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Objectives of the next European Commission

Ladies and gentlemen, thank you for inviting me to address this flagship conference. Today's world is very different from the one that we knew just a few years ago. We have withstood a series of major shocks – the pandemic, Russia's war against Ukraine – and these have particularly affected the EU economy.

We now need to look ahead and tackle longstanding challenges related to our productivity, growth and competitiveness. In this mandate, the Commission has acted to help European Union (EU) industry to stay competitive during the green and digital transitions, speed up the rollout of renewables, increase our economy' open strategic autonomy, and diversify supply chains.

The next Commission intends to go further still. As President von der Leyen has indicated, the aim will be to boost the EU's sustainable competitiveness and prosperity. Above all, it means more work to strengthen and complete the single market. The involves helping our companies – especially small and medium-sized enterprises (SMEs) – to scale up and grow. Doing business in Europe should become easier and faster, with legal certainty underpinned by simple, smart and targeted regulation, and with a reduction in administrative burden.

The challenges ahead in energy, digital and defence, among others, will require a great deal of financing, dovetailing both public and private investment. On the public side, reforms and investments such as those supported by the Recovery and Resilience Facility are paramount, both now and in the years ahead. The EU's revised fiscal rules also have a major part to play. Apart from strengthening member states' debt sustainability, the new fiscal setup is designed to promote sustainable and inclusive growth, also through reforms and investments.

However, as we know, an important share of investment will have to come from the private sector. It will take a lot of risk capital to stimulate the innovation required to maintain competitiveness and boost growth. This is why we need deeper and more integrated capital markets. Without large and developed capital markets, our investment and growth will be limited at best. If our capital markets remain fragmented and limited in the capital that they can provide, we run the risk of seeing young, innovative companies move outside Europe to find the financing that they need to grow. This is something that we certainly need to avoid.

The next Commission will build on many capital markets union (CMU) initiatives already approved since 2015. It is encouraging to see political momentum and convergence emerging in areas such as securitisation, supervisory convergence, retail participation and market consultation. However, we must go significantly further with this vital project. For example, we should leverage more on the enormous wealth held in Europeans' private savings. Today, most of these are held in low-yielding bank deposits, but they could be put to more rewarding use via the EU's capital markets. This would help to sustain our growth and competitiveness while also driving forward the green and digital transitions.

It is for these reasons that President von der Leyen announced the proposal of the European savings and investment union. It will require strong banks and financial market operators working across borders to provide services vital for creating a genuine integrated European capital market. In turn, this will require more convergence of national rulebooks, including tax and insolvency rules.

Turning briefly to financial stability, I have just a couple of observations. Firstly, on the prudential side. Completing the Basel III reforms remains a major achievement for the EU. It makes sure that EU banks respect the most advanced set of globally agreed prudential requirements. We are maintaining 1 January 2025 for implementing the bulk of the Basel III standards, but, as you know, postponing application of the market risk rules in the EU by one year. This will ensure equal conditions for internationally active European banks that compete with other global players.

Secondly, on the review of the crisis management and deposit insurance (CMDI) framework, we need successful CMDI reform to give authorities the right tools to deal with failing banks of any size and business model. This includes smaller and mid-sized banks. However, current member state positions would make things more complex and less effective. Their stance would not improve depositor protection and financial stability. It could even increase the risk of using taxpayers' money to handle failing banks. While interinstitutional negotiations on CMDI should start as soon as possible, I would like to see more ambition as we work towards a final political agreement.

Ladies and gentlemen, it has been a pleasure to address you again. As we enter a busy autumn, especially with the institutional changeover, Europe continues to face a complex economic and political landscape. And, as always, the financial sector has a vital role to play. Thank you.