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MiFID will not be consistently enforced across Europe, says new research from ea Consulting Group

93% of financial services companies do not believe that MiFID requirements will be consistently implemented and enforced across the member states involved, according to research figures released today by ea Consulting Group, the financial services management consultancy.

Steve Robson, ea Consulting Group's Managing Director, said:

"There seems to be a distinct lack of confidence that MiFID will be consistently applied across Europe. MiFID is designed to increase competition throughout European financial markets and create a level playing field – but if 93% believe that the playing-field won't be level, that's an issue that needs to be addressed quickly, and strategically, before next week's deadline of November 1st."

85 representatives from some of the UK's largest investment and financial services providers took part in the survey which also revealed that 40% of participants still see a lack of certainty as the biggest threat MiFID poses to their business. 29% think that distraction from 'business as usual' activities is the biggest threat, while only 6% believe that cost of implementation presents the greatest threat.

Other significant findings of the research included:

- 65% see MiFID as an opportunity for the London Financial Markets with just 18% perceiving it to be a threat.
- 33% think investment banks will benefit most in a post-MiFID world, while 11% believe that technology providers stand to gain the most;
- More than a third of participants have given no consideration to cultural change as a direct result of MiFID – but they know they need to. Just 11% have given major consideration to cultural change as a direct result of MiFID;
- 29% think that insuring legacy systems to operate and comply with MiFID directives is the biggest headache that MiFID will cause their company's IT director; 25% think that a lack of awareness among the board and senior management about MiFID will cause the biggest headache. 6% perceive cost to be the biggest headache;
- 44% think that their company's board and senior management's awareness of the implications of MiFID is good; only 8% believe that awareness levels among their senior management are 'very poor';

- When it comes to the cost implications of MiFID...
 - 34% think that compliance will experience the greatest cost increase;
 - 28% think that IT & systems will experience the greatest cost increase;
 - 13% believe that data capture and retention will see the biggest cost increase;
- In terms of the most significant benefits that are likely to arise from MiFID, a quarter (25%) of the respondents believe that a Europe-wide compliance standard, creating a level playing field will be the main advantage of MiFID. 20% think that MiFID will make it easier to do business across borders, while 11% believe that Europe will be a more attractive place for market entry in a post-MiFID world;

Steve Robson added:

“These results suggest a change in mindset in UK financial services. More and more market participants are waking up to the fact that there are real business opportunities resulting from MiFID. A panoramic view of MiFID should be embraced, instead of concentrating on the regulatory issues alone, which is what we have seen so far. There is little doubt in our minds that MiFID is likely to change the competitive landscape for financial services in Europe, lowering barriers for market entry and making Europe a more attractive place to do business.”

“A courageous approach at senior management and board level will be required to capitalise on the business benefits of MiFID. Principles-based regulation means the industry needs to move away from the box-ticking we have seen up until now and start looking at the commercial advantages in a post-MiFID world.”

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About ea Consulting Group

ea Consulting Group (eacg), is a management consultancy firm focused on delivery in all aspects of process, systems and people within the financial services, telecommunications and utilities sectors. eacg was formed in 1998 to offer ethically-sound consulting services and has delivered change programmes and consultancy projects globally, across Europe and throughout the UK. The company has assigned over 250 consultants in the last 12 months.
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