# Jogelméleti Szemle 2024/2. szám

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**Vértesy, László**[1]

# Theory of Regulation of Financial Markets: Reasons and Methods[2]

*Abstract*

Financial market regulation serves stability and protection. The purpose of risks and risk management is to prevent the phenomena of too big to fail, too interconnected to fail, and moral hazards at the micro and macro levels that could lead to a cascading impact. Consumer protection is addressed through disclosure requirements and educational initiatives, shielding consumers from predatory practices. The regulations extend to environmental and societal impacts, promoting sustainable and ethical finance, encouraging environmental practices transparency and incentivising green finance. Ethical finance aligns with global ethical standards and religious principles, shaping financial practices. Governments and international bodies collaboratively establish a multi-level regulatory framework, including national, supranational, and international levels. On the one hand, the different levels and binding rules provide flexibility, but at the same time, this makes uniformity difficult; harmony and consistency require careful supervision and oversight. Regional and national variations may exist in regulatory structures.

*Keywords:* financial law, financial markets, European Union, harmonisation of law

*Absztrakt*

A pénzpiaci szabályozás a stabilitást és a bizalmat szolgálja. A kockázatok és kockázatkezelés célja, hogy mikor és makro szinten is elkerülhető legyen a too big to fail, a too interconnected to fail és a moral hazard jelensége, amely lépcsőzetes, dominó hatásokhoz vezethet. A fogyasztók védelmét közzétételi követelmények és oktatási kezdeményezések szolgálják, megvédve a fogyasztókat a tisztességtelen gyakorlatoktól. A szabályozás kiterjed a környezeti és társadalmi hatásokra is, elősegítve a fenntartható és etikus finanszírozást, a környezetvédelmi gyakorlatok átláthatóságát és ösztönzik a zöld finanszírozást. Az etikus pénzügyek összhangban vannak a globális etikai normákkal és vallási elvekkel, így formálva a pénzügyi gyakorlatot. A kormányok és a nemzetközi testületek együttműködve többszintű szabályozási keretet hoznak létre, beleértve a nemzeti, nemzetek feletti és nemzetközi szintet is. A különféle szintű és kötelező erejű szabályok egyfelől rugalmasságot biztosítanak, ugyanakkor ez megnehezíti az egységességet; az összhang és összehangolás, ami gondos felügyeletet tesz szükségessé. A szabályozási struktúrákban regionális és nemzett eltérésekkel találkozhatunk.

*Kulcsszavak:* pénzügyi jog, pénzügyi piacok, Európai Unió, jogharmonizáció

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*I. Introduction*

The purpose of financial market regulation is to create and maintain stability.[3] To this end, the legislative and law-enforcing bodies, financial institutions, and other actors in the financial market are obliged to demonstrate or refrain from specific behaviours and to cooperate by following the basic principles of good faith and fairness. At least the theoretical framework would dictate this.[4] At the same time, certain socio-economic regularities, such as the goal-rational (in their case, profit-maximising) behaviour of economic actors, the natural market competition of individual actors, the conflicting interests within financial transactions do not allow the markets to function perfectly at all times, not to mention the actors about the influence of unavoidable and often hard-to-see external circumstances outside its scope of activity.[5] Therefore, state intervention is justified within a reasonable and acceptable framework to ensure society's financial well-being, fair competition, correcting market failures, and avoiding and mitigating crises.

The state intervention takes into account several closely related conditions, requirements and objectives at the same time. Thus, the task is to promote the development of financial markets and institutional systems, increase efficiency, reduce the costs of actors, develop financial products and services, support (financial) competition, and promote international competitiveness. In addition to domestic interests, consistency and unification (implementation) with international and especially EU rules are emphasised. This primarily means the European Banking Union and the European Capital Markets Union at the EU level. A new trend in legislation is moving from institution-based regulation to activity-based and risk-based regulation. In addition, the necessary guarantees must be created, such as increasing the security of financial providers and services and protecting retail customers and consumers (depositors, investors). At the system level, stability, predictability, and transparency are increasingly emphasised, as well as data security and protection,[6] confirmed by micro- and macro-level domestic and EU financial supervision. Sectoral neutrality ensures that the regulatory response to the risks of all activities or services is the same for all cases with similar content, irrespective of the financial sector to which the service provider belongs and that the exact compliance cost applies in response to the risk. It could also positively impact reducing the phenomenon of regulatory arbitrage.[7] This is non-discrimination on an individual

[3] Crockett, Andrew: The theory and practice of financial stability. In De Economist, Vol. 144, No. 4, 1996, pp. 531-568. https://doi.org/10.1007/BF01371939 and Litan, Robert E.: Institutions and policies for maintaining financial stability, Economic Policy Symposium, Federal Reserve Bank of Kansas City, 1997, pp. 257-297. and Hoenig, Thomas M.: Maintaining stability in a changing financial system: some lessons relearned again? Economic Review-Federal Reserve Bank of Kansas City 93.1, 2008, p. 5. and Kálmán János: A közérdek és a pénzügyi stabilitás. In Lapsánszky et al.(szerk.): Köz/érdek: Elméleti és szakjogi megoldások egy klasszikus problémára, Gondolat, Budapest, 2017, p. 597-625.

[4] Creel, Jérôme – Hubert, Paul – Labondance, Fabien: Financial stability and economic performance. In Economic Modelling, Vol. 48, 2015, pp. 25-40.

[5] Glavanits Judit: A pénzügyi piac szabályozásának és felügyeletének új irányai. In Kálmán János (szerk.): Állam – Válság – Pénzügyek, Gondolat, Budapest, 2017, p. 101.

[6] The uniform and strict provisions of the EU General Data Protection Regulation (GDPR), which entered into force in 2018, apply to EU and non-EU data controllers, i.e. to data controllers in the US, as they handle EU personal data. (The European Court of Justice rejected the so-called Safe Harbour solution in 2015, and the the so-called Privacy Shield solution in 2020.)

[7] In the course of regulatory arbitrage, legal entities carrying out the given activity in a business-like manner make use of less strictly regulated or non-regulated economic areas, either in terms of the applied legal form or specific activity. The phenomenon can be felt in the United States and China, but it is less decisive in Europe. It can basically arise in two cases, namely if the regulation is very strict, or if certain phenomena are not yet visible to the regulator due to the underdevelopment of the market. While in the United States it is mainly the former, in the case of China both factors can be observed. See Kecskés András – Bujtár Zsolt: A kínai pénzügyi rendszer árnyéka. Árnyékbankrendszeri kockázatok a kínai gazdaságban. In Polgári Szemle, 2017/4-6. szám, pp. 329-340.

level, i.e. the creation and application of rules that uniformly prescribe the rights and obligations of market participants.

Financial market regulation serves various purposes, addressing risks like “too big to fail” and “too interconnected to fail.” It aims to prevent systemic repercussions, mitigate interconnections, and tackle moral hazard concerns. Another dimension is consumer protection measures, including disclosure requirements, fair conditions, vulnerable groups to predatory practices, and educational initiatives to avoid unfair treatment, fraud, and abusive financial products. Additionally, regulations extend to societal and environmental impacts, promoting green finance, sustainable investments, and environmental, social, and governance (ESG) factors. Influenced by international standards and religious principles, fundamental maxims and certain rules, ethical finance guides fair practices. On the side of the legislation, the comprehensive regulatory framework operates at national, supranational (e.g., EU), and international levels, varying by region and country.

## *II. Risk and risk management*

One of the most important reasons for regulation is risk, which is usually the possible occurrence of some unforeseen danger or loss or the conscious acceptance of it. There have been many definitions of the concept, in which the common element is the possibility of deviation from what was planned or expected, as well as uncertainty and probability.[8] Probability means that we can never predict the occurrence of the event causing the damage with absolute certainty. What is certain to or definitely not happen is not considered a risk. In another approach, risk is the difference between the occurrence of a risk of harm and the mathematical probability of its occurrence. The success of the operation of the financial sector depends on the correct calculation and regular distribution of risks or, more simply, on their management. The banking sector manages other people's money, taking many risks. The Anglo-Saxon banking culture expresses this: “My adventures with your money”.[9] The insurance provider organises the community of persons exposed to the same or similar risks (community of risk), assesses the insurable risks using mathematical and statistical tools, determines and collects the consideration (fee) for the commitment, forms specific reserves, assumes the risk based on the established legal relationship and fulfils the services. The risks in the securities market are best known from stock market scandals.

Risk can be a random event, incomplete knowledge or information. A financial institution is a dangerous business; financial transactions are never risk-free. The regulation cannot under any circumstances take over from the financial institutions to cover the risks inherent in their activities, it can only strive to mitigate the extremes of business risk that relies solely on market effects by coercion, thereby increasing the security of bank customers as much as possible.[10] The risks of financial actors can be customer and transaction risks, market risks, operational risks, and other risks that cannot be clearly classified into these categories.

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[8] Saunders, Anthony, Marcia Millon Cornett, and Otgo Erhemjamts: Financial institutions management: A risk management approach. McGraw-Hill, 2021.

[9] Rice, George Graham: My adventures with your money. The Gorham Press, Boston, 1913.

[10] Oino, Isaiah: Bank solvency: The role of credit and liquidity risks, regulatory capital and economic stability. Banks and Bank Systems, 2021, pp. 84-100. doi:10.21511/bbs.16(4).2021.08 and Botos Katalin: Likviditás, szolvencia, prudencia. In Botos Katalin (szerk.): Pénzügypolitika az ezredfordulón. JATEPress, 2003, p. 159.

**Characterisation of each risk group**

| | Customer and transaction risk | Operational risk | Market risk |
|---|---|---|---|
| **Exposure** | Difficulties of statistical measurement, “non-well-behaved” distributions | Usually high frequency, low weight or low frequency, high weight - statistically difficult to handle | A well-measurable, rich statistical database |
| **Risk factors** | Probability of debtor default, the size of the loss, the size of the "exposure" of the position | Frequency and severity of subsequent events | In interest rates, exchange rates, share prices, volatility, returns on stock market prices |
| **Risk assessment methods** | Rating systems, models, credit risk exposure, economic capital | There is no complete consensus on the appropriate measurement methodology (top-down vs. bottom-up ) | Risk exposure value, stress tests, economic capital |
| **Risk management tools** | Limit, cover, diversification, securitisation, credit derivatives | Process organisation, insurance, treatment based on qualitative techniques, analysis of key indicators, monitoring | Limits, balance sheet management, derivative products |

Source: Kovács Levente – Marsi Erika: *Bankmenedzsment – banküzemtan*, Magyar Bankszövetség, Budapest, 2018, p. 101.

Since the 1980s, systemic risk has come to the forefront of law and economic studies as one of the key concepts of financial stability.[11] Systemic risk is the risk of disruption of the financial system that could have serious negative consequences for the financial system and the economy. During systemic risk, the range of systemically significant financial institutions must also be identified. These are institutions whose liquidation or malfunction could lead to systemic risk. Among the criteria adopted by the G20, which define the range of globally systemically important financial institutions (G-SIIs), is the size of the bank, its cross-border activities and its connection to the financial system. Similar considerations apply to other systemically significant financial institutions (O-SIIs). The systemically important institution means an EU parent institution, an EU parent financial holding company, an EU parent mixed financial holding company or an institution whose failure or malfunction could lead to systemic risk. Member States designate the authority in charge of identifying the G-SIIs and O-SIIs. The G-SIIs is an EU parent institution, an EU parent financial holding company, an EU parent mixed financial holding company or an institution.

G-SIIs shall not be an institution that is a subsidiary of an EU parent institution, an EU parent financial holding company, or an EU parent mixed financial holding company. The identification is based on the size of the group, the interconnectedness of the group with the financial system, the substitutability of the services or the financial infrastructure provided by the group, the complexity of the group; and the cross-border activity of the group, including cross border activity between the Member States and between a Member State and a third country. O-SIIs can be either an EU parent institution, an EU parent financial holding company, an EU parent mixed financial holding company, or an institution. Systemic

[11] Garcia-Jorcano, Laura, and Lidia Sanchis-Marco: Systemic-systematic risk in financial system: A dynamic ranking based on expectiles. In International Review of Economics & Finance, Vol. 75, 2021, pp. 330-365.

importance is assessed based on size, the importance of the Union's economy or the relevant Member State, the significance of cross-border activities, and the interconnectedness of the institution or group with the financial system.[12]

This is how the term *too big to fail* appears, which refers to the size and market role of one or more institutions being too large. More precisely, the state cannot allow them to fail because the collapse of a systemically important financial institution or a bank run by its customers – in line with the domino principle – can drag the whole financial sector down with it, so it is crucial for society and the government to bail out the given credit institution. This can be counterbalanced, for example, by the capital buffer for systemically important credit institutions, which encourages banks not to grow too large since they will be forced to meet increased capital requirements, capital buffers, and reserves, which means a competitive disadvantage for them due to higher capital costs.

Financial markets became increasingly interconnected in the 20th century. Of course, the benefits derived from this cannot be neglected. Individual transactions, especially in the universal banking system, cannot be linked exclusively to a single financial actor. Others can provide many services, and credit institutions and insurance companies can also carry out activities that are not closely related to the banking or insurance sector, such as investments, stock transactions, etc.

There are several benefits of *cooperation between insurance companies and financial institutions*. The *insurance company* can distribute its products through an existing, extensive network with many customers, which, on the one hand, increases the available customer base, and on the other hand, all this can take place without new investments or staff increases, solving the shortcomings of the distribution network. Financial institutions have a workforce trained in the financial and administrative fields, which can be expected to fulfil insurance claims accurately. Financial institutions can also be involved in fee collection work. Customers listed in the financial institution's address book are more accessible for the insurance company to reach. Among the benefits on the side of the *financial institution*, the effort to provide a full range of financial services also requires the offering of insurance to customers. The use of employees' working time is not uniform, and excess labour capacity can be tied up with insurance-related tasks. The financial institution is entitled to reimbursement in cooperation with the insurance company. Among the advantages on the part of the customers is the handling of insurance matters in a faster and more easily accessible place, as well as the possibility of using multiple services in one place.[13]

The pejorative interpretation of this cooperation is that financial institutions are *too interconnected to fail* (independently, independently). This also strengthens the harmful effects of the domino principle and results in the development of exposure to financing and derivative markets and an increase in risks.[14] By the way, reaching both categories represents an outstanding competitive advantage over other service providers because this critical, systemically significant position can be easily exploited; because banking activities can be continued and excessive risks can be taken in order to increase profitability, knowing that the possible costs, losses, and bail-outs of such business will be paid by the governments from the

[12] Directive 2013/36/EU on access to the activities of credit institutions and on the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC, 2006/48 /EC and on the repeal of Directive 2006/49/EC Article 3 and 131.

[13] Čolović, Vladimir: Banks as Insurance Agents (Bankinsurance). EMC Review – Economy and Market Communication Review, Vol. 19, No.1, 2020, pp. 136-150. https://doi.org/10.7251/EMC2001136C and Ondimu, Richard Mochoge: Bank-Insurance Mergers and Acquisitions (M&A) and Shareholders' Value. Diss. Aston University, 2022. and Tajti Zsuzsanna: A modernkori bankbiztosítás magyarországi története. In Hitelintézeti Szemle, 2005/2. szám.

[14] Kálmán János: A makroprudenciális politika fogalmi keretei és helye a gazdaságpolitika rendszerében. In Jog – Állam – Politika, 2015/2.

taxpayers' money anyway.[15]

The *moral hazard*, i.e. moral risk, refers to the fact that finance, economics and law have unwritten ("invisible") basic moral standards and principles that must be followed, such as honesty. Several well-known examples of moral abuse can be found in the financial crisis.[16] One concerns the dependency relationship between credit rating agencies and equity analysts, who mostly received their fees from the banks and company managers whose products were to be evaluated. Thus, their independence can be questioned, as they were also interested in favourable reviews to get further similar, well-profitable commissions later on. In Attila Marján's formulation, if stock analysts are rowing in the same boat as investment bankers, then the temptation is too great to – as has been proven to happen – to warmly recommend companies with long-standing problems to investors without much heartache, and bankers quickly become accomplices in the face of problems for fleeing business managers.[17] The extremely performance-based remuneration policy can also be considered problematic because this incentive resulted in the value and volume of the deals that mattered most to the administrator and salesperson, not their ability to perform. This is partly how and why subprime debtors were involved in mortgage lending. Another example of moral risk is the excessive use of s credit default swaps (CDS), on the one hand, immediately upon the issuance of the new securities, and their "over-insurance" with a larger, multiple CDS. The problem in this case is that the issuer or distributor is already aware of the risks of its product and thus tries to mitigate the unwanted but unavoidable loss. The fourth is too big to fail and the bail out, because the sector trusts that the government will be able and willing to rescue banks that do not meet the minimum capital and liquidity requirements. In this way, these banks can obtain funds at a lower cost than if they could do so strictly based on their independent rating, which encourages and causes irresponsible risk-taking. The governments of the peripheral countries of the Eurozone are being held hostage by the health of the banks in the country. If they had to bail out these banks, the budget deficit would skyrocket, and the government's creditworthiness would deteriorate, as happened in Ireland.[18] Closely related to this is the fact that state deposit and investor protection guarantees also contribute (can) to excessive risk-taking not only by financial actors but also by savers because both sides can act in the knowledge that the money fund set aside for this purpose (ultimately the state) will then pay losses[19] up to a specific limit (usually €100,000) or in some countries no upper limit.[20]

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[15] Atkinson, Tyler – Luttrell, David – Rosemblum, Harvey: Assessment the costs and consequences of the 2007-2009 financial crisis. In Economic Letters, Vol. 8, No. 7. 2013.

[16] Jebari, Joseph – Táíwò, O. O., Andrews T. et al.: From moral hazard to risk-response feedback. Climate Risk Management, Vol. 33, 2021, https://doi.org/10.1016/j.crm.2021.100324

[17] Marján Attila: Az európai pénzügyi szolgáltatási szektor és a gazdasági és monetáris unió. Corvinus Egyetem, Budapest, 2003, p. 55.

[18] Huertas, Thomas F.: Safe to Fail: How Resolution Will Revolutionise Banking. 2014, Palgrave Macmillan, London. https://doi.org/10.1111/jcms.12992, and Donnelly, Shawn, and Ioannis G. Asimakopoulos.: Bending and breaking the single resolution mechanism: The case of Italy. In JCMS: Journal of Common Market Studies, Vol. 58, No.4, 2020, pp. 856-871. https://doi.org/10.1111/jcms.12992

[19] Allen, Franklin – Carletti, Elena – Goldstein, Italy – Leonello, Agnese: Morale hazard and government guarantees in the banking industry. In Journal of Financial Regulation, Vol. 1, No. 1. 2015, pp. 30-50. https://doi.org/10.1093/jfr/fju003

[20] For example, there is no upper limit in Austria, Denmark, Ireland, Germany or Slovakia. Ashraf, Badar Nadeem, et al.: Capital regulation, deposit insurance and bank risk: International evidence from normal and crisis periods. Research in International Business and Finance 52, 2020, doi:10.1016/j.ribaf.2020.101188

**Key aspects of “Too Big to Fail,” “Too Interconnected to Fail,” and “Moral Hazard” in the context of financial markets**

| Aspect | Too Big to Fail | Too Interconnected to Fail | Moral Hazard |
|---|---|---|---|
| Definition | Large financial institutions whose failure may have systemic consequences for the entire financial system. | Institutions with extensive interconnections, where the failure of one can lead to a cascading effect on the entire financial system. | Entities take excessive risks because they expect to be bailed out in case of failure. |
| Regulatory Concern | Risk associated with the collapse of a large institution. | Risk of contagion and systemic disruptions due to interconnections. | Potential for risky behaviour by institutions due to an expectation of rescue. |
| Systemic Risk | Poses a systemic risk due to the scale and significance of the institution. | Poses a systemic risk due to the interdependencies among institutions. | Introduces systemic risk by encouraging excessive risk-taking without facing the full consequences. |
| Regulatory Response | Enhanced supervision, stricter capital requirements, and resolution plans. | Measures to identify and manage interconnected risks, such as stress tests and scenario analysis. | Incentive for reckless behaviour through measures such as stricter oversight, capital requirements, and resolution frameworks. |
| Examples | Bail-outs of large banks during the 2008 financial crisis. | Financial institutions with extensive cross-market exposures. | Instances where entities take excessive risks, expecting government intervention. |

Source: own compilation

*III. Consumer protection*

Strong and sound financial consumer protection has several reasons is justified in many ways. Many services are subject to conditions that are difficult for the average consumer to understand or have such consequences. Signing a contract with a financial service provider often leads to a long-term commitment (as consumers are not very willing to switch providers). The consumer may be vulnerable (for example, when taking out a loan, in the sense that there are few good substitutes, he/she needs the money loan anyway). Long, difficult to understand and essentially unchangeable standard contract terms are typical.[21]

In connection with these, it is worth drawing attention to the fact that man is not *homo oeconomicus* but *homo sapiens*. Consumer decisions are not necessarily and not exclusively guided by economic considerations. In recent decades, however, industrialisation and, with it, depersonalisation in the financial field have become more and more noticeable. The English equivalent of the financial sector itself reflects this: financial industries. References to the industry or sector can already be seen before.[22] As far as Hungary is concerned, Ferenc Eckhart wrote as early as 1941 that "A big bank is much more of a 'machine' that is controlled by general considerations."[23] Instead of financial services, it sells banking products that are standardised and mass-produced on a "conveyor belt" using general contract terms, and the only expectation is that they are used as much as possible on the market with appropriate

[21] Tóth Tihamér: Fogyasztóvédelmi közjog. Pázmány Péter Katolikus Egyetem, Budapest, 2018, p. 92.
[22] Shapiro, Samuel L.: The ABC’s of Leasing, in University of Illinois Law Forum. No. 1, 1972, p. 445: “Because commercial leasing has become a large industry …”
[23] Eckhart Ferenc: A magyar közgazdaság száz éve 1841-1941. Posner Grafikai Műintézet, 1941, p. 172.

marketing techniques - for the sake of profit. This is true for natural persons (consumers in the narrow sense) and micro, small and medium-sized enterprises. In this relationship, it is no longer even noticeable that these are contractual legal relationships, where it is essential: (i) the principle of subordination and equality between the parties; (ii) the obligation to cooperate; (iii) good faith and honesty; as well as (iv) freedom of contract based on reciprocity and reciprocity; (v) equal bilaterality between rights and obligations, services: a συναλλαγμα (sinallagma, agreement, contract).

The financial system, including financial consumer protection, is typically regulated primarily within national competencies. However, due to the financial services provided by liberalisation in globalised and regional financial markets, more and more international elements, uniform regulations, and prudential restrictions are appearing since the systemic risk caused by a financial institution is it can spread from one country to another and affect customers there.[24] In the member states of the European Union, three different regulatory patterns have emerged in the field of consumer protection: (i) dispersed regulation (for example, Germany, England, Hungary), where individual directives are adopted into domestic law in separate legislation; (ii) the entire consumer protection legislation is processed in an independent consumer protection code (e.g. the Austrian Konsumentenschutzgesetz, 1979; the French Code de la consummation, 1993), and the code is amended according to the latest legal harmonisation obligations; (iii) consumer protection law is incorporated into the private law code (e.g. the Netherlands).[25]

## *IV. Environmental Protection*

Environmental protection is a specific aspect related to the paradigm of sustainable development. Recently, a more fashionable term for this is green finance: green finance, green banking, green accounting, etc. Green finance includes aspects of ethical, social and sustainability dimensions, among others, in order to recognise the positive benefits of green finance in undertaking innovative green growth initiatives by financial institutions. Green banking practices, including consequences, include the practical application of social responsibility and sustainability reporting to add value to sustainable and ethical banking practices, creating synergy with social effort.[26] Through their investment decisions, financial institutions can significantly influence the quality of the environment by supporting environmentally friendly investments.

Three principles can be identified that, on the one hand, help to integrate sustainability into banking strategy and operations and, on the other hand, constitute the main guiding principles of environmentally conscious banks:

*-integration of sustainability into the principal banking activity:* green banks do not see sustainability as a charity, but incorporate the principles of environmentally conscious management into their value creation processes, which are manifested in the form of environmentally friendly products, services and processes.

*-the integration of sustainability into the general business strategy:* of course, this does not

[24] Chen, Tsai-Jyh: An International Comparison of Financial Consumer Protection. Springer Nature Singapore. 2018.

[25] Cseres, Katalin: Integrate or separate: institutional design for the enforcement of competition law and consumer law. Amsterdam Law School Research Paper No. 2013-03, Amsterdam Centre for European Law and Governance Research Paper No. 2013-01, http://dx.doi.org/10.2139/ssrn.2200908

[26] Park, Hyoungkun – Jong Dae Kim: Transition towards green banking: role of financial regulators and financial institutions. In Asian Journal of Sustainability and Social Responsibility, Vol. 5, No. 1, 2020, pp. 1-25. DOI: 10.1186/s41180-020-00034-3

mean that the universal bank will become an eco-bank; instead, it refers to the fact that the bank wishes to enforce the principles of sustainability in the long term, both concerning its future and in all areas of its activities.
*-sustainability is not a soft factor but a measurable business result:* the main characteristic of environmentally conscious banks is that they constantly measure, evaluate and communicate their environmental activities and performance to their customers, for which they develop a system of indicators that enables them to compare both their previous performance and the activities of their competitor's comparison.

According to data from the Green Bank Network, projects worth $134.7 billion were realised in 2021 out of $50.4 billion in total investments, so the leverage ratio is 1.68 (relatively high). 68.6% of the investments were directed to producing renewable energy and 10.3% to developing energy efficiency, and the remaining 21.1% were spent on other investments (low-emission vehicles, water and waste treatment, energy storage).[27] Through its Green Program announced in February 2019, the National Bank of Hungary (MNB) intends to contribute to Hungary's ecological development and reduce environmental risks with the available central bank funds. In order to reduce the risks of environmental problems, among other things, it encourages the expansion of the range of financial products and services that consider environmentally conscious aspects, and it would promote the more climate-friendly operational operation of financial institutions and the MNB. The Green Program is based on three pillars.[28] The program items for the financial sector include analysis of ecological and financial risks, greening and mobilising financial services, and encouraging market players' greening. Social and international relations refer to expanding cooperation with domestic partners, disseminating knowledge, education about green finance, and active participation in international work related to climate risks and green finance. Moreover, the MNB reduces its ecological footprint and expands environmental disclosures for further greening.

*IV. Ethical finance*

It is generally accepted that perfect market competition is mainly not realised in practice because it is distorted by monopolies, economic dominance, corruption and many other factors, so limiting the market to legal and ethical rules is necessary.[29] The development of fair and ethical finance or economic ethics usually dates to the America of the 1960s and then appeared in Europe in the 1980s, which has become more and more prominent globally since the 2008 financial crisis. The crisis drew attention to moral risk (moral hazard), because no matter how much legal and economic methods can justify a financial decision, it can still be perceived that it does not comply with certain unwritten ("invisible") basic norms and principles. Ethical finance, also known as social, alternative, civil or sustainable finance, is an approach that focuses on the social and environmental impacts of financial products (especially investments and loans). The trend includes ethical investing, impact investing, socially responsible investing, and corporate social responsibility (CSR) and is also linked to movements such as fair trade, ethical consumption, and social entrepreneurship. In a broader sense, ethical banking is a consumer-driven response to environmental and social issues such

[27] See https://greenbanknetwork.org/gbn-impact/ (12.12.2023).
[28] MNB: MNB's green program, 2019, MNB, Budapest, p. 7. Available: https://www.mnb.hu/felugyelet/felugyeleti-keretrendszer/zold-program (15.11.2023).
[29] Dobson, John: The role of ethics in finance. In Financial Analysts Journal, Vol. 49, No. 6, 1993. pp. 57-61. and Boatright, John R.: Ethics in finance. John Wiley & Sons, 2013. and De Bruin, Boudewijn: Ethics and the global financial crisis. Cambridge University Press, 2015.

as climate change.[30]

There are two types: in a compliance-based code of ethics, guidelines for conduct are established, and explicit penalties for violations are specified, ensuring a regulatory framework for ethical behaviour. Conversely, a value-based code of ethics focuses on an organisation's core values, emphasising the importance of self-regulation and a deeper alignment with intrinsic principles rather than relying solely on punitive measures for adherence. International and national organisations of the financial markets' members issue compulsory professional standards and codes of ethics or codes of conduct, such as bank associations[31] or investors. For example, the CFA Institute issues international graduation for Chartered Financial Analysts; they regard important ethical manners within education. The Code of Ethics (how to do) contains the following: act with integrity, competence, diligence, and respect; put client interest first; use reasonable care and exercise independent professional judgment; practice and encourage others; promote the integrity of capital markets; and maintain and improve professional competence. The Standards of Professional Conduct (what to do) reflect professionalism, the integrity of capital markets, duties to clients, duties to employers, investment analysis, recommendations, actions, conflicts of interest, and responsibilities.[32] Those who infringe these norms can be expelled from the association and prohibited from using or referring to the CFA designation.

In the *legislation,* we can find regulations that refer to ethical, fair practices, like the Council Directive 93/13/EEC on unfair terms in consumer contracts, which were implemented into national laws. Upon this, a so-called black list is a list of prohibited terms that are invalid under all circumstances, whereas a grey list is a list of terms that may be unfair, but the final decision depends on the circumstances of the particular case.[33] In Hungary, the Act LXXVIII of 2014, called the Fair Banking Act, made the terms and conditions of consumer loan agreements transparent and able to be followed to consumers as well, and fundamentally changed the pricing methods of loans designed for natural persons.[34] In 2023, in the UK, a similar initiative started.[35]

The *Christian and Biblical traditions* often emphasise the concept of stewardship, where individuals are considered stewards of resources entrusted to them. Financial regulations may ensure responsible and ethical stewardship of financial resources, e.g. prudent and solvent operation. The discouragement of usury or excessive interest rates can be mentioned as it goes against the principles of fairness and compassion. The teachings often emphasise honesty, transparency, social justice, and caring for the less fortunate. Christian

[30] Monasterolo, Irene: Climate change and the financial system. Annual Review of Resource Economics Volume 12, 2020, pp. 299-320. https://doi.org/10.1146/annurev-resource-110119-031134 and Chenet, Hugues, Josh Ryan-Collins, and Frank Van Lerven: Finance, climate-change and radical uncertainty: Towards a precautionary approach to financial policy. In Ecological Economics, Volume 183, 2021, https://doi.org/10.1016/j.ecolecon.2021.106957

[31] For example the Hungarian Banking Association: Code of Conduct, Competition Law Policy, The Best Practice for Operating the Compliance Function.

[32] CFA Institute: Code of Ethics and Standards of Professional Conduct (https://www.cfainstitute.org/en/ethics-standards/ethics/code-of-ethics-standards-of-conduct-guidance).

[33] Hondius, Ewoud H.: The proposal for a European directive on consumer rights: A step forward. In European Review of Private Law Vol. 18, No. 1, 2010, https://doi.org/10.54648/erpl2010005 and Naude, Tjakie: The use of black and grey lists in unfair contract terms legislation: a comparative perspective. In South African Law Journal 124.1, 2007, pp. 128-164., and Consumer Rights Act 2015 of the United Kingdom. In Hungary the 18/1999. (II. 5.) Government decree on unfair terms in a contract with a consumer, later it was incorporated into the Act V of 2013 on the Civil Code.

[34] Act LXXVIII of 2014 on the amendment of Act CLXII of 2009 on consumer credit and certain related acts.

[35] Hadjimichael, Theodora: Coalition calls for Fair Banking Act, which public would back. Fair Bankif for All. Policy paper, 2023. (https://responsiblefinance.org.uk/2023/03/coalition-calls-for-fair-banking-act-which-public-would-back/) (08.12.2023)

ethics may align with the promotion of community development and the common good. Financial market regulations may promote fair lending practices and incorporate elements that promote inclusive economic practices, reducing economic disparities and ensuring fair access to financial services. Also, they may require companies and financial institutions to operate with transparency, disclose relevant information, adhere to high ethical standards in their dealing, and encourage investments in projects that benefit communities and positively impact society.

On the part of the Roman Catholic Church, a whole series of papal encyclicals draw attention to the inseparability of morality and economy and financial matters: Rerum novarum (Leo XIII, 1891), Quadragesimo anno (Pius XI, 1931), Populorum progressio (Paul VI, 1967), Centesimus annus (John Paul II, 1991), Caritas in veritate (Benedict XVI, 2009) or the Evangelii gaudium (Francis, 2013). After all, the economy is not a separate world with specific facts, laws, and actors but a manifestation of human activities, a part of human life as a whole. A community of people who are not the same as the narrowed image of the homo œconomicus. The Church does not offer an alternative third way to the system of capitalism or socialism. As Krason puts it, the Catholic way is "Neither left-wing, nor right-wing, but Catholic".[36] Klára Katona summarises their content: the response of the social teaching of the Catholic Church to the economic approach leading to the crisis.[37] One of the biggest of the topic: Amartya Sen – also called the "Mother Teresa of economics" – has the moral renewal of economics at the centre of her entire professional activity.[38]

While financial ethics within different religious traditions can vary, here is a broad comparison table outlining some key principles associated with Christian, Muslim (Islamic), Hindu, Buddhist, and Taoist financial ethics:

**Key aspects of Christian, Islamic, Hindu, Buddhist, and Taoist financial ethics**

| Aspect | Christian | Islamic | Hindu - Buddhist | Taoist |
|---|---|---|---|---|
| Core Principle | Stewardship of God's gifts | Fairness and justice | Dharma and karma Non-attachment and detachment | Harmony and balance |
| Concept of Wealth | A means to serve God and others | A blessing from God to be used responsibly | A tool for or a distraction from spiritual growth | A source of well-being and contentment |
| Concept of Wealth | Responsible stewardship of resources entrusted by God. | Responsible stewardship of wealth as trustees of God's wealth. | Responsible use and sharing of resources for the well-being. | Simplicity, moderation, and balance in financial matters. |
| Interest (Usury) | Varies among denominations; some emphasise fair lending practices. | Prohibits usury (Riba) in financial transactions, prefer profit sharing. | Discourages usury and excessive interest rates. | Discourages usury and excessive interest rates. |
| Social Justice | Social justice, caring for the less fortunate, and community | Social justice and equity, and discourages | Social justice and economic equality. | Social and economic harmony. |

[36] Krason, Stepher M.: Catholic social teaching: not lined up with either economic liberalism guard statism, in Catholic Social Science Review, Volume 16, 2011, pp. 297-299. He.

[37] Katona Klára (szerk.): A pénzügyi közvetítőrendszer funkciói. Wolters Kluwer, Budapest, 2018.

[38] Sen, Amartya: Poverty and Famines: An Essay you Entitlement and Deprivation, Clarendon Press, Oxford New York, 1982. and Sen, Amartya – Suzumura, Kōtarō – Arrow, Kenneth J.: Handbook of social choice and welfare, Elsevier, Amsterdam-Boston, 2002. and Sen, Amartya – Stiglitz, Joseph E. – Fitoussi, Jean-Paul: Mismeasuring our lives: why GDP doesn't add up: the report, New Press, New York, 2010.

| | | | | |
|---|---|---|---|---|
| | | exploitative practices. | | |
| Ethical Investment | Ethical and socially responsible investments; avoiding excess in material pursuits. | Ethical investments compliant with Sharia. Avoiding excess and extravagance. | Ethical and socially responsible investments. Avoiding exploitative practices, materialism, and extravagance. | Ethical and sustainable investment choices. Moderation. |

Source: own compilation

*V. Solutions for regulation*

The regulation of financial markets involves a multi-level framework, with rules and standards established at different tiers – national, supranational and international. The specific structure may vary by country and region, but a general overview of the main types and levels of regulation can be formulated. For theoretical background, Hans Kelsen's hierarchy of norms can be employed, an analytical perspective that conceptualises laws as existing within a structured hierarchy (Kelsen's pyramid).[39] In this framework, the validity of laws is contingent upon a superior norm at a higher level, creating a hierarchical structure where the legitimacy of laws traces back in a regression, ultimately culminating in the Constitution (Grundnorm).[40] Each level sets out the rules in varying degrees of detail, with those higher up in the hierarchy setting out the most essential basic tenets (fundamental rights, at the principle level), and those lower down elaborating on this in more and more precise details, with the subordinated constantly complying with those above them.

The primary responsibility for regulating financial markets at the *national level* rests with individual governments and their respective regulatory bodies. The specific regulatory instruments vary across jurisdictions, but we can use a typical approach. The constitution, a country's fundamental and supreme law, often establishes the framework for financial regulation and defines the fundamental principles and rules (market economy, consumer protection, fair competition, authorities) governing the financial system. Legislative statutes (acts, laws, codes) enacted by the national parliament or legislature provide the overarching and detailed legal basis for financial market regulation (banking act, act on insurance, act on consumer protection). Subordinate legislation (decrees, regulations, ordinances) issued by the government, ministries or regulatory (government or independent) agencies[41] to implement and interpret acts of parliament, providing more detailed rules and guidelines for market participants (accounting structure of financial institutions, rate floors or ceilings). Executive orders issued by the head of state or government to address specific regulatory matters, supplementing or modifying existing legislation.

For a *supranational* example, the European Union adopted a comprehensive regulatory framework for financial markets to harmonise standards across member states and promote a single market for financial services. The foundational treaties, such as the Treaty on

[39] Kelsen, Hans: Reine Rechtslehre, 1. Aufl., Leipzig und Wien, 1934. V. Die Rechtsordnung und ihr Stufenbau and Reine Rechtslehre. Einleitung in die rechtswissenschaftliche Problematik. Hrsg.: Matthias Jestaedt. Studienausgabe der 1. Auflage 1934. Mohr Siebeck, Tübingen, 2008, pp. 73-99.

[40] Rahman, Nabilah: The Pure Theory of Law: Revisiting the Normative Dimensions and Critical Legal Science of Hans Kelsen. Supremo Amicus Volume 30, 2022, p. 401.

[41] Usually the central banks or other financial supervisory authorities; independent regulatory bodies, such as the Securities and Exchange Commission (SEC) in the U.S. or the Financial Conduct Authority (FCA).

the Functioning of the European Union (TFEU), contain provisions related to economic and financial matters: free movement of services, free movement of capital, fair competition, demolishing and prohibiting the barriers and restrictions.

The EU legislation on financial markets primarily relies on *secondary legal sources*, specifically EU legal acts and national legislative outcomes. Institutions exercise union powers by adopting regulations, directives, decisions, recommendations, and opinions. Regulations are fully binding and directly applicable across all member states, containing detailed and prescriptive provisions. They have immediate legal force without the need for national implementation. Directives are binding on recipient member states regarding goals, allowing flexibility in the choice of form and means by national authorities to align with their legal systems. They have a stronger connection with national law and are less prescriptive than regulations. Despite a uniform trend in everyday business practice, financial markets' national and traditional characteristics remain strong. Challenges arise due to the simultaneous application of directives and regulations on the same topic (e.g., CRR and CRD for capital requirements, MiFIR and MiFID II for financial instruments markets, and Solvency II regulation and directive for insurance). This complex regulatory structure aims to create a cohesive and effective framework for regulating financial markets within the European Union.

As an argument for *double legislation*, the regulations establish detailed and highly prescriptive provisions for all EU member states, forming a single rulebook that cannot be deviated from (see capital, capital requirements). On the other hand, it follows from the framework nature of the directives that it is less prescriptive at the EU level, so the relationship with national law is more substantial, and domestic regulation can be better adapted to local conditions (see capital buffers, supervisory tools, sanctions). Unfortunately, this dual regulation is inconsistent because sometimes the directives set more (or less) requirements, and sometimes, the scope of regulation is transferred from one to the other. A further problem is that EU legislation has to be "read" together with national rules, as some EU provisions are not included in national legislation, in particular in the case of regulations, because of their direct applicability and binding force; thus, more care has to be taken to ensure that some of them do not escape the attention of the legislator(s) and law enforcers(s).

The European Central Bank (ECB), the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) are independent EU authorities that contribute to the consistent application of the financial regulations. They provide guidelines, recommendations, and opinions to ensure uniformity across member states (e.g. the list of globally systematically important institutions). The interaction between national and EU levels in financial regulation is often called the "twin peaks" model, where national authorities focus on prudential regulation and consumer protection, while EU-level authorities concentrate on cross-border issues, market integrity, and harmonisation of rules across member states.[42] European Commission or other EU bodies issue other harmonised regulatory standards, providing specific technical requirements for financial products, services, and practices.

In addition to national and EU-level regulation, *international* organisations play a significant role in setting standards and promoting cooperation among national regulators. The *international treaties* are formal bi- or multilateral agreements between countries, establishing binding obligations on their respective governments regarding financial market regulation, e.g. promoting foreign direct investment, establishment, and avoiding double taxation. As a result of them, specialised financial institutions, regional development and

[42] The "twin peaks" also refers when the national financial supervision divided between the central bank and an agency.

investment banks can be mentioned.[43]

Just mention some of the *international standards*: guidelines and recommendations issued by international bodies, such as the Bank for International Settlements (BIS), Basel Committee on Banking Supervision (BCBS), the International Monetary Fund (IMF), the World Bank Group (WB) and the Financial Stability Board (FSB),[44] providing best practices and benchmarks for national regulators. We highlight that the EU legislation heavily incorporates *Basel Accords* (Basel I-IV) from BCBS. The BCBS was established in 1974 and aims to ensure banks' solvency, promote common standards, and prevent foreign banks from evading national supervision.[45] It issues accords, a series of voluntary international banking regulations, but they are essential since all G10 countries in 1992, and later, more than another hundred states implemented into their legal system, or like in a European dimension. The Society for Worldwide Interbank Financial Telecommunication (SWIFT) was created in 1973 by 239 banks from 15 countries to establish a unified international transaction processing and transmission system, secure messaging services and interface software. In 1987, SWIFT extended its membership to encompass financial institutions engaged in securities and money markets. The earlier mentioned CFA Institute developed Global Investment Performance Standards (GIPS), the guidelines for calculating and presenting investment performance, promoting fair and transparent reporting by investment firms.

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[43] For example, International Investment Bank (1970), Black Sea Trade and Development Bank (1997), Council of Europe Development Bank (1956/99), Nordic Investment Bank (1976), Inter-American Development Bank (1959) Inter-American Investment Corporation (1985), Caribbean Development Bank (1969), Central American Bank for Economic Integration (1960), Development Bank of Latin America(1970), Pacific Islands Development Bank(1989), Asian Development Bank (1966), Asian Infrastructure Investment Bank (2014), Islamic Development Bank, Group (1973), African Development Bank (1964), West African Development Bank (1973), Development Bank of Central African States(1975).

[44] Other international financial market organisations: International Organization of Securities Commissions (IOSCO), International Accounting Standards Board (IASB), World Trade Organization (WTO) – Financial Services Agreement, International Finance Corporation (IFC), International Swaps and Derivatives Association (ISDA).

[45] http://www.bis.org/speeches/sp121115.pdf (15.11.2023).

**The contents of main regulations and directives on financial markets**

| **Banking** | |
|---|---|
| **CRR** | **CRD** |
| • Capital, capital structure, solvency capital<br>• Capital requirement: credit risk, operational risk, market risk<br>• Solvency, liquidity measures (liquidity buffers, liquidity coverage ratio, net stable funding requirement)<br>• Leverage limits (leverage ratio)<br>• Large exposures (risks)<br>• Disclosure | • Commencement/continuation of business activity<br>• Freedom of establishment and free flow of services<br>• Prudential supervision<br>• Capital buffers<br>• Corporate governance<br>• Sanctions |
| **Investments and Capital markets** | |
| **MiFIR** | **MiFID II** |
| • Disclosure of trade data<br>• Reporting transactions to the relevant authorities<br>• Trading in derivative financial products on organised venues<br>• Non-discriminatory access to clearing and benchmark trading<br>• Powers for national and European authorities (supervision)<br>• Investment services and activities by non-EU companies | • Ensuring that financial products are traded in regulated venues<br>• Increased transparency<br>• Restriction of commodity market speculation<br>• Adjustment of rules for new technologies (high-speed trading)<br>• Strengthening investor protection |
| **Insurance** | |
| **Solvency II – Regulation** | **Solvency II Directive** |
| • Valuation of assets and liabilities insurance technical reserves solvency capital requirement (standard and internal models) minimum capital requirement investments<br>• Management system, supervision, SPEEs<br>• Greater transparency<br>• Insurance groups: group-level solvency, capital adequacy calculation, supervision of group-level, solvency capital compliance of groups with centralised risk management<br>• Equivalence provisions for third countries | • Licensing<br>• Capital requirements<br>• Risk management system: appropriate management system own risk and solvency assessment<br>• Special provisions for insurance and reinsurance<br>• Supervision: supervisory review, group supervisory authority |
| **Payments** | |
| **Regulation (EU) 2021/1230** | **PSD 2** |
| • Electronic payment operations: transfers, direct debits, ATMs, bank and credit card payments, cash transfers<br>• Payments in euros or the national currency of other EU countries<br>• Use of International Bank Account Number (IBAN) and Bank Identification Code (BIC)<br>• Disputes arising between banks and customers: complaint and complaint handling, effective out-of-court complaint and redress procedures<br>• Fines | • Electronic payments: internet and new innovative payment services similar to mobile payments<br>• Strict security requirements: protection of consumers' financial data, secure identification, reducing the risk of fraud<br>• Transparency and information<br>• Rights and obligations of users and providers of payment services<br>• Regulation 2015/751: bank commission maximum |

Source: own compilation

*VI. Conclusions*

The regulation of financial markets serves various purposes. Within risk and risk management, the phenomenon of too big to fail assumes that large financial institutions, if allowed to fail, could have severe repercussions on the entire financial system and the economy. The regulation aims to prevent systemic risks associated with these globally and/or nationally significant institutions. The interconnectivity (too interconnected to fail) of financial institutions and markets can amplify the impact of a failure, leading to a domino effect. Regulation seeks to manage and mitigate these interconnections to prevent widespread crises. Regulatory measures are implemented to address moral hazard concerns, where institutions may take excessive risks, knowing that the government may bail them out in case of failure.

Another dimension is the consumer protection. Financial markets often involve complex products and transactions, and consumers may be vulnerable to predatory practices. Consumers may lack the necessary knowledge and financial literacy to make informed decisions. Regulatory measures include disclosure requirements and educational initiatives to empower consumers and are designed to protect consumers from unfair treatment, fraud, and abusive financial products.

Beyond the narrow financial aspects, the whole society and environment are affected by financial markets. They are crucial in directing capital towards sustainable and environmentally friendly initiatives (green finance, environmental, social, governance, and ESG factors). Regulations may require companies to disclose their environmental risks and practices, fostering transparency and accountability about environmental concerns. Furthermore, legislators can encourage green finance and sustainable investments through different favourable or onerous incentives.

Ethical finance ensures fair and ethical financial practices. On the one hand, international ethical standards include adherence to principles set by global organisations and bodies (e.g. CFA Institute, ethical codes of banks or other financial associations). On the other hand, religious principles also affect financial practices. Christianity, the Bible, the Roman Catholic Church, other Abrahamic religions (Jews: Torah, Muslims: Sharia principles), and even the Eastern philosophies and religions (Hinduism, Buddhism, Tao) provide fundamental maxims and specific rules, like the prohibition of usury.

To mitigate these risks and ensure the overall well-being of the financial system, governments, regulatory bodies, and international organisations have established a comprehensive framework of rules, standards, and guidelines. The regulation of financial markets involves a multi-level framework, with rules and standards established at different levels – national (constitution, acts, decrees, statutes), supranational (such as the European Union: regulations and directives) and international (treaties, conventions, accords, customs). Supporting the case for dual legislation, regulations establish comprehensive rules applicable to all EU member states, creating a uniform framework that cannot be deviated. In contrast, directives provide a more flexible EU-level framework, allowing better adaptation to local conditions in national law. However, this dual regulatory approach becomes inconsistent due to varying requirements and the transfer of regulatory scope between directives and regulations. Additionally, the need to align EU legislation with national rules, particularly in the case of regulations, requires careful attention to prevent oversight by legislators and law enforcers. The specific structure may vary by country and region.

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CRR II: Regulation (EU) 2019/876 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012

CRD: Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC

CRD V: Directive (EU) 2019/878 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures

MiFIR: Regulation (EU) No 600/2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

MiFID II: Directive 2014/65/EU on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU

Solvency II R: Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)

Solvency II D: Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)

Regulation (EU) 2021/1230 on cross-border payments in the Union

PSD2: Directive (EU) 2015/2366 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC

Consumer Rights Act 2015 of the United Kingdom

Act LXXVIII of 2014 on the amendment of Act CLXII of 2009 on consumer credit and certain related acts

18/1999. (II. 5.) Government decree on unfair terms in a contract with a consumer Act V of 2013 on the Civil Code