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Are the actions being taken enough to support the CMU and to strengthen the international role of the euro?

The European institutions, as well as national authorities, are taking actions towards a more integrated, harmonized and efficient financial markets in the euro area, and in this way to enhance the international role of the euro.

The European Commission has recently launched some important initiatives. First, in December 2018, the Commission communicated on the need to move "Towards a stronger international role of the euro". In that communication, the Commission concludes that "strengthening the international role of the euro will require the further strengthening of the structures of the Economic and Monetary Union, including through the adoption of all pending proposals for completion of the Banking Union and decisive progress on the CMU".

Second, a digital finance package was adopted on 24 September 2020, comprising a digital finance strategy and legislative proposals on crypto-assets and digital resilience. Some of the proposals are directly targeted to facilitate innovation and make Europe a more integrated and innovative market while addressing the emerging risks, namely the "Legislative proposals on crypto-assets to draw on the possibilities offered by crypto-assets, while mitigating risks for investors and financial stability" and the "Legislative proposal for an EU regulatory framework on digital operational resilience – Prevent and mitigate cyber threats". This package also includes a "Retail Payments Strategy for the EU", by which the Commission points out that the development of efficient international payments, including remittances, as well as the issuance of a Central Bank Digital Currency by the Eurosystem, could enhance the international role of the euro and the EU's 'open strategic autonomy'.

Third, a communication entitled "The European economic and financial system: fostering openness, strength and resilience" was disclosed on January 2021. Two of its pillars relate to strengthen the international role of the euro and to develop further EU financial market infrastructures and increase their operational resilience. This communication includes as a key action the promotion of euro-denominated investments, the facilitation of the use of the euro as an invoicing and denomination currency and a better understanding of the obstacles for its wider use. At the same time, it also establishes that the Commission and the ECB will jointly review a broad range of policy, legal and technical questions emerging

from a possible introduction of a digital euro.

Last, the European Commission announced the revision of both the Central Securities Depositories Regulation (CSDR) and the Directive on settlement finality in payment and securities settlement systems (SFD). The proposals embedded in the CSDR and SFD reviews are moving in the right direction, towards a more competitive and levelled playing field European market. All efforts put on the harmonization of definitions, interpretations and implementation issues, as well as streamlining reporting, are very much welcomed.

The ECB and NCBs are also taking important actions in the market infrastructure and payments field to consistently concur to the increased efficiency and integration of financial markets in the euro area. It has to be highlighted all the work done by the Eurosystem in the development of the infrastructure for large-value payments, for post-trading services for financial instruments and for instant retail payments and, still to come, the provision of a central liquidity management system, the development of a single collateral management system and the improvement of the efficiency and safety in cross-border payments.

Despite the relevance of the abovementioned initiatives, it has to be acknowledged that a more integrated and energetic European financial market depends also on the capacity of the European players to compete internationally, to innovate and to mitigate the risks arising from their activity.