

Second Tier, Second Thoughts—Why it Turns out to be so Difficult for EIOPA to Create a Single Market for Private Pensions

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<http://www.ipsonet.org/publications/open-access/epa/volume-2-number-1-spring-2016>

Abstract

In the context of the completion of the common financial market and historically low real interest rates, the recently founded European Insurance and Occupational Pensions Authority (EIOPA) has been assigned the task to develop a regulatory “2nd regime” for private pensions. Issuing a detailed discussion paper, EIOPA invited feedback from stakeholders and received more than 1,300 comments. Based on an analysis of these positions, our paper examines arguments justifying or criticizing the creation of such a single market and on the—sometimes surprising—emergent advocacy coalitions. Unlocking potential economies of scale is attractive to certain large providers; yet it is hindered by member states’ widely differing tax rules and raises various distributional questions. Furthermore, we assess EIOPA’s own emerging position vis-à-vis both the Commission and national regulators, especially its strategic shift toward consumer protection. 2nd regime regulation as one of EIOPA’s first and foremost tasks proves formative regarding its institutional role perception and the legitimacy of its activities.

Keywords: *private pensions, EIOPA, common financial market, 2nd regime, European social policy*

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