



Exchange of views

Jean Lemierre - Chairman, BNP Paribas

David Wright - President, EUROFI

David Wright (Chair)

David Wright opened the discussion with Jean Lemierre, Chair BNP Paribas. David Wright thanked Jean Lemierre for attending, for BNP Paribas' support to Eurofi and for being an institutional partner. Jean Lemierre has been one of Eurofi's greatest supporters.

David Wright noted Jean Lemierre's enormous and vast experience of Europe. He asked where Jean Lemierre sees the big issues as he surveys the scene and what the necessary big impulsions and the priorities needed to move the EU forward decisively are.

Jean Lemierre

Jean Lemierre thanked the Chair for organising the Eurofi meeting. He insisted first on the efficiency of the support provided by the official sector during the Covid crisis.

On the question of the deliveries of the 10 last years since the previous crisis, he insisted on the importance of the adoption of the single jurisdiction approach in the Euro zone. It has enabled the creation of a single supervisor for banks, and of a single resolution board. It is the anchor of the Banking Union which still has to be completed. This principle represents a major progress. It must be fully implemented.

The two priorities we may see at the time of the exit from the pandemic in Europe, are the green and digital agenda. They will require massive investments. As it is well known, Europe is a continent of savings, which are largely in life insurance. The question is then to be efficient in channelling these savings in the priorities. This is the reason why Capital Market Union is so important and urgent. One key step would be securitization, helping to put together the skills and the proximity of the banking industry with the long term investing capabilities of the insurance companies. The United States have put this in place more than 50 years

ago. Europe should do the same now. Notably at the time the capital requirements at the banks will be impacted by the implementation of Basle III.

For some, "securitisation" and "subprime" are linked. Jean Lemierre stated that it should be done in a proper way while avoiding a catch 22 situation in which we seem to be. The discussion in the Eurofi have always been supportive to such a process.

David Wright

David Wright stated that everyone in attendance surely agrees with Jean Lemierre's analysis. However, he asked if enough people understand this at the decisive political level. Endless plans have been on the table and plans are currently on the table. It would not take the Chair and Jean Lemierre long to agree on the measures that are needed to use the savings of Europe. However, the political understanding that the actions that Jean Lemierre spoke about cannot happen unless the capital markets function in Europe is missing.

Jean Lemierre

Jean Lemierre stated that he does not exactly agree with the Chair's interpretation. It is advisable to stop adding preconditions to preconditions. On Banking Union, there is a precondition about the European Deposit Insurance Scheme (EDIS). It is advisable to avoid putting a precondition on securitisation and the Capital Markets Union (CMU). The securitisation process is the first step in the CMU. The CMU is the capacity to mobilise capital, which means savings, for the economy.

David Wright

David Wright noted that this a cross border action.

Jean Lemierre

Jean Lemierre agrees and insists on the need of asset classes in which European savers can efficiently invest.

David Wright

David Wright asked if the narrative needs to change.

Jean Lemierre

Jean Lemierre answered that the Chair made a very fair point. There is a need to explain well the goals and the means.

David Wright

David Wright (Chair) stated that he agrees with Jean Lemierre.

Jean Lemierre

Jean Lemierre added that Eurofi will have a very important job in continuing to insist on this and drafting the narrative.

David Wright

David Wright thanked Jean Lemierre, noting that it is always a pleasure to talk to him and listen to his creative and very relevant thinking, and closed the session.