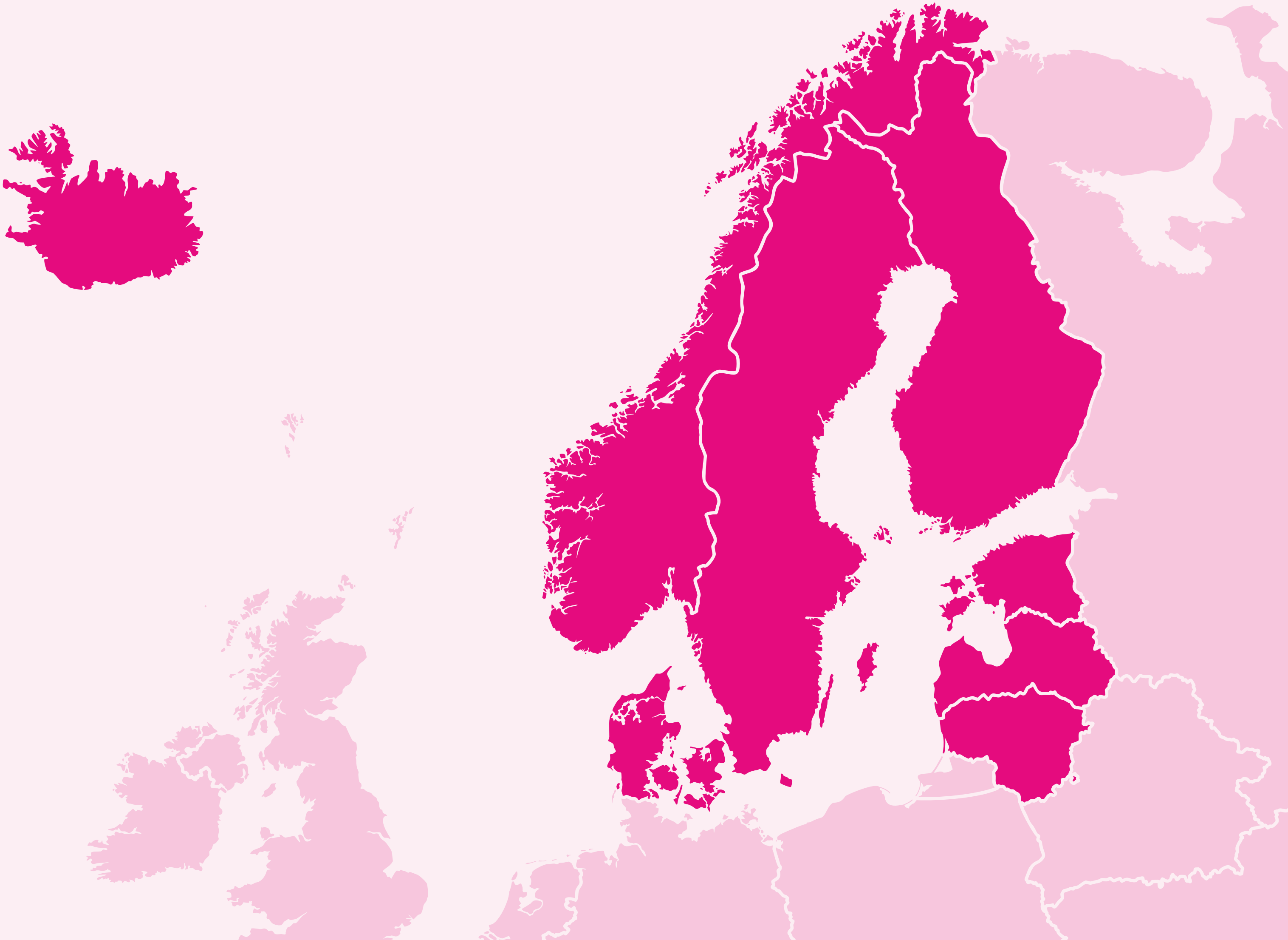
Nordic-Baltic Financial Sector EU Policy Recommendations

2024–2029



Nordic-Baltic Financial Sector EU Policy Recommendations 2024–2029

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The Nordic and Baltic financial markets are modern and highly digitalised markets serving customers and businesses in support of GDP growth. The Nordic-Baltic countries together have 34 million inhabitants. Combined, they form the fourth largest economy in Europe and the twelfth largest economy in the world. A healthy banking sector is an important part of a well-functioning society, and the banking sector has contributed to the resilience in the Nordic-Baltic economies during the polycrisis of the last years.

The Nordic and Baltic financial markets are highly digitalised and at the forefront of rapid modernisation. The region is home to innovation and attracts investments in technological innovations in the field of finance. Digital instant payment methods and electronic identifications are widely used.

The Nordic-Baltic banking markets are highly integrated. The top six credit institutions in the region are active in several, and some in all, countries in the region. In the Nordic countries the large multinational banks are complemented by many smaller credit institutions.

The Nordic-Baltic banking model stays close to the customer. The combination of digitalisation and consumer focus enables efficient banking services that cater to the individual needs of consumers in each country.

Foreword by the CEOs

The 2024 European elections will take place in a world of geopolitical change and economic instability. A new world order is taking shape. The Russian war of aggression in Ukraine and US-China competition have fuelled fragmentation and the emergence of geopolitical blocs. There has been a dramatic reduction in cooperation among major powers. Energy and food supply are under pressure. Increases in inflation and interest rates have been felt by ordinary citizens. All this has already had a major impact on policymaking in Europe and the US. Both the EU and the US have put forward legislation to promote clean tech industries accompanied by increased state aid. This will have implications for efficiency and competition and ultimately for competitiveness. A strong, dynamic, united and forward-looking European Union is key to advance European competitiveness and resilience in this environment. This is at the core of the discussions on the EU's open strategic autonomy.

The implications of climate change have become more evident than ever before. The need for solutions that make the European economy sustainable is immense. The innovations needed will demand both public and private financing. The role of a well-functioning European private financial sector is therefore key.

The new Parliament and Commission need to navigate in this challenging world. The path choices are many, and not all of them will lead to the right place. Resilience, sustainability, digitalisation, inclusion, depth and liquidity are some important features of the well-functioning financial markets needed to face the challenges. The Nordic-Baltic financial sector stands ready to contribute with our expertise, experience and guidance on what paths will lead to a better future for Europe and its citizens.

The financial sector is nothing without its customers. By servicing both businesses and households the financial sector is a conduit between the world of policy and economic development and the individual agents in the economy. The financial sector played its part in the Covid-19 crisis and offered support for both households and companies. In the current circumstances of economic challenges, the sector has continued to fill this role. In spite of the turbulence created by rapidly increasing inflation through 2022–2023 and rising interest rates, the banking sector has demonstrated that it is well-capitalised and resilient. Going forward it will be key to continue to strike the right balance between economic growth and financial stability if banks are to be able to foster and support the economy.

This paper sets out key topics in the upcoming EU policy cycle 2024–2029. We look forward to engaging with policy makers and society at large.

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1 A competitive and stable European financial sector

A well-functioning and robust financial sector is a crucial prerequisite for a strong, secure, and dynamic economy. Whether in times of growth and development or in an economy marked by crises, the sector must contribute to securing a solid foundation by providing services, credits and loans to households and companies, assessing risks and opportunities to support optimal capital allocation.

Since the Global Financial Crisis (GFC), significant steps have been undertaken to strengthen the EU's banking regulatory framework. The strength of the EU banking system has allowed banks to weather the impact of the COVID-19 crisis for businesses and citizens across Europe. Banks helped backstop the economy, leveraging fiscal support measures of unprecedented scale and the accommodative monetary policy regime of the last decade.

Despite its strength, the EU banking sector today is not earning its cost of capital, while US competitors have returned to pre-crisis profitability levels. This has been driven by an economic environment of comparably poor growth in the Eurozone, late policy responses to the Eurozone debt crisis, high fragmentation, lack of scale in a context of rising minimum cost of doing business, and a long period of negative interest rates that depressed banks' earnings in a period where they had to strengthen capital buffers.

Financial regulation, national taxes and a fragmented capital market are just some of the factors having a direct impact on the banking sector's ability to support the real economy. Today, banks face the challenge of supporting the economy at a precarious time as well as catalysing the transition of the European economy towards greener and more digital business and operating models. This is particularly relevant for Europe, where around 70 % of corporate borrowing is intermediated by banks, as opposed to the US, where around 77 % of corporate external funding is provided through capital markets. Credit intermediation is the basis for several political objectives of the European Union, including relaunching growth, ensuring strategic autonomy and competitiveness, and financing the digital and green transitions. To achieve these goals, Europe must work to ensure an efficient, more resilient and globally competitive financial sector.

The need to strengthen the EU's competitiveness requires attention to striking the right balance between ensuring financial stability on the one side, and a resilient and innovative financial sector on the other. Excessive regulation and red tape stifle growth and hinder financial institutions' ability to adapt to rapidly changing needs and market dynamics, especially for smaller banks and financial entities, which are often disproportionately affected by regulation.

We call for:

- ***A Growth Plan for the financial sector.*** *Due to the banking sector's important and strategic role, we call for the development of a Growth Plan for the financial sector. This plan should focus on the sector and its strategic role in fostering growth. The Plan should address how the banking sector can best contribute to both European competitiveness and open strategic autonomy. The four key elements of such a plan are: growing the Single Market and the CMU, simplicity in regulation and burden reduction, enabling banks to fund society, and supervisory convergence.*
- ***Growing the Single market and the Capital Market Union*** *– see concrete proposals in chapter 2.*
- ***Simplicity in regulation and burden reduction.*** *When setting the regulatory agenda, authorities should closely consider the costs for financial institutions and the impact they will have on clients and more broadly on Europe's economic growth. Execution of the initiative launched by President Ursula von der Leyen on the simplification of reporting requirements is one important step in the right direction. Reductions in reporting requirements for businesses should also include the financial sector.*
- *We need a* ***competitiveness-check of financial regulation:*** *All new bank and capital markets regulation must be adequately calibrated to the sectors' competitive strength in the global financial markets. Mandatory competitiveness checks must be part of the better regulation agenda.*
- ***Enabling banks to fund society.*** *We need a simplification of the* ***macroprudential framework*** *that enhances predictability and better useability of buffers to limit unfounded capital requirements, regulatory uncertainty and unlevel playing field. This includes looking at how changes to capital requirements further constrain banks' ability to finance the economy. Future reviews and requirements must favour international level playing field. Securitisation rules must be further adjusted to move risk into the marketplace. It also includes stable predictable tax regimes allowing the financial sector to support the economy rather than constrain their activity.*
- ***Supervisory convergence.*** *The European financial sector is supervised by national supervisors, SSM, SRB and the ESAs – often in combination. The consequence is widely different application of rules, which is a direct cause for market fragmentation and barriers to entry. And we see this in practice – be it through home bias in the investment sphere, lack of cross-border competition for customers, or lack of cross-border M&A. We support supervisory efficiency and convergence at rulemaking stage and ESA mandates to fight divergence.*

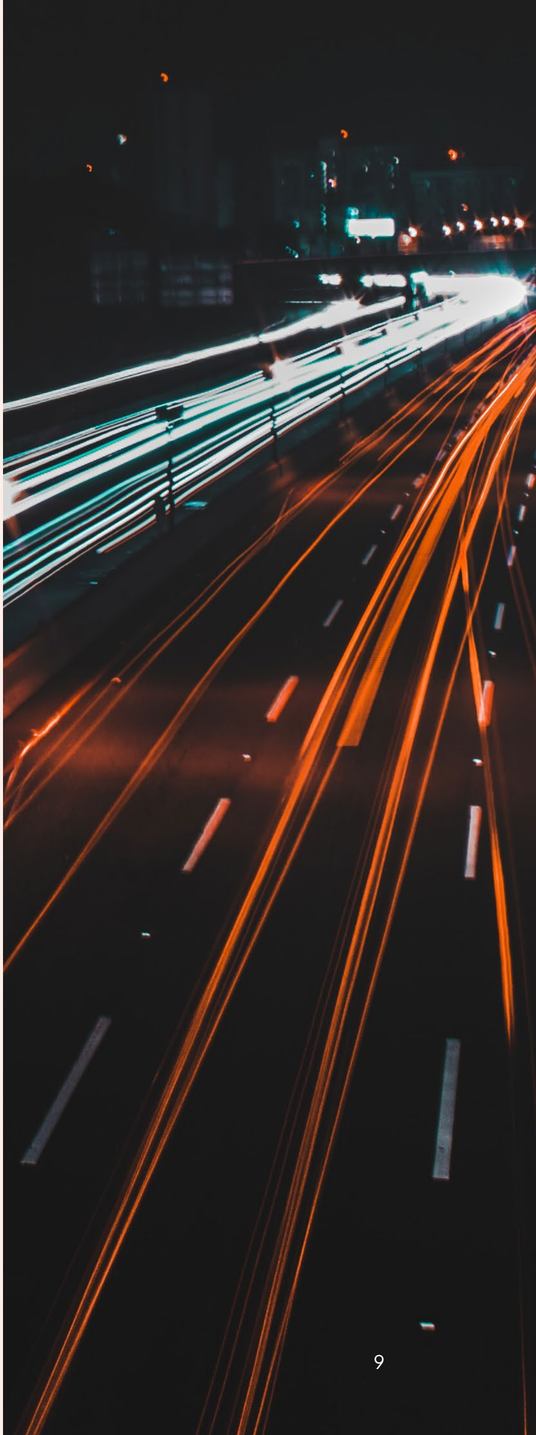
Fact box – "Better regulation"

Financial services are an area which is regulated in a very detailed way to create stability, legal certainty, and predictability. However, the regulatory agenda has grown exponentially and at the same time has become very complex. This is due to the extensive number of different regulatory instruments, both directives and regulations, as well as Level 2 standards and guidelines, which do not always fit together well.

Serious financial institutions comply with regulation. High quality regulation is essential for maintaining trust. Supervision and regulation are the authorities' stake in building trust in the financial system, and compliance is an important part of the industry's contribution. Compliance is only feasible when regulation is internally consistent and free of overlaps. In an increasingly complex regulatory landscape, the complexity and internal consistency of regulation is a growing challenge. Impact assessments must factor in the resources needed for compliance. European supervisory authorities play an important role in working towards the harmonisation of supervisory practices.

They also play an essential role in rules-making, as financial services regulation is detailed through the so-called Level 2 and 3 measures drafted by the European supervisory authorities. One example is the upcoming banking package, which is supposed to be further detailed by approximately 130 Level 2 regulations (RTSs and ITSs). Many of these specifications are useful but should be kept to a minimum as the total body of legislation and regulation now has grown beyond the practicable. Delegated acts are important parts of the financial services framework and must be viewed through "Better regulation" lenses, as is done with the rest of the acquis.

Financial services regulation regularly contains automatic review clauses. Reviews should be postponed until the effects of the implemented regulatory framework are known.



2 Growing the Single Market and the Capital Markets Union

Private investment is key to unlocking economic growth. Supporting the competitiveness of European industry as well as the green and digital transition of Europe's economy requires private capital. By improving the financing conditions of EU businesses, we can make our economy more resilient, strengthen labour markets and increase the prosperity of Europe's citizens.

While new challenges are emerging, European capital markets as a whole remain underdeveloped and fragmented compared to global competitors, even though the Nordic-Baltic region and other jurisdictions provide many examples of national well-functioning and deep capital markets. This must be addressed in the work to improve the Single Market – of which the CMU is an important element.

A real deepening of European capital markets will be essential to complement bank lending and public financing to fund the sustainable and digital transformation and support the EU's long-term competitiveness. To achieve this goal, it will be crucial not only to continue removing structural barriers to cross-border investment within the EU, but also to focus on concrete, tangible actions to be implemented at all levels to deepen markets regardless of their size, build liquidity and unlock more investment opportunities for European businesses and households. At the same time, national well-functioning markets must be preserved.

As both service providers and users of capital markets, banks are strong supporters of deep and integrated capital markets in the EU and remain fully committed to working with national and EU partners to realise the full potential of the EU single market. In our view, development towards this objective must be based on removing obstacles in the single market and by enhancing market-led initiatives.

Over the last decade, important steps have been taken towards better functioning capital markets. But if we are to reap the full benefits of a well-functioning CMU, we need to tackle some of the core structural barriers that impede the flow of capital across borders and create unnecessary complexities for businesses operating within the EU. At the same time, having a bottom-up approach, encompassing sharing of best practices and national government initiatives guided by EU goals, will be key.

Further efforts are needed to unlock the full potential of increased retail participation in capital markets, not least to allow retail investors and households to participate in the sustainable transition. To this end, it would merit to look towards the Nordic retail markets that are driven by high competition and that today benefit from high retail participation, fair returns and low and decreasing costs.

We call for:

- ***Improving diverse financing for corporates. A review of the current framework for securitisation is necessary.*** *The use of securitisation at the European level should be strengthened. The use of high-quality securitisations can be an important tool for financing the green transition, as well as providing better access to credit for SMEs via banks, as they would be able to get loans on capital market-like terms. Securitisation can give investors access to a market they don't have access to today, and banks can get capital relief by sharing their risk with professional investors.*

- ***Securing efficient capital market infrastructure:*** *There is need for a stronger focus on efficient capital market infrastructure and necessary safeguards. Many of the infrastructure companies are also natural monopolies where (part of) their business is either very difficult or not possible to expose to competition. Challenges in selected parts of the financial markets compromise the development towards higher competitiveness of the Capital Markets Union as a whole. The aim is to ensure competition between financial infrastructure companies and thereby avoid overpricing.*

- ***Increasing retail investor participation and strengthening the investment culture:*** *Capital markets provide useful, yet sometimes underutilised, options for EU citizens in their saving decisions. A stronger investment culture with a broader retail investor base can help EU citizens better build up wealth and provide for retirement. In the ongoing negotiations of the Retail Investment Strategy, it is key to promote the right objectives: Ensuring broad value creation and better returns for investors driven by competition, promoting the use of digital investment solutions and digital advice, reducing information overload through simplified information requirements, increasing flexibility to better tailor the investment experience to different investor types, and avoiding price regulation, which would undermine the market.*

- ***Aligning withholding tax systems:*** *We need to secure a common, simple approach to withholding tax aligned with CMU intentions.*

- ***Stronger focus on supervisory convergence:*** *There is a need to push for the alignment of supervisory practices across member states in the application of common rulesets, thereby ensuring that institutions and market participants have the same practical, real access to the possibilities granted in EU capital market regulation. Here, it is critical to distinguish between areas and markets with significant cross-border activity and smaller or regional markets. While the former may warrant harmonisation, standardisation and supervisory convergence, the latter may not. Prospectuses, for example, are a good example of the need for local NCA approval.*

- ***Cutting red tape and easing barriers:*** *By easing disproportional reporting and other regulatory requirements, we can make capital markets more attractive for institutional investors and retail investors as well as EU businesses – in particular SMEs – seeking investment. In the regulation in force, there are still barriers to cross-border services provision and these barriers would need to be deleted. Efficient and uniform application and supervision of the European rules in different member states is key.*

3 Sustainability – targets, usability of tools, the role of banks

The financial sector plays a key part in the decisive effort to transition to a green and sustainable economy in Europe. The Nordic-Baltic financial sector is actively engaged in the process to ensure that the sector is an integral contributor and participant in this transition. Fitfor55 is ambitious and important, and the financial sector acknowledges its responsibility in achieving the goals and balancing the transition needed for societal stability and robustness.

The financial sector holds a key position in the sustainable transformation of our societies. A more sustainable world in 2030 and a zero-emission society in 2050 require investments on an unprecedented scale. The financial sector itself does not emit CO2 to a significant extent, but is, through its customers and the provision of financing, a central engine which must help drive the transition towards a more sustainable society.

In the coming years, the work with sustainability will also include challenges other than CO2. Biodiversity is one of the important agendas, promoted with the agreement from COP15 in Montreal in December 2022 – popularly known as Paris Agreement for Nature – and the EU's biodiversity strategy, which the financial sector will also work with in the coming years.

Lack of access to sufficient and high-quality data is one of the core challenges to making the sustainable finance framework workable and effective. A solid, fit-for-purpose reporting framework should provide the market with relevant and reliable information that will enable market valuation of economic activities that are conducive to the transitioning of the economy as well as of activities that are not. Instead of introducing broad mandates to authorities on greenwashing, the current disclosure framework should provide the information necessary for stakeholders to evaluate the sustainability performance of companies and products and make decisions on an informed basis.

Data availability is key going forward. It must be ensured that there is a reasonable balance between information obligations of the financial sector and the European SMEs, so that the financial sector is able to contribute to the transition without being exposed to uncontrollable greenwashing risks.

The progress with Fitfor55 should serve as an opportunity to reflect on the role of the sustainable finance field that has been developed with unprecedented speed, to consolidate valuable parts of the regulation and increase effectiveness. The main focus should be on streamlining and bolstering the existing pieces of legislation and sustainable finance framework.

We call for:

- ***Increased focus and consumer clarity on transition finance:*** *A simplified, clear and science-based framework for transition finance, aligned with EU climate targets and the Paris Agreement objective, is needed. The framework should enable companies in transition towards a more sustainable business model to be able to benefit from EU's sustainable finance framework. It should also be flexible enough to support a dynamic of market-based solutions that accelerate the transition needed. Lastly, it should provide clarity for consumers through simplified labels.*
- ***Continued focus on usability:*** *The sustainable finance regulatory framework has developed rapidly over the past five years, and the individual pieces of legislation have been adopted at different points in time and without ensuring horizontal consistency. For the regulatory framework to work in practice and with the intended effect, misalignments and inconsistencies need to be addressed. The framework should be fine-tuned to ensure a high degree of usability for investors and other stakeholders receiving information about sustainability impacts, risks, and opportunities.*
- ***Access to sufficient and high-quality data:*** *Measures that facilitate the collection of relevant sustainability data (e.g. regarding SMEs) and accessibility of sustainability data for relevant parties, e.g. banks, will continue to be crucial to enable financing of the green transition and thereby contribute to an orderly transition in line with the EU's goals. Public agencies and authorities should disclose relevant ESG data centrally to make data collection more efficient. Data accumulated as a result of regulatory initiatives, such as energy performance data of buildings, should be established as public databases and be made available without delay.*
- ***Ambitious steps on biodiversity:*** *Biodiversity should be a key area for the EU during the next policy cycle. Since defining risks stemming from and factors contributing to biodiversity loss is very complex, a thorough impact assessment of the topic is needed to accompany any potential legislative initiatives. A common approach on how to measure impact on biodiversity and how to integrate nature and biodiversity into management decisions needs to be developed in close cooperation with companies, academia, the financial sector, etc., taking into account already existing market led initiatives such as the Partnership for Biodiversity Accounting Financials (PBAF) and the Taskforce on Nature-related Financial Disclosures (TNFD).*
- ***Reduction of greenwashing risks:*** *The Nordic-Baltic financial sector is committed to avoiding greenwashing and ensuring consumers' trust in the transition. This requires data and legal certainty on how to approach potential greenwashing incidents. Greenwashing accusations can be detrimental to market participants and significantly influence their appetite to take risks to help the green transition of the economy. It should be noted that the financial sector can effectively tackle greenwashing only if the surrounding regulatory framework is defined clearly enough. As the many uncertainties are expected to persist for many years to come, a certain level of supervisory pragmatism must complement the ongoing regulatory efforts.*

4 Digitalisation

The financial sector is at the forefront of the digital transformation of the economy and society. Digitalisation provides huge opportunities in creating easy and efficient services for different kinds of customers.

For many years, the financial sector and especially the banks have been at the forefront of digitalisation and, in partnership with the authorities, have delivered socially useful infrastructure for the benefit of society. Today, most banking transactions are completed with a few clicks on the computer, tablet or mobile phone, whenever it suits the individual best.

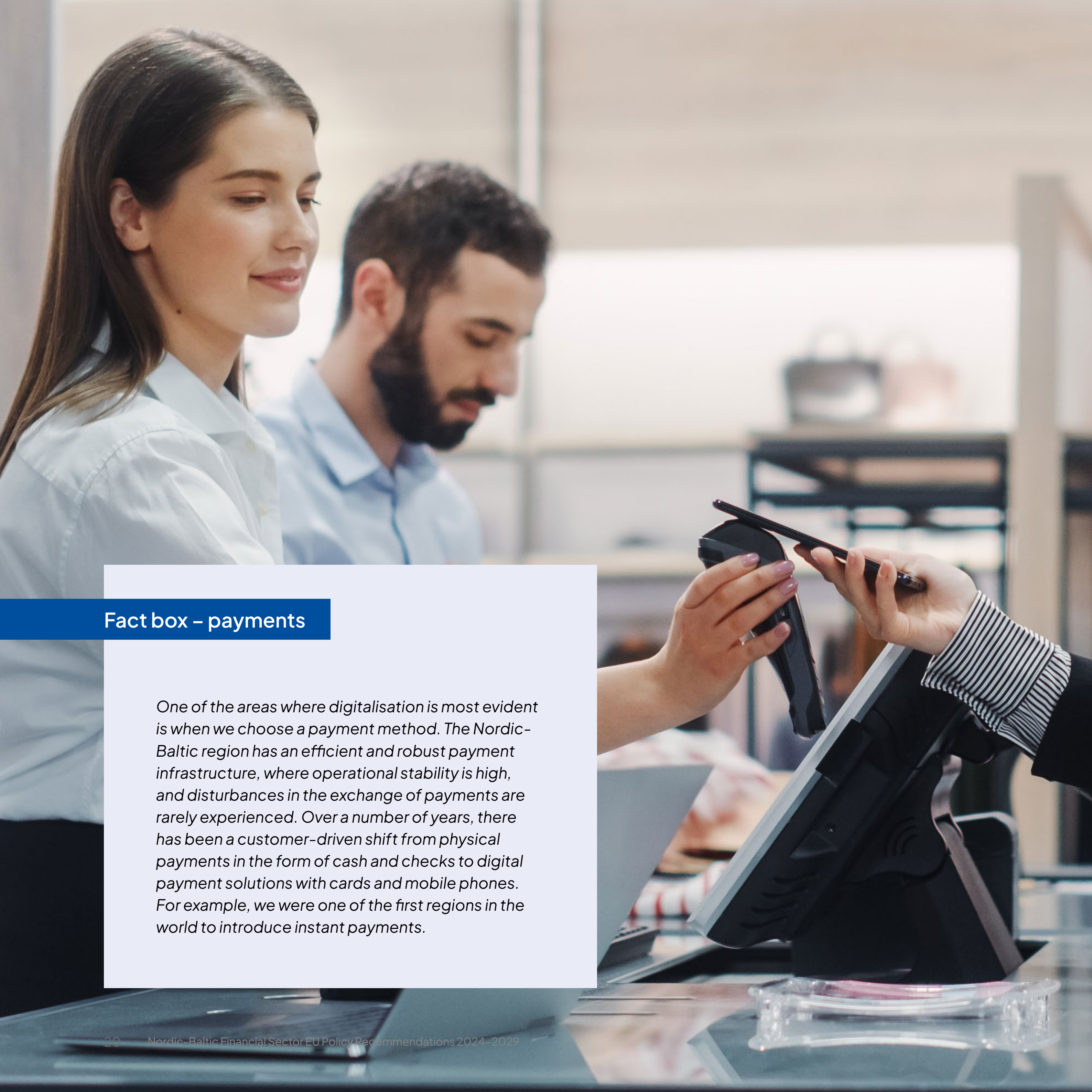
Customers have noticed the development particularly in the payments area, where in the past 10 years they have had mobile banking, contactless cards, mobile payment solutions and instant transfers. The provision of investment services is another example of services where digitalisation has made access to services much easier with an enhanced possibility for the customer to understand and compare products and handle their finances in the mobile bank.

The banks have also been the public sector's primary digitalisation partner for many years. An important part of this is the existence of well-functioning and secure national electronic IDs throughout the Nordic-Baltic markets. While the development of a European eID is welcome, the European regulation should recognise the solutions already in place in member states.

Artificial intelligence is a key element in the ongoing evolution of the digital economy. The transformative potential of AI is evident in its ability to drive innovation and contribute to crucial areas such as cybersecurity, consumer protection and risk management. Accountability for algorithmic decisions is essential and must be secured through transparency and the responsible use of AI. Recognition and responsible management of the new risks associated with AI is crucial. Constant monitoring and control of AI models is imperative. The Nordic-Baltic financial sector supports the European AI Act and its contribution to ensuring a technologically neutral level playing field where market players will be required to adhere to consistent and responsible rules for the use of AI.

A plethora of new regulatory building blocks for the digital economy have been developed during the last mandate. As a result, the interconnections between different pieces of regulation in this area are not very clear. There is a lack of clarity regarding the scope of application, manner of implementation and promotion of reciprocity, especially regarding consumer protection and liability.

The ECB has put forward a proposal for a Digital Euro. The Nordic-Baltic banks call for prudent political assessment of the need for and consequences of the introduction of central bank digital currencies. While there may be opportunities connected to the development of such payment methods, the emerging risks and implications for bank funding, the execution of monetary policy and the infrastructural requirements leave many questions still unanswered.



Fact box – payments

One of the areas where digitalisation is most evident is when we choose a payment method. The Nordic-Baltic region has an efficient and robust payment infrastructure, where operational stability is high, and disturbances in the exchange of payments are rarely experienced. Over a number of years, there has been a customer-driven shift from physical payments in the form of cash and checks to digital payment solutions with cards and mobile phones. For example, we were one of the first regions in the world to introduce instant payments.

We call for:

- ***Level playing field in the digital area to secure EU competitiveness.*** *European regulation needs to safeguard competitiveness towards third countries and allow for sufficient innovation in service development. Europe needs to strike the right balance between controlling risks and advancing innovation.*
- ***Balanced approach in data sharing and open finance.*** *A prerequisite for smart, new services for customers in the internal market is that data from other sectors is available to the financial sector on the same terms as other sectors can collect data from the financial sector. There are crucial rights which need to be safeguarded in detail, such as protection of customer data and protection of financial services companies' business models and sensitive business data. Cross-sectoral data sharing must apply to all sectors of the economy, not only the financial sector, in order to create a level playing field principle for the data economy. Liability and compensation models need to be designed in detail.*
- ***Further work on payments.*** *New regulation needs to balance efficiency and safety in the handling of payments. Future regulation needs to be clear, not overlapping, and it would need to offer some kind of compensation possibilities for banks for sharing their own customer data. New initiatives and regulations should take into consideration the already well functioning and existing markets.*
- ***Clarifying the consequences of the Digital Euro.*** *Regulation must find a balance between defining the key characteristics of the digital euro and leaving enough room for the market to develop its distribution. Certainty and clarity regarding the holding limits as well as compensation for intermediaries are also needed. Furthermore, it is important to discuss the broader questions about the added value of the currency, how it can best respond to current and future challenges of the European payments market, and how it can be developed jointly with the market.*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5 Safety and Security

Geopolitical developments together with increased digitalisation of the economy make the financial sector more susceptible to cyberattacks and society more vulnerable when such attacks occur. The financial sector's role as an intermediary place the sector firmly in the category of critical infrastructures. The work to strengthen cyber resilience in the sector, and in society, must continue. Fraud attacks toward costumers are also a growing industry. New legislation, both in the digital and financial area should take the risk of fraud into account.

The digitalised financial world brings enormous opportunities, but also potentially severe risks. The financial sector works hard to protect the safety and security of their customers. The sector has invested heavily in improving systems, controls, and competences to prevent financial crime, to withstand cyberattacks, prevent fraud, and to deliver secure yet customer-friendly solutions to customers.

The financial sector works in the individual institutions, at sector level, at national level and at the European level to manage cyber risks. There are extensive IT risk management requirements for credit institutions. This means that risks and threats are continuously identified, assessed, and handled. For this, and to keep up with the continuously developing and changing threats, the banks allocate significant resources to continuously improve ICT risk management and cyber security measures.

The digitalisation of banking is also creating vulnerability to fraud with payments. The banks are continuously working to improve their methods to combat fraud. This applies both in relation to investments in advanced security systems, which protect customers against fraud, and in relation to raised awareness through information on appropriate digital behaviour of the individual customer. The nature of digital fraud is constantly changing, and the criminals are becoming more and more cunning in their methods.

Banks are intermediaries and thereby gatekeepers, protecting the economy from money laundering and terrorist financing and screening all economic activity for people, businesses and activities covered by international sanctions. Efficiency could be enhanced even further if the sharing of information between public and private sectors and among banks could be facilitated under adequate safeguards.

We call for:

- ***Fighting online fraud.*** *The EU should raise the awareness among its citizens concerning the fraud risks and modus operandi of criminal fraudsters. We need close cooperation between national authorities and European entities to increase efficiency in the fight against fraud. New initiatives must ensure that all parties in the value chain used for fraudulent behaviour, including telecom companies and internet platforms, are obliged to put in place preventive measures and collaborate with other parties in the value chain.*
- ***Clear basis for AMLA's competence and future work.*** *European regulation and supervisory standards issued by the future Anti-Money Laundering Authority (AMLA) need to be based on uniform, logical, clear and risk-based principles. AMLA should facilitate information sharing among all AML and international sanctions stakeholders, especially through public-private partnerships.*
- **Legal opportunities to cooperate and exchange information***. In order to achieve efficiency in the measures against fraud, money laundering and financing of terrorism, banks must be given legal opportunities to cooperate and exchange information under adequate safeguards, nationally and cross border, whether this happens together with legal enforcement authorities or not. This would also cater to the data needs for the efficient development of collaborative tools and joint initiatives that could enable even more efficient detection and subsequent prosecution of identified actors.*
- ***Enhancing cyber security is an integral part of all digital agendas.*** *Authorities and the financial sector should work together to strengthen the resilience of the Digital Single Market and to increase EU citizens' knowledge about security in a digital world. Security agencies in the EU need to make cyber threat information much more accessible and actively share information. Exchange of information about cyber threats among actors within a trusted circle of agencies and financial companies enables participants to utilise their collective knowledge and capabilities to address current threats. It also allows the actors to make informed decisions about their cyber capabilities and protection, ultimately contributing to enhanced digital resilience for companies in the financial sector.*
- ***Efficient execution of financial sanctions.*** *Banks' ability to execute EU's financial sanctions timely and efficiently must be strengthened by clearer regulation and information, sound guidance and available advice from the issuers. Harmonisation of sanctions with our allies is also important for efficient execution.*

Fact box – NFCERT

Banks in the Nordic Countries have set up the Nordic Financial CERT (NFCERT), which is a partnership that includes many financial sector entities such as banks, insurance companies and pension companies in the Nordic Countries. NFCERT is a tool that helps the member financial institutions protect their customers' assets, helping large and small financial institutions alike at the same time, enabling proactive, quick, and resolute identification of and defence against cyberattacks. NFCERT has a proven track-record and at the core of its success lies comprehensive cooperation and information sharing – within the financial sector, between different parts of the private sector as well as with relevant authorities, especially the police and security authorities. NFCERT is the function requested in art. 45 of DORA.

6 Financial literacy and education to empower consumers

The financial sector provides the financial services that the citizens need throughout their lives, from savings during childhood to pension savings, loans for the first car or home, to the first investments, start-up loans, effective payment services, liquidity, etc. This offers opportunities. But the extent of those options is determined by the individual situation. It is crucial that citizens have a broad-based financial understanding, so that they have the opportunity to take care of their own finances.

The financial sector contributes to increasing and disseminating financial understanding in society, so that the individual gets the opportunity and prerequisites to create an overview in his/her own financial life. Hereby, the financial sector advises and helps with most of life's biggest financial decisions.

The vast majority manage their personal finances without problems. Nevertheless, we know that not everyone has the same starting point or the same overview of their financial opportunities and challenges. There is reason to pay particular attention and give support to weak or vulnerable social groups, the elderly or the very young, or those who struggle with modern digital solutions.

A recent study has confirmed that the overall levels of financial literacy in the EU remain alarmingly low. It also showed that in general young people tend to have lower financial knowledge and have less prudent financial behaviour than older people.

Banks and their national banking associations promote financial literacy in a number of different ways. These include for example targeted campaigns and teaching materials for schoolteachers on financial literacy and materials directed at young adults establishing their autonomous life. Other measures include financial advice, campaigns and also workshops for specific customer groups, volunteering in teaching financial skills and preparing materials for the public. The European Money week engages with youth, inviting them to compete in knowledge about economy and personal finances. In addition to the European week there are events and competitions and other measures organised throughout the Nordic-Baltics to heighten knowledge and awareness about personal finances.

We will continue to contribute with information and campaign activities, and we will engage in dialogue with a large number of organisations and authorities to ensure the best possible inclusion.

We call for:

- *The establishment of an **EU stakeholder forum** to promote the joint EU/OECD financial competence framework for children and youth. The framework is designed to help improve young people's financial literacy so that they are prepared to take well-informed personal finance decisions today and – more importantly – later in life. Participants in such a forum should include market participants, member states, national competent authorities and ESAs who can share information on the various measures taken to increase financial literacy, incl. via the joint EU/OECD financial competence framework.*

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FINANCE DENMARK

Estonian Banking Association

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sff. Samtök fjármálafyrirtækja

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