Confederación Sindical de Comisiones Obreras – joined in 2020
- > revo Prosperidad Sostenible\*
- > Novact\*
- > Observatori del Deute en la Globalització (ODG)\*
- > Fundación Finanzas Éticas

#### **SWEDEN / 2**

- > Nordic Financial Unions (NFU)
- > Fredrik Tjulander\*

#### **SWITZERLAND / 3**

- > Bärbel Bohr
- > Marc Chesney
- > Michel Santi

#### **UNITED KINGDOM / 11**

- > Green Economy Coalition – joined in 2020
- > New Economics Foundation (NEF)
- > Positive Money
- > Freyja Theaker – joined in 2020
- > Jay Cullen
- > Nicholas Dorn
- > Deepa Govindarajan Driver
- > Stephany Griffith-Jones
- > Paul A. Jones\*
- > Thomas Lines
- > Donald MacKenzie

#### **FINLAND / 1**

- > Richard Ahlström\*

#### **OTHER**

Finance Watch said “thank you” to Consumentenbond from the Netherlands

# FINANCE WATCH: A DECADE OF SERVICE

*When the financial crisis of 2007-2008 hit Europe, its citizens needed to understand how such a situation could have happened and ensure that it would never repeat. While the pushback from the powerful, well-armed Brussels financial sector lobby was extremely influential, wider society – EU citizens – needed a strong voice calling for sweeping reforms.*

Finance Watch became that voice. A non-governmental organisation that conducts research and advocacy on financial regulation, it would tackle EU legislation that would transform the financial system to become more stable, resilient and responsive.

Founded in 2011 after a call by members of the European Parliament, the association built itself on a mission “to strengthen the voice of society in the reform of financial regulation by conducting advocacy and presenting public interest arguments to lawmakers and the public as a counterweight to the private interest lobbying of the financial industry.”

Finance Watch and its mission started officially on 28 April 2011, in an office room at the Porte de Namur in Brussels, when Finance Watch statutes were signed to become an association under Belgian law. The legal entity became on 30 June a living body, with 40 members gathering at the founding General Assembly Meeting. Ieke van den Burg (a former MEP) was appointed Chair of the Board of Directors, while Thierry Philipponnat (a former banker and Amnesty International executive in France)

became the Secretary General. He was followed in 2014 by Christophe Nijdam, a former banker and vocal critic of the sector since the crisis. Benoît Lallemand, one of the first recruits in September 2011, became Secretary General in January 2017. In 2019, Thierry Philipponnat returned to spearhead research and advocacy efforts.

Finance Watch made an impact from the start. It focused on many areas, including prudential rules such as the Capital Requirements Directive and Regulation (CRD IV-CRR), and was an active voice on the long-term financing agenda, well before ‘sustainable finance’ came of age. Now a leader in that space, while maintaining its focus on financial stability and retail financial services, Finance Watch has made financial inclusion a key pillar of its work and has entered the space of fiscal policy as a key component of a just and green post-Covid recovery.

As financial matters remain complex for non-experts, civil society still needs insight from Finance Watch. National Members, European networks and working groups continue to provide a forum for information

and expertise exchange. Finance Watch continues to welcome new civil society groups and experts who wish to lean into the policy debate and process.

In 2021, the Finance Watch community sees its 10-year anniversary as **a chance to renew its commitment to deliver a non-partisan voice with sensible, well-crafted policy solutions to help policymakers and stakeholders build a safe, sound and purposeful financial system that serves society.**





# LOOKING FORWARD: STRATEGIC GOALS FOR 2021 TO 2024

*Driven by a mission to ensure that citizens' interests are represented in key EU policymaking, Finance Watch's vision for the financial system shapes the policy debate and policymaking agenda. Through that process, Finance Watch bolsters civil society groups to speak up on financial reform.*

Finance Watch has set four strategic goals for 2021-2024

## Goal 1: Shaping the agenda

by placing the main elements of Finance Watch's vision for the financial system in the EU policy debate.

Areas of focus include:

- reforming prudential regulation to account for climate-related risks
- steering the reform of EU fiscal and economic governance rules to enable a new framework that enables social and environmental resilience
- promoting regulation to tackle over-indebtedness and the mis-selling of financial products to retail customers
- regulating digital finance and crypto-assets on the basis of the 'same business, same risk, same rules' principle

## Goal 2: Representing citizens in EU policy-making

by responding to the EU policy agenda to ensure citizen interests are heard, received, considered and acted upon by policymakers. To ensure a good depth and breadth of reactive advocacy, Finance Watch's work over the period will include responding to relevant DG FISMA and other consultations published each year. This is through a mix of tools and outputs, achieving sustained advocacy on priority dossiers which have a strong impact on citizens.

## Goal 3: Empowering civil society

by building up strengths within civil society groups to give them greater ability to speak out on financial reform. To do this, Finance Watch will by 2024 establish a 'hub-and-spoke' membership network to coordinate members' advocacy at the EU level and at the national level in support of Goals 1 and 2. That requires an informed membership on EU policy, advocacy developments and a set of campaigns that includes several types of networks, such as the Change Finance coalition as one among many others.

## Goal 4: Developing the Finance Watch organisation

with a specific emphasis on continuing to improve internal processes according to strategic goals, aligning every effort with maximum impact. Doing so will make Finance Watch even more influential for all priority dossiers. Key performance indicators will be fine-tuned during the 2021-2024 period, based on outcomes and influence, to supplement already employed output-based KPIs.



## TEAM

The Finance Watch Secretariat is based in Brussels and serves its purpose through three departments: Research & Advocacy, Communications & Networks and Operations & Projects, which are also supported by consultant advisors and interns.



**BENOÎT LALLEMAND**  
Secretary General

### COMMUNICATIONS & NETWORKS



**CHARLOTTE GEIGER**  
Head of Communications & Networks



**SHONAN KOTHARI**  
Campaigns & Communications Officer



**GIULIA PORINO**  
Network Coordination & Development Officer



**PABLO GRANDJEAN**  
Communications Officer



**TILL EHRMANN**  
Campaigns & Communications Officer  
*joined in 2020*



**CAMILA DUBOIS**  
Graphic Design Assistant  
*joined in 2020*

### RESEARCH & ADVOCACY



**THIERRY PHILIPPONNAT**  
Head of Research & Advocacy



**PETER NORWOOD**  
Senior Research & Advocacy Officer  
*joined in 2020*



**ALEKSANDRA PALINSKA**  
Senior Research & Advocacy Officer  
*joined in 2020*



**PAUL FOX**  
Research & Advocacy Officer



**LUDOVIC SUTTOR-SOREL**  
Research & Advocacy Officer



**EMILY GLANTZ**  
Research & Advocacy Assistant  
*joined in 2020*

### OPERATIONS & PROJECTS



**SAMUEL BOSSART**  
Head of Operations & Projects, and Ad Interim Head of Communications & Networks



**CHRISTOPHE GILSON**  
Finance & Operations Officer

### CONSULTANTS



**GREG FORD**  
Senior Advisor



**DUNCAN LINDO**  
Senior Policy Advisor



**CHRISTIAN M. STIEFMÜLLER**  
Senior Research & Advocacy Advisor

### THE COMMITTEE OF TRANSPARENCY AND INDEPENDENCE (CTI)

The Committee of Transparency and Independence (CTI) is composed of three to five members from outside the organisation. The Committee advises the Board on safeguarding the independence of Finance Watch's advocacy work. It screens any potential conflict of interest with the financial sector and political parties concerning membership and funding:

- JÉRÔME CAZES, CHAIR
- ROBIN JARVIS

Nicolas Hercelin, Olivier Jérusalmy, Nina Lazic left Finance Watch in 2020. We thank them for their contribution.

### BOARD OF DIRECTORS

The Finance Watch Board of Directors includes six full members elected from the association's general assembly and two external Directors (non-members).

The Finance Watch Board was renewed in 2020, becoming a majority-woman Board, which reflects a diverse range of ages and geographic reach.

All updates can be found on the [website](#)

### BOARD MEMBERS as of 31 December 2020



**ALEXANDRA ANDHOV**  
*Chair*  
Associate Professor, Faculty of Law, University of Copenhagen (Denmark) - Independent Board member



**MAREK HUDON**  
*Vice-Chair*  
Professor, Social and Sustainable Finance Solvay Brussels School of Economics & Management (Belgium) - Independent Board member



**RAINER GEIGER**  
*Director*  
Attorney-at-law and lecturer of international economic law, University of Paris I (France)



**ANNA MARIA ROMANO**  
*Director*  
International Policy Coordinator, CGIL Toscana/FISAC (Italy)\*



**ERWAN MALARY**  
*Treasurer*  
Advocacy Officer, Secours Catholique-Caritas (France)



**NADINE STRAUSS**  
*Director*  
Assistant Professor of Strategic Communication and Media Management, University of Zurich (Switzerland)



**RACHEL OLIVER**  
*Director*  
Head of Campaigns & Organising PositiveMoney, (United Kingdom)



**PATRICIA SUÁREZ**  
*Director*  
President & Founder, ASUFIN (Spain)

Many thanks to Rainer Lenz (ex-Chair), Morten Clausen (ex-Vice Chair) and Simone Siliani for their commitment to the association during the past years.

# COMMUNICATIONS IN CRISIS TIMES: OUTREACH AND CAMPAIGNS

*Finance Watch kept its members, friends and funders connected in 2020, helping citizens and civil society engage more effectively in policy debates around financial regulation.*

Finance Watch kept its members, friends and funders connected in 2020, helping citizens and civil society engage more effectively in policy debates around financial regulation.

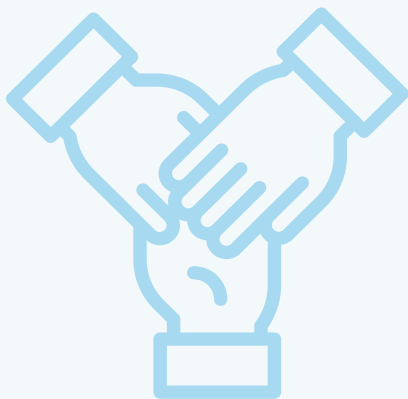
The association reached its 2020 targets on most fronts, such as posting 26 blogs and launching newsletters for 'Friends' in three languages – German and French, along with an English version. On top of this, Finance Watch published a citizen-focused [beginner's guide on nature & finance](#), 10 cartoons and infographics, while also releasing three video capsules featuring Finance Watch experts and running four webinars.



- Finance Watch also published a blog series '[Untold stories of personal debt in Europe](#)', a first-time joint coordination with the Sheffield Political Economy Research Institute (SPERI).
- Growth in web presence: more than 115,000 unique visitors, 230,000 page views
- Twitter followers grew by more than 1,000 during the 12-month period, while LinkedIn followers grew by a better-than-expected 70 people per month
- Finance Watch videos viewed across platforms: 34,276
- Close to 100 interactions with journalists and more than 130 media placements in leading newspapers and specialist publications, including five published op-eds
- Nine conference video

**Having initially focused on assessing with Finance Watch members the likely impact of the pandemic on the association agenda, the two major campaigns which were scheduled for 2020 are shifted to 2021:**

- **'Breaking the Climate-Finance Doom Loop'**: a campaign set for the second half of 2021 based on a [report](#) released in June 2020, dealing with the risk posed by climate change to financial stability.
- **'Rethink the Recovery'**: prepared mostly in 2020 and [launched in early 2021](#). Preparation work built the campaign storyline and coalition, as well as planning around communications and advocacy.



## MEMBERSHIP EFFORTS

The year 2020 ushered in a new platform for Finance Watch members, enabling them to collaborate directly on specific items. Several spaces were created to support the function of different needs or fields of interest.

As physical meetings and workshops proved impossible, Finance Watch organised nine weekly conference calls with Members to answer the urgent call for exchange and insight in the wake of the unprecedented Covid-19 outbreak. Members and

Finance Watch experts met to explore pandemic consequences on people, the economy and finance. Gathering people from all around Europe, the calls were complemented by the newly created online platform – the Finance Watch Members' Hub. During the crisis Finance Watch also created three new long-term working groups with Members on financial stability, financial inclusion and sustainable finance. As a result, member participation rose significantly.

## NATIONAL NETWORKS DEVELOPMENT

*The development of National Networks in several countries forms part of the strategy Finance Watch uses in order to get more support and make an impact in Member States. It implies new ways of working, and efforts to adapt to local realities, in terms of advocacy timelines, and language.*

National Networks in Italy, Spain and France held joint calls from June 2020 to exchange updates on relevant national debates, particularly in light of the coronavirus crisis outbreak. Monthly calls are now organised to coordinate campaign advocacy, while discussions also occurred internally in 2020 on how to better engage Members within National Networks and improve coordinated actions.

- **In Italy**, Finance Watch convened in December 2020 in close collaboration with its Italian Network Members on a web conference '[Society, environment and finance in the era of Covid-19](#)'. It invited three panels and two keynote speakers to focus on the Italian perspective, with simultaneous translations in both English and Italian. It included exchanges with Italian politicians, EU policymakers, civil society groups, academics and experts. In addition, an online strategic meeting held ahead of the conference with Italian Members and other NGOs, academics and experts occurred to unveil a "Manifesto dei Membri di Finance Watch in Italia". Finance Watch started to translate items in Italian, like the [executive summary](#) of the report '10 Principles for a Sustainable Recovery'.
- **In Spain**, the National Network remained robust. It laid the groundwork for a "Manifiesto de los Miembros de Finance Watch en España", which includes a vision, mission and a set of activities planned for 2021. Members exchanged on the 2021 'Rethink the Recovery' campaign to put pressure on EU leaders. Campaign preparations in 2020 also provided network participants with a chance to discuss more specifically how far they could engage at EU and national level to promote the campaign in Spain. They were also presented

with a translated version of the [executive summary](#) of the Finance Watch '10 Principles for a Sustainable Recovery' report.

- **In France**, the Covid-19 pandemic situation led the French National Network to receive information and insight mostly in publication format. A French-language 'Friends newsletter' was sent, while two updated mailing lists were put to full use. The French network received translated press releases on topics related to [Basel III implementation in France](#) and the 'Climate Finance Doom Loop' paper. It also received an analysis of the [Covid-19 banking package](#) and on how the EU can help tackle the financial crisis for people caught in a precarious position, as the Covid-19 crisis unfolds. Blog posts also continued during the 2020 pandemic period, including a piece "Why the French Parliament shouldn't block the full implementation of Basel III. Network members in France received a 'beginner's guide' called '[Neuf réformes économiques et financières pour stopper la destruction de la nature](#)' and the [executive summary](#) of the Finance Watch report '10 Principles for a Sustainable Recovery', translated into French.

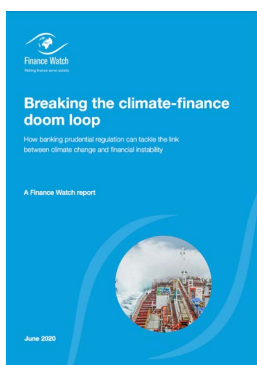


# FINANCIAL STABILITY

## BANKING

### *Breaking the climate-finance doom loop*

**Europe has the tools to break it. But what about the will?**



Our [report released in June 2020](#) shows how banking prudential regulation can tackle the link between climate change and financial instability. It calls for immediate regulatory action to end the 'climate-finance doom loop', in which fossil fuel finance enables climate change, and climate change threatens financial stability in unpredictable ways. It sets out a legal basis for applying higher risk weights to banks' exposures to existing and new fossil fuel reserves using prudential tools already available in the Capital Requirements Regulation (CRR). This would dramatically increase the effectiveness of existing regulatory responses, which have so far focused on transparency, risk modelling and scenario-based analysis.

Two **pioneering ideas** appear in the report, including the need to calibrate the risk weight for bank exposures to existing fossil fuel reserves at **150%** in order to make it coherent with Article 128 of the Capital Requirements Regulation (CRR). Another proposal is to calibrate the risk weight for bank exposures to new fossil fuel reserves at **1250%**

(making those exposures purely equity-financed), in order to reflect both microprudential and macroprudential risks, again in coherence with the existing regulation and basic risk management principles.

This report [has been recognised in 2021](#) by a panel of 50 banks, NGOs, academics, regulators and investors from the United States, Canada, European Union and United Kingdom as the **top-ranked policy proposal at the nexus of finance and climate change**. It has been also presented during two webinars and has been mentioned in several newspapers, including an opinion piece in the Financial Times.

## COVID-19: STABILITY UNDER THREAT

**As Covid-19 wreaked havoc on society and the economy, Finance Watch rapidly devoted efforts to provide insight to policymakers, stakeholders and opinion leaders on pressing policy debates around shoring up financial stability undermined by the pandemic and the risks around household over-indebtedness.**

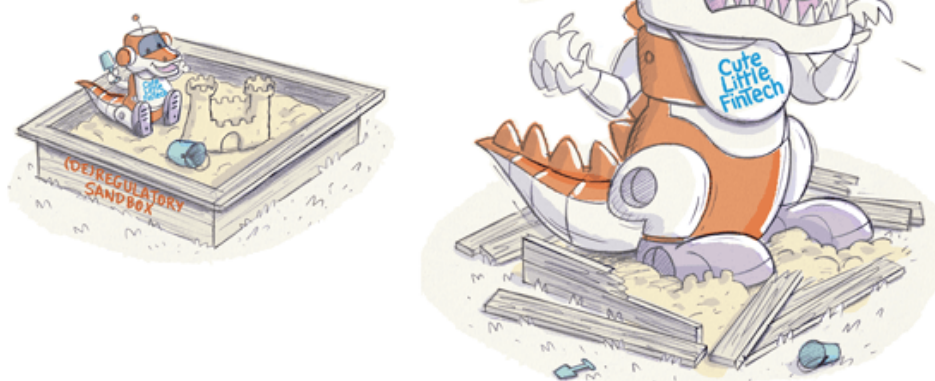
A Finance Watch [online dossier on Covid-19](#) included articles and analyses that shed light on the possible impact of the corona-crisis on finance, the economy, people and the environment.

Finance Watch observed that contrary to what happened in 2007-2008, when financial markets triggered a meltdown, **the Covid-19 crisis brought calls – led by the financial lobby – for easing bank regulation and supervision**. Those calls risk weakening financial stability, which would provide an untimely blow as communities struggle with a health system strain, economic contraction, job loss and looming bankruptcies for businesses and households alike.

- In early March 2020, [Finance Watch warned regulators and policymakers](#) that **easing bank regulation and supervision** would further raise the risk of a financial crisis on top of a health crisis.
- Finance Watch provided a [full analysis of the Covid-19 Banking Package](#), stating that it made good sense to have a counter-cycling approach - which aimed to suspend or postpone measures that aimed at increasing the resilience of banks in advance of a crisis, and **bringing forward others to support lending to the real economy** when the crisis had arrived. However, limits exist on the effectiveness of regulatory relief for banks.
- The Covid-19 crisis demonstrated the fragility of our economic and financial systems. Finance Watch took a strong position in advocating for **the transition to a sustainable economy to be put at the heart of recovery plans**.



## FINTECHS ARE NOT ALL TINY AND CUTE



### FINTECH AND DIGITAL FINANCE

Finance Watch continued to work on the field of technological developments in the financial system, feeding the debate and considerations on this by different authorities – the European Commission, FSB, BCBS, among others – and contributing to their work. It responded to several consultations:

- [Response to EC consultation on an EU framework for markets in Crypto-Assets](#) (March 2020)
- [Response to BCBS call for comments on a discussion paper on designing a prudential treatment for Crypto-Assets](#) (March 2020)
- [Response to the European Commission's consultation on a new digital finance strategy for Europe / FinTech action plan](#) (June 2020)
- [Response to FSB consultation on 'global stable coins'](#) (July 2020)

A workshop organised in November 2020 in webinar format, titled '[Navigating the Brave New World:](#)

[Cryptoassets, Stablecoins, and CBDCs'](#), gathered 79 participants.

### TOO BIG TO FAIL

More than 10 years after the financial crisis, financial institutions are still too big to fail. To address this lingering problem, Finance Watch responded in September 2020 to the [FSB consultation on the evaluation of the effects of too-big-to-fail reforms](#). It also provided a panellist in the FSB workshop on the evaluation of too-big-to-fail reforms in September 2020, while also participating in the public hearing on the EU banking package in the German Bundestag in October 2020.

### INSURANCE

A Finance Watch representative was elected in July 2020 as the Vice-Chair of the Insurance and Reinsurance Stakeholder Group of EIOPA – the European Insurance and Occupational Pensions Authority.

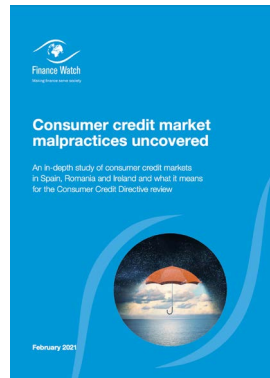
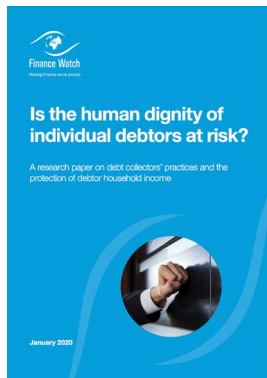
Finance Watch responded in October 2020 to a consultation on the [review of prudential rules for insur-](#)

[ance and reinsurance companies](#). Several meetings with policymakers from the European Commission, the European Systemic Risk Board (ESRB) and EIOPA took place at the end of the year 2020 to present Finance Watch positions on the Solvency II review. This workstream on insurance is being developed in 2021 and in the years that follow.



## RETAIL & FINANCIAL INCLUSION

*Consumers all too often confront complex financial products, which offer little value for money. This is especially taxing for people living through a global pandemic. News reports of account hacking and limited access to in-person services add to everyday stresses.*



Finance Watch in 2020 strengthened its Financial Inclusion pillar and produced several reports and consultation responses on a range of areas, such as access to basic financial services, the need to strengthen borrower protection and further improvements to retail financial services.

As part of the work on the Consumer Credit Directive (CCD) review, Finance Watch released the report '[Is the human dignity of individual debtors at risk?](#)' in January 2020, reflecting on problems related to debt collector malpractice. The 128-page report provides an analysis of a groundbreaking, 23-country survey undertaken by Finance Watch and its members, which gathered information on debt collection practices and protection of minimum income with experts, practitioners and national authorities across Europe. Finance Watch also proposed amendments to the review of the CCD, which was postponed to 2021.

As the Covid-19 crisis continues, consumers must remain on guard against misleading or even predatory products and practices. Research undertaken in 2020 on the consumer credit market exposed regulatory gaps, poor adherence to existing rules and the practice of preying on the misfortune of others. This preliminary research was conducted in collaboration with three Finance Watch members in Spain, Ireland and Romania – Asufin, UCC and Credere. A [report](#) on this research, titled 'Consumer credit market malpractices uncovered' and released in early 2021, provides findings that were well received in countries like Romania, where it fueled political momentum for change and was a valuable contribution to the CCD review.

Financial, and therefore social, exclusion of vulnerable groups and individuals due to issues such as barriers for these groups to access suitable financial services remains a problem in Europe. For example, issues still exist for the ageing population, for those living with impairments, as well as among other groups, such as new migrants. Another research project done in 2020 in cooperation with Finance Watch member AGE Platform on financial access for the elderly, led in April 2021 to the release of a new [report](#) titled 'A Wrinkle in the Process: Financial Inclusion Barriers in an Ageing Europe', which was submitted in response to the UN's call for data on age discrimination.



# ORIENTING CAPITAL TOWARDS A SUSTAINABLE ECONOMY

*As the world braces for an unprecedented transition towards a sustainable economy, Finance Watch stayed ahead of the curve with cutting-edge research and front-foot advocacy. Those efforts help policymakers, stakeholders and civil society explore how to change the financial system from an enabler of climate change to a facilitator of a green and just transition.*

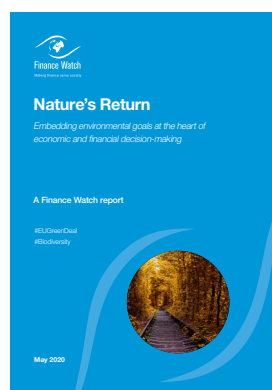
## CONSULTATIONS

Finance Watch responded to the following consultations on the topic:

- [Implementation of Basel III](#) at European level, including the need to integrate climate risk (January 2020)
- [Revision of the non-financial reporting directive - NFRD](#) (June 2020)
- [Renewed Sustainable Finance Strategy consultation](#) (July 2020)
- [EU Green Bond Standard consultation](#) (October 2020)
- [ESAs' survey on environmental and social financial product templates](#) (October 2020)
- [ESMA consultation on Art. 8 Taxonomy-related disclosures](#) (December 2020)
- [Draft Delegated Acts on climate mitigation and climate adaptation supplementing the EU Taxonomy Regulation](#) (December 2020)

## EXPERT GROUP

After participating in all Technical Expert Group (TEG) meetings and calls in 2019 and 2020, Finance Watch was appointed in September 2020 as a member of the European Commission Platform on Sustainable Finance, working on the subgroup 'social taxonomy'.

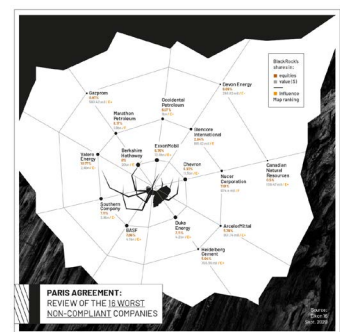


## NATURE'S RETURN

### Embedding environmental goals at the heart of economic and financial decision-making

The relentless decline of Europe's ecosystems will cause economic and other problems far more significant than the Covid-19 slowdown, according to the May 2020 [report](#) Nature's Return. It outlines actions the EU could take immediately to help reverse this decline, including by redirecting and mobilising public and private financing towards nature. The report also considers how to fully integrate and prioritise environmental objectives, such as biodiversity, in the EU Semester.

This report has been transformed into several formats, from a [blog](#) to a beginner's guide to '[stop the collapse of Nature](#)'. It was shared at the Nature's Return conference in May 2020 and presented to policymakers during a workshop.



## BLACKROCK BLUES

### Finance Watch denounced the 'incoherence' of the European Commission's choice of BlackRock to study how to integrate ESG factors into EU banking frameworks

Finance Watch denounced in [April 2020](#) a decision by the European Commission to award Blackrock Investment Management a contract to oversee the 'Development of Tools and Mechanisms for the Integration of ESG factors into the EU Banking Prudential Framework and into Banks' Business Strategies and Investment Policies'. The association received wide coverage in major news outlets throughout Europe.





# FISCAL POLICY & PUBLIC FINANCE: FOCUS ON SUSTAINABLE, POST-COVID-19 RECOVERY

*Finance Watch started working on public finance in 2020 to feed public debate around the financial pillar of the EU Green Deal.*

## DEBT SUSTAINABILITY AND A SUSTAINABLE COVID RECOVERY

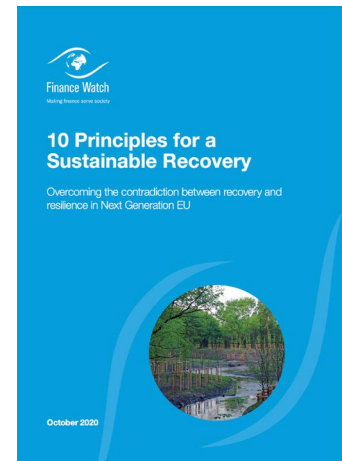
### Overcoming the dilemma between debt and environmental sustainability in the discussions over a post-Covid-19 recovery package

An [eight-page Finance Watch briefing note](#) released in July 2020, argued that the EU must adopt a pragmatic approach to budgetary rules – including the preference for European recovery funds to be issued as grants rather than loans – in order to reconcile environmental sustainability with public debt sustainability. It warns without proper guidance and limits, stimulus measures directed at corporates and financial markets could institutionalise moral hazards, leading to waste and resource misallocation. It calls for green and social conditions to promote sustainable activities and support citizens and businesses to move away from unsustainable activities. It states as an overarching principle that there can be no such thing as debt sustainability without environmental and social sustainability.

## 10 PRINCIPLES FOR A SUSTAINABLE RECOVERY

### How to strengthen the EU Recovery and Resilience Facility

Finance Watch released in October 2020 a [10-principles report](#) that looks at ways for Europe to build a better, sustainable future to withstand disruptions related to environmental degradation. The paper critically analyses the EU recovery instruments – the Recovery and Resilience Facility (RRF) as part of Next Generation EU – stressing that the RRF prioritised economic growth and old reform recipes over environmental and social sustainability, creating a paradox in which a return to business-as-usual would be unsustainable and therefore not resilient. It posits that the RRF should be reframed to support only businesses that are either making an effort to transition away from unsustainable practices, enable other activities to become sustainable, or are already sustainable.



## DEVELOPMENT FINANCE: FINANCIAL REFORM IN THE SOUTH

As part of a consortium, Finance Watch works with the International Institute for Environment and Development (IIED) and nine partners in seven southern countries on Green Finance in developing countries. Through inclusive dialogue processes, this action supports Local Green Enterprises and fosters a critical mass to demand and shape financial reforms. These dialogues serve as founding blocks of concrete policy discussions and proposals for reform. The role of Finance Watch in the consortium is to provide technical support to further develop the stakeholders' skills in finance, economic and political analysis.



**10 Years On:  
time to change  
finance!**



Change  
finance  
now!

Time  
to change  
finance!

# CHANGE FINANCE: CALLING OUT BLACKROCK, EU-FINANCIAL LOBBY REVOLVING DOOR



In 2020, Change Finance campaigned heavily on weaknesses in rules and procedures around EU lobbying and revolving doors, as well as the third party of BlackRock advising the EU Commission's work on sustainable finance.



Change Finance in April 2020 warned the European Union on how hiring BlackRock, a multinational investment management corporation, threatens to derail the EU Green Deal and the push for a sustainable future for Europe. Triggered by a Change Finance [open letter](#) to the European Commission and Ombudsman complaint made together with Members of the European Parliament, the European Ombudsman Emily O'Reilly decided in November 2020 that EU rules are too lax and that procedural shortfalls exist when considering advisory firms

like BlackRock. In a [report](#) released in November 2020, Change Finance and Corporate Europe Observatory exposed how the European Commission's use of advisory support from BlackRock exhibited a flagrant conflict of interest. The report brought to light BlackRock's stakes in companies that finance or work with the fossil fuel sector.

A separate campaign tackled the revolving door problem between EU institutions and lobbying firms. Change Finance filed a complaint along with other concerned parties around the immediate job move by European Banking Authority Executive Director Adam Farkas to an EU financial markets lobby. The campaign drew media coverage and a groundswell of support from civil society, policymakers and European Ombudsman O'Reilly who sided with the Change Finance complaint.

Separately, a citizens' guide prepared in 2020 by Change Finance, helped people answer the European Commission consultation on a Renewed Sustainable Finance Strategy (campaign website in [English](#) and [French](#)) before the June 2020 deadline. Around 4% of all answers could be linked to this action, which saw the total number of citizen responses swell to around 23%.

Change Finance partnered in December 2020 with Reclaim Finance on the release of the report '[In the](#)

[shadows: Who is opposing the EU taxonomy for polluting activities'](#), which analysed 169 respondents to the EU sustainable finance strategy, while expressing opposition to a taxonomy for polluting activities. The report found that 45% of taxonomy opponents are financial institutions. High-emitting companies, backed by major economic federations and industry groups, also mobilised actively against the taxonomy

Change Finance placed 100 media articles, and convened 92 online group meetings in 2020.

# BUDGET 2020

Resources and expenses from 1 January to 31 December 2020

Resources 2020	in euros
<b>Own funding</b>	<b>63,363</b>
Membership fees	48,795
Miscellaneous	-3,032
Subrent	17,600
<b>3rd party funding</b>	<b>732,818</b>
Open Society Initiative for Europe	188,752
European Climate Foundation	153,009
Open Society Policy Center (OSPC)	125,927
Laudes Foundation	125,042
The Sunrise Project	60,773
New Economics Foundation	37,386
Climate works Foundation	18,267
Friedrich-Ebert-Stiftung	7,616
Donations by private individuals	16,046
<b>EU funding</b>	<b>1,059,638</b>
EU DG FISMA	1,043,048
EU DG DEVCO	16,590
<b>Total resources</b>	<b>1,855,819</b>



Finance Watch incomes in 2020 were €1,855 813, 6.8% higher than in 2010, thanks to an increase in new third-party funding and related matching from the European Union.

Finance Watch for the third consecutive year. FES and OSIFE continued long-term partnerships.

**Donations increased by 4.3%.**

Like all previous years since the inception of the organisation a decade ago, the main source of public funding for Finance Watch in 2020 came from the European Union.

Seven new third-party funders supported Finance Watch in 2020. First-time funders included OSPC, Laudes, NEF and ClimateWorks. The European Climate Foundation continued its partnership with

Expenses 2020	in euros
<b>Staff costs</b> (includes salaries, pension and insurance)	<b>1,328,977</b>
Salary costs	1,150,668
Consultant salary costs	178,309
<b>Administrative costs</b>	<b>486,277</b>
Rental costs	109,955
Office costs	17,679
Communication & Documentation	97,274
IT costs	29,719
Depreciation	54,675
Miscellaneous costs	137,465
Financial costs & tax	39,510
<b>Activities</b>	<b>29,178</b>
General Travel & Meetings	29,122
Conferences & Workshops	56
<b>Total expenses</b>	<b>1,844,432</b>



Finance Watch expenses rose in 2020 from the previous year by €109,198, or 6.3%, to 1,844,432. This is in line with the significant increase in income received.

Outlays for human resources were €30,704 higher in 2020, as Finance Watch reduced consultancy expenditure and increased employee salary costs with additional hires. Employee costs in 2020 rose by €111,605 compared to the year prior, while consultancy expenses fell by €80,901.

Spending for conferences and workshops plummeted in 2020 to €56 from €30,202 in 2019, due to

Covid-19 health and safety measures put in place during the year. Online events replaced in-person gatherings throughout the year. Travel and meeting expenses dropped by 36%.

Depreciation costs during 2020 were €5,099 less than in 2019, when the association invested in a new website. Miscellaneous costs showed a fourfold rise in 2020 due to subscriptions to news, IT and database services.



# Finance Watch

Making finance serve society

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## About us

We advocate for public interest outcomes in European financial policy and regulation.

We build the capacity of civil society to represent its interests, especially the views of citizens and financial services end-users.

Our vision is an inclusive, fair and sustainable financial system designed around the needs of society and the planet.

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