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Internal Market and Services DG

FINANCIAL SERVICES POLICY AND FINANCIAL MARKETS  
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## **Evaluation of Economic Impact of the Financial Services Action Plan Workshop on Methodology, 25 October 2006**

### **1. GENERAL INFORMATION**

Following the implementation of the Financial Services Action Plan measures in the Member States, the European Commission is going to carry out an **evaluation of the economic impact of the FSAP on the EU financial sector**. This will be the **second part** of the overall evaluation exercise – the first part was an evaluation of the FSAP process and implementation.<sup>1</sup>

We plan to assess the economic impact of the FSAP legislation against the background of the **initial objectives of the FSAP**. These were: (1) establishing a single market in wholesale financial services, (2) making retail markets open and secure, (3) strengthening the rules on prudential supervision and (4) improving wider conditions for an optimal single financial market (including company law, corporate governance, accounting and auditing). We intend to evaluate the impact of the whole package, not of each measure separately.

Given the scope and complexity of such an analysis, we have decided to use external economic expertise. A comprehensive **evaluation study** will be commissioned to an external contractor. This contractor will be selected through an open call for tender to be launched in early 2007, on the basis of Terms of Reference defining the purpose, the scope and the expected results of this evaluation exercise. The study is expected to be completed by 2009.

### **2. THE WORKSHOP**

As a preparation to this evaluation, we are organising a **Workshop on Methodology** on 25 October 2006 in Brussels. The Workshop's aim is to **help the Commission scope the key economic parameters that should be covered in the study**, as well as refine possible methodologies to measure the impact of the FSAP. The participating experts' contributions will help the Commission in assessing possible evaluation methods,

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<sup>1</sup> Published on the Commission website in November 2005.

identifying relevant variables and potential indicators. We are also interested to learn about expectations the experts may have as to this evaluation.

The Workshop will be a **whole day event, composed of four panel sessions** covering the four initial objectives of the FSAP. Each speaker is asked to deliver a **short presentation (~5 minutes)** and in each session the presentations should not exceed 30-40 minutes. The remaining time would be devoted to discussion with and contributions from the audience. We envisage about 100 participants taking active part in the exchange of views. Our intention is to engender a truly interactive debate. Simultaneous interpretation from and into EN, DE and FR will be provided.

**Each speaker has to answer to the same set of questions** (see attached). The questions will also be included in the Workshop programme so the participants can prepare for the discussion. The experts' answers combined with the feedback received during the discussions should help frame the evaluation exercise and the Terms of Reference for the evaluation study.

While inviting the speakers we considered their background in terms of professional environment, institution/market segment and nationality. We aimed to encompass as **various points of view** as possible.

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## Evaluation of Economic Impact of the Financial Services Action Plan

### WORKSHOP ON METHODOLOGY, 25 OCTOBER 2006

#### Questions to the Speakers

The Workshop on 25 October 2006 intends to provide the Commission with expert advice on the means and methodology for conducting the in-depth Evaluation of economic impact of the Financial Services Action Plan.

*Methodology* is the focus of the Workshop. We would like you to give your opinion on *what* should be assessed (which areas, aspects, variables) and *how* this should be done (which indicators, qualitative/quantitative techniques, models). We would be also interested to learn what expectations you have.

We envisage structuring the Evaluation around the four objectives of the FSAP. It would be too complex to evaluate each of the FSAP measures.<sup>2</sup> Enclosed you will find the list of the FSAP measures which fall into the scope of the Evaluation.

The Workshop will be organised in four panel sessions (see the programme). Your initial intervention should be limited to 5 minutes, in order to also allow for ample discussion and exchange of views among the experts and with the audience.

We would like to address the following broad questions to all the speakers:

- (1) **What do you think are the best ways to measure the general impact that the FSAP has had on the EU financial sector?**
- (2) **How can we distinguish the specific impact of the FSAP from the impact of globalisation and other factors, which have also affected the EU financial market integration?**
- (3) **Which indicators should we use to assess the FSAP's contribution to the accomplishment of the Lisbon strategy, i.e. making the EU economy more efficient and creating more growth and jobs? What are the key variables here in your opinion?**
- (4) **What are your expectations as to this Evaluation?**

We hope to get your assessment both as to the FSAP in general and your area of expertise in particular. We would appreciate receiving your contribution in writing (before or after the Workshop).

The questions addressed to the panellists will be made public on the Commission website before the Workshop, so the audience can also prepare for the discussion.

We hope this information proves useful. Do not hesitate to contact us if you need any additional clarification and/or assistance.

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<sup>2</sup> Many of such individual evaluations are / will be carried out separately by the Commission.

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#### **Preliminary Commission's Views on the General Approach to the Evaluation**

A possible approach which we have identified in our early thinking is a following four step analysis:

- (1) Identifying elements/aspects of the financial services sector to be assessed (e.g. access to capital for companies in the EU, efficiency of secondary markets) together with quantifiable indicators, for each of the initial objectives
- (2) Giving a "snapshot" picture of the financial services sector before and after implementation of the FSAP for each of the dimensions selected in step 1
- (3) Comparing the situation before and after the FSAP and highlighting the changes, both positive and negative – trying to isolate what could be attributable to the FSAP
- (4) Analysing the reasons for successes and failures evidenced in step 3 with a view of making recommendations.