



Q&A

MARIA LUÍS  
ALBUQUERQUE

Commissioner for Financial Services  
and the Savings and Investments  
Union - European Commission

**Delivering on the Savings  
and Investments Union**

**What are the key points of the Commission’s  
strategy for making significant progress  
towards a Savings and Investments Union?**

The Commission adopted its Communication on the Savings and Investments Union last month. I will quickly explain where we are coming from. The European Union has lots of strengths: a talented workforce, innovative companies, significant savings and a robust legal framework. With its leadership in global financial markets, the EU has the potential to stimulate economic growth, generate higher-quality jobs, and provide wealth creation opportunities for its citizens. But our economy has structurally underperformed in the last years. The Savings and Investments Union can be a game changer. It is an enabler of increased competitiveness across all sectors, be it defence and security or the digital and green transitions. And we need it urgently, as the geopolitical and geoeconomic context is changing at lightning speed. The need to secure economic resilience and meet the ambitious investment needs has never been more pressing. We need commitment and ownership of the Savings and Investments Union at multiple levels. It is a shared responsibility.

To make significant progress we must be bold and change our way of thinking. EU Member States should not compete with each other, our real competitors are outside the EU. To deliver on the Savings and Investments Union, we build on progress made with the Capital Markets Union and the Banking Union. But while we are not starting from scratch, we will have to go much further. We must address key barriers that continue to hinder the EU’s progress. Market fragmentation is the main problem, from supervision to different legal and tax regimes, to no interoperability of market infrastructures. The SIU Communication includes actions to be delivered already this year on these pressing issues. It’s a clear signal on how ambitious we are, and that we want to move, swiftly.

But the root causes of fragmentation are not the only topics to be looked at. We also need to explore ways to

provide EU citizens with more diversified investment opportunities, if they wish to invest in capital markets. Empowering them to build wealth, secure their retirement and prepare for other major life events. The SIU is designed to be inclusive and citizen focused. Actions for this year include a financial literacy strategy, a European blueprint for savings and investments accounts, and measures to develop supplementary pensions. We also need to ensure that companies have access to a broader range of funding options. All companies, everywhere in the EU. We will continue to engage with market participants, social partners, national supervisors, civil society organisations, citizens, so that we can better understand if the implemented actions are delivering on the objectives. In our mid-term review of the SIU strategy, any necessary adjustments will be reflected.

**How to retain the surplus European savings  
(around 300 billion euros leave Europe every year)  
in order to finance more investment in Europe?**

This is an ‘Investment Commission’. And one of the objectives of the Savings and Investments Union is to have more investments in Europe. Improve EU’s attractiveness as an investment destination also means providing higher returns, as well as a safe ecosystem to invest.

Capital markets need scale, they require a critical mass of liquidity, market participants, and size to function efficiently and to lower transaction costs. The challenge is how to achieve this scale. Large pools of capital need to be built, both through retail investor participation and institutional investors. We can take the specific example of supplementary pensions. There is huge untapped potential in our pensions markets. Ask any expert and they will tell you that vibrant and larger scaled pension markets contribute massively to investment and liquidity. More generally, increasing retail investor participation can contribute to widening the pool of funding available for EU companies and help

meet EU investment needs. Market integration is a part of the answer to financing the EU economy. What I mean is removing the barriers to the single market for financial services. Because only a seamless flow of capital between borders and intermediaries can create a truly vibrant single market for savings and investments. This in turn would give citizens, companies and financial market participants easier and cheaper access to the services they need. Greater scale and participation rates in capital markets will increase the diversity and attractiveness of both investment and financing opportunities throughout the EU. Ultimately, the positive spillovers of this virtuous cycle will help the EU economy thrive and become a more attractive destination for all investors.

### How can Europe better retain scale-ups and foster innovation? Should funding be concentrated on innovative firms in high-growth sectors, rather than spread across a wide range of firms?

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No, we should not concentrate all the available financial resources on the most innovative and successful companies in growth sectors only. We need to ensure that companies can grow in the EU, that they can diversify their sources of funding, that they have the best possible access to capital. But this should be the objective for all companies with a viable business model: big and small, new or mature, in all sectors, everywhere in the EU. Even because we need to support our companies in the green and digital transitions. The Savings and Investments Union is for all. That's a very inclusive approach.

Having said that, it is important to highlight that the SIU can be especially important for companies in innovative and strategic sectors such as AI, quantum and other deeptech fields, biotech and cleantech or in the defence sector. These areas have the potential to drive significant economic growth and bring about groundbreaking innovations. The EU's long-term economic success hinges on the ability of innovative startups and scaleups to access the funding they need to scale and drive innovation. That is why, already this year, the Commission will take measures to stimulate equity investments by institutional investors. I'm thinking for instance about facilitating investment in equity by institutional investors: insurers, banks and pension funds. We want to be where it is the most impactful to make the EU attractive enough to retain scaleups and increase the number of innovative projects.

### Why has financial integration, as measured by the ECB, stalled since the start of the Banking Union? What are the key conditions for achieving a more integrated and less costly regulation and supervision?

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The Banking Union remains incomplete. Notably in the absence of adequate arrangements for managing the failure of mid-sized banks and a European deposit insurance framework. An incomplete Banking Union is a cost for everyone, impacting citizens and businesses, as an integrated internal market for financial services is crucial to secure the open strategic autonomy and the financial resilience of the EU.

You mentioned the ECB in your question. Yes, based on the ECB report on financial integration there is a recede of the financial integration in the last years; at the same time significant legislative efforts have been made in the EU. In particular, and this is linked to your point on supervision, since 2014, significant credit institutions in the Banking Union are being centrally supervised by the ECB within the Single Supervisory Mechanism. So, I do feel that there is already a solid basis on the supervision aspect. But we need to make further progress on the Banking Union. The ongoing reform of the bank Crisis Management and Deposit Insurance as well as the creation of a European Deposit Insurance Scheme will contribute to further integration of the banking sector and reinforce financial stability. Integrated banking markets would contribute to a more stable and efficient allocation of funding across the EU economy, expanding their services, offering and enhancing competition across the EU also in economic downturns. All this is key. That is why we plan to deliver a report assessing the overall situation of the banking system in the Single Market. I am convinced that an integrated banking system, alongside integrated EU capital markets, will play a key role in financing the EU's critical investment needs.