

# LOBBYING AND INFLUENCING THE FINANCIAL LEGISLATIVE PROCESSES BY SNS BANK N.V.

*focusing on its relationship with the Dutch Ministry of Finance<sup>1</sup>*

**NB:** This overview excludes the activities by ASN Bank<sup>2</sup> which is 100% owned by SNS Bank N.V. From 2017 onwards, ASN Bank will become operational under the 'Volksbank' that replaces SNS Bank N.V. and has one banking permit that covers banks with the existing names.

## 1. OPERATION OF THE BANK'S LOBBYING

### *1.1 No lobby unit since beginning 2016*

Until the end of 2015, SNS Bank N.V. (hereafter mentioned as 'SNS Bank') had a public affairs unit that dealt with interaction with authorities, and lobbying, including contact and activities related to upcoming financial regulations and laws. As of 1st February 2016, SNS Bank no longer has such a unit. The bank decided to abolish the public affairs department, due to the need to make budgetary cuts and because it did not consider lobbying appropriate for the profile and image of SNS Bank which has been nationalised.

The bank's policy is to not engage in lobbying or approach parliament and ministries in its own name, except on a few specific issues. Because of its size, it realised that it had not much more to add to what the Dutch Banking Association/Nederlandse Vereniging van Banken (DBA/NVB) and other large Dutch banks were already doing.

Most of the bank's contacts and advocacy with Ministries and European or other authorities regarding financial policy and regulation occur via its memberships of the DBA/NVB, the European Savings and Retail Banking Group (ESBG)<sup>3</sup> and the World Savings and Retail Banking Institute (WSBI)<sup>4</sup>; the ESBG and WSBI often operate together<sup>5</sup>.

### *1.2 Decision-making and final responsibility on lobby positions and activities*

On topics of material importance to SNS Bank, the bank's experts in charge of the related portfolio can decide to take action to develop a position and to lobby. In practice, lobbying happens on a very select number of issues (see paragr. 2). For instance, experts can take part in committees and working groups on particular topics run by the DBA/NVB and the ESBG-WSBI. Some of these working groups and/or committees discuss issues relating to upcoming financial legislation, and produce position papers and responses to official consultations issued by national, European or international authorities. In this way, experts from the different divisions within SNS Bank are in charge of the influencing and lobbying activities and, overall, determine the bank's positions. However, in principle, approval from the Board of Directors is required and any decisions made by the experts are put to the Board of Directors for approval. In practice, experts mostly inform the Board of Directors. On important issues, they only act after explicit endorsement by the Board.

The final responsibility and accountability for the bank's positions lies with the Board of Directors. The Chief Executive Officer (CEO) of the Board of Directors of SNS Bank, Mr Maurice Oostendorp, also has a responsibility for the positions taken by the DBA/NVB as he is member of the DBA/NVB Board where important positions are decided. The former CEO of SNS Bank, Mr Dick Okhuijsen is still listed as a member of the ESG Board<sup>6</sup> where lobbying positions are also decided, but his position was taken over by CEO Maurice Oostendorp on 17 August 2015.

### **1.3 The bank's policy on lobbying and transparency of lobbying**

SNS Bank in general has a policy not to actively lobby, and not to lobby independently in its own name but always indirectly as part of, or via, a financial industry association. Even in the industry associations, such as the DBA/NVB, SNS Bank has a rather passive role. There is a DBA/NVB working group on lobbying but SNS Bank plays no part in it. With regard to financial regulatory issues, the bank gets involved in indirect lobbying especially to promote and emphasise the importance of clients and the social and sustainability aspects of banking (based on its manifesto)<sup>7</sup>. Experts active on policy and regulatory or legislative issues are not subject to any particular advocacy or lobbying policy by the bank on how to promote the bank's interests. Since the bank has no official lobbyist, no one from SNS Bank is a member of the Dutch industry association for lobbyists, the Beroepsvereniging voor Public Affairs (BVPA)<sup>8</sup> that subjects its members to a voluntary code of conduct contained in a charter describing principles and rules.<sup>9</sup> In general, all bank staff is subject to the Dutch Bankers' oath<sup>10</sup>, and other codes, such as the Dutch Banking Code and the Dutch Corporate Governance Code.

The bank has no explicit policy on the transparency of its advocacy, lobbying and interaction with authorities regarding upcoming regulatory issues and legislation. On public reporting, the bank follows the Global Reporting Guidelines which only require it to report on its memberships of associations and advocacy organisations (G4-16) and on stakeholder engagement<sup>11</sup> (Note that legislators and financial authorities are no stakeholders): see also paragr. 2 and 3, and graph 2.

In 2013, in reaction to SOMO's report on lobbying by Dutch banks 'Taking Lobbying Public'<sup>12</sup>, SNS Reaal, which at the time held all the shares in SNS Bank and the insurance company REAAL, stated that it understood the importance of having more transparency and said it was willing to increase the transparency of its lobbying, although it did not explicitly commit to any of the ten SOMO recommendations. The bank indicated that the industry associations of which it was member were already publishing their positions.

### **1.4 Budget for lobbying**

SNS Bank indicates that it has no separate budget or account for lobbying or activities related to public policy participation. There is no publicly available information about costs related to such activities.

Part of the advocacy costs include memberships of advocacy and industry associations, and the costs of SNS Bank experts or managers or directors active in them. The main industry association through which SNS Bank indirectly lobbies regarding Dutch financial regulatory issues is the DBA/NVB, whose membership costs are not publically available.<sup>13</sup> The membership fee of SNS Bank for the DBA/NVB is estimated to be much lower than that of the large Dutch banks who were estimated in 2012 to contribute around € 3.5 million.<sup>14</sup>

## 2. TRANSPARENCY AND PUBLIC REPORTING ON LOBBY ACTIVITIES AND CONTACTS

### 2.1 Reporting on advocacy and lobbying on financial legislative issues

Compared to SNS Reaal's 2013 reporting, SNS Bank was more transparent about its advocacy and lobby activities, and its contacts with regulatory and legislative authorities in both its 2014<sup>15</sup> and 2015<sup>16</sup> Annual Reports. SNS Bank published a short but not detailed overview of lobbying activities, contacts with government bodies and positions taken regarding some upcoming regulatory issues. In other parts of the 2014<sup>17</sup> and 2015<sup>18</sup> Annual Reports, the existing and upcoming regulatory legislation of material importance were listed, sometimes with information about official consultations that were taking place, but without making explicit whether SNS Bank responded to such consultations or what its positions were regarding the topic, nor what kind of lobbying activities were carried out.

Note that in the 2014 Annual Report, regulatory authorities are described as stakeholders.<sup>19</sup> In 2015, the lobbying activities are covered under the heading of 'societal conversations' (maatschappelijke gesprekken).<sup>20</sup> It should also be noted that the bank considers increasing regulations and supervision to be a threat to its budget because of the additional costs<sup>21</sup> they would incur to the bank, though it considers regulation an instrument of protecting clients<sup>22</sup>.

### 2.2 Transparency of advocacy through membership organisations

The SNS Bank's Annual Reports of 2014 and 2015 refer to the Global Reporting Guidelines (GRI) and apply the GRI's G4-16 indicator regarding its membership of advocacy organisations by referring to the 'stakeholder engagement' chapter in the 2014 Annual Report<sup>23</sup>, and by referring to its website related to 'Memberships & Conventions'<sup>24</sup> in the 2015 GRI Table<sup>25</sup> that accompanies the 2015 Annual Report.

SNS Bank is a member of some industry associations at national, European and international level that advocate on their specific financial topics and in the interests of their members, at national, European and/or international governmental institutions. However, by August 2016, the bank only reports on its membership of the DBA/NVB and ESGB/WSBI. According to SOMO's research, the bank is also a member of other advocacy organisations. Graph 1 shows the bank's industry association memberships which SOMO has so far identified.

In its review of the draft of this Annex, SNS Bank indicated that it was looking to improve its trans-

graph 1

SNS Bank industry association memberships (1)

visible	1	DBA / NVB	SNS Bank is a member of the Board, and active in working groups	● mentioned by SNS Bank in its 2015 Annual Report or on its website
	2	ESBG/ WSBI	SNS Bank is on the Board of ESGB	
invisible	1	DACB	DBA/NVB provides the secretariat	● Not mentioned by SNS Bank in its 2015 Annual Report or on its website
	2	DSA	Member	
	3	ECBC	Member, no additional information	
	4	ICMA	Regular member	
	5	ISDA	Subscriber member (not a primary or associate member)	

Sources: SNS Bank website on Memberships & Conventions (<https://www.snsbanknv.nl/verantwoord-ondernemen/lidmaatschappen-verdragen>), websites of the mentioned associations and website of official consultations.

(1) See for the full name of the industry associations in the table: M. Vander Stichele, A structural problem in the shadows – Lobbying by banks in the Netherlands, SOMO, November 2016, p. 65.

parency on memberships and told SOMO that 'SNS Bank will examine the GRI Guidelines with respect to disclosure of the branch organisation of which SNS Bank is a member (active versus non active). If SNS Bank concludes that it should disclose all the branch organisations it is a member of (whether or not it is a passive or active membership), SNS Bank will disclose in the Annual Report of 2016.<sup>26</sup>

SNS Bank does not publish details of the lobbying positions taken by the organisations of which it is a member, nor where their positions or responses to official consultations can be found.

As a case study, box 1 provides an overview on how SNS Bank indirectly advocates on securitisation, an issue on which new legislation is being developed at EU level.<sup>27</sup>

box 1

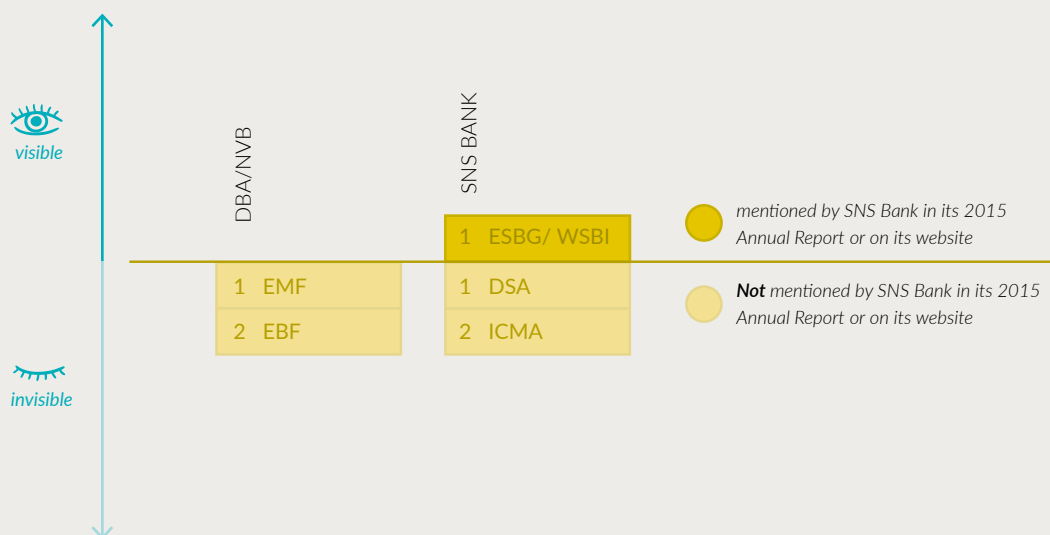
**HOW SNS BANK INDIRECTLY ADVOCATES ON STS SECURITISATION**

The EU is in the process of developing a new law for allowing simple, transparent and standardised (STS) securitisation. On 18 February 2015, the European Commission (EC) launched an official consultation via its website<sup>28</sup> before presenting a legislative proposal to the European Parliament and the EU Council of Finance Ministers, who have co-decision making powers.

Graph 2 shows financial industry associations which SNS Bank is a member of, responded to the EC consultation and allowed their responses to be published on the EC consultation website. The Dutch Securitisation Association (DSA)<sup>29</sup>, the European Mortgage Federation (EMF) and the ESBG published the responses on their website, while the International Capital Markets Association (ICMA) (which responded through its Asset Management and Investors Council (AMIC))<sup>30</sup> did not.

graph 2

**Industry associations of which SNS Bank is a member, which responded to the official EC consultation on simple, transparent and standardised (STS) securitisation, launched on 18 February 2015**



Source: EC website with responses to the consultation, which were allowed by the respondents to be published (<https://ec.europa.eu/eusurvey/publication/securitisation-2015>).

Some industry associations published additional positions on STS securitisation. The position of ESGB on securitisation was clearly published on its website, with a link to its response to the EC consultation<sup>32</sup>, and as part of its position on the Capital Markets Union.<sup>33</sup> The position of the ESGB on securitisation was also published in its report to the European Parliament in May 2016.<sup>34</sup>

The ICMA published and publically launched a joint statement on STS Securitisation with other organisations in March 2016.<sup>35</sup>

At international level, for instance, the DBA/NVB responded to the consultative document 'Revisions to the securitisation framework' launched by the Basel Committee on Banking Supervision on 19 December 2013.<sup>36</sup> The EBF, of which the DBA/NVB is member, and the IBFed, of which the EBF is member, also responded to this consultation of the Basel Committee.

### 3. LOBBYING AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

SNS Bank makes it explicit, in its 2015 Annual Report and on its website, that particular social and sustainability values are of primary concern. These concerns are a basis on which the bank's experts and directors or board members engage in membership organisations and advocacy, e.g. in the DBA/NVB, where SNS Bank is part of the Board and committees or working groups, where the bank is emphasising and promoting the interests of clients. However, the SNS Bank does not consider its (indirect) advocacy and lobbying activities to be an explicit issue of its corporate social responsibility policy even though advocacy activities can have an important impact on regulations and legislations and thus how banks behave in society.

### 4. CONTACTS WITH THE DUTCH MINISTRY OF FINANCE RELATED TO FINANCIAL LEGISLATION AND REGULATORY ISSUES

The majority of the contacts of SNS Bank with the Ministry of Finance on policy, regulation and upcoming legislation, happen indirectly through the DBA/NVB. For instance, the bank does not respond on its own account to official written consultations issued by the Ministry on upcoming national legislation but will have contact with the Ministry on particular societal subjects.<sup>37</sup> When contacts are initiated by the Ministry with the sector or with SNS Bank specifically, they usually consist of requests for expert advice and/or factual information to reply, for example, to a question from the Dutch Parliament.

The bank participates in meetings as part of the DBA/NVB delegation when invited by the government to discuss a matter with the Dutch banking sector, such as the informal consultation with the Prime Minister as well as Finance Minister and the Minister of Economic Affairs with the on 23 May 2016.<sup>38</sup>

## Notes

- 1 Except otherwise mentioned, information was provided by Mr Wilfried Beumer, Assistant/Advisor to the CEO of SNS Bank N.V., during an interview with M. Vander Stichele, Senior Researcher at SOMO and S. van Dijk, at the time intern at SOMO, on 29 June 2016.
- 2 An overview of ASN Bank on these topics can be viewed in a separate Annex on SOMO's website, reviewed by ASN Bank.
- 3 <http://www.savings-banks.com/About-us/About-ESBG/Pages/About-ESBG.aspx> (viewed 7 July and 24 August 2016).
- 4 <http://www.savings-banks.com/About-us/About-WSBI/Pages/About-WSBI.aspx> (viewed 7 July and 24 August 2016): SNS Bank is member of both the ESBG and the WSBI.
- 5 See their common website: <http://www.wsbi-esbg.org/About-us>.
- 6 The individual description of the Dick Okhuijsen as member of the board of the ESBG was updated on 3 April 2015 (<http://www.savings-banks.com/Lists/Board/DispForm.aspx?ID=50> and <http://www.savings-banks.com/About-us/About-ESBG/Pages/ESBG-Board-of-Directors.aspx> (viewed 7 October 2016)). However, Mr Dick Okhuijsen was no longer CEO of the Executive Board of SNS REAAL from 17 August 2015 onwards.
- 7 <https://www.snsbanknv.nl/en/about-us/mission-strategy/our-manifesto> (viewed 24 August 2016).
- 8 <http://bvpa.nl/leden/ledenlijst> (viewed 24 August 2016).
- 9 <http://bvpa.nl/over-bvpa/handvest> (viewed 24 August 2016).
- 10 <https://www.nvb.nl/publicaties-standpunten/publicaties/3565/bankierseed-bankers-oath-toekomstgericht-bankieren.html> (last viewed 30 October 2016).
- 11 <https://www.snsbanknv.nl/verantwoord-ondernemen/lidmaatschappen-verdragen> or <https://www.snsbanknv.nl/en/corporate-responsibility/memberships-and-conventions> and <https://www.snsbanknv.nl/uploads/media/downloads/0001/03/814bb9c1afdac41cb46221fc37eeac6616058f36.pdf> (GRI Table 2015), (all viewed 24 August 2016).
- 12 R. van Tilburg, I. Römgens, Taking Lobbying Public - The Transparency of Dutch Banks' Lobbying Activities, SOMO, December 2013, <https://www.somo.nl/taking-lobbying-public-2/>: see the report (especially pages 52-56) and appendix II, paragr. 8.2.4.
- 13 The DBA/NVB annual report does not contain its budget/annual accounts (see: <https://www.nvb.nl/publicaties-standpunten/publicaties/108/jaarverslag.html> (viewed 19 August 2016)).
- 14 F. de Bruijn, 'NVB: conflict banken is binnenbrandje', BNR, 4 October 2012, <http://www.bnr.nl/nieuws/beurs/10127295/nvb-conflict-banken-is-binnenbrandje> (viewed 20 August 2016): the total budget of the DBA/NVB was estimated to be € 14 million.
- 15 SNS Bank, Annual Report 2014, p. 27-30, p. 200-205, [http://www.srh.nl/web/Annual\\_Report\\_SNS\\_Bank\\_NV\\_2014\\_ENa659.pdf?uuid=0b7f61c8-5492-417c-928b-d8532e0a04d8&owner=b1b84d2b-6b99-4246-b0f6-d53ac897216a&contentid=3703&elementid=111626](http://www.srh.nl/web/Annual_Report_SNS_Bank_NV_2014_ENa659.pdf?uuid=0b7f61c8-5492-417c-928b-d8532e0a04d8&owner=b1b84d2b-6b99-4246-b0f6-d53ac897216a&contentid=3703&elementid=111626) (viewed 19 August).
- 16 SNS Bank NV, Jaarverslag 2015, p. 319.
- 17 SNS Bank NV, Annual Report 2014, p. 27-28.
- 18 SNS Bank NV, Jaarverslag 2015, p. 39-41, 313,
- 19 SNS Bank, Annual Report 2014, p. 27-30, p. 203-204,
- 20 SNS Bank NV, Jaarverslag 2015, p. 319.
- 21 SNS Bank NV, Jaarverslag 2015, p. 45.
- 22 SNS Bank NV, Jaarverslag 2015, p. 39.
- 23 SNS Bank NV, Annual report 2014, p. 209.
- 24 <https://www.snsbanknv.nl/verantwoord-ondernemen/lidmaatschappen-verdragen> (viewed 19 August).
- 25 SNS Bank N.V., GRI Table 2015, p. 5.
- 26 Review of draft Annex SNS Bank, sent by email by W. Beumer, Assistant/Advisor to the CEO of SNS Bank N.V., to SOMO on 8 September 2016.
- 27 For more explanation, see: M. Vander Stichele, A structural problem in the shadows – Lobbying by banks in the Netherlands, SOMO, November 2016, p. 18.
- 28 [http://ec.europa.eu/finance/consultations/2015/securitisation/index\\_en.htm](http://ec.europa.eu/finance/consultations/2015/securitisation/index_en.htm) (viewed 8 May 2016).
- 29 <https://www.dutchsecuritisation.nl/sites/default/files/documents/DSA%20responses%20to%20EC%20consultation%20on%20STS%20securitisation%20%28final%29.pdf> (last viewed 30 October 2016).
- 30 See: <https://ec.europa.eu/eusurvey/publication/securitisation-2015> and file:///C:/Users/myriams/Downloads/AMIC%20response%20to%20European%20Commission%20Securitisation%20consultation%20-%20Cover%20Page.pdf (viewed 24 August 2016).
- 31 [http://ec.europa.eu/finance/consultations/2015/securitisation/index\\_en.htm](http://ec.europa.eu/finance/consultations/2015/securitisation/index_en.htm) (viewed 24 August 2016).
- 32 <http://www.savings-banks.com/press/positions/Pages/securitisation.aspx> (viewed 24 August 2016).
- 33 <http://www.savings-banks.com/What-we-do/Investing-with-Confidence/CMU/Pages/default.aspx> (viewed 23 August 2016).
- 34 <http://www.savings-banks.com/SiteCollectionDocuments/0330%20-%20ESBG%20Positions.11.May.2016.pdf> (viewed 23 August 2016).
- 35 file:///C:/Users/myriams/Downloads/AFME-EFA-MA-IE-ICMA-position-paper-March-2016%20(2).pdf , <http://www.icmagroup.org/media/Press-releases/> (see 3 March 2016) and <http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/Asset-Management/> (viewed 23 August 2016).
- 36 <http://www.bis.org/publ/bcbs269/comments.htm> (viewed 21 August 2016).
- 37 SNS Bank NV, Jaarverslag 2015, p. 319.
- 38 <https://www.nvb.nl/nieuws/2016/5144/goed-en-opensprek-in-catshuis-over-bevorderen-groei.html> (viewed 7 July 2016): the meeting took place at the government building 'Catshuis'.