EDITORIAL

The 'Less is More' Report: Why is Necessary to Simplify the European Financial Regulation?

Thierry Bonneau*

Department of Law, Pantheon-Assas University, Paris, France

Abstract

The number of texts adopted at European union level is growing. This legislative inflation, which undermines competitiveness, is criticized by experts who have sought measures to simplify without deregulating. The European authorities seem to have recognized the need to ease the constraints on financial sector players.

Key Words: *Banking and financial regulation; Legislative inflation; Proposals to simplify European legislation; Position of the European authorities*

1. Introduction

Banking and financial regulations were few and far between until the late 1990s. It increased rapidly after the lamfalusy report was published in February 2001, which proposed a new comitology procedure, and the creation of the European Supervisory Authorities (ESAs) in 2010, following the de larosière report published in February 2009 [1,2]. Regulations, directives and other texts, known as level 1, 2 or 3 depending on their author, have multiplied, bearing in mind that level 1 texts are adopted by the European parliament and the council, level 2 texts by the European commission and level 3 texts by the ESAs: level 1 and 2 texts are part of hard law, while level 3 texts are part of soft law. This inflation, which is not specific to the European union, has been criticised by legal scholars. A group of experts set up by the European association of banking and financial law also condemns this inflation of standards in a report entitled 'Less is More', which is due to the excessive number of mandates given by the European parliament and the council to the European commission and the ESAs [3]. At the same time, the group of experts highlights the difficulties caused by legislative inflation.

It is particularly emphasised that these mandates are not always properly respected and that they can lead to political decisions being made by authorities that should normally only adopt technical standards. It is also emphasised that the proliferation of soft law standards is a source of legal uncertainty, as their scope is unclear, the avenues for challenge are limited and oversight is ineffective [4-6].

**Corresponding Author*: *Thierry Bonneau, Professor, Department of Law, Pantheon-Assas University, Paris, France; E-mail: thierry.bonneau0487@orange.fr*

***Received Date**: December 17, 2025, **Accepted Date**: December 17, 2025, **Published Date**: December 24, 2025*

***Citation:** Bonneau T. The 'Less is More' Report: Why is Necessary to Simplify the European Financial Regulation? Int J Financ Reg Compl Innov. 2025;2(2):180-182.*

The textual network resulting from the proliferation of level 1, 2 and 3 texts can undoubtedly be justified by the objective of ensuring market integration. At the same time, the 'Less is More' report criticises the shift in regulatory power, the great instability of standards, undermining the principle of legal certainty' and the weakening of the institutional balance, the democratic principle and the competitiveness of the European union. This echoes certain fears, in particular that too many standards can be a source of systemic risk.

2. What are the Main Proposals?

The 'Less is More' report offers constructive criticism by proposing solutions in line with the European 'better regulation' approach: a comprehensive, consistent, proportionate, participatory approach based on evidence, transparency and learning from experience. These are organised into three areas: 'evaluating, simplifying and improving the regulatory process', 'strengthening control over the production of level 2 and level 3 texts' and reviewing the practices of financial institutions.

In particular, it proposes limiting the number of mandates and requiring ESAs to take competitiveness into account, which is crucial since overly complex and dense regulations undermine the competitiveness of banking and financial companies, even though they play an essential role in financing the economy. It also proposes establishing a taxonomy of soft law, i.e. a classification of the types of acts adopted by the ESAs and the European central bank, and reiterating that professionals can achieve the objectives pursued by level 1 texts by adopting practices that differ from those recommended by the ESAs in their guidelines, provided that these practices achieve an equivalent result: soft law (guidelines, guides, Q&As, etc.) should not be considered by supervisors, in practice, as mandatory and subject to sanctions.

The 'Less is More' report also seeks to strengthen political and judicial controls and emphasises that professionals should not systematically ask ESAs for clarification on the interpretation of texts. These proposals make sense because there is no point in trying to improve the regulatory process if the controls themselves are not perfected. And, of course, it is not possible to complain about an excess of standards if one is contributing to it oneself.

3. What is the European Union's Response?

The 'Less is More' report does not seek to deregulate. It merely aims to improve the regulatory process and simplify regulations, as the competitiveness of banking and financial institutions is at stake [4]. The complexity of regulations increases bureaucracy, which weighs on the competitiveness of businesses, as recently pointed out by Stéphane Séjourné, European commissioner for industry, SMEs and the single market, executive vice-president for prosperity and industrial strategy, who calls for a simplification shock, not just a tidying up [5]. This seems to echo the European commission's desire to make regulatory relief one of the priorities of its mandate.

References

1. Randzio-Plath C. Final report of the committee of wise men on the regulation of European securities markets. European Commission. 2001.

2. De Larosière J, Balcerowicz L, Issing O, et al. Report of the high-level group on financial supervision in the EU. European Commission. 2009.

3. Expert Group/EACB. Less is more-proposals to simplify and improve European rule-making in the financial services sector. European Association of Co-operative Banks (EACB). 2025:pp.4.

4. Expert Group/EACB. Less is more-proposals to simplify and improve European rule-making in the financial services sector. European Association of Co-operative Banks (EACB). 2025:pp.45.

5. Expert Group/EACB. Less is more-proposals to simplify and improve European rule-making in the financial services sector. European Association of Co-operative Banks (EACB). 2025:pp.49.

6. Expert Group/EACB. Less is more-proposals to simplify and improve European rule-making in the financial services sector. European Association of Co-operative Banks (EACB). 2025:pp.51.

7. European Commission. The future of European competitiveness–a competitiveness strategy for Europe. European Commission, Directorate-General for Enterprise and Industry. 2024.

8. Collomp F. Stéphane séjourné: "ursula von der Leyen implemented her mandate to the letter." https://www.lefigaro.fr/international/stephane-sejourne-ursula-von-der-leyen-a-applique-son-mandat-a-la-lettre-20250826 (accessed August 2025).