



Markus Ferber

MEP, Economic and Monetary Affairs Committee,
European Parliament

Speech

David Wright

Good afternoon, everybody. Welcome to an afternoon session in which we have a number of speeches and exchanges of views. The first of them is with Markus Ferber, MEP and member of the Economic and Monetary Affairs Committee, and a very important one. He has been in the European Parliament since 1994.

Markus, I always have described you before as the doyen of financial services. You have been right at the heart of many of the big debates on financial services over many years. Right now, you are the coordinator of the EPP Group in the Economic and Monetary Affairs Committee. Very importantly, right now, you are the rapporteur for the master regulation of market integration and the supervisory package. I heard you talking about this a little bit earlier on. I am sure you will have some words about this now. It is a great pleasure to have you with us. You have been an enormous supporter of Eurofi and we greatly welcome and look forward to your remarks. The floor is yours, Markus.

Markus Ferber

Thank you very much, David. Good afternoon, ladies and gentlemen. Thanks for the invitation. We meet at a moment when Europe feels pressure from every direction at once. There is war on our continent. There is instability in our neighbourhood. There is strategic rivalry on a global scale. There is growing trade conflict across the Atlantic, only to describe a few of these issues.

Behind these immediate pressures, there is a deeper challenge. Europe's competitiveness has weakened, productivity growth has disappointed, investment is too low, and demography is moving against us.

That is the backdrop for any serious discussion about financial services today, because financial services policy is never just about financial services policy. It is about whether capital reaches productive firms. It is about whether companies can scale. It is about whether innovation happens in the European Union, and in the end, it is about whether Europe can still turn savings into strengths. That is the question in front of us.

Let us be clear. Europe has enormous assets. We have talents. We have industrial depth. We have household savings on a massive scale. The problem is not a lack of resources. The problem is rather that too much of Europe's strength is trapped in fragmentation, complexity, and weak incentives. The Commission's savings and investment union work is built on the Draghi diagnosis that Europe needs an additional €700-800 billion of investments per year by 2030, and that much of this cannot be financed with public money alone.

Public debt remains high. In the euro area, government debt stood at 88.5% of gross domestic product (GDP) at the end of the third quarter last year. In the European Union as a whole, it was 82.1%. That is way beyond the reference values in the stability and growth

pact, which is 60%, as all of you know. That point matters, because, for too long, the European reflex has been to reach first our public money – more programmes, more facilities, more common thoughts and more announcements – but Europe's challenge is structural, and structural problems require structural answers.

Take NextGenerationEU to illustrate the point. It was an extraordinary response to an extraordinary crisis. It helped, of course, in stabilising the situation. It supported investment. It bought time. It also taught us a lesson that large common spending alone does not automatically translate through into structural growth.

It turns out that the effect on euro area potential output has been smaller and later than first expected. The impact for 2024 was estimated at only 0.2%. That is very little for this large amount of money. At the same time, debt created under the programme will be repaid, as per the agreement, by 2058, and may constrain the union's ability to act going forward.

The lesson is clear. Public spending has its place, especially in crises. Public investment might have a role, especially where Europe needs common goods, but the main reservoir of capital for Europe's future is private capital. The main task of policy is to create the conditions in which private capital can move, invest, scale and compound inside Europe.

That brings me to the heart of the matter – the single market. If we are serious about competitiveness,

we have to become serious about the cost of non-integration. We often talk about the single market as one of Europe's great achievements – that is true – but we should also speak honestly about how incomplete it still is. The International Monetary Fund (IMF) has put striking numbers on this. The estimates of the remaining internal barriers inside the European Union are equivalent to tariffs of around 44% for goods, 110% for services, and 105% in the financial area.

Let that sink in. Europe is carrying an integration burden inside its own market that is vastly larger than the tariff headlines we discuss every day. This is a non-integration tax. It might be difficult to see at first glance, but make no mistake – it is paid by our companies, by our investors and, of course, in the end, by every citizen in the European Union.

This is why the right growth agenda for Europe is so obvious. We need productivity-driven growth. We need supply-side reforms. We need fewer barriers to entry. We need easier scaling across borders. We need capital and labour to move more freely. We need a real single market in services, in finance, in energy, in telecoms and in digital activities. I will stop here, although I could speak for hours.

This is a highly effective growth strategy, because it raises Europe's productive capacity. It improves the allocation of capital. It strengthens competition. It rewards efficient firms. It lifts long-term growth potential. It does so without

pretending that the next stimulus package will solve any structural problem.

This is also where the European semester, for example, comes in. The semester remains the right framework for coordinating structural reforms and economic priorities, but a framework alone does not create reform momentum. Reform works when there is national ownership. Reform works when governments treat recommendations as their own agenda, explain them politically at home, and implement them with persistence. A Brussels process can support reform. It can structure it. It can benchmark it. However, ownership is built in the national capitals. That is where country-specific recommendations turn into reform reality, and that is what we are lacking.

Now let me turn to the financial markets more specifically, as we are here with Eurofi. If Europe wants more investment, we need deeper and more integrated capital markets. That is no longer a niche discussion for specialists. It is a competitiveness question, and it also has become a strategic autonomy question. Here, too, the diagnosis is clear. The commission has been explicit that EU capital markets remain too fragmented, too small and too weak in scale.

In 2024, the market capitalisation of EU stock exchanges amounted to 73% of EU GDP. In the United States, the equivalent figure was 270%. The gap tells a story. It is a story about scale. It is a story about liquidity. It is a story about ambition. This is

why the market integration package matters. Its central purpose is the right one – remove barriers to cross-border investment activity and strengthen supervisory efficiency, so that private savings can be mobilised more effectively for growth. Here, I want to make a point very clearly. Market integration is more important and bigger than the supervisory architecture. We sometimes have discussions on all these important details, but we should always keep in mind the larger picture.

The supervisory debate matters, of course, but there are also more practical and more immediate gains on the table. It should be easier for trading venues to offer services across member states. It should become the norm that cross-border European is the standard and not the national silos. It should be possible for groups to operate under more coherent licensing structures. Broker access to multiple venues should be simpler. Cross-border central security depository services should be less cumbersome. Fund managers should face fewer frictions in passporting and distribution. More broadly, firms should encounter less regulatory and administrative friction when they try to do business across borders.

That is how a single market starts to feel like a single market. In other words, Europe does not need 27 national comfort zones sitting next to each other. Europe needs one market in which successful firms can grow naturally across borders. That also means looking honestly at the way that we treat firms inside

groups. The internal reallocation of expertise, functions, capital and liquidity across borders should become easier where prudence allows it. Cross-border business should feel normal in Europe, not exceptional. That is how scale emerges.

While we are on this subject, competition policy needs to play its part as well. If Europe wants stronger financial actors with the capacity to fund innovation and growth, we need a framework that understands scale in global markets. A fragmented Europe cannot outcompete continental-scale players elsewhere with a policy mindset designed for a smaller area.

There is also a banking angle here. The upcoming review of the competitiveness of the EU banking sector is a real opportunity. It is a moment to ask whether our supervisory and prudential framework supports competitiveness, innovation and growth with enough seriousness. It is a moment to ask whether proportionality has real life in the rulebook. It is a moment to ask whether small and non-internationally active institutions are carrying a burden designed for globally active groups. It is a moment to ask whether Europe has transposed Basel in a way that serves European interests, especially when other jurisdictions apply the framework more selectively and more pragmatically.

Let me also say a word about opportunities of new technologies. On distributed ledger technology

(DLT) and tokenisation, Europe moved early. The DLT pilot regime has applied since 2023. It gave us a first-mover advantage and showed that Europe understood the potential of tokenisation for efficiency in trading and post-trading activities. We also put in place an effective and clear framework for crypto assets more broadly with the Markets in Crypto-Assets (MiCA) Regulation, but leadership is never permanent. It has to be defended. The international environment is changing fast. In the United States, policymakers and the Securities and Exchange Commission (SEC) have shifted gear and created a new legislative framework and a completely new approach to enforcement that is very light-touch.

That tells us something important. The race is moving, others are accelerating, and we need to keep up, so Europe has to step up its game. We should move beyond being proud of having been early. We should focus on being better. That means more legal certainty, more proportionality and removing unnecessary obstacles to tokenisation. In essence, it means understanding that technological leadership in finance will belong to the jurisdiction that combines trust with usability. The review of the DLT pilot regime as part of the market integration package is a chance to set the track in the right way. We need to use it; otherwise others will do so.

Let me wrap things up. As I have outlined, the challenges that the EU is facing are manifold and could be

cause for alarm, but I want to end on a positive note. The good news is that the political mood is starting to shift. Europe's leaders have understood that the problem is real. Recent European Council language on the savings and investment union and competitiveness has been markedly more serious. The council has spoken about decisive steps, about urgency, about deeper markets, about mobilising private savings, and about moving quickly on the pending files. I never read such conclusions before. The Economic and Financial Affairs Council (ECOFIN) has also framed the market integration package as the centrepiece of the effort to deepen capital markets and boost competitiveness.

I will leave you with this thought. We understand the problems, we know the tools, and we are aware of the potential pitfalls. What matters now is execution. I am ready to deliver and I hope we will be able to do that with the council as well. Thank you very much.

David Wright

Thank you very much, Markus. We know you are going to have a big role in driving this forward, and the majority of us would fully agree with everything you have said. Thank you so much. We will see you in Dublin and, hopefully, with even better news to report. Thank you.

Markus Ferber

Yes, absolutely. Thank you.