

## TI welcomes new coalition to bring about EU financial reform

Transparency International (TI)'s campaign to ensure greater transparency and integrity in the international financial system received an additional boost last week with the inaugural meeting of the Finance Watch initiative (<http://www.finance-watch.org/>). TI will be represented on the Finance Watch Board of Directors and will play a full role in the development of the organisation.

"The EU must avoid succumbing to regulatory fatigue or the efforts of a well-funded finance lobby to maintain the status quo. Finance Watch will be an important counterbalance to this lobby and an important resource for all those who wish to see a more sustainable, ethical and transparent European financial system", said Jana Mittermaier, Head of the TI EU Office. "TI has been unflinching in its efforts to hold the G20 accountable to its commitments on reform of the financial system. The EU is an important regional player in implementing these commitments and the next 18 months will be crucial in determining the shape of financial regulation in Europe."

The financial crisis revealed serious flaws in the integrity of the banking system, exposing major cases of fraud, conflict of interest and insider trading. This integrity deficit is a cause for concern given the role of the financial system as a conduit for the illicit proceeds of corruption. For that reason, TI has been monitoring the progress of the reforms to global finance agreed by G20 leaders in 2009. The TI EU Office has taken a lead in advocating for greater transparency in the legislative package being implemented in Brussels. The campaign has focussed on:

- Improving corporate governance in financial institutions
- Removing systematic conflicts of interest in the audit and credit rating industries
- Monitoring conflicts of interest and revolving doors in the new EU supervisory bodies
- Increasing transparency in the operation of financial markets
- Highlighting the role of the "shadow" banking system in facilitating regulatory arbitrage

More information is available on the [TI EU website](#)

The new Finance Watch initiative will help bolster this campaign by providing additional technical and analytic firepower. It will also coordinate the expertise of a range of NGOs, academic institutions, trade unions and financial user groups to provide a powerful independent voice on EU financial reform issues.