Mutually reinforcing
Financial Stability and Integration
EU economy more diverse and more resilient

Capital Markets Union

- Market-based finance
to complement bank lending

- Long-term finance for infrastructure & SMEs

- Removing cross-border barriers
to capital raising & investments

Banking Union

- A more resilient banking sector for the single market

- Stronger prudential requirements for banks

- Rules for managing failing banks

- Improved protection for depositors

Integral part of the Juncker's Investment Plan for Europe
- Strengthened capital markets and investment in the EU
- Providing businesses with greater choice of funding at lower costs
- Diversifying sources of finance and creating a risk-sharing channel
Strengthening corporate finance

Funding escalator

- Stage 1: Inception
  - Internal Resources
  - Business Angels
  - Peer-to-Peer
  - Crowdfunding
- Stage 2: Seed/Growth
  - Business Angels
  - Peer-to-Peer
  - Crowdfunding
- Stage 3: Mid-Cap
  - Venture Capital
  - Private equity
  - Private Placement
- Stage 4: "Next push" (e.g. going public)
  - IPO and debt market
  - Bank loans / trade credit / Hire purchasing / Leasing
  - Bank overdrafts
  - Own resources and retained profits

Share of bank financing in total NFC external financing

New developments: Sustainable Finance and Fintech
Achieving a CMU is more relevant than ever

Sovereign debt crisis

CMU Action Plan

UK notification of intention to leave EU

CMU Mid-term review

Financial crisis

IPO in European junior markets

Source: Dealogic

IPO values on European Junior Stock Exchanges

Source: PwC IPO Watch
New challenges, new measures

NEW CHALLENGES

- Future departure of the UK from the Single Market
- Uneven standards of supervision and enforcement
- FinTech is transforming capital markets
- Europe must face environmental and social challenges
- Not enough long term investments in businesses and infrastructure
- Capital markets remain very diverse across Europe

CMU MTR RESPONSE

- Strengthening EU-27 capital markets
- Make the supervisory framework more effective and consistent
- Increase competition and lower costs for businesses and investors
- Re-engineer the financial system to make investments more sustainable
- Foster investment by insurance companies and pension funds
- Savers and businesses in all Member States should benefit from capital markets
CMU is a long-term project

Its success cannot solely rely on Commission actions

It requires full involvement of all parties, including corporates, investors and supervisors.

Thank you