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How influential is the European Central Bank?
A Quantitative Analysis on the Banking Union

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Abstract

The European Banking Union was created in the aftermath of the global financial crisis and the European Sovereign Debt Crisis. A lot of different actors partook in its initialisation process, including the European Central Bank (ECB). This project is trying to examine how influential the ECB is in the EU's policy-making process via a Quantitative Analysis on its amendment success in the making of the Banking Union. There is a vast amount of literature available on the Banking Union itself, and on influence and policy-making in the European Union, which is examined in order to create an approach towards measuring the ECB's influence. To test the ECB's influence, five hypothesis were established for bivariate analyses. Through a combination of independent variables used in the bivariate analyses, multiple Binary Logistic Regression Analysis were carried out. The results indicate that the length of an amendment cannot necessarily be a measure of how successful an amendment is. Further, technical amendments are more likely to pass than political ones as well as the content of the amendments does matter to their success and to whom the text surrounding the amendment applies to. Depending on the interpretation, it can be argued that amendments for Directives are more successful than amendments for Regulations. Overall, the results show that the ECB possesses a certain degree of influence on the amendment-making process, and on the final outcome of the legislation.

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Author's Declaration:

I hereby declare that this project is entirely my own work, in my own words, and that all sources used in researching it are fully acknowledged and all quotations properly identified. It has not been submitted, in whole or in part, by me or another person, for the purpose of obtaining any other credit / grade. I understand the ethical implications of my research, and this work meets the requirements of the Faculty of Arts, Humanities and Social Sciences Research Ethics Committee.

Thomas Beales

27th February 2018

List of Abbreviations

Acronym	Definition
BRRD	Bank Recovery and Resolution Directive
CI	Confidence Interval
CLR	'Content LR (1)'
CRD IV	Capital Requirement Directive IV
CRR	Capital Requirement Regulation
DGSD	Deposit Guarantee Scheme Directive
EBA	European Banking Authority
EC	European Community
ECB	European Central Bank
EIOPA	European Insurance and Occupational Pensions Agency
EP	European Parliament
ESMA	European Security Markets Authority
ESRB	European Systematic Risk Board
EU	European Union
L	Lower Confidence Interval
NCA	National Competence Authority
NRA	National Regulatory Authority
NSA	National Supervisory Authority
RD	'Regulation/Directive (1)'
SEA	Single European Act
SRB	Single Resolution Board
SRF	Single Resolution Fund
SRM	Single Resolution Mechanism
SSM	Single Supervisory Mechanism
TvsP	'Technical vs Political (1)'
U	Upper Confidence Interval

1 Introduction

1.1 Introduction

Until 2012, the introduction of the Single Market, and the single currency were the biggest steps of financial integration in the European Union. Through crises such as the Financial Crisis and the European Sovereign Debt Crisis, fundamental problems of the European financial system became apparent and as a response a Banking Union was needed to resolve those complications. The above was emphasised in a speech of Barnier (2013) addressing the European Parliament:

> "The euro is one of the greatest projects of the European Union and it's got to have a system to resolve banking crises and to do so on the basis of clear rules so that banks bail out banks rather than taxpayers and we've got to ensure that losses of bankrupt banks are bailed out by shareholders rather than taxpayers" (Barnier 2013).

This is what the Banking Union ought to achieve. In its development process, a lot of different actors within the EU were present and were able to voice their concerns, including the European Central Bank (ECB), which is partly affected by the resulting legislation.

There is various literature available on the ECB and how it is governed within itself, however, no literature mentions its role and function within the EU's policy-making process. Like the European Economic and Social Committee, and the Committee of Regions, the ECB has a permanent role as an advisory body and its opinion can be (1) mandatory, (2) requested by an EU institution, or (3) voluntarily supplied on an issue (Hoennige and Panke 2013, 2016; Scheller 2006). As scholars have neglected the research on the influence of the ECB on the EU's policy-making process, this project will focus on exactly this:

How influential is the European Central Bank? A Quantitative Analysis on the Banking Union

As the title suggests, a quantitative analysis will be carried out on the ECB's opinions on legislation constituting the European Banking Union. In general, there is a great variety of literature available on the Banking Union itself, however, it fails to examine the role of the ECB or omitting the decision-making process and rather focuses on the implication on the existing legal framework, its implication on the economy and its implications on credit institutions (Alexander 2015; Ambrasas 2014; Véron 2015).

The influence of different EU actors in the policy-making process is analysed by a variety of scholars and comes to similar conclusions that the European Parliament is gaining in influence on the policy-making process through the powers granted in the ever evolving treaties (Häge and Kaeding 2007; Hurka 2013; Kreppel, 1999, 2002, 2006; Kardavesha 2009, Varela 2009).

Other scholars such as Hoennige and Panke (2013; 2016) examine the influence and role of the other two advisory bodies that are named in the treaties, and whose opinion can also be (1) mandatory, (2) requested or (3) voluntarily given on an issue.

The above shows that research has been carried out on the influence of EU institutions and its advisory bodies, yet the European Central Bank has not been mentioned in any of their research or examined in similar research on its role and/or influence on the legislative process. It is, therefore, vital to conduct research that specifically addresses this issue.

1.2 Research Design

The research carried out in this project uses the ECB opinions that included amendments to the proposed legislation of the Banking Union. Only in five of the eight ECB opinions submitted for the Banking Union, data was available that could be used for the analysis. The outcome variable,

how much of the proposed amendment was incorporated into the final legislation was coded using a five point scale from (1) adopted to (5) not adopted.

For the bivariate analyses carried out in this analysis, five hypotheses are tested. For each, an individual variable is tested against the outcome variable. These variables were coded according to relevant literature examined for this project.

The first hypothesis, for example, tests whether the length of a proposed amendment has any influence on how likely its adoption is. The other hypotheses test whether there is a noticeable difference between technical and political amendments, as well as what content the amendment is surrounded by, and whom the content of the amendment applies to.

For multivariate analyses, Binary Logistic Regression Analyses were carried out in order to examine the overall adequacy of three binary variables in combination. A further three analyses were carried out dropping the third variable out of the model to see whether the other two variables increased their prospects.

1.3 Project Structure

The following/second chapter of this project focuses on the background of financial integration in the EU and on the Banking Union. It examines the progress the EU made from the first Banking Directive, through various acts, plans, and treaties leading up to the Global Financial Crisis and the European Sovereign Debt Crisis. Following this, the second subsection reviews the Banking Union itself with its components the Single Supervisory Mechanism, the Single Resolution Mechanism, and the Single Rulebook. The third chapter analyses relevant literature on the European Banking Union and on the influence and the amendment-making process in the legislative procedures of the

European Union. The first part of the literature review examines numerous research already conducted on the European Banking Union that, however, look at the issue from a different perspective (e.g. from a banking, economic, financial, law etc. point of view). The second subsection contrasts already carried out research in the area of influence of various organisations and amendment-making powers of the institutions of the EU.

The fourth chapter will discuss the research methodology. There are four components to this chapter, firstly, an introduction is presented followed by the research methodology used for the bivariate analyses, the research design used for the multivariate analyses, and potential (problems) of the results (including certain results to showcase their impact).

The fifth chapter will discuss the results of the conducted analyses by its general application, the individual results of the bivariate analyses, and the results of the Binary Logistic Regression Analyses.

The sixth chapter, the conclusion, will recap the project's components, the obtained results, and will give a brief commentary on the implications of the results, with a statement on the opportunity of future research.

2 Background Component

2.1 Financial Integration in the European Union

The Financial Integration process began with the First Banking Directive of the European Community (EC), which was introduced in 1977. It ensured the harmonisation of regulations and laws concerning bank licensing for credit institutions across the EU. It further set out that the responsibility of supervision of credit institutions with cross-border operation falls into the jurisdiction of the country of origin (Baldwin and Wyplosz 2015; Berger 2009).

In 1986, the Single European Act (SEA) was signed by the Member States of the European Community. The act's main objective was to establish a single market without internal borders that hinder the four freedoms of the European Economic Community. The treaty is often identified as a game changer due to its revisionist approach. It also incorporated the goal of Economic and Monetary Union (Bache et al. 2011). Through the EC's acknowledgement of currency fluctuations harming business investments through increasing cost and risk, further integration can be seen as a vital step in the financial services industry. The integration process enables a more efficiency driven market across the European Community's Member States (Senior Nello 2009).

Due to loopholes in the First Banking Directive, an updated version was vital for the integration of the financial markets. The Second Banking Directive of the European Community was enacted in 1989 and included a response of financial markets to the Single European Act (Baldwin and Wyplosz 2015). Through mutual recognition, credit institutions were now able to establish subsidiaries in other Member States to the same rules as home institutions. Further the Directive enshrined comparable regulations to Basel I into European Union law (Berger 2009).

In 1992 the European Community was transformed into the European Union through the signature of the Treaty of Maastricht. The treaty further enhanced the Economic and Monetary Union of the

now EU. The first step of the treaty had already begun in 1990 and was followed by the establishment of the European Monetary Institute (Hix and Høyland 2011). This predecessor of the European Central Bank ensured the coordination of monetary policy across the Member States of the EU. The final stage of further economic and monetary integration was completed with the introduction of the single currency (the Euro) and the transformation of the European Monetary Institute into the European Central Bank (Jones et al. 2012). With the ECB's main objective on price stability, the financial services industry saw this as an opportunity as cross-border returns and investments became more calculable.

The European Commission published a Financial Services Action Plan (1999) that set out specific targets to achieve in the upcoming decade. This plan had five main objectives. Firstly, the European Union should establish an infrastructure to strengthen current financial activities across the territory of the Union. Secondly, issuers and investors should be in a position to take full advantage of profitable opportunities offered by the capital market and simultaneously having the option to avail of high consumer protection rules. Thirdly, the Commission was supposed to strengthen the cooperation of national supervisory authorities in its Member States. Fourthly, the cost of raising capital on the single financial market should be reduced by phasing out leftover fragmentations of the capital markets. Finally, the European Union should be able to respond to challenges EU law is facing through a legislative structure capable of dealing with the arising issues (Financial Services Action Plan 1999).

Following the Financial Services Action Plan, the Lamfalussy Report (2001) was published and adopted by the EU in 2001. This had the consequence that all regulations concerning financial services have to undergo a four stage process. In the first stage, the European Commission propose

legislation to the European Council and the European Parliament which adopt/reject the proposal via the co-decision procedure. During the second stage, the Commission encourages more technical legislation with the help of consultative bodies to ensure that the European Council and the European Parliament can focus and decide on the political implications of the legislation. During the third level of the procedure, (national) committees have the option to advice the Commission on future level-1 and level-2 legislation. The fourth level proposes a new role of the European Commission to ensure national governments are correctly implementing the legislation laid out by the EU (Moloney 2003).

Further, "the 4-level regulatory approach recommended by the Lamfalussy report was first adopted in the securities sector and then extended to banking, insurance, occupational pensions and asset management. It allowed for a more flexible decision-making process and resulted in an improvement in the quality of legislation" (European Commission 2018a). The Lamfalussy Process had four Directives as immediate consequence. The Market Abuse Directive (2003/6/EC), the Prospectus Directive (2003/71/EC), the Markets in Financial Instruments Directive (2004/39/EC), and the Transparency Directive (2004/109/EC). Further, three oversight committees were introduced, namely the Committee of European Securities Regulators, the Committee of European Insurance and Occupational Pensions Supervisors, and the Committee of European Banking Supervisors.

In 2007/08, the Global Financial Crisis broke out, which was caused by a variety of factors such as irresponsible mortgage lending by US banks, and the US central bank keeping its interest rates low in order to stimulate further economic growth (The Economist 2013). Even though the Crisis was a more 'regional' crisis in the United States, it had its effects on the global economy and the

European Economic Area. As dodgy mortgages were bundled in Collateralised-Debt-Obligations, investors took on those to achieve higher returns on their investments. When the housing market (partly) collapsed in the US, the effect of it was also felt by major banks in the European Union as they had invested in those financial instruments (The Economist 2013).

As a first damage limitation measure for the financial crisis, the EU transformed its regulatory committees into authorities, which consist of the European Banking Authority (EBA), the European Security Markets Authority (ESMA), the European Insurance and Occupational Pensions Authority (EIOPA), and the European Systematic Risk Board (ESRB).

The next crisis that needed to be dealt with by the EU was the European Sovereign Debt Crisis, which was caused to some extent by the Global Financial Crisis. Here, countries such as Greece, Ireland, Portugal or Spain experienced massive capital outflows especially in their sovereign bond markets as the capital was needed by credit institutions to limit their damage from the Global Financial Crisis. Selling off the bonds to regain capital resulted in higher interest rates on the individual bonds, which in turn meant that the effected countries had to pay more when they wanted to borrow money on the capital markets. As the yield skyrocketed for the countries in question, they needed some sort of 'bail-out' programmes to get their public finances back under control. Those programmes were enforced through multiple institutions also known as the troika (The Economist 2015). The troika consists/-ed of the European Commission, the European Central Bank and the International Monetary Fund. As banks held a lot of sovereign debt, this crisis was arguable turning into a banking crisis that needed to be tackled by the European Union (Schuman 2011).

As a response to the European Sovereign Debt Crisis and the Global Financial Crisis, the EU fast-tracked financial integration by introducing legislation for a Banking Union. The Banking Union will be examined in greater detail in the following subsection.

2.2 The European Banking Union

The European Banking Union was created in the aftermath of the Global Financial Crisis and the European Sovereign Debt Crisis. Both crises lead to the notion of enhanced financial integration in order to systematically deal with the causes and effects of current and future financial crises on a European level rather than on a national one.

In the creation process, multiple EU advisory bodies were involved to voice their concerns and opinions on the subject matter. Those organisations included the European Economic and Social Committee, the European Data Protection Supervisor, and the European Central Bank, whose influence on the EU's policy-making process will be (quantifiably) analysed in a later chapter (EUR-LEX 2018a; 2018b; 2018c; 2018d; 2018e; 2018f; 2018g; 2018h).

The Banking Union consists of three components, which are the (i) Single Resolution Mechanism (SRM), (ii) the Single Supervisory Mechanism (SSM), and (iii) the Single Rulebook (SR). The three components are made up of a total of eight pieces of legislation (four Directives, three Regulations, and one Intergovernmental Treaty).

The Single Supervisory Mechanism consists of two regulations which form the first pillar of the Banking Union. Council Regulation (1024/2013) establishes the ECB as supervisory authority. Together with national supervisory authorities, the ECB is in charge of the supervision of systematically significant banks on European level (European Council 2017a). While the ECB oversees significant banks on EU-level, national authorities supervise the remaining banks. Banks that are systematically significant have a considerable size in one or more EU Member States and/or received public funding prior to the establishment of the SSM (EUR-LEX 2015a). Through the Council Regulation, the ECB has the right to issue and revoke licenses of financial institutions,

carry out reviews, change capital requirements to ease future crises and/or to introduce and enforce sanctions for banks that do not comply with law created on EU level (EUR-LEX 2015a).

Whereas the Council Regulation establishes the supervisory system for banks operating in the Eurozone, Regulation 1022/2013 harmonises already existing legislation on the European Banking Authority with the new framework (European Commission 2017a). Further, the EP Regulation equips the EBA with the task to oversee the transposition of legislation composing the Single Rulebook by financial institutions. The European Banking Authority also coordinates EU-wide stress tests to ensure the stability of the financial sector across all Member States (European Council 2017a).

The Single Resolution Mechanism (SRM), the second pillar of the Banking Union, was established through a parliamentary regulation (806/2014) and an intergovernmental treaty that was signed by all EU Member States except for Sweden and the United Kingdom (European Council 2017b). The main aim of the SRM is the creation of an independent resolution authority (Single Resolution Board (SRB)) that oversees the resolution and/or restructuring of significant banks (covered by the SSM) that are close to failing or went bust. Through this, the EU hopes to isolate failing/failed financial institutions from the wider economy, to ensure other financial institutions or actors in the economy are not affected and the cost to the taxpayer remains as low as possible (European Commission 2017b).

If the action of the SRB fails to save the bank, the failing institutions is redirected to the Single Resolution Fund (SRF). This supranational SRF is a fund in which significant banks pay in to, to prepare the eventuality that they become illiquid (European Council 2017b). The principles for this

bail-in procedure are specified in the BRRD, which is part of the Banking Union's third pillar, the Single Rulebook.

The Single Rulebook consists of one Regulation and three Directives, namely the Capital Requirement Regulation (CRR), the Capital Requirements Directive (CRD) IV, the Deposit Guarantee Scheme Directive (DGSD), and the Bank Recovery and Resolution Directive (BRRD). The Capital Requirement Regulation (575/2013) seeks to increase prudential rules of financial institutions through higher reserve requirements and assets that can be liquidated. The EU tries to ensure this by harmonising the prudential requirements across its Member States as well as the implementation of the Basel III requirements for financial institutions (European Council 2017c). The Regulation has three key topics that concern the limitation of leverage that can be used by credit institutions, enough assets or other means that can be liquidated in case of emergency funding are held by the banks, and that "higher and better capital requirements" are enforced (EURLEX 2015b).

The second piece of legislation of the Single Rulebook is the Capital Requirement Directive IV (2013/36/EU), which replaces its predecessors CRD II and CRD III. The three key objectives it concerns are the freedom to provide services, freedom of establishment, and the requirements needed to establish a credit institution or bank. In addition, the directive has a further four key topics dealing with issues surrounding staff bonuses, enhanced transparency and good governance, higher capital requirements of credit institutions, and decreased dependence of external assessments from rating agencies (EURLEX 2015c; European Council 2017c).

The Deposit Guarantee Scheme Directive (2014/49/EU) was introduced to ensure private and corporate depositors of financial institutions are protected from recovery and resolution measures

taken by failing institutions (European Council 2017c). Further, the legislation stabilises the common financial market across the EU by avoiding mass withdrawals through creditors from a failed/failing institution. The Directive has six main topics that concern the coverage level of deposits, the beneficiaries of the guarantor, the structure of repayments, how the deposit guarantee scheme is financed, how funds are used, and what information is available to the depositor(s) (EURLEX 2016a).

In the aftermath of the global financial crisis, several EU Member States had to provide public money on bank resolution and restructuring purposes, which was then under the competence of each individual member state. Therefore, a set of rules was established in the Bank Recovery and Resolution Directive (2014/59/EU) that affect all EU members. This also manages a new strategy in which shareholders of failing institutions have to provide money for restructuring and recovery rather than the tax-payer. The BRRD has four key topics that deal with struggling banks (crisis prevention and/or early intervention), failing banks (restructuring) and what role national resolution funds play in the recovery and resolution process (EURLEX 2016b; European Council 2017c).

3 Literature Review

3.1 Literature on the European Banking Union

The Global Financial Crisis led to an overwhelming amount of literature on the causes, effects, and political implications of the crisis. Already the following European Sovereign Debt Crisis received less academic coverage, however, it is still considerable compared to the coverage on financial service integration in the EU before the financial crisis. The coverage on measures taken, such as the introduction of the European Banking Union, by the European Union in the aftermath of the crises is limited, even though the implications of the actions taken is more far reaching for the financial services sector than ever before on the EU's Member States. Due to the multidisciplinary of EU legislation there are different angles that need to be considered when one analyses the literature on the Banking Union. The following examines a legal perspective, an economic perspective, and a political perspective. A special focus will be given towards the political approach of literature towards the European Banking Union, as this can take many different views as well.

One academic approach that can be examined is the compliance of the Banking Union with the Treaty of the Functioning of the European Union. It can be argued that through the transfer of competences/sovereignty to the EU, a conflict of interest is created (Alexander 2015). According to Ambrasas (2014), the Banking Union could potentially impact national budgets, which the EU has currently no power to directly legislate over. It further begs the question of jurisdiction. How does the EU differentiate whether national law would be applicable or EU law, in the event of a systemically important financial institution breaching a certain national law, and as consequence breaches an EU law? This is one reason why Alexander (2015) argues that a change in the EU

Treaties is needed to create a sounder legal basis for the European Banking Union constituting of regulations and directives.

Legal issues also arise for banks that are affected by the newly introduced Banking Union. The main question that arises from this is whether it has any, and if so what, effect the Banking Union does have on financial service firms across the Eurozone. Authors like Binder (2015) argue that this could lead potentially to only one banking model across the entire Eurozone due to the strict supervisory governance. It is also argued that this will lead to the extinction of small banks and mergers of credit institutions due to the red-tape enforced on the industry in the wake of the financial crises across the European Continent (Binder 2015).

The implications on banks might also negatively impact economic growth across the Eurozone due to credit institutions needing to fulfil more requirements set out by the European Union. It has also been argued that the Banking Union will create potentially an unstable economy in Europe and unavoidably needs to be complemented with a Fiscal Union most EU Member States oppose due to further loss of sovereignty (Véron 2015). Other authors such as DeGrauwe (2016), examine the economic impact of Monetary Union, while barely mentioning the subject of Financial Services Integration.

As mentioned earlier, the most diverse approach is the political one. Academic research in this area can be divided into four different, ‘main’ categories. One category examines the wider political implications on Member States and other pan-European issues. A second one considers the implications on an EU-level. This approach analyses the different theories behind decision making

in the European Union and examines in which category the Banking Union falls into. A more institutional approach focuses on the interaction between EU institutions, which links up with a theoretical method.

For the wider political perspective, it is important to review the political ramification created by the Banking Union. Most of the articles concerning this approach were published while the EU was deciding upon the creation of a Banking Union. Elliott (2012), for example, acknowledges the need for a Banking Union and that Eurozone Member States are more inclined than non-Euro EU members to create one in order to stabilise their economies. Senavicius (2013) takes a completely different perspective by highlighting the implications of the Banking Union on the Public Administration systems of EU Member States. It can be argued that the cost of red-tape created through the legislation concerning the Banking Union further stresses the capabilities of the civil service on national and EU level. Considering the previous argument, Bakir and Woo (2016) identify the need for a multi-layer approach that takes the regional, national, and international level of governance into account, when it comes to the articulation of new financial service regulation.

One underdeveloped approach within the political dimension of the Banking Union, is the focus on the implications of the latest legislation for the financial services integration on EU-level. This area is supposed to examine how much supplementary legislation and the transfer of sovereignty is needed to complete the financial markets integration of the EU Member States. Authors such as Baldwin and Wyploz (2015) examine the wider integration of the EU's Economic and Monetary Union, however, they do not explicitly consider the financial sector that is inevitably linked to the EMU integration process. It can be argued that after the financial crisis (2010 to 2014) the financial

service integration occurred quicker in Eurozone Member States than in non-Eurozone EU Member States (Valiante 2015). According to Valiante (2015), more (empirical) research is needed on the area of European financial integration to fully understand the complexities of the process.

The theoretical approach tries to explain the outcomes of the decision-making process by comparing those with different theoretical frameworks. Authors like Hix and Høyland (2011) and Lelieveldt and Princen (2011) identify two key theories, namely Supranationalism and Intergovernmentalism, as commonly used concepts behind the decision-making of EU institutions. Even though intergovernmentalism and supranationalism are the dominant ideas on how the EU approaches policy-making, Wallace and Reh (2015) identify a different set of policy coordination types that impact on the financial services industry. Those five types are the Community method, the regulatory mode, the distributional mode, policy coordination, and intensive transgovernmentalism. Financial service regulations are technically part of the single market which would fall into the regulatory mode, however, Monetary Policy is decided with the community method. The ESM, which was agreed in the aftermath of the Financial Crisis, was first agreed via the distributional mode and implemented via the community method (Wallace et al. 2015). Contrary to this, Hodson (2015) identifies intensive transgovernmentalism as the method used to combat with the economic crises. It is argued that this was necessary to effectively manage the necessary decisions. This shows how complex the EU decision-making process is with regards to financial service integration. It further shows that not one single type but multiple modes of policy coordination are needed for legislation relating to financial service integration.

The Institutional approach examines the making of the European Banking Union on EU-level from a more practical perspective. Here, Howarth and Quaglia (2013; 2014; 2016a; 2016b) managed to establish a certain predominance on this topic by publishing a series of articles concerning the political making of the Banking Union, the Single Resolution Mechanism, the Single Supervisory Mechanism, and the Single Rulebook. Most of their work examine the decisions taken by the European Institutions on the creation of Banking Union legislation. They further recognise that the cooperation of multiple European Union institutions was needed to successfully establish the European Banking Union. Moloney (2014) describes the regulatory framework created by the institutions as a process of learning as there is no exact blueprint on how to create cross-border financial regulation(s) that will suit every member state. The regular procedures used by the EU to create regulations and directives, however, remained intact during the Banking Union negotiation process (Moloney 2014).

All the different approaches exploring the European Banking Union show that there is a vast amount of academic material available on the topic in spite of the Banking Union itself only being a very recent development in the European financial service integration process. It further shows that this topic is an outstanding example for multidisciplinary approaches towards a topic that combines legal, financial, economic, and political issues. Despite the Banking Union receiving coverage, one institution that was part of the process establishing the new Union did not receive any coverage on its influence on the process, namely the European Central Bank. As it is a consultative body and can only provide its opinion, it is vital to see how much of said opinions are acknowledged by the policy-making process and were incorporated in the final legislation.

3.2 Literature on the influence and amendment-making process of the EU

Amendment-making in the EU is influenced by a great variety of factors. The following will firstly examine the theoretical aspects of the amendment-making process, followed by the advisory body/interest group aspect of the process, before considering already existing models for the quantitative analysis part of this project.

There are two theories that are commonly used to explain the amendment-making process in the European Union, namely intergovernmentalism and neo-functionalism. The intergovernmentalist theory suggests that Member States are key to the integration process of the EU and they decide on how much integration is needed through their power in the European Council and in the Council of the EU (Tsebelis et al. 2001; Talani 2014). The neofunctionalist theory, on the other hand, suggests that the European elite, concentrated in the Commission, is key to European integration and promotes this process. It is those who decide through their agenda-setting power on how much integration is needed (Tsebelis et al. 2001; Talani 2014).

Scholars such as Cross and Hermansson (2015) use game theoretical approaches to explain the decision-making and amendment-making process of the EU. Compared to that, Thomson et al. (2006) explain the decision-making process within the Council of the EU via the Nash-Bargaining-Solution.

Amendment-making success of the European Parliament has been analysed by various scholars and they have reached similar conclusions, in that the parliament was able to increase its influence over the years especially since the introduction of the co-decision procedures through the Treaties of Maastricht and Amsterdam as well as through its replacement, the Ordinary Legislative Procedure under the Treaty of Lisbon (Tsebelis et al. 2001; Kreppel 1999; Kreppel 2002; Kardavesha 2009).

A lot of quantitative analyses use models that assume all actors involved in the decision-making process make informed decisions as they should have access to all the information available (Varela 2009). This, however, begs the question, why interest groups provide information to the decision-makers to influence their vote or why amendments are made. If decision-makers are informed, they would not need to request information on the legislation from interest groups or from consultative bodies. Further, assuming the Commission has made the best possible decision for a piece of legislation, why would the two co-legislators amend the proposal knowing that it is the best solution to the problem? Therefore, newer models from scholars such as Varela (2009) use this knowledge to try to explain the influence of interest groups on the amendment-making process.

The influence of interest groups on the policy-making process of the EU is an area which already has been researched by a number of different scholars (Bunea 2013; Chalmers 2011; Crombez 2002; Varela 2009; Klüver 2012). According to Crombez (2002), the role of interest groups and lobbyists is partially examined in literature concerning the political economy of the EU rather than in political science, however, it remains extremely difficult to measure the actual influence of interest groups on the actual outcome of a policy (Chalmers 2011). Bunea (2013) came to the conclusion that interest groups supporting less regulation are more likely to succeed in advocating this to policy-makers than interest groups seeking to increase the existing regulations.

Like interest groups, the EU's advisory bodies try to actively influence the decision-making process by submitting their opinion on legislation. Even though the advisory bodies are explicitly mentioned in the Treaties, scholars often disregard them in their analysis on amendment success (Hoennige and Panke 2013). Hoennige and Panke (2013; 2016) are two of the few scholars that examine the relative success of those advisory bodies, namely the European Economic and Social Committee, and the Committee of Regions. Opinions of those bodies can either be mandatory,

made by request of the co-legislators, or on the bodies' own initiative (Hoennige and Panke 2016). The authors conclude that the sooner the advisory bodies submit their opinion to the institutions, the more likely the adoption of amendments to the relevant legislation is.

Cross and Hermansson (2015) have used WORDFISH, a computer programme, to estimate policy positions of political texts. In a second step, the programme is able to predict the likelihood of an amendment being adopted based on its content. Another way that has been discussed in their literature was Levensthein's Minimum Edit Distance, which is an algorithm that calculates "the minimum number of edit operations (insertions, deletions or substitutions) required to change" an amendment (Cross and Hermansson 2017, p.590). As a natural consequence, it has been shown that texts closer to the original are more likely to succeed than texts that are too different to the original. An algorithm will not be used to conduct the analysis, however, the number of words that are supposed to be inserted, changed and/or deleted will be counted to see whether the following hypothesis can be accepted or rejected:

> H_1: Amendments with a smaller word counts are more likely to be adopted than amendments with greater word counts.

Kreppel (1999) and Shepard (2005) have carried out research on the content of amendments by categorising them. They have pointed out that amendment success could be extremely high even though the amendments made concern only technical or minor changes to the proposed legislation. In argumentum e contrario, this means that more political influenced, major changes have a smaller success rate. Even though the ECB has no political motivation to alter the legislative proposal, this view can still be tested by examining the content of the proposed change in the ECB's opinion. As

Kreppel (2002), again, argues a lot of research carried out in the area of amendment success only examines the overall acceptance rates without considering what the actual content comprises. Technical and political amendments can be defined in different ways. For this analysis, the definition was based on Kardavesha (2009), which will be explained in greater detail in the following chapter. To test whether Kreppel's (1999; 20002) and Shepard's (2005) argument holds true, the following hypothesis will be tested:

H_2: Technical Amendments are more likely to be adopted than Political Amendments.

Another way of examining the success rate of amendments is to examine their content to see whether this made a difference for its acceptance rate. Other authors have also categorised amendments in their own research predominantly by policy area (Hoennige and Panke 2013, 2016; Kreppel 1999; Cross and Hermannson 2017; Kardavesha 2009). As no research was carried out in the area of amendments concerning financial legislation, a new coding scheme needed to be developed in order to make sense of the content. One example of how this could be done is by simply asking the question of what does the text surrounding the amendment apply to? Does the amendment concern an article which deals with the policy it ought to achieve? Does it concern financial instruments and/or assets? Or does it feature institutional arrangements on how authorities interact with each other? Those are very legitimate questions and this will be analysed. After examining the amendments proposed by the ECB those three (four if 'others' is included) broad categories were identified from the amendments. It can be argued that if amendments in areas that concern the expertise of the ECB (1 and 2) are more likely to pass than in institutional arrangements

(3), the influence of the ECB is relatively high due to their actual implementation. Therefore, the analysis will analyse whether this holds up or not:

> H_3: Amendments that concern the actual legislation and concern financial instruments with assets are more likely to be adopted than amendments that concern institutional interactions (between EU and national authorities, the Commission, and Member States).

Another example of examining the content is to ask oneself the question: Whom does the content surrounding the amendment apply to? In the case of the ECB's amendments eight different categories were identified from EU Authorities and EU Institutions to National Authorities and Member States as well as a combination of the four. In some instances the text also applied to Credit Institutions or others. One has to assume that amendments that are applied to articles dealing with Credit Institutions are more likely to be adopted in the final version of the legislation than for the other instances. This can be said due to the ECB's expertise and knowledge on legislation concerning financial institutions as its opinion on matters concerning the fields of its competence is essential. This further applies to legal acts that require a recommendation or an opinion by the ECB (OJEU 2012). In the case of the Banking Union, the ECB was required to submit an opinion on every single issue. As the Banking Union not only forms a common legal basis for banks operating in the EU but also deals with institutional arrangements and delegates new powers to EU agencies and national authorities, it is vital to distinguish between amendments concerning the application of the content. Therefore, the fourth hypothesis examines the following:

> H_4: An amendment that concerns text that applies to credit institutions is more likely to be adopted than amendments drafted for articles concerning EU authorities, EU institutions, National Authorities, Member States, or multiple of the organisations.

Some research that has been carried out uses control variables to ensure the model is consistent across a number of types of legislation and things such as treaty changes are taken into account (Cross and Hermansson 2015). As the European Banking Union constitutes of Regulations and Directives, a control variable on this will be implemented to ensure that the model is consistent with the theory suggesting that there should be no difference between the types of legislation introduced. To do so it is assumed that Directives have an advantage:

> H_5: ECB amendments proposed for Directives are more likely to be adopted than for amendments for Regulations.

As there is hardly any literature on the ECB's influence on the decision-making and amendment-making process, it is justifiable to carry out much needed research in this area. The following will only be able to give a small overview on how influential the ECB was in the making of the European Banking Union. After examining the literature on amendment success, interest groups, and consultative bodies, one can see that some of the models used in other research can be reused to some extent for this research. The following part will, therefore, examine the way in how the hypotheses are tested in greater detail.

4 Research Methodology

4.1 Introduction

In the wake of the financial crisis, the EU needed to build a sounder, more robust financial system in which it actively consulted the ECB on proposed legislation. Most frequently, analyses are conducted on the success of amendments recommended in committees where the relevant legislation is discussed. This thesis is taking a different approach in trying to answer, how influential the ECB is in the EU's policy-making process. This question will be answered using the Banking Union as an example, in which proposed amendments by the ECB will be quantitatively analysed.

Based on a review of relevant literature, no scholar has examined the influence of the ECB's opinion on the decision-making process of the European Union. In saying this, it has to be acknowledged that there is literature on the powers, functions and somewhat influence of the ECB in general. Further, it has to be acknowledged that the ECB can only give its opinion on legislation relevant to its field of competence, including regulation on financial markets, on financial institutions, and on matters relating to the banking industry, including the implementation of international standards concerning financial supervision (Scheller 2006). Primarily since the financial crises, the European Union is trying to create a sustainable environment for financial institutions, which it attempts to achieve with the introduction of a European Banking Union. It is, therefore, of great importance to examine the influence of the ECB that gained further power on the supervision of system-relevant banks in the EU through treaty revisions in the aftermath of the financial crisis. Further, analyses on amendment success are, however, not always carried out on a quantitative basis. This makes this project unique in the sense that a quantitative analysis will be carried out on the influence of the ECB's opinion.

The data obtained, for the examination of the ECB's influence on the legislative process concerning the Banking Union, includes recommended changes to the Commission's proposal. In five of the eight pieces of legislation concerning Banking Union, the ECB drafted an opinion that included proposed changes to the legislation. This includes a table with the proposed amendments made to the legislative articles. For the other three pieces of legislation, on the Single Resolution Mechanism (one) and the Single Supervisory Mechanism (two), the ECB drafted an opinion, however, this did not include any tabular form of proposed amendments. This means that the changes would be extremely difficult to code as it is not necessarily clear where or if the proposed changes were included in the final version of the legislation.

4.2 Bivariate Analyses

To test the hypotheses set out in the literature review, the data under examination was coded using a set of different variables. A coding scheme is included in the appendix which includes examples for the varying coding values of each variable. To ensure consistency and the greatest possible integrity of the results obtained, each variable was coded twice on two different occasions. On a third occasion the results were compared and in the event an irregularity was identified (e.g. two different values observed), a closer look was taken at the ECB's comment on the issue. If this did not clarify which value the variable should take, a coin toss was used to solve the problem.

The outcome/dependent variable is an ordinal variable and can take five different values, which is based on previous research carried out by Tsebelis et al. (2001), Haege and Kaeding (2007), and Kreppel (1999). Tsebelis et al. (2001) coded their dependent variable using a five point scale ranging from (1) adopted (adopted verbatim), (2) largely adopted (if more than half was adopted), (3) partially adopted (if less than half was adopted), (4) modified (change relevant but not in

direction of either version), and (5) not adopted (rejected entirely). In comparison, Kreppel (1999) used a similar scale in which only '(4) modified' varied. This is identified by Kreppel (1999) as a change to the proposal but not the way it was intended by the amending party. To combine the best of both authors, the dependent variable in this analysis is coded in the following form:

(1) Adopted (if the amendment adopted in the final legislation is verbatim)

(2) Largely Adopted (if 51-99 percent of the amendment was adopted or its meaning)

(3) Partially Adopted (any text or meaning adopted below or equal to 50 percent)

(4) Modified (if the text is neither the original nor the proposed version by the ECB)

(5) Not adopted (if the Commission draft is adopted in the final legislation without any amendment)

As mentioned in the literature review, the length of proposed amendments can also impact their success rate. To test the first hypothesis, each word and date that was changed was counted for this analysis. A majority of amendments (51) that were proposed by the ECB were between 20 and 80 words in length. To compensate for outliers, this ordinal variable was coded with five different values. The first four account for a 20 word difference, whereas the final one accounts for any amendment that has contains more than 80 changed words. The ordinal variable "Word Count" had, therefore, the following five values:

(1) Below 20 Words

(2) Between 20 and 39 Words

(3) Between 40 and 59 Words

(4) Between 60 and 79 Words

(5) Over 80 Words

To answer the second hypothesis, the amendments were coded either as a 'technical' or a 'political' amendment. The debate between political and technical amendments has been captured by Kreppel (1999) and inspired this hypothesis. Kardavesha (2009, p.394), however, gives a greater insight into what can be understood as a technical amendment and identified it as an amendment "(a) correcting spelling or wording mistakes in the original proposal; (b) suggesting more appropriate words in definitions; or (c) changing dates in the proposal." This definition of a 'technical' amendment was also used in this study and everything that fell outside this category was coded as a 'political' amendment. Hence, the dichotomous variable 'Technical vs Political' took the following to values:

(0) Technical Amendment

(1) Political Amendment

To answer the third hypothesis, the amendments were examined and broadly categorized based upon the content the amendment is surrounded by/deals with. As outlined in the literature review, similar approaches have been used by other scholars, however, the classification has to be made on an individual basis and could not be replicated based on similar research. Four broad categories were identified. The first category, an amendment can deal with is (1) amendments concerning the proposed legislation. A second category that was identified across all five ECB opinions, concerned amendments that were proposed for parts of legislation dealing with financial instruments and

assets. Those were coded as (2). A third category was identified for amendments that deal specifically with 'institutional arrangements'. This means that those amendments specified the interaction between institutions/authorities and were consequently coded as (3). Anything that fell outside of those three categories was coded as (4) others. One could argue that this is too generalized as the third category comprises most of the amendments, which is already an interesting observation in itself. If one were to establish further categories, there would be too many and given the limited amount of amendments further specifying categories would distort the results. Therefore, to answer hypothesis three, the categorical variable "Content", however, only took the following four values into account:

(1) Content concerning the policy

(2) Content concerning financial instruments and assets

(3) Content concerning institutional arrangements

(4) Content concerning other things (e.g. definitions)

To test the fourth hypothesis, a lot of different coding schemes were examined on how to analyse the content of the amendment. In the case of this study, two different ways were identified to carry out the analysis. The first was explored with the previous hypothesis, whereas the second will be covered by the following. It is not only important to examine what the text around the amendment tries to achieve or what the policy issues are but also whom it applies to. Therefore, the categorical variable "Application" was used to code the amendments depending to whom the content would apply to. Eight different categories were identified for the analysis. The category with the lowest

count had six amendments, whereas the category with the highest had 22 amendments. To identify whom the amendment applied to, variable "Application" had the following values:

(1) EU Authorities (EBA, ESRB, SRB)

(2) EU Institutions (Commission, ECB)

(3) National Authorities (NCA, NRA, NSA)

(4) Member States

(5) Multiple (Combination of EU Authorities, EU Institutions, National Authorities, and or Member States)

(6) Credit Institutions

(7) N/A

(8) Others

To test the fifth and final hypothesis, each amendment was coded on the basis of the legislative proposal it was made for. To put it in simpler term, each amendment was coded depending on whether it was made for a Regulation or a Directive. Amendments for the variable "Regulation/Directive" was coded with either of the following two options:

(0) Directive

(1) Regulation

To test the hypotheses, a number of cross-tabulations were created with the dependent variable and the corresponding independent variable.

4.3 Multivariate Analyses

Whereas the first part focuses on a bivariate analysis between each independent variable and the outcome variable, this part focuses on a number of multivariate analyses. For this purpose, a Binary Logistic Regression Analysis was carried out. This was used to see whether and how the different variables interact with each other. To carry out such an analysis, the dependent variable needed to be recoded from an ordinal variable to a dichotomous variable. The same approach has been used by Kreppel (1999). The author, however, used the recoding below in a more pragmatic way as it made "the data more comparable" for them and argued that "dichotomous dependent variables can be more easily analysed" in such a recoded way (Kreppel 1999, p. 527). For the purpose of the Binary Logistic Regression Analysis, every sort of success ((1) Completely Adopted, and (2) Mostly Adopted) was recoded as (1) Adopted. For Amendments that were (3) Partly Adopted, (4) Modified and (5) Not Adopted, the variable was recoded as (2) Not Adopted. This was recoded into the variable "LR DV" (**L**ogistic **R**egression **D**ependent **V**ariable).

As Pollock (2012, p.205) argues, "in most specialist application, logistic regression is designed to analyse the relationship between an interval-level independent variable and a binary dependent variable." Only independent variables that possessed a binary option from the prior hypotheses testing were used for the Binary Logistic Regression Analysis. The content variable, however, was included by recoding it in to a binary format, into the new variable "Content LR". Amendments that concern institutional issues were recoded as '(0) Institutional Amendment', and all other amendments, which effectively concern different aspects of the implemented policies, were coded as '(1) Policy Amendment'.

This means that the Binary Logistic Regression Analysis included variables 'Technical vs Political', 'Regulation vs Directive', and the recoded 'Content LR'. In addition, a further three

multivariate analyses were carried out. In each instance one of the above variables was dropped to see whether the likelihood of the remaining two variables being adopted was increased.

Like in the bivariate analysis, technical amendments should be more likely to be adopted than political amendments. The same approach was used towards the "Regulation/Directive" variable. Amendments made for Directives should be more likely to pass than amendments for Regulations. For the third variable, Institutional vs Policy, it will be assumed that amendments concerning policy are more likely to pass than amendments concerning institutional arrangements as the ECB should have more influence on areas concerning policy rather than on how institutions interact with each other.

4.4 Potential (problems) of the results

This section will identify three discovered issues that concern the data obtained from the Quantitative Analysis. The first problem focuses on the Chi-squared values of the bivariate analyses. The second concerns the Confidence Interval of the multivariate analyses. The third issue deals with issues on how the data was coded.

All calculated Chi-squared values for the bivariate analyses were below the critical value at both the five percent and ten percent threshold. Only in one case, the calculated chi-squared value exceeded the critical value. This was the case for the technical vs political amendment hypothesis. Here, the result suggests that amendment success depends on whether it is a technical or a political amendment. In general, the results of the Chi-squared values mean that the results of the Quantitative Analysis only portrait the case for the Banking Union, and no generalisations can be

made, such as the results could apply to all amendments the ECB proposes to EU legislation that falls within their field of competence.

A second issue discovered concerns the Confidence Intervals of the conducted Binary Logistic Regression Analyses, as some of the values can be seen as problematic. An odds ratio below one means that if it were to apply to value (0) of a dichotomous variable that it is less likely to be successful than the second value (1) of the same variable. The same applies if the odds ratio is above one then (0) is more likely to be successful than (1). "An odds ratio equal to one says that the odds do not change as the independent variable increases (no relationship)", which suggest that both outcomes are equally as likely to occur (Pollock III 2012, p.208). The Confidence Interval portraits a span between an upper and a lower value in which one is to a certain percentage sure that the true values lies between. If one of the values of the Confidence Interval is below or above 1 and the other is not, then this implies that one cannot be certain of the true relationship between the values. In all four multivariate analyses, the Confidence Interval, at a 90 percent level, for the variables 'Content LR' and 'Regulation/Directive' included the value 1 and the value on the opposite side. Only for the variable 'Technical vs Political', the Confidence Interval, at the 90 percent level (and 95 percent level), stayed within the margin and was constantly on one side. This means that no generalisations of the obtained data can be made, only observations concerning proposed ECB amendments to the Banking Union.

Martin et al. (2014) addresses another issue in their book on legislative studies, concerning the obtainment of data. Even though the data was coded using a rules based approach, it can be argued that the coder (here, the author) was influenced by his subjectivity. If an amendment, for example, fell between two categories for a variable and it was not conclusive which the better fit is, the coder needed to make a decision. There are different techniques to resolve this issue. The coder could for

example subjectively decide on the issue or count all inconclusive amendments and distributing them proportionally or equally on to the different options available. As mentioned in the research methodology, the coder resolved the issue using a coin toss to decide which category should be used for the relevant amendment. If the same analysis was conducted using multiple coders for coding the amendments, they all would be influenced by their own interpretation of the rules and, therefore, not all of the codes would be identical (Martin et al. 2014). This shows, when the author stated that they coded the amendments on two different occasions to ensure the authenticity of the coding. The author stated that in some instances the code was not identical to the previous coding, which shows that even for one person the interpretation of the amendments on two different occasions varied in a few instances.

The above issues concerning the Chi-squared value, the Confidence Interval, and issues concerning subjectivity do not mean that the conducted analyses are wrong in any way, they are an acknowledgement that quantifying qualitative data is not as straightforward as using pre-existing numerical data for an analysis and human error/the interpretation of the coder is an issue in any analyses carried out where data needs to be coded before it can be analysed.

5 Quantitative Analysis

5.1 Introduction

The following Quantitative Analysis have three different components. It will firstly make comments to general observations of the data, followed by the hypotheses results in the second part. The third/final part will examine the findings of the Binary Logistic Regression Analyses.

Each section will have the same structure if not outlined otherwise at the beginning of the section. The hypotheses will be answered by examining the results of the relevant dependent variable value. In most cases, this will be the 'Adopted' value. To make greater sense of things, however, this is followed by taking the 'Largely Adopted' value into account. Kreppel (1999) has used this approach in their research to differentiate between adopted and not adopted amendments as it is easier to interpret the results. Throughout this section, cross tabulations as well as graphs (where applicable) are supplied to better present the findings.

5.2 General Observations

A total of 104 amendments were recorded from the five ECB opinions submitted to the Council of the EU and the European Parliament. 17.3 percent of the amendments were adopted the way they were proposed by the European Central Bank. A further 14.4 percent were largely adopted with another 16.3 percent adopted in some capacity. If both, the adopted and largely adopted, are combined, it shows that nearly a third (31.7 percent) of proposed amendments to the European Commission's draft were accepted by the legislative bodies. Only close to a fifth of ECB amendments were not adopted (19.2 percent) and the Commission's proposal was implemented. It has to be noted that a relative majority of amendments (32.4 percent) was modified and neither the proposed amendments by the European Central Bank nor the European Commission's proposal

could be found in the final version of the legislation. The diagram below depicts the percentage of each value the Dependent Variable took in the case of the Banking Union (which were mentioned earlier).

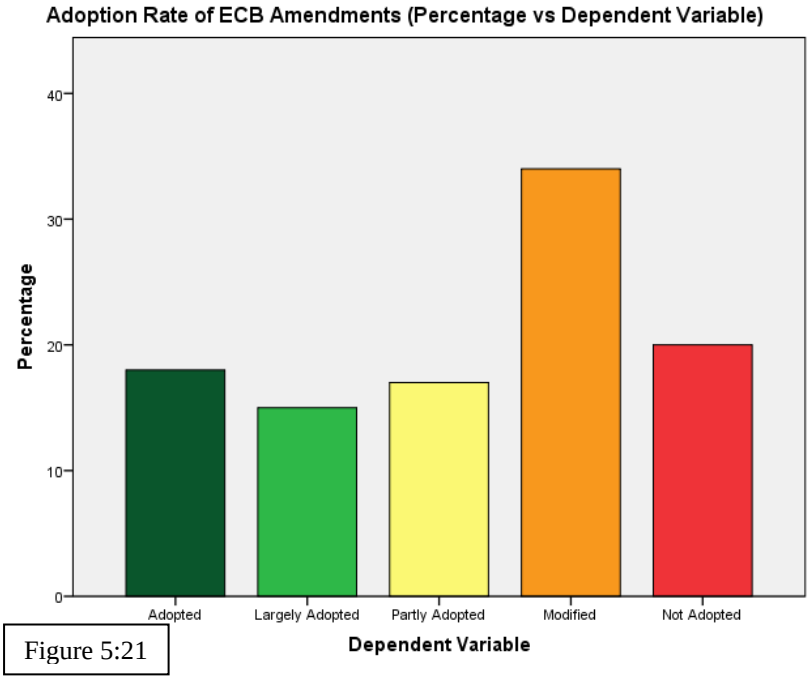

Figure 5:21

Figure 5:22

Dependent Variable * Legislation Crosstabulation

			Legislation					
			SRM	DGSD	CRD IV	CRR	BRRD	Total
Dependent Variable	Adopted	Count	2	0	5	7	4	18
		% within Legislation	9.1%	0.0%	29.4%	23.3%	13.3%	17.3%
	Largely Adopted	Count	2	1	3	3	6	15
		% within Legislation	9.1%	20.0%	17.6%	10.0%	20.0%	14.4%
	Partly Adopted	Count	4	2	3	3	5	17
		% within Legislation	18.2%	40.0%	17.6%	10.0%	16.7%	16.3%
	Modified	Count	11	2	3	8	10	34
		% within Legislation	50.0%	40.0%	17.6%	26.7%	33.3%	32.7%
	Not Adopted	Count	3	0	3	9	5	20
		% within Legislation	13.6%	0.0%	17.6%	30.0%	16.7%	19.2%
Total		Count	22	5	17	30	30	104
		% within Legislation	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Further, the cross tabulation above shows that the success rate of amendments varies greatly between the five different pieces of legislation. This, however, should not happen in theory. One explanation for this variation is that the ECB opinions had a different amount of amendments per

legislation and therefore a limited amount of possibilities of the outcome was attainable as the proportions automatically change if an opinion has fewer amendments than the rest. Here, the opinion with the fewest amendments only featured five compared to the two largest with 30 amendments each, which shows a great disparity between the opinions.

5.3 Results of the Bivariate Analyses

Figure 5:31

Dependent Variable * Word Count Crosstabulation

			Word Count					
			< 20 Words	20-39 Words	40-59 Words	60-79 Words	>80 Words	Total
Dependent Variable	Adopted	Count	10	0	5	1	2	18
		% within Word Count	26.3%	0.0%	38.5%	8.3%	13.3%	17.3%
	Largely Adopted	Count	5	4	1	3	2	15
		% within Word Count	13.2%	15.4%	7.7%	25.0%	13.3%	14.4%
	Partly Adopted	Count	3	4	3	3	4	17
		% within Word Count	7.9%	15.4%	23.1%	25.0%	26.7%	16.3%
	Modified	Count	12	14	2	3	3	34
		% within Word Count	31.6%	53.8%	15.4%	25.0%	20.0%	32.7%
	Not Adopted	Count	8	4	2	2	4	20
		% within Word Count	21.1%	15.4%	15.4%	16.7%	26.7%	19.2%
Total		Count	38	26	13	12	15	104
		% within Word Count	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The first hypothesis, shorter amendments are more likely to be adopted than longer amendments, cannot be confirmed. The data provided in the cross tabulation suggests that those with a word count of 40-59 words are the most likely to be adopted in the final legislation compared to 26.3 percent for amendments under 20 words, 0 percent for 20-39 words, 8.3 percent for 60-79 words, and 13.3 percent for over 80 words, respectively.

Examining the largely adopted amendments does not improve the result. For this category, amendments with 60-79 words were the most likely to be adopted (25 percent compared to 13.2 percent for < 20 words, 15.4 percent for 20-39 words, 7.7 percent for 40-59 words, and 13.3 percent for >80 words). Cumulating the ‘adopted’ and the ‘largely adopted’ amendments shows that the

most likely amendments to be adopted remain those that have a length of 40-59 words (46.2 percent), followed by amendments under 20 words (39.5 percent).

The result shows that the word length of the amendments does not affect the outcome variable as hypothesized based on Cross and Hermansson's research in similar areas (2015; 2017). Their research, however, focused on the success rate of amendments of EU Institutions key to the legislative process, namely the European Commission and the European Parliament, whereas the ECB's opinion could technically be completely disregarded by the law makers. The data disproves the notion that shorter amendments are more likely to be accepted than longer ones and suggest that the content also plays a role in the adoption of the proposed amendments.

Figure 5:32

Dependent Variable * Technical vs Political Crosstabulation

			Technical vs Political		
			Technical	Political	Total
Dependent Variable	Adopted	Count	13	5	18
		% within Technical vs Political	33.3%	7.7%	17.3%
	Largely Adopted	Count	4	11	15
		% within Technical vs Political	10.3%	16.9%	14.4%
	Partly Adopted	Count	3	14	17
		% within Technical vs Political	7.7%	21.5%	16.3%
	Modified	Count	12	22	34
		% within Technical vs Political	30.8%	33.8%	32.7%
	Not Adopted	Count	7	13	20
		% within Technical vs Political	17.9%	20.0%	19.2%
Total		Count	39	65	104
		% within Technical vs Political	100.0%	100.0%	100.0%

The above cross-tabulation portraits the different counts and percentages for the outcome variable versus the 'Technical vs Political' variable. The data confirms the hypothesis that technical amendments made by the European Central Bank are more likely to be accepted than political amendments. A third (33.3 percent) of technical amendments were adopted whereas only 7.7

percent of political amendments were adopted. If one only examines the binomial outcome of adopted/not adopted with 'adopted' and 'largely adopted' as adopted, then this is still supported by a difference of 19 percent (43.6 percent for technical compared to 24.6 percent for political), however, the proportion of only 'largely adopted' political amendments (10.3 percent) is larger than the one for technical amendments (16.9 percent).

This supports Kreppel (1999), Kardavesha (2009) and Shepard (2005) in the suggestion that technical amendments are in general more likely to be accepted in the final version than political ones. Only a minority of technical amendments were correcting spelling mistakes and were changing dates whereas the majority was comprised of clarifications to the legislation. This suggests that the influence of the ECB on the policy-making process is limited due to technical (minor changes) are more likely to be adopted than more extensive changes (political) amendments.

Figure 5:33

Dependent Variable * Content Crosstabulation

			Content				
			Concerning Legislation	Concerning Financial Instruments & Assets	Concerning Institutional Arrangements	Concerning Other Things (e.g. definitions)	Total
Dependent Variable	Adopted	Count	5	1	11	1	18
		% within Content	16.1%	8.3%	22.0%	9.1%	17.3%
	Largely Adopted	Count	5	1	7	2	15
		% within Content	16.1%	8.3%	14.0%	18.2%	14.4%
	Partly Adopted	Count	5	0	11	1	17
		% within Content	16.1%	0.0%	22.0%	9.1%	16.3%
	Modified	Count	9	8	14	3	34
		% within Content	29.0%	66.7%	28.0%	27.3%	32.7%
	Not Adopted	Count	7	2	7	4	20
		% within Content	22.6%	16.7%	14.0%	36.4%	19.2%
Total		Count	31	12	50	11	104
		% within Content	100.0%	100.0%	100.0%	100.0%	100.0%

The above cross-tabulation depicts the dependent variable against the content variable. Against the assumption of the third hypothesis, amendments proposed by the ECB that concern financial

instruments and assets have the lowest adoption rate (8.3 percent). Amendments for legislation concerning institutional Arrangements were nearly three times more likely to be fully adopted (22 percent), and amendments concerning the actual legislation were nearly twice as likely to be adopted (16.1 percent) than those concerning financial instruments (8.3 percent).

Even when taking largely adopted amendments into account, amendments concerning financial instruments and assets finish last (combined 16.6 percent) compared to amendments concerning institutional arrangements (combined 36 percent) and amendments concerning the actual legislation (32.2%).

Given that nearly half of the amendments concerned institutional arrangements, could suggest that the ECB was focusing more on how the various institutions to which the legislation of the Banking Union applies to interact rather than on the legislation concerning the policy. On the other hand, it could also suggest that those changes were the only ones necessary. Therefore, it is vital to examine whom the text surrounding the legislation applies to (hypothesis four).

Figure 5:34

Dependent Variable * Application Crosstabulation

			Application								
			EU Authorities	EU Institutions	National Authorities	Member States	Multiple	Credit Institutions	N/A	Others	Total
Dependent Variable	Adopted	Count	3	2	2	3	2	1	2	3	18
		% within Application	15.0%	20.0%	12.5%	27.3%	11.8%	8.3%	16.7%	50.0%	17.3%
	Largely Adopted	Count	2	1	3	1	2	5	1	0	15
		% within Application	10.0%	10.0%	18.8%	9.1%	11.8%	41.7%	8.3%	0.0%	14.4%
	Partly Adopted	Count	4	2	2	4	5	0	0	0	17
		% within Application	20.0%	20.0%	12.5%	36.4%	29.4%	0.0%	0.0%	0.0%	16.3%
	Modified	Count	9	3	4	3	5	5	3	2	34
		% within Application	45.0%	30.0%	25.0%	27.3%	29.4%	41.7%	25.0%	33.3%	32.7%
	Not Adopted	Count	2	2	5	0	3	1	6	1	20
		% within Application	10.0%	20.0%	31.3%	0.0%	17.6%	8.3%	50.0%	16.7%	19.2%
Total		Count	20	10	16	11	17	12	12	6	104
		% within Application	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The fourth hypothesis can be rejected that amendments concerning texts that apply to credit institutions are more likely to be adopted than amendments concerning texts that apply to EU Authorities, EU Institutions, national authorities, Member States, or multiple of the organisations.

There is only a 8.3 percent chance that amendments concerning Credit Institutions are fully adopted compared to 15 percent for EU Authorities, 20 percent for EU Institutions, 12.5 percent for national authorities, 27.3 percent for Member States, and 11.8 percent that apply to multiple organisations. If the adopted and largely adopted amendments are combined, the outcome changes dramatically. Now a half of amendments proposed on legislation concerning Credit Institutions are likely to be adopted (50 percent) compared only 25 percent for EU Authorities, 30 percent for EU Institutions, 31.3 percent for national authorities, 36.4 percent for Member States and 23.6 percent for multiple organisations.

The data suggests that the ECB, however, remains powerful when it comes to the adoption (including largely adoption) of amendments that apply to Credit Institutions. Further, given that the ECB increased its power with regards to its supervisory function through the SSM, it can be argued that it would only be logical that it 'gets a say', so to speak, in which functions the EU and National Authorities as well as Member States play in the Banking Union.

Dependent Variable * Control Variable Crosstabulation

Figure 5:35

			Control Variable		
			Regulation	Directive	Total
Dependent Variable	Adopted	Count	9	9	18
		% within Control Variable	17.3%	17.3%	17.3%
	Largely Adopted	Count	5	10	15
		% within Control Variable	9.6%	19.2%	14.4%
	Partly Adopted	Count	7	10	17
		% within Control Variable	13.5%	19.2%	16.3%
	Modified	Count	19	15	34
		% within Control Variable	36.5%	28.8%	32.7%
	Not Adopted	Count	12	8	20
		% within Control Variable	23.1%	15.4%	19.2%
Total		Count	52	52	104
		% within Control Variable	100.0%	100.0%	100.0%

The fifth hypothesis can be rejected that amendments for Directives are more likely to be adopted than amendments for Regulations as the rate of 'adopted' amendments is the exact same for both

cases (17.3 percent), which the cross-tabulation shows. If as in the case of the Kreppel (1999) case, the ‘largely adopted’ amendments are taken into account, the picture changes and the hypothesis has to be accepted as the then percentage for Directives cumulates to 36.5 percent compared to 26.9 percent for Regulations.

Even though the adoption rate for fully ’adopted’ amendments are the same, taking the ‘largely adopted’ amendments into account, the data suggests that amendments for Directives made by the ECB are more valuable to the legislative bodies than for Regulations. Further, this can be supported by the idea that Directives set out targets for Member States to achieve and, therefore, need to be more stringent than for Regulations compared to Directives. Regulations on the other hand, have to be implemented the way the legislative bodies agree upon, which means that Member States have to implement the legislation word by word (European Union 2017).

5.4 Multivariate Analyses

Figure 5:41 **RESULTS OF THE MULTIVARIATE ANALYSES**

B*	**ALL**		**CLR & RD****		**RD & TvsP****		**CLR & TvsP****	
Content LR (1)	-.474		-.403		--- ---		-.462	
Regulation/Directive (1)	-.332		-.466		-.315		--- ---	
Technical vs Political (1)	-.85		--- ---		-.808		-.905	
Exp(B)/Odds Ratio*	**ALL**		**CLR & RD****		**RD & TvsP****		**CLR & TvsP****	
1: odds (1) ¦ odds (0) : 1	*1:(1)*	*(0):1*	*1:(1)*	*(0):1*	*1:(1)*	*(0):1*	*1:(1)*	*(0):1*
Content LR (1)	.623	1.60	.669	1.49	---	---	.630	1.59
Regulation/Directive (1)	.717	1.39	.628	1.59	.730	1.37	---	---
Technical vs Political (1)	.427	2.34	---	---	.446	2.24	.405	2.47
CI* (90%)* for Exp(B)**	**ALL 1:(1)**		**CLR & RD****		**RD & TvsP****		**CLR & TvsP****	
Lower (L) & Upper (U)	L	U	L	U	L	U	L	U
Content LR (1)	.303	1.28	.332	1.35	---	---	.308	1.29
Regulation/Directive (1)	.348	1.48	.31	1.27	.355	1.50	---	---
Technical vs Political (1)	.206	.888	---	---	.216	.918	.197	.832
CI (90%) Difference U - L	**ALL**		**CLR & RD****		**RD & TvsP****		**CLR & TvsP****	
Content LR (1)	.977		1.018		--- ---		.982	
Regulation/Directive (1)	1.132		.960		1.145		--- ---	
Technical vs Political (1)	.682		--- ----		.702		.635	

*The Tables for the individual tests including the Standard Error (S.E.), the Wald value, and level of Significance (Sig.) can be found in Appendix 7.4

** Content LR = CLR (1) ¦ Regulation/Directive = RD (1) ¦ Technical vs Political = TvsP (1)

*** Confidence Interval = CI

The above table gives an overview of the data obtained in the Binary Logistic Regression Analysis. The section labelled “ALL” shows the results of the model with all three variables, whereas the others show a combination of two variables. The reported data shows the difference between the value (0) and the value (1) reported at value (1). Any data coloured red/green means that there was a negative/positive impact on the variable when the third variable was removed compared to its

original value in the three variable model. The odds ratio needs a bit more explaining. The '1:(1)' section of the odds ratio shows the ratio when the value of the variable is coded (0) vs the ratio of the variable coded (1). For example, for the variable 'Content LR', the '1:(1)' section shows for the full ('ALL') model the value .623. This means that the (1) Policy Amendment was only .623 times as likely to be adopted than an (0) Institutional Amendment, in other words at '(0):1' the value 1.6 indicates that an (0) Institutional Amendment is 1.6 times more likely to be adopted than a (1) Policy Amendment.

For the variables 'Regulation/Directive' and 'Technical vs Political' a negative relationship was expected and the data supports this as the number is negative (minus sign in front of the B value for 'ALL'). For the third variable 'Content LR' a positive relationship was also suggested, however, this is disproved with the obtained data. It can be said that amendments concerning (0) institutional arrangements are more likely to be adopted than (1) amendments concerning policy.

Examining the Odds Ratios of the three variables shows the relative likelihood of each individual value. The analysis shows that in the three variable model for the 'Content LR' variable (0) Institutional Amendments were 1.6 times more likely to be adopted than (1) Policy Amendments. Further, the data obtained shows that (0) Amendments for Directives were 1.39 times more likely to be adopted than (1) Amendments proposed for Regulations. For the third variable, the data shows that (0) Technical Amendments were 2.34 times more likely to be adopted than their counterpart, (1) Political Amendments.

The Confidence Interval (CI) was set at a level of 90 percent, which means that one is 90 percent certain that the true value of the Odds Ratio is somewhere between the lower and upper value. The higher the CI, the wider the distance between the lower and upper value becomes. The level was intentionally set at 90 percent rather than at the standard 95 percent, as the analyses are a case study

of ECB amendment success concerning the Banking Union. As mentioned in the Research Methodology, the Confidence Interval for two of the variables, namely 'Content LR' and 'Regulation/Directive', is somewhat inconclusive.

In the first two variable binary logistic regression, 'Content LR' and 'Regulation/Directive', the results show that excluding the 'Technical vs Political' variable has a negative effect on the 'Content LR' variable, as the likelihood of (0) Amendments concerning institutional arrangements is slightly less compared to the original model (1.49 (new) compared to 1.6 (old)). Further, the distance between the lower and upper Confidence Interval of the variable widens compared to the original model (1.018 (new) compared to .977 (old)). On the other hand, the variable 'Regulation/Directive' improves its results. The likelihood of (0) Amendments proposed for Directives increases compared to the original model (1.59 (new) compared to 1.39 (old)). Further, the distance of the Confidence Interval of the variable decreases in size (.960 (new) compared to 1.132 (old)).

In the second two variable binary logistic regression, 'Content LR' versus 'Technical vs Political', the results show that excluding the 'Regulation/Directive' variable has a negative effect on the 'Content LR' variable. The odds ratio only decreases compared to the original model (0.63 (new) vs 0.623 (old)), which means that a proposed amendment coded (0) is slightly less likely to be adopted compared to the original model. The opposite case can be made for the 'Technical vs Political' variable as the likelihood of a technical amendment being adopted increases from 2.34 (old) to 2.47 (new). Further, the distance between the lower and upper Confidence Interval decreases from .682 (old) to .635 (new).

In the third two variable binary logistic regression, 'Regulation/Directive' and 'Technical vs Political', the results show that excluding the 'Content LR' variable produces a worse model. The

data of neither of the two variables increases its potential even though each individual increased their potential in combination with the 'Content LR' variable. This means that the three variable model produces overall the 'best' fit. For interpretational purposes, the results imply that an ECB amendment, which is technical in nature with an institutional application and designated for a directive, is the most likely combination to be adopted in the final version of the legislation, whereas an amendment political in nature with policy application, designed for a Regulation, is the least likely combination to be adopted.

6 Conclusion

Financial Integration in the European Union has come a long way from the first Banking Directive to the newly created Banking Union. Various treaties such as the Single European Act and the Treaty of Maastricht ensured a smooth beginning of financial service integration on European level. The following Lamfalussy Report lead to the establishment of a new process on how the EU should deal with legislation concerning the standardisation of financial services in Member States. Adding to this process were the newly established oversight Committees, which later transformed into EU authorities. The Global Financial Crisis and the European Sovereign Debt Crisis lead effectively to the need of uniform legislation across all EU Member States in form of a Banking Union.

The Banking Union is a first step in tackling the issues and needs the financial sector is facing in the wake of the crises. The Single Supervisory Mechanism creates a supervisory framework on EU-level to monitor substantial financial institutions. The Single Resolution Mechanism establishes a resolution framework for substantial credit institutions on EU-level to ensure that if they fail, they do not affect the wider economy. The Single Rulebook establishes common rules applicable to credit institutions operating throughout the EU's territory. It creates legislation on Capital Requirements, on a Deposit Guarantee Scheme, and on Bank Resolution and Recovery strategies.

There is a vast amount of Literature available on different topics concerning the Banking Union. There are two aspects when analysing the Banking Union from a legal perspective, the constitutionality of the legislation, and its impact on the financial service industry. The latter is closely linked to the notion of the Banking Union's economic impact on the industry. From a political perspective, there is a variety of angles one can take to examine the legislation. The wider

political implication is one approach towards the issue. Others include an examination of financial integration in the EU, the interaction between EU institutions in the making of the Banking Union (without examining the role of the ECB), as well as theoretical approaches towards the establishing process.

To understand how the ECB's influence is measured, a second part of the literature review needed to be established. Literature on influence and amendment-making in the EU focusses predominantly on the different EU institutions, predominantly the European Parliament. Hoennige and Panke (2013; 2016) are one example of scholars that examine the role of advisory bodies, however, no literature was found on the influence of the European Central Bank in the EU's policy-making process.

The 104 proposed amendments by the ECB were essential for conducting this research project. Testing the hypothesis was only possible with the extraction of variables from other research carried out in the field. Some of the variables were newly introduced and followed a strict rule-based approach towards classifying the amendments.

Cross-tabulations between the independent and dependent variables helped identifying the results. For the Logistic Regression Analysis, only binominal variables were included in the conducted analyses. The coding is essential to correctly obtain the results for such an analysis and some variables were transformed in order to gather the information.

General observations on the data showed that 17.3 percent of proposed ECB amendments were completely adopted. Using the binary option of adopted/not adopted the amount of adopted amendment rises to a total of 31.7 percent. This shows that the ECB as an advisory body has a somewhat high degree of influence on the EU's policy-making process.

The Bivariate Analyses gave a greater insight into what makes an amendment successful. The first hypothesis got disproved, which suggests that the word count alone is no indicator on how successful an amendment is. Further, the analysis showed that technical amendments were more likely to be adopted than political ones and directly questions the earlier mentioned claim on the ECB's influence. The third hypothesis was also rejected as amendments concerning institutional arrangements were more likely to be adopted than those concerning financial instruments with assets, policy and/or others. The greatest insight into how influential the ECB is in the policy-making process was the variable on whom the text around the amendment applies to. Against the assumption, a majority of amendments were fully adopted that applied to Member States. The binary option, on the other, hand then showed a different case, which would support the hypothesis that amendments concerning Credit Institutions are most likely to be adopted (50 percent). Further, the analysis showed that amendments were equally as likely to be adopted when it concerned a Regulation or a Directive. Taking the largely adopted amendments into account showed that amendments for Directives were more likely to be accepted.

The Multivariate Analyses show that the binary coded variables act in the most positive way when they are combined. The analysis has shown that technical amendments are 2.34 times more likely to be adopted than political amendments. Further conclusions are that that amendments for a Directive were 1.39 times more likely to pass than amendments designated for a Regulation. The biggest surprise was with regards to the newly created variable 'Content LR'. Against the assumption, Amendments concerning Institutional Arrangements were 1.6 times more likely to be adopted than Amendments concerning Policy.

The Multivariate Analysis has confirmed the already known results of the hypotheses the binary variables were derived from. The results of both, the Bivariate Analyses and the Multivariate

Analysis, showed that the European Central Bank has somewhat limited influence on the policy-making process of the European Union but is arguably the most successful advisory body. This statement would, however, need further research to be proofed.

In general, this research project gives only a small insight on the ECB's influence on the EU's decision-making process as it is a case study based on the European Banking Union. Further studies concerning legislation that fall within the jurisdiction of the ECB should, therefore, be undertaken to see whether the success rate increases or decreases. This is important to understand whether the results obtained for the Banking Union are a one off or if the level of influence is at (roughly) the same level at different times. As the Banking Union is an extension of the European Union, the level of influence of the ECB could be potentially higher/lower for legislation that are created under normal circumstances.

In terms of financial integration, the Banking Union is a first step towards complete financial integration on EU-level. The European Union is already planning on a second stage building on the Banking Union, namely the Capital Markets Union (European Commission 2018b). It will be interesting to see how much influence the ECB has in the making of that Union and, in general, whether the ECB will expand its field of competence or not under future legislation through which it would gain further influence.

7 Appendix

7.1 The ECB Opinion in the EU's legislative process

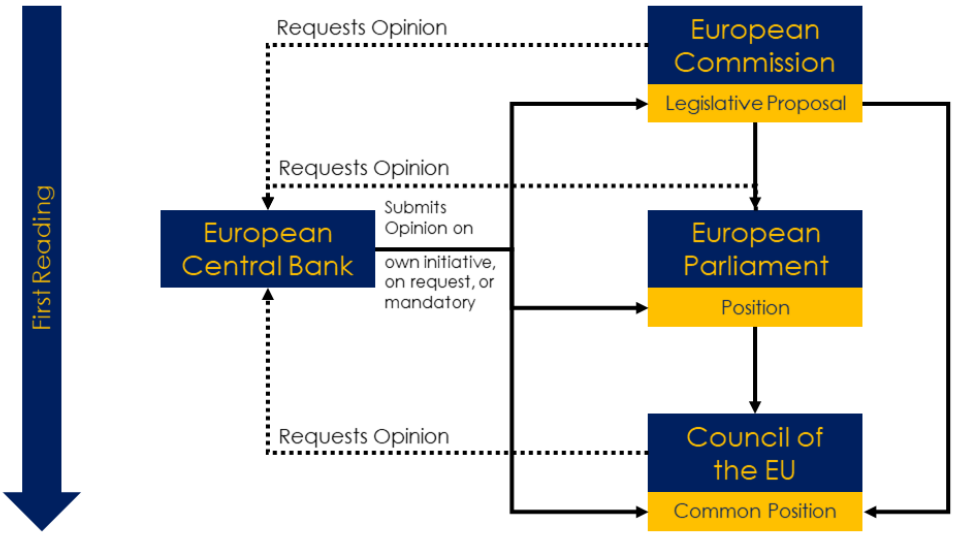

Figure 7:11

Compare Hönnige and Panke (2013, p.455)

7.2 The Pillars of the European Banking Union

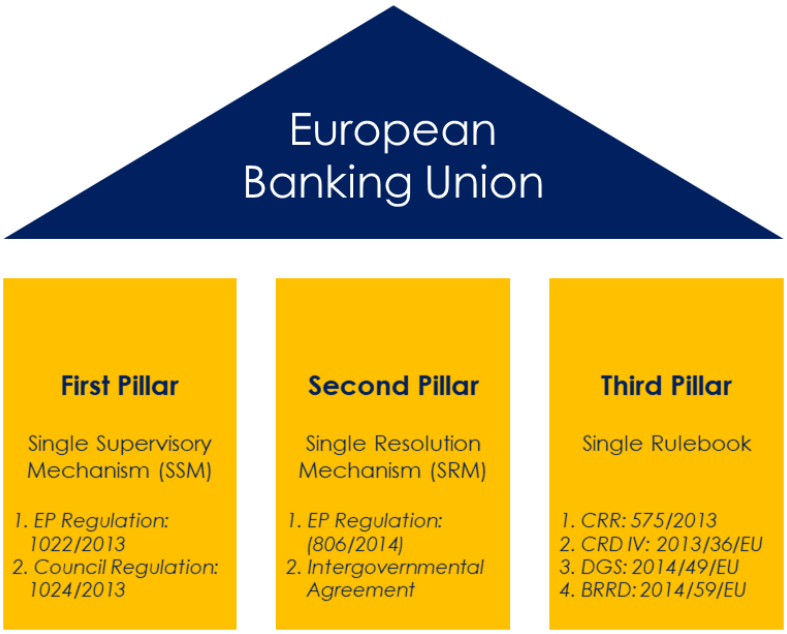

Figure 7:21

7.3 Timeline of Financial Integration in the EU

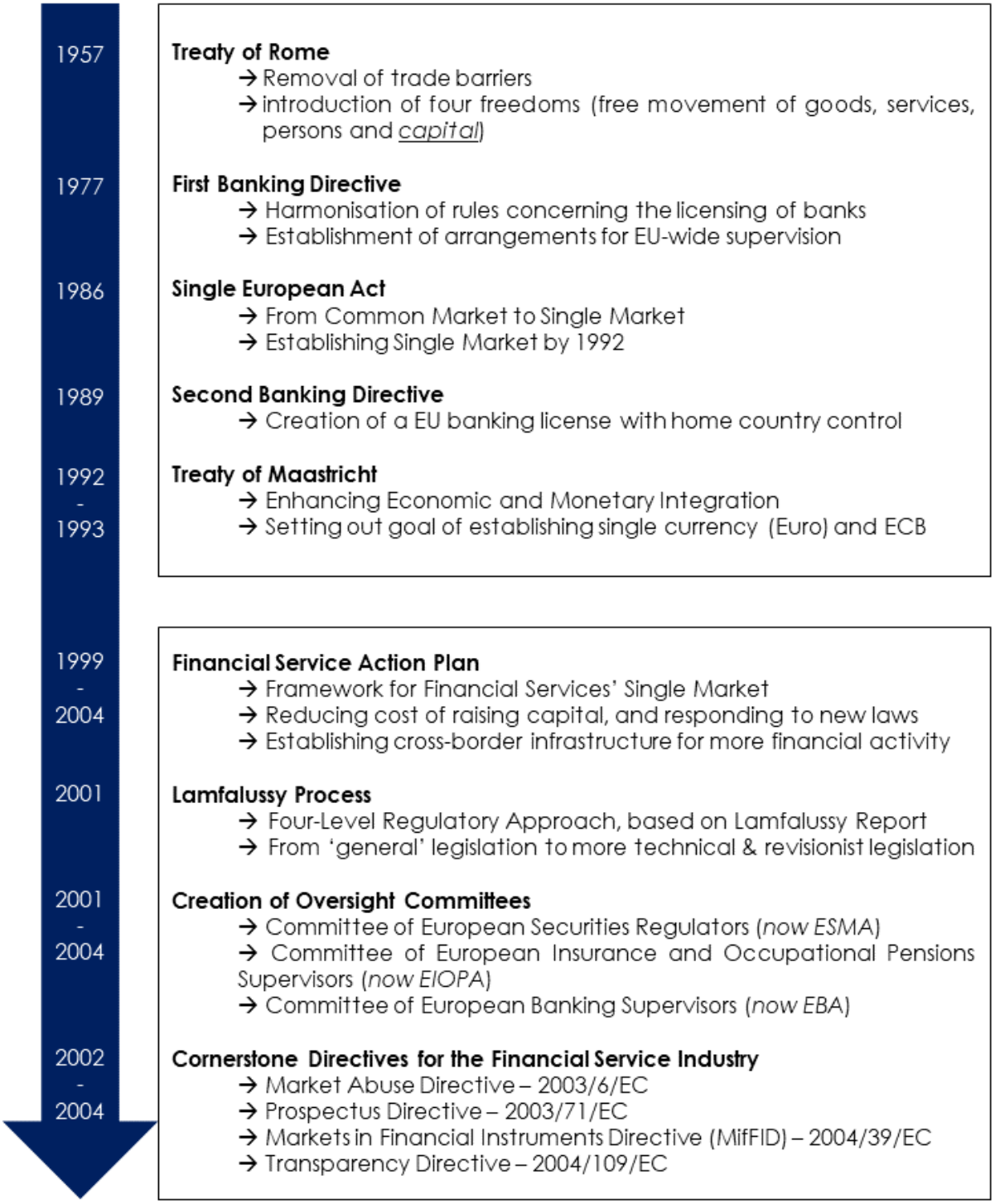

Figure 7:31

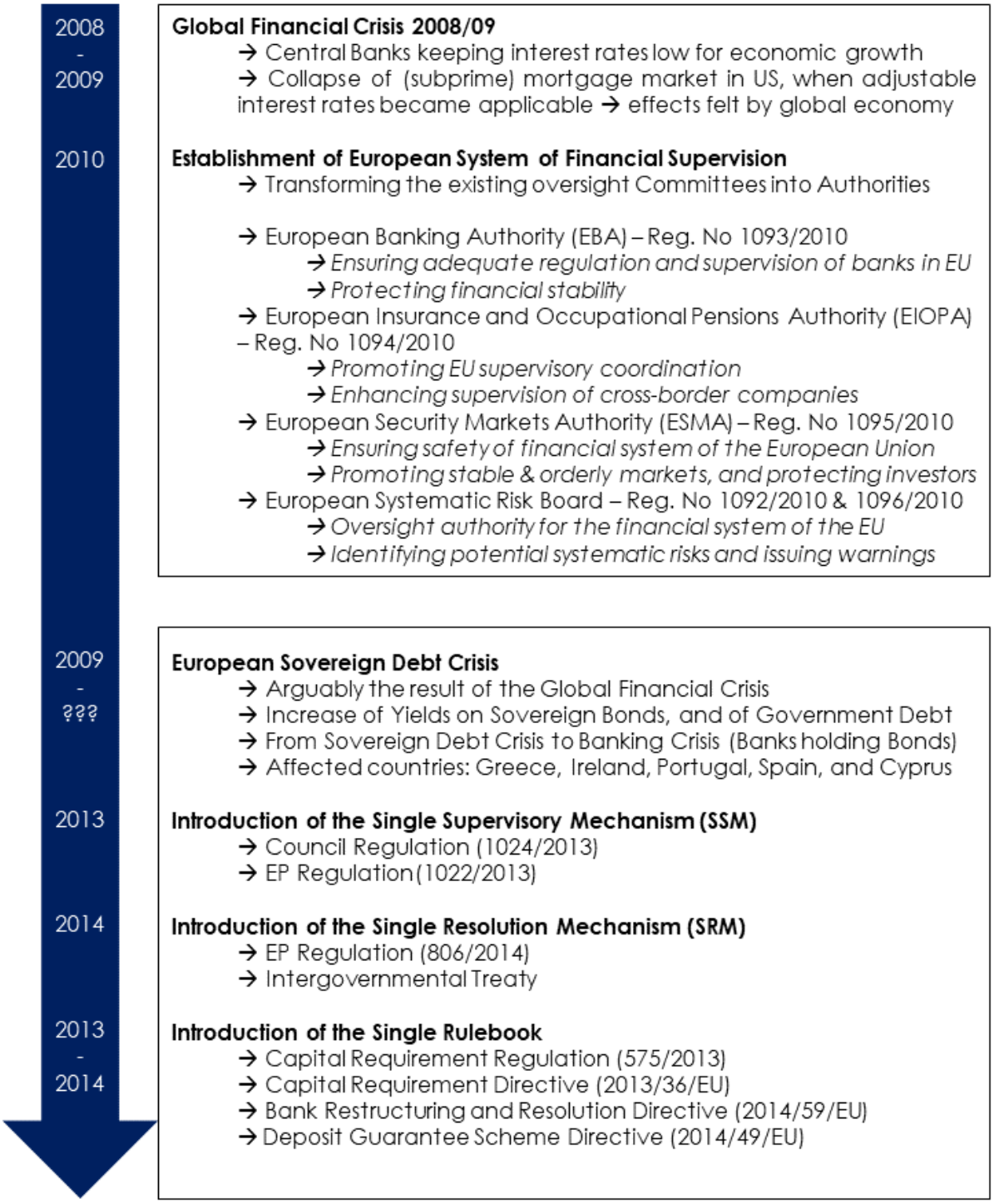
2008 - 2009
Global Financial Crisis 2008/09
→ Central Banks keeping interest rates low for economic growth
→ Collapse of (subprime) mortgage market in US, when adjustable interest rates became applicable → effects felt by global economy
2010
Establishment of European System of Financial Supervision
→ Transforming the existing oversight Committees into Authorities
→ European Banking Authority (EBA) – Reg. No 1093/2010
→ Ensuring adequate regulation and supervision of banks in EU
→ Protecting financial stability
→ European Insurance and Occupational Pensions Authority (EIOPA) – Reg. No 1094/2010
→ Promoting EU supervisory coordination
→ Enhancing supervision of cross-border companies
→ European Security Markets Authority (ESMA) – Reg. No 1095/2010
→ Ensuring safety of financial system of the European Union
→ Promoting stable & orderly markets, and protecting investors
→ European Systematic Risk Board – Reg. No 1092/2010 & 1096/2010
→ Oversight authority for the financial system of the EU
→ Identifying potential systematic risks and issuing warnings
2009 - ???
European Sovereign Debt Crisis
→ Arguably the result of the Global Financial Crisis
→ Increase of Yields on Sovereign Bonds, and of Government Debt
→ From Sovereign Debt Crisis to Banking Crisis (Banks holding Bonds)
→ Affected countries: Greece, Ireland, Portugal, Spain, and Cyprus
2013
Introduction of the Single Supervisory Mechanism (SSM)
→ Council Regulation (1024/2013)
→ EP Regulation (1022/2013)
2014
Introduction of the Single Resolution Mechanism (SRM)
→ EP Regulation (806/2014)
→ Intergovernmental Treaty
2013 - 2014
Introduction of the Single Rulebook
→ Capital Requirement Regulation (575/2013)
→ Capital Requirement Directive (2013/36/EU)
→ Bank Restructuring and Resolution Directive (2014/59/EU)
→ Deposit Guarantee Scheme Directive (2014/49/EU)

Figure 7:32

7.4 Tables of the Multivariate Analyses

Binary Logistic Regression with Variables (1) Content LR, (2) Regulation/Directive, and (3) Technical vs Political:

Figure 7:41

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	90% C.I.for EXP(B) Lower	Upper
Step 1[a]	Content LR(1)	-.474	.437	1.176	1	.278	.623	.303	1.278
	Regulation/Directive(1)	-.332	.441	.569	1	.451	.717	.348	1.481
	Technical vs Political(1)	-.850	.444	3.659	1	.056	.427	.206	.888
	Constant	.132	.442	.090	1	.764	1.142		

a. Variable(s) entered on step 1: Content LR, Regulation/Directive, Technical vs Political.

Binary Logistic Regression with Variables (1) Content LR, and (2) Regulation/Directive:

Figure 7:42

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	90% C.I.for EXP(B) Lower	Upper
Step 1[a]	Content LR(1)	-.403	.426	.892	1	.345	.669	.332	1.348
	Regulation/Directive(1)	-.466	.428	1.187	1	.276	.628	.311	1.268
	Constant	-.341	.362	.883	1	.347	.711		

a. Variable(s) entered on step 1: Content LR, Regulation/Directive.

Binary Logistic Regression with Variables (2) Regulation/Directive, and (3) Technical vs Political:

Figure 7:43

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	90% C.I.for EXP(B) Lower	Upper
Step 1[a]	Regulation/Directive(1)	-.315	.438	.517	1	.472	.730	.355	1.500
	Technical vs Political(1)	-.808	.439	3.384	1	.066	.446	.216	.918
	Constant	-.138	.363	.146	1	.703	.871		

a. Variable(s) entered on step 1: Regulation/Directive, Technical vs Political.

Binary Logistic Regression with Variables (1) Content LR, and (3) Technical vs Political:

Figure 7:44

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	90% C.I.for EXP(B) Lower	Upper
Step 1[a]	Content LR(1)	-.462	.435	1.125	1	.289	.630	.308	1.290
	Technical vs Political(1)	-.905	.438	4.266	1	.039	.405	.197	.832
	Constant	.000	.404	.000	1	.999	1.000		

a. Variable(s) entered on step 1: Content LR, Technical vs Political.

7.5 Coding Scheme

The following will describe how the proposed ECB amendments have been coded for each hypothesis. It will first state which values the variable can have followed by an example of an amendment coded for the analyses. Before examining the individual hypotheses, the first part will give an overview of how the outcome variable has been coded.

The outcome variable can take the values:
(1) Adopted (if 100 percent of text adopted in final legislation)
(2) Largely adopted (51-99 percent of text adopted or meaning of it)
(3) Partially adopted (any text or meaning adopted below or equal to 50 percent)
(4) Modified (if the text is neither the original nor the proposed version by the ECB)
(5) Not adopted (if the proposed Commission draft is adopted in the final legislation)

Example for outcome variable (1)

ECB Proposal:
'2. In the exercise of their respective responsibilities under this Regulation, the Board, the Commission, the ECB and the national competent authorities and resolution authorities shall cooperate closely, in particular in the resolution planning, early intervention and resolution phases pursuant to Articles 7 to 26. They ~~ECB and the national competent authorities~~ shall provide **each other** ~~the Board and the Commission~~ with all information necessary for the exercise of their tasks.'

Final Legislation:
'2. In the exercise of their respective responsibilities under this Regulation, the Board, the Council, the Commission, the ECB and the national resolution authorities and national competent authorities shall cooperate closely, in particular in the resolution planning, early intervention and resolution phases pursuant to Articles 8 to 29. They shall provide each other with all information necessary for the performance of the tasks.'

Comment:
Even though there has been some small alterations made to the original text the proposed amendment by the ECB were 100% adopted. Therefore, this was coded as (1) Adopted.

Example for outcome variable (2)

ECB Proposal:
'Any suspension under paragraph 1 shall not apply to:
(a) eligible deposits within the meaning of Directive 94/19/EC;
(b) eligible claims within the meaning of Directive 97/9/EC;
(c) transfer orders as defined in Article 2(i) of Directive 98/26/EC and entered into the system pursuant to Article 3 of Directive 98/26/EC;

(d) collateral security as defined in Article 2(m) of Directive 98/26/EC.'
Final Legislation:
'Any suspension under paragraph 1 shall not apply to:
(a) eligible deposits;
(b) payment and delivery obligations owed to systems or operators of systems designated for the purposes of Directive 98/26/EC, central counterparties, and central banks;
(c) eligible claims for the purpose of Directive 97/9/EC.'

Comment:
Proposed (b) is (c) and proposed (c) is incorporated in (b), whereas proposed (d) does not feature. A majority of the text has been adopted in the final version but not everything and somethings have been reorganized and reworded. Therefore, this was coded as (2) Largely Adopted.

Example for outcome variable (3)

ECB Proposal:
'1. For the purpose of exercising the tasks referred to in Articles 7, 8, 11, 16 and 17, and subject to other conditions set out in relevant Union law, the Board may, subject to prior notification to the national resolution authorities **and the competent authority** concerned, conduct all necessary on-site inspections at the business premises of the legal persons referred to in Article 32(1). **In addition, prior to exercising the tasks referred to in Article 11, the Board shall consult the competent authority.** Where the proper conduct and efficiency of the inspection so require, the Board may carry out the on-site inspection without prior announcement to those legal persons.'

Final Legislation:
'1. For the purpose of performing its tasks under this Regulation, and subject to other conditions laid down in relevant Union law, the Board may, in accordance with Article 37 and subject to prior notification to the national resolution authorities and the relevant national competent authorities concerned, and, where appropriate, in cooperation with them, conduct all necessary on-site inspections at the business premises of the natural or legal persons referred to in Article 34(1). Where the proper conduct and efficiency of the inspection so require, the Board may carry out the on-site inspection without prior announcement to those legal persons.'

Comment:
There has been a somewhat adoption of the first part of the ECB's amendment, however, the second part is not features. Therefore, this amendment was coded as (3) Partly Adopted.

Example for outcome variable (4)

ECB Proposal:
'All members of the Board **and the permanent observer designated by the ECB** shall participate in its plenary sessions, **unless duly excused.**'

Final Legislation:
'All members of the Board referred to in Article 43(1) shall participate in its plenary sessions.'

Commission Proposal:
'All members of the Board shall participate in its plenary sessions.'

Comment:
The above was coded as (4) modified as the ECB's opinion does not feature in the final legislation, nor does the final legislation match the original proposal of the European Commission.

Example for outcome variable (5)

ECB Proposal:
"The competent authorities in one Member State shall, in the exercise of their general duties, duly consider the potential impact of their decisions on the stability of the financial system in all other Member States concerned and, in particular, in emergency situations, based on the information available at the relevant time, **taking into account the need to improve the functioning of the internal market and to enhance the integration of European financial markets**."

Commission Proposal:
"The competent authorities in one Member State shall, in the exercise of their general duties, duly consider the potential impact of their decisions on the stability of the financial system in all other Member States concerned and, in particular, in emergency situations, based on the information available at the relevant time."

Final Legislation:
"The competent authorities in one Member State shall, in the exercise of their general duties, duly consider the potential impact of their decisions on the stability of the financial system in all other Member States concerned and, in particular, in emergency situations, based on the information available at the relevant time."

Comment:
As can be seen above, the text of the Commission's proposal and the final legislation are identical, was not modified nor incorporated any ECB amendments. Therefore, the above was coded as (5) Not Adopted.

For H_1, the variable 'WordCount' can take the values:
(1) < 20 Words
(2) 20-39 Words
(3) 40-59 Words

(4) 60-79 Words
(5) >80 Words

Example for variable 'WordCount' (1)

ECB proposal:
"When drafting resolution plans in accordance with Article 7, the Board, **in cooperation** ~~after consultation~~ with the competent authority, including the ECB, and the resolution authorities of non-participating Member States in which significant branches are located insofar as is relevant to the significant branch, shall conduct an assessment of the extent to which institutions and groups are resolvable without the assumption of: **(a)** extraordinary public financial support ~~besides~~ **or (b)** the use of the Fund established in accordance with Article 64.'"

Comment:
As three words got replaced this counted as three plus the added (a) and (b) totals 5. Therefore, the above amendment was coded as (1) <20 Words.

Example for variable 'WordCount' (2)

ECB proposal:
"Depositors that hold deposits guaranteed by a deposit guarantee scheme should not be subject to the exercise of the bail-in tool. The deposit guarantee scheme, however, contributes to funding the resolution process to the extent that it would have had to indemnify the depositors. The exercise of the bail-in powers would ensure that depositors continue having access to their deposits, which is the main reason why the deposit guarantee schemes have been established. ~~Not providing for the involvement of those schemes in such cases would constitute an unfair advantage with respect to the other creditors which would be subject to the exercise of the powers by the resolution authority.~~"

Comment:
The above changes contains the deletion of 36 words and was categorised as (2) 20-39 words.

Example for variable 'WordCount' (3)

ECB proposal:
""national competent authority" means any national competent authority ~~as defined in Article 2(2) of Council Regulation (EU) No [..] [conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions;]~~ **designated by a participating Member State in accordance with Regulation (EU) No 575/2013 and Directive 2013/36/EU; "([…])Competent authority" means the national competent authority and the ECB in the exercise of the tasks conferred on it by Council Regulation (EU) No 1024/2013 conferring specific tasks on**

the European Central Bank concerning policies relating to the prudential supervision of credit institutions;'"

Comment:
Since the first part of the amendment got replaced/substituted, it was not counted but rather the text substituting it therefore the following was categorised as (3) 40-59 Words

Example for variable 'WordCount' (4)

ECB proposal:
"'8. The Board shall consult the competent authority each time a resolution scheme is being submitted. The competent authority should respond as soon as reasonably practicable and its reply to the Board should be confidential. Where the Board considers that the reply has not been received within a reasonable time, it shall proceed with adoption of the final decision in order to avoid any undue delays"

Comment:
The above amendment features 65 word changes and was coded as (4) 60-79 words.

Example for variable 'WordCount' (5)

ECB proposal:
Reporting on own funds requirements **and financial information 1. Reporting by institutions on the obligations laid down in Article 87 shall be carried out at least on a quarterly basis** ~~Institutions that calculate own funds requirements for position risk shall report these own funds requirements at least every 3 months.~~
1a. This reporting shall also include financial information drawn up in accordance with the accounting framework to which the institution is subject under Regulation (EC) No 1606/2002 and Directive 86/635/EEC to the extent that ~~this is~~:
(a) EBA considers this information necessary to obtain a comprehensive view of the risk profile of an institution's activities;
(b) EBA, in cooperation with the ESRB, considers this information necessary for the performance of macro-prudential oversight tasks, in accordance with Regulation (EU) No 1092/2010 and Regulation (EU) No 1093/2010.
~~Reporting by institutions on the obligations laid down in 87 shall be carried out at least twice each year~~.
Institutions shall communicate the results and any component data required to the competent authorities in a timely manner.
2. EBA shall develop draft implementing technical standards to specify the definitions, classification criteria, uniform formats, frequencies and dates of reporting and the IT solutions to be applied in the Union for such reporting. The reporting formats and frequency shall be proportionate to the nature, scale and complexity of the activities of the institutions. EBA shall consult the ESRB on the development of draft implementing technical standards related to the information referred to in paragraph 1a(b).

EBA shall submit those draft implementing technical standards to the Commission by 1 January 2013.
Power is delegated to the Commission to adopt the implementing standards referred to in the first sub- paragraph in accordance with the procedure laid down in Article 15 of Regulation (EU) No 1093/2010.'

Comment:
As the above ECB proposal exceeds 80 words it was coded as (5) >80 words.

For H_2, the variable can take the values:
(0) Technical Amendment
(1) Political Amendment

Example for variable (1)

ECB Proposal:
"When drafting resolution plans in accordance with Article 7, the Board, **in cooperation** ~~after consultation~~ with the competent authority, including the ECB, and the resolution authorities of non-participating Member States in which significant branches are located insofar as is relevant to the significant branch, shall conduct an assessment of the extent to which institutions and groups are resolvable without the assumption of: **(a)** extraordinary public financial support ~~besides~~ **or (b)** the use of the Fund established in accordance with Article 64."

Comment:
The above is coded as (1) Technical Amendment, as it suggests more appropriate words in definition.

Example for variable (2)

ECB Proposal:
"An institution has been found liable for a serious infringement of the national provisions adopted pursuant to Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing."

Comment:
The above is coded as (2) Political Amendment, as this adds 'value' to the Commission's proposal (and does not fit any of the three definitions of a Technical Amendment).

For H_3, the variable 'Content' can take the values:
(1) Content concerning legislation
(2) Content concerning financial instruments and assets
(3) Content concerning institutional arrangements
(4) Content concerning other things (e.g. definitions)

Example for the variable 'Content' (1)

> **ECB proposal:**
> "Depositors that hold deposits guaranteed by a deposit guarantee scheme should not be subject to the exercise of the bail-in tool. The deposit guarantee scheme, however, contributes to funding the resolution process to the extent that it would have had to indemnify the depositors. The exercise of the bail-in powers would ensure that depositors continue having access to their deposits, which is the main reason why the deposit guarantee schemes have been established. ~~Not providing for the involvement of those schemes in such cases would constitute an unfair advantage with respect to the other creditors which would be subject to the exercise of the powers by the resolution authority~~."
>
> **Comment:**
> The above makes reference to legislation of the Banking Union, namely the Deposit Guarantee Scheme. This amendment was, therefore, coded as (1) concerning legislation.

Example for the variable 'Content' (2)

> **ECB proposal:**
> "The objective of the valuation shall be to assess the value of the assets and liabilities of the entity referred to in Article 2 that is failing or is likely to fail, **disregarding any impact of extraordinary public support and support provided by the Fund.**"
>
> **Comment:**
> The above makes reference to the valuation of assets and liabilities and was coded as (2).

Example for the variable 'Content' (3)

> **ECB proposal:**
> "Where the ~~ECB or a national resolution~~ **competent** authority assesses that: **(a) an entity is failing or likely to fail; and (b) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures or supervisory action, including early intervention measures taken in respect of the entity, would prevent its failure within a reasonable timeframe** ~~the conditions referred to in points (a) and (b) of paragraph 2 are met in relation to an entity referred to in Article 2,~~ it shall communicate that assessment without delay to the Commission and the Board. **The Board shall have the right to request such an assessment.**"

Comment:
The above amendment makes a comment on how the ECB/competent authority has to do when a credit institution is failing or likely to fail. This was coded as (3) Content concerning institutional arrangements.

Example for the variable 'Content' (4)

ECB proposal:
"(1) "national competent authority" means any national competent authority ~~as defined in Article 2(2) of Council Regulation (EU) No [..] [conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions;]~~ **designated by a participating Member State in accordance with Regulation (EU) No 575/2013 and Directive 2013/36/EU; "([…])Competent authority" means the national competent authority and the ECB in the exercise of the tasks conferred on it by Council Regulation (EU) No 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions;**"

Comment:
The above is a definition and cannot be classified into one of the other categories. This amendment was coded as (4) Content concerning other things.

For H_4, the variable 'Application' can take the values:
(1) EU Authorities (EBA, ESRB, SRB)
(2) EU Institutions (Commission, ECB)
(3) National Authorities (NCA, RA, SA)
(4) Member States
(5) Multiple (combination of the above)
(6) Credit Institutions
(7) N/A
(8) Others

Example for variable 'Application' (1)

ECB proposal:
"The Board shall, in consultation cooperation with competent authorities, including the ECB, determine the minimum requirement of own funds and eligible liabilities, as referred to in paragraph 2, subject to write down and conversion powers, that institutions and parent undertakings referred to in Article 2 shall be required to maintain.'"

Comment:
The above refers to the Single Resolution Board that is an EU Authority. The amendment was coded (1) EU Authorities.

Example for variable 'Application' (2)

ECB proposal:
"If **the** ECB **on the basis of Article 16 of Council Regulation (EU) No 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions** or the competent authorities of the participating Member States intend to impose on an institution or a group any additional measure ~~under Article 13b of Council Regulation (EU)No[ ] [conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions] or~~ under Articles 23 or 24 of Directive [ ] or under Article 104 of Directive 2013/36/EU, before the institution or group has fully complied with the first measure notified to the Board, they shall ~~consult~~ **inform** the Board, ~~before~~ **when** imposing such additional measure on the institution or group concerned.'"

Comment:
The above deals with an amendment that applies to the ECB. Therefore, it was coded as (2) EU Institutions.

Example for variable 'Application' (3)

ECB proposal:
"The competent authorities in one Member State shall, in the exercise of their general duties, duly consider the potential impact of their decisions on the stability of the financial system in all other Member States concerned and, in particular, in emergency situations, based on the information available at the relevant time, **taking into account the need to improve the functioning of the internal market and to enhance the integration of European financial markets**."

Comment:
The above applies to national competent authorities and their duties with regards to the legislation. The above amendment was coded as (3) National Authorities.

Example for variable 'Application' (4)

ECB proposal:
"Transmission of information concerning monetary, systemic and payment aspects 1. ~~Nothing in this Chapter shall prevent a~~ **Member States shall take the appropriate measures to remove obstacles preventing** competent authorit~~y~~**ie**s from transmitting information to the following for the purposes of their **respective** tasks: […] 4. **Member States shall take the necessary measures to ensure that**, ~~I~~**i**n an emergency situation as referred to in Article 109(1), ~~Member States shall allow~~ the competent authorities to communicate, without delay […]."

Comment:
The above amendment was coded as (4) as it mentions the duties of Member States with regards to the legislation.

Example for variable 'Application' (5)

ECB proposal:
"EBA shall develop draft regulatory technical standards to further define the criteria for including an institution on the list in paragraph 3 and for the types of cases that can be covered by national legislation as referred to in Article 3(2).
Power is delegated to the Commission to adopt the draft regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.'"

Comment:
The above is making reference to the EBA and the European Commission and was coded, therefore, as (5) Multiple.

Example for variable 'Application' (6)

ECB proposal:
"An institution has been found liable for a serious infringement of the national provisions adopted pursuant to Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing"

Comment:
Here, the amendment makes reference to credit institutions. Therefore, it was coded as (6) Credit Institutions.

Example for variable 'Application' (7)

ECB proposal:
"This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.
Articles 7 to ~~23 and Articles 25~~ to 38 shall apply from 1 January 2015. ~~Article 24 shall apply from 1 January 2018~~"

Comment:
The above does not apply to any institution. Therefore, it was labelled (7) N/A.

Example for variable 'Application' (8)

ECB proposal:
"Depositors that hold deposits guaranteed by a deposit guarantee scheme should not be subject to the exercise of the bail-in tool. The deposit guarantee scheme, however,

contributes to funding the resolution process to the extent that it would have had to indemnify the depositors. The exercise of the bail-in powers would ensure that depositors continue having access to their deposits, which is the main reason why the deposit guarantee schemes have been established. ~~Not providing for the involvement of those schemes in such cases would constitute an unfair advantage with respect to the other creditors which would be subject to the exercise of the powers by the resolution authority~~.'"

Comment:
The above does not apply to any of the other options and was labelled as (8) Others.

For H_5, the variable can take the values:

(0) Regulation
(1) Directive

Comment:
Checked the header of the paper for which directive/regulation the amendment(s) were meant for.

7.6 Glossary

Basel I: "The Basel I Accord was the outcome of a round of consultations and deliberations by central bankers from around the world, which resulted in the publishing by the BCBS of a set of minimum capital requirements for banks. (…) Basel I was primarily focused on Credit Risk and Risk Weighted Assets (RWA)" (IBM 2018a).

Basel II: "The Basel II Accord was introduced following substantial losses in the international markets since 1992, which were attributed to poor risk management practices. The Basel II Accord makes it mandatory for financial institutions to use standardized measurements for credit, market risk, and operational risk" (IBM 2018b).

Basel III: "Basel III is an extension of the existing Basel II Framework, and introduces new capital and liquidity standards to strengthen the regulation, supervision, and risk management of the whole of the banking and finance sector." (IBM 2018c).

Bivariate: "Involving just two variables" (Kellstedt and Whitten 2013).

Capital Requirement: "The capital needed by a company to operate, grow etc the capital that a government says that a financial institution must have in relation to the amount that it lends, so that it can operate safely" (Financial Times 2018a).

Categorical Variable: "Categorical variables are variables for which cases have values that are either different or the same as the values for other cases, but about which we cannot make any universally holding ranking distinctions" (Kellstedt and Whitten 2013).

Chi Squared: "A statistic used to test the statistical significance of a relationship in a cross-tabulation" (Johnson and Reynolds 2008).

Collateralised-Debt-Obligation (CDO): "A collateralised debt obligation is a tradeable derivative whose income payments and principal repayments are dependent on a pool of different financial instruments. (…) In the case of CDOs, mortgages might be packaged with other loans, bonds or instruments. The different financial instruments are gathered together into a special purpose entity or special purpose vehicle and divided into tranches. Senior tranches pay the lowest interest rates but are the safest investment because should there be any default, seniors are paid first. The most junior tranches would attract the highest interest rates but suffer the highest risk should the holder of an underlying loan default" (Financial Times 2018b).

Confidence Interval: "The range of values into which a population parameter is likely to fall for given level of confidence" (Johnson and Reynolds 2008).

Credit Institution: "An undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account" (European Banking Authority 2018).

Dichotomous Variable: "Variables that refer to the presence (1) or absence (0) of a condition or of an event" (Keman et al. 2006, p.137). They can also refer to variables with two values, e.g. variable (sex) with either value(male) or value(female).

Directive: "A "directive" is a legislative act that sets out a goal that all EU countries must achieve. However, it is up to the individual countries to devise their own laws on how to reach these goals" (European Union 2017).

European Banking Authority (EBA): "The European Banking Authority (EBA) is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability in the EU and to safeguard the integrity, efficiency and orderly functioning of the banking sector" (EBA 2018).

European Central Bank: "The ECB was established on 1 June 1998 in Frankfurt am Main as the body at the centre of the European System of Central Banks (ESCB) and the Eurosystem. Together with the national central banks of the EU Member States whose currency is the euro, the ECB defines and implements the monetary policy for the euro area. Since the entry into force of the Treaty of Lisbon on 1 December 2009, the ECB has been an EU institution" (European Central Bank 2018).

European Insurance and Occupational Pensions Authority (EIOPA): "The European Insurance and Occupational Pensions Authority (EIOPA) was established in consequence of the reforms to the structure of supervision of the financial sector in the European Union" (EIOPA 2018a). The European Insurance and Occupational Pensions Authority (EIOPA) is an independent EU Authority which works to "support the stability of the financial system, transparency of markets and financial products as well as the protection of the policyholders, pension scheme members and beneficiaries" (EIOPA 2018b).

European Monetary Institute: "A temporary EU body established on 1 January 1994 to strengthen central bank cooperation and monetary policy coordination in Stage Two of Economic and Monetary Union (EMU) and to carry out the preparations required for the establishment of the European System of Central Banks (ESCB), for the conduct of the single monetary policy and for the introduction of a single currency in Stage Three. It was replaced by the ECB on 1 June 1998" (European Central Bank 2018).

European Security Markets Authority (ESMA): "ESMA is an independent EU Authority that contributes to safeguarding the stability of the European Union's financial system by enhancing the protection of investors and promoting stable and orderly financial markets" (ESMA 2018).

European Systematic Risk Board (ESRB): The ESRB "is an independent EU body which is responsible for overseeing the financial system in the EU as a whole and for the timely identification of systemic risk (macroprudential oversight). The ESRB can issue warnings, making such warnings public where appropriate, and make recommendations. Based at the European Central Bank (ECB), the ESRB comprises representatives from the ECB, national central banks, supervisory authorities and the European Commission" (Deutsche Bundesbank 2018).

Financial Assets: "Assets such as stocks, bonds and bank deposits that have inherent value but are not physical, like property" (Financial Times 2018c).

Financial Institution: "An organization such as a bank where people, companies, or governments put their money, which it invests to produce a profit" (Financial Times 2018d).

Financial Instrument: "A financial asset that is tradable" (Financial Times 2018e).

Intergovernmentalism: "The core assumption of this framework is the EU politics is dominated by the member state governments, in general, and the governments of the 'big' member states, in particular" (Hix and Høyland 2011).

Leverage: "The amount of debt a company has in proportion to its equity capital. Also, a way of increasing investment returns without adding to the initial investment cost, for instance through margin trading, by buying options, etc." (Financial Times 2018f).

Logistic Regression: "A nonlinear regression model that relates a set of explanatory variables to a dichotomous dependent variable" (Johnson and Reynolds 2008).

Multivariate: "involving more than two variables" (Kellstedt and Whitten 2013).

Mutual Recognition: "Mutual recognition ensures market access for products that are not subject to EU harmonisation. It guarantees that any product lawfully sold in one EU country can be sold in another. This is possible even if the product does not fully comply with the technical rules of the other country" (European Commission 2018d).

Ordinal Variable: "Ordinal variables are (…) variables for which cases have values that are either different or the same as the values for other cases. The distinction between ordinal and categorical variable is that we can make universally holding ranking distinctions across the variable values for ordinal variables" (Kellstedt and Whitten 2013).

Prudential Requirements: "Rules on prudential requirements mainly concern the amount of capital and liquidity that banks hold. The goal of these rules is to strengthen the resilience of the EU banking sector so that it can better absorb economic shocks, while ensuring that banks continue to finance economic activity and growth" (European Commission 2018c).

Regulation: "A "regulation" is a binding legislative act. It must be applied in its entirety across the EU. For example, when the EU wanted to make sure that there are common safeguards on goods imported from outside the EU, the Council adopted a regulation" (European Union 2017).

Supranationalism: Supranationalism "encompasses a wide variety of theoretical traditions and idea in the study of European integration and EU politics, all of which share a central proposition which pits these ideas collectively against intergovernmentalism: that the governments of the member states do not have it all their own way in the EU" (Hix and Høyland 2011).

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