

PARIS

28th November 2019

Content of the conference / Key messages:

- The core of the conference focused on the need to kick start a new regulatory environment; the CMU delivered on some aspects, but there is a need to stimulate it and revive it. Essential to this are the need for EU and Member States to work together in the same direction.
- Financial intermediaries, banks, asset managers, insurances and others are by their very design the intermediaries able to translate the policy objectives into capital adequation, be it through the share they take in investments, or through loans and credits.
- This could be articulated along three axes:
 - New products, to increase the share of financing via markets for all including SMEs;
 - Digitalization, to match current trends in other sectors and reinvent the way financial intermediaries work and engage with users;
 - Cost management, prioritization of projects to manage engagements with clients, supervisors while remaining current on compliance.
- At macro-economic level the euro zone is not coherent enough. More needs to be done in the banking union, credit dependency for both states and private sectors, in order to be better aligned in the financing conditions for the private sector across MS
- In a nutshell, the path to follow should be ambitious, but manage centipede tendencies, it should be agile, and include MS willing to go further and finally it should keep its compass, know why we do and where we go to stick to the objective of better development.

Outcomes of the panel discussions

Panel 1	Comments
1. Market based financing vs. banking	- an evolution needs to arise in our financing of the economy, notably to accommodate the new generations, new tools for new players, increased reliance on passporting, market based financing will help.
2. Balancing financial equilibrium	- the different pension regimes are unevenly funded both at national level and across MS, the only way out is more reliance on cross-border financing.
3. Discrepancy between objectives and financing	- there are long term challenges (climate, energy, pensions...). Most seems achievable, but require a rebalancing of financial sources. Banks despite their huge means cannot lend for all projects under the current regulatory framework, either refocus it or use other tools like securitization.
Panel 2	Comments
1. Rebrand the name CMU	- the name CMU despite all the benefit of the plan is not inspiring, and not inclusive enough, hence it lacks a broad support: an economy for citizens might be a better catch.
2. Massively develop equity financing	- Equity financing has at all time been too low in most of the EU. Regulations invite both intermediaries and investors to be shy on risks, potentially to shy to stimulate the economy and take on all the challenges ahead.
3. Reviewing rates	- (There is an unlevelled balance between rates (negatives) and expectations, negative rates are a burden on the risk attitude and willingness to progress, on top it has created unreasonable financing conditions for MS for the long run, creating a downward spiral of expectations.
Panel 3	Comments
1. EU economy is at a juncture	- In many EU MS, the enterprises are in transition across generation, that needs financing, not only for the entity concerned but in a holistic way throughout the value chain of its stakeholders, financing should not focus only on large scale projects but include all SME and SMI.
2. Banks are not bad, they need to find their place	- Regulations have banking organisation to their boundaries, communication on the risk they present, the risk of investments,... might overlook the central role of bank in the transition of financing means across the different actors, EU might need stronger banks than be dependent on financial players out of its reach.
3. Taxation need a fix	- CMU forgot taxation, but in a closer EU, chaotic taxation processes has no place, a rethink of taxation should help in focusing on common goals and help provide the tools for a more centralized financing of pan-EU projects.

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