

CBBA Europe: Striving for cross-border success

Written by Francesca Fabrizi

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A week before their annual event, Francesco Briganti, secretary general of the Cross Border Benefits Alliance – Europe, talks to *European Pensions* about the huge strides the association is taking in the fight for cross-border freedom.

Why did you launch the Cross Border Benefits Alliance – Europe (CBBA-Europe) two years ago?

CBBA-Europe was created because we discovered a large community of stakeholders - multi-national employers, pension funds, insurance companies, consumer organisations, asset managers, even trade unions covering sectors with high mobility of workers across the European borders - who were in favour of cross-border solutions of pensions and other benefit plans. However, at the time, there was no real organisation in Brussels promoting cross-border and pan-European solutions.

Such an absence might have led the EU decision-makers to conclude that there was no real appetite for these solutions. CBBA-Europe, however, is living proof that interest in cross-border solutions exists. The spectacular growth of the association (24 members in two years, with new applications still coming in) speaks for itself. Moreover, our members are not only based in Europe: for many non-European employers and providers operating in Europe, our continent is just one region of the world and the still existing national fragmentations are quite difficult to explain.

Have the objectives of the association changed since launch?

First, the scope of benefits is increasing. When we launched, we were focused on private pensions. Today, we are expanding our scope to include healthcare, medical tourism and wellbeing in the workplace. Innovation and new solutions in relation to how social protection plans are being designed is also important to our members.

Therefore, while cross-border pensions and cross-border healthcare still need improvement - for which our original advocacy role will still prevail - matters like innovation in social benefits, mental health, use of technology, or new hybrid forms of pay-out formulas of pension products require attention.

So, in addition to our original aim, we are also becoming a laboratory of new ideas and solutions: a centre of innovation. New reflection papers on the possible future design of social benefit plans will be published the next year.

What has the association achieved to date?

We have achieved the necessary critical mass to be heard and consulted at EU level. Today we are not only known in Brussels but also in several European Countries and in North America - we are quoted by experts and journalists, consulted by the EU and invited to give our testimony at dozens of events in Europe and overseas.

In terms of advocacy activities, this year we published a number of position papers about the way that some member states are implementing the IORP 2 Directive, which risks undermining the cross-border activities of pension funds, instead of easing them.

What challenges are you currently facing?

The first two years were mostly dedicated to the construction and growth of the association in order to achieve the necessary critical mass and representativity. We were focussed on the “box” and less on the contents. The challenge we now have is to produce more content so we will be focused on position papers, reflection papers, articles and new proposals.

Another challenge for the future is to involve more HR and compensation departments of big employers: after all, the mission of CBBA-Europe should also be beneficial to big employers who can take advantage of better economies of scale, less fragmentation, a more rationalised and centralised governance and easier solutions for those employees who are transferred from a national branch of a company to one located in another state.

CBBA-Europe is a not-for-profit organisation: we don't receive any premiums or gains in making easier cross-border activities, apart from the great satisfaction of improving and simplifying those activities. In other words, our mission is genuine because we do really believe that cross-border should take off in Europe as it represents the natural future of a big internal market made up of freedom of capitals, services, persons and goods.

Last but not least, an advocacy organisation not only deals with current legal framework, but its mission is also to amend or replace a given legal framework in order to make it more efficient and usable. Of course, if one of our members informs us of an obstacle in setting up a cross border activity under the current normative framework, we will assist them, by directly talking to the supervisory authorities or European institutions involved.

What regulatory / legislative changes would you like to see to enable the further development of cross-border/ pan-European employee benefits in Europe?

As an advocacy organisation, we not only hope that legislative change will happen to enable the further development of cross-border/ pan-European employee benefits in Europe, we will actually work to make these changes happen.

The IORP directives (IORP 1 and 2) have not worked well enough to encourage cross-border activities of pension funds. The first IORP directive was published in 2003. After 16 years, cross-border activities have not really taken off in terms of numbers. The reasons for such a disappointing outcome are several and are not only of a legal nature. Sometimes, barriers are illegal and against both the directive and the EU treaties.

Moreover, there is also huge potential for cross-border pensions under the IORP directives framework that has not been fully utilised. Here there is also a problem of communication and maybe excessive fears of trying new experiences in an unknown world. Finally, the main opponents to a cross-border regime will keep repeating that it is impossible to achieve - too costly, politically risky, and so on.

It is also clear that the overall normative system on which those directives are based - including the IORP 2 which has not changed the said structure - is not ideal for cross-border activities.

The IORP directives have other merits, but the best approach to cross-border/pan-European should be tackled through a specific, ad hoc pan-European occupational pension product regulated by the EU and usable on a voluntary basis by those employers or providers who need to offer cross-border solutions to their employees or clients. CBBA-Europe is working on this project, and it will soon publish a reflection paper.

The main barriers that are still to be overcome are the local protectionisms: the problem with the current legislation (IORP) is that it still grants too much room for manoeuvre to the opponents of cross-border, and those barriers should be removed.

Please tell us about the event you have coming up?

CBBA-Europe is holding its third annual conference on 13th November in Brussels. We are honoured to welcome a number of high level speakers to include: executive director EIOPA, Fausto Parente; head of private pensions, OECD, Pablo Antolin; director of economics and research at the European Fund and Asset Management Association (EFAMA) and chair of the Occupational Pensions Stakeholder Group (OPSG) of EIOPA, Bernard Delbecque; plus representatives from the European Commission, the London Stock Exchange, the Chartered Alternative Investment Analyst (CAIA) Association, various lobbying federations, multinational companies, pension funds and academics.

We will have five sessions: the first will be dedicated to HR and compensation representatives from multinational companies who will give their perspective on cross-border pensions in Europe; the second will be dedicated to innovation in pension design such as hybrid pay-out approaches, if guarantees on capitals still make sense or not, and the use of technology in the new pension landscape; the third session will be dedicated to the implementation of the IORP 2 directive. The fourth session will be dedicated to the Pan-European Personal Pension Product (PEPP): will it work? Finally, the last session will tackle alternative investments and sustainable finance.

Many thanks to *European Pensions* magazine for being a media partner to the event.

To register for your free place and to view the conference programme, [click here](#).