



EX-LOBBYIST SHOULD NOT BE DIRECTOR OF THE EBA

OPEN LETTER TO MEMBERS OF THE EUROPEAN PARLIAMENT (MEPS) TO REJECT THE NOMINATION OF GERRY CROSS AS NEW EXECUTIVE DIRECTOR OF THE EUROPEAN BANKING AUTHORITY (EBA)

Brussels, 29 January 2020

Tomorrow, the European Parliament will decide if the nomination of Gerry Cross as new executive director of the EBA goes ahead, or if the ECON committee's vote to block the nomination will be respected.

The nomination of Gerry Cross is highly questionable. It could critically undermine public confidence in the legitimacy of a key European institution: the European Banking Authority (EBA).

We call on MEPs to oppose the nomination of Gerry Cross to protect our institutions from the undue influence of lobbying organisations.

The decision to select Gerry Cross as candidate is highly controversial since he has worked for many years as a key lobbyist within major finance lobby organisations, such as the Institute for International Finance (IIF) and the Association for Financial Markets in Europe (AFME).¹ In this function, he has been involved in numerous attempts to influence key dossiers on financial regulation to promote the interests of some of the biggest financial institutions. They include rules on capital requirements (Basel rules), bank structure and speculation in commodities, to name a few.

This begs the question whether there is a risk of increased 'group think' between the EBA and the financial institutions it is set up to regulate. In our view, the merits of Gerry Cross, and his performance at the hearing in the ECON Committee do not speak in his favour.²

An institution such as the EBA needs to be rigorous in its application of ethics rules. It needs to adopt an arm's-length principle when dealing with representatives of the banks it is set up to supervise and regulate. The EBA should have carefully considered whether the candidate's work with AFME could represent a problem. AFME has a

considerable stake in the EBA: 23 out of 25 of AFME's political priorities, as listed in the Transparency Register, are areas of work for the EBA. Instead, the EBA has made a decision that could strengthen a kind of 'group think' that could affect the quality of the agency's core work.

While we believe that nominating Gerry Cross is a mistake on its own terms, it could not have come at a worse time. The selection of a former lobbyist for Santander as Chairperson of the EBA, and the decision to allow the EBA Executive Director to go straight to a job as Chief Executive Officer for AFME, shows the EBA is in need of an overhaul of its rules and procedures on ethics in general and 'conflicts of interest' in particular.

We would like to thank the European Parliament for the significant step it took when adopting the [resolution](#) on the EBA on 16 January. This resolution asks the EBA to consider a reversal of the Adam Farkas decision and to strictly limit his interaction with European institutions. At the same time, the EU Ombudsman has also launched an [investigation](#) into the EBA. The decision of the European Parliament and the Ombudsman shows there is clearly a wish to impose change. However, for such changes to last, the ethical culture of the EBA must change and it seems this will not come from within. Rejecting the nomination of Gerry Cross is therefore a critical and much needed first step for the EBA to start this reflection. It should reconsider what kind of person it needs to lead its work.

We therefore call on all MEPs to reject the nomination of Gerry Cross to the position of executive director of the European Banking Authority.

By,

[Change Finance](#) - the coalition

Change Finance is a coalition of civil society organisations and citizens that campaigns for reforms of the financial sector.

As a result of a Change Finance campaign during the 2019 EU elections, 78 Members of European Parliament signed a pledge to stand up to the power of the financial lobby. Now, the coalition is working to convert the commitments of the pledge into real action that matters.

References

1. As per the CV of Gerry Cross [available on the EBA's website](#)
He worked at IIF from 2008 to 2011 and at AFME from 2011 to 2019.
2. Corporate Europe Observatory,
[Banking regulator scores another own goal](#) , 28 January 2020

