

## Press Release

### **CFS survey on the “Impacts of the Wirecard scandal”**

## **German financial sector sees considerable need for financial regulatory reform in Germany**

FRANKFURT, 30 July 2020

A survey of financial sector executives conducted by the CFS shows that over 85% of participants see it necessary to reform financial regulation in Germany. 76% of respondents are in favour of expanding the responsibilities of the regulator BaFin to ensure that all financial services fall within its remit.

The stance of the financial sector is less clear on the question of whether banking supervision, which has so far been shared between BaFin and the Bundesbank, should be performed by a single authority. 58% of those surveyed are in favour, while 36% are not keen on the idea.

The case of Wirecard also raises numerous questions about the role of auditors. Up to now, the German Financial Reporting Enforcement Panel (FREP) has supported BaFin in auditing the financial statements of publicly listed companies. Some 58% of the survey participants would welcome a move by BaFin to build up its own auditing capacities, thus becoming less dependent on the Big Four accounting firms.

Finally, a large majority of respondents (around 70%) are convinced that regulation could be made more effective through the use of new technologies (such as artificial intelligence).

“The financial sector is clearly in favour of reforming German financial regulation. The focus should be on expanding competencies and improving human and technological resources,” explains Professor Volker Brühl, Managing Director of the Center for Financial Studies.

“Despite the uproar over the Wirecard case, it is important not to rush into hasty action. Bashing the Finance Ministry and BaFin does not help anyone. The facts of the case are far from clear. Only when all the facts are known can the relevant lessons be applied in a reform package,” Brühl continues.

Hubertus Väth, Managing Director of Frankfurt Main Finance e.V., underlines, “Despite the justified criticism in the Wirecard case, the necessary answer is not less, but more digitalization. This need applies in particular to fraud detection and prevention. The Corona crisis is an enormous accelerator of digitization. The crisis has demonstrated that the state of digitization in the German financial sector, auditing and supervisory authorities is much better than its reputation. In view of Wirecard, this is falling somewhat behind. Now we must use the momentum. From cashless payment transactions to digital promissory notes, from forensic accounting to reporting to the supervisory authorities, in the financial sector, auditing and supervision, there is still considerable digital potential.”

## Press Release

---

The results are based on a quarterly management survey in the German financial sector.

The Center for Financial Studies (CFS) conducts independent and internationally-oriented research in important areas of Financial and Monetary Economics, ranging from Monetary Policy and Financial Stability, Household Finance and Retail Banking to Corporate Finance and Financial Markets. The CFS is also a contributor to policy debates and policy analyses, building upon relevant findings in its research areas. In providing a platform for research and policy advice, the CFS relies on its international network among academics, the financial industry and central banks in Europe and beyond.

**We would like to thank Frankfurt Main Finance e.V. for financially supporting the project.**

**In case of further questions, please contact:**

**Press contact:**

**Sabine Kimmel**

Center for Financial Studies  
House of Finance  
Goethe-Universität Frankfurt  
E-Mail: [kimmel@ifk-cfs.de](mailto:kimmel@ifk-cfs.de)  
Tel.: (069) 798-30066

[www.ifk-cfs.de/cfs-index](http://www.ifk-cfs.de/cfs-index)