



**European Commission -
Speech**
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Closing keynote speech by Commissioner Albuquerque at the IESBA Ethics and Independence Conference 2025: How to enhance trust in the audit market: a European perspective

Lisbon, 15 September 2025

Good afternoon, ladies and gentlemen,

Let me begin by thanking Gabriela and IESBA for the kind invitation to speak to you today and to close your inaugural global gathering around ethics and independence.

I have been asked to share with you the European Commission's perspective on strengthening trust in the audit market.

As a politician, I understand well the importance of trust. It can never be presumed, it must be earned, nurtured, and never taken for granted. And it can easily be lost in a minute, even if nurtured and earned for years.

In financial markets, trust and confidence are the very foundations on which everything else rests. Safeguarding them is essential, and I will continue to place it at the heart of my agenda.

Building on that foundation of trust and confidence, my focus is on creating a more vibrant and unified European capital market. A market where citizens can feel secure and confident in growing their savings, where innovative businesses can access the financing they need, and where Europe strengthens its global competitiveness. This is the purpose of the Savings and Investments Union.

But none of this will be possible if Europeans cannot trust that their money is safe, that markets are fair, and that oversight is rigorous. That trust begins with reliable audited information. It begins with all of you.

Today I want to speak to you about the priorities of the European Union for the current mandate, including in financial services, and reflect on how our audit framework has evolved, and how it will continue to adapt in the future.

Today's event, and the discussions you have had, are crucial to safeguarding trust, ethical standards, and importantly, stability, in the industry.

While all the agenda points today were key to the future of this sector, and indeed the future of the financial system, I was particularly interested in the discussion on ethics during regulatory shifts and geopolitical and market volatility, the topic of today's conference.

Indeed, there are recent signs that some jurisdictions may be placing fewer resources into maintaining rigorous audit standards. Yet, history shows that reduced oversight can, over time, come with significant costs for trust and stability, thus to competitiveness

Let me reassure you that, while fostering a new economic growth mindset is a clear priority for the European Union, this does not come at the expense of ethical standards, audit quality or sound regulation. On the contrary, they go hand in hand. Strong ethics and robust oversight build the confidence on which markets thrive, and which gives investors trust to gain exposure to such markets.

During this time of regulatory and geopolitical volatility, maintaining high standards becomes even more important.

In the EU, our rules are also evolving.

European Commission President Ursula von der Leyen has made it clear that this Commission will work to make it easier to operate a business, especially SMEs, in Europe. Feedback from European

businesses showed that in recent years they were weighed down by unnecessary red tape, so we have listened and are acting to improve this.

In February, the Commission put forward its first Omnibus proposal to simplify sustainability rules. Our aim is clear: we want to make life easier for companies to operate in Europe, and we want to boost our competitive position as a global economy. Specifically, we are working to simplify our rules under the Corporate Sustainability Reporting Directive as well as in our European Sustainability Reporting Standards. All of it, while preserving the objectives of the Green Deal.

In the area of audit and assurance, and again with the intention of alleviating administrative burdens on all businesses, the Commission made the decision not to adopt standards for sustainability assurance by 2026 but will instead issue targeted assurance guidelines on specific items. This should alleviate the burden on both preparers and auditors operating in the EU. It will also enhance clarity and certainty, thus paving the way for trust to build up.

We will continue to monitor developments in the market and see how we can best ensure coherence while limiting burden on companies.

Of course, easing burden must never come at the cost of integrity. That is why the IESBA Code of Ethics remains so important. It serves as the global benchmark for audit firms and networks. In Europe, it is already widely applied, sometimes directly, sometimes through national legislation. And in many cases, European audit rules or national provisions go even further, ensuring that the highest ethical standards are upheld.

I welcome the recent revision of the IESBA Code of Ethics, which now includes standards for sustainability reporting alongside those for financial reporting. This is an important step forward. Together with the new international standard on sustainability assurance, it provides a strong global baseline that many audit firms and networks worldwide will begin to adopt.

In Europe, our binding rules contain provisions to ensure independence, avoid conflicts-of-interest and promote ethical behaviour in the world. While we currently do not intend to implement the IESBA code of ethics directly into EU law, we will monitor its take up throughout individual Member States and will support this where we can. And we will continue observing how implementation on the ground is – or may not be – working to build the trust I mentioned in the beginning.

I'd like to turn now to developments in the market for audit in Europe, as well as the future of our EU audit framework.

I'll begin with some numbers. In 2021, the size of the market for just statutory audits of Public Interest Entities was around 30 billion euros. Estimates suggest that the total audit market is at least double that figure.

On average, audit firms of Public Interest Entities derive 67 percent of their revenue from non-audit services, and this can raise concerns about independence and audit quality. This is an area that the Commission takes great interest in and will be watching closely how this evolves.

Our own EU audit framework has been refined.

The current EU audit framework goes back to the audit reform of 2014 and has a foundation of four cornerstone objectives. Giving more transparency for investors, ensuring independence from auditors of Public Interest Entities, promoting competition in what is a highly concentrated market, as well as strengthening pan-EU audit supervision through the creation of the Committee of European Auditing Oversight Bodies, the CEAOB.

At that time, our focus was on improving the quality of audit in the EU, as well as restoring investor confidence in financial information. As I mentioned earlier, without confidence in the information needed to make financial decisions, we can't expect investors to take part in our capital markets

Independence of audit firms was a core part of the reform. We brought in new rules including cooling-off periods and procedures to assess threats to independence.

For auditors of Public Interest Entities, we set some stricter rules: mandatory rotation of audit firms, some non-audit services were no longer allowed, and fees from permitted non-audit work were capped.

Feedback from stakeholders suggest that these rules have improved quality of audit services,

independence of auditors and competition between audit firms.

Member States have a lot of flexibility in how they apply these rules, and this works well at national level. But with so many different approaches, it can create challenges for companies and audit firms that operate across borders.

As a result of several scandals in the audit industry, Wirecard being the most notable, in 2021 the Commission launched a consultation into the quality of audit reporting in the EU, namely corporate governance, audit and supervision.

We also carried out a study on how the Audit Directive and Regulation have been put into practice and gathered feedback from a wide range of stakeholders. These failures have had significant impact on the trust of the audit industry and brought repercussions for those involved.

From this analysis, we concluded that the 2014 reform has brought real improvements. Therefore, at this stage, we do not see a compelling case for far-reaching changes to our audit rules.

The same is true for internal control and corporate governance. While differences remain between Member States, we believe changing the rules now would not be the right way forward, especially as we want to avoid creating extra burdens or uncertainty for businesses.

We do, however, see an opportunity to do more as regards the supervision of the audit sector.

We know from experience that differences in supervision and enforcement make it more expensive to do cross-border business in Europe, especially for companies active in several Member States.

This fragments the market, leads to duplicate reporting, and slows down processes. Cross-border companies must navigate several supervisory authorities, often with diverging requirements.

The result is inefficiency, weaker investor protection, and limits on companies' ability to scale and compete effectively. This holds back the full development of our capital markets.

Audit regulators in the EU do not operate with equal powers or resources. In some countries, regulators can search and seize documents or take witness statements. In others, they can't. And in some cases, a lack of experienced staff has meant fewer inspections of audits, even in critical sectors like banking and insurance.

Clearly, this is not good enough. Strong and consistent supervision is essential to build trust in our capital markets.

Since 2016, our committee of oversight bodies, the CEAOB, has worked well to bring more coordination to the market through guidelines in key areas. This gives us a sense of what a common approach to EU supervision might look like.

However, the CEAOB is limited in how much more it can do. It has no legal authority, no budget and resources of its own, its secretariat is provided by the Commission, and it relies on the resources of its members who split their time between the CEAOB and their work in their national oversight authority.

The audit market has changed significantly since our rules landed in 2014. The increasing size of large audit networks and new technologies pose new challenges to our basic audit principles, and we now need to consider whether our supervisory system also needs to evolve

Therefore, to prepare a possible initiative, the Commission will publicly consult on different options for strengthening the coherence of audit supervision. We will also look at the interplay of supervision and national discretion: is more convergence needed and how much, and how to ensure that supervision is fit to meet new market developments and technological challenges, such as artificial intelligence.

Based on the outcome of our consultations with stakeholders, we will determine what is necessary in this area - and what is not.

Robust ethical standards remain the foundation of audit quality, of trust in auditors, and ultimately of the integrity of our capital markets. These are not only built in law, but really come to the core of what ethics is – guiding principles that – irrespective of the law – require all of us to act and behave to build, nurture and maintain trust. This is especially true for those on whose hands rests assessing corporate reporting and disclosures. Auditors are a fundamental line of defence. But can only be so if ethical principles are upheld to the maximum extent.

Let me once again thank Gabriela and all those involved in today's event and in daily ensuring that investors and companies have reliable information at their disposal.

I am delighted to have been able to participate today, and I look forward to working together in the years ahead to ensure that all the building blocks of the audit framework are strong, coherent, and fit seamlessly together.

Thank you.

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