

Shaping the Future of EU Capital Markets

Opening Remarks – ESMA Conference, Paris 2025

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Good morning, distinguished guests, colleagues, and friends. It gives me great pleasure to welcome you to the 2025 ESMA Conference.

Today's discussion on **"Shaping the Future of EU Capital Markets"** is both timely and urgent. We need to have a collective vision for markets that are resilient in the face of challenges, inclusive in opportunity, and transformative in impact.

Capital markets are not simply mechanisms for transactions; they are the pulse of our society. As such, it is our collective responsibility to ensure they are equipped to meet the demands of our rapidly evolving world.

In opening today's ESMA conference, I wish to highlight that collective responsibility. We need a bold vision to confront the challenges before us. Before elaborating on that vision, let us remind ourselves of the history of capital markets and their capacity to drive innovation, create opportunities, and connect people and businesses.

Capital Markets – A Historic Force

The story of capital markets is the story of progress. Throughout history, though often volatile and unpredictable, capital markets have mostly been a force that propelled economies forward.

Capital markets fuelled the **industrial revolution**, connecting capital to innovation and ambition. They turned ingenuity into railways that united countries, into factories that employed

millions, and into technologies that redefined daily life. They turned the steam engines into engines of growth.

Capital markets have also catalysed **societal changes** at pivotal moments in history. After the fall of the Berlin wall, they helped transition some Central-Eastern European countries into market-based, liberal economies. Stock exchanges were reestablished, foreign direct investment began to flow, and investors injected capital to revitalise formerly state-owned enterprises. This paved the way for lasting economic integration and growth. For instance, the rapid success of the Warsaw Stock Exchange was instrumental in transforming Poland from an emerging economy to a developed one – exemplifying the power of capital markets to reshape societies.

These lessons from history illustrate the enduring and central role European capital markets have played over time in shaping the modern world. From Amsterdam’s 17th-century trading hubs to the financial mechanisms that rebuilt Europe after World War II, they have been integral to our shared prosperity.

The Present Reality

History also shows us that capital markets have continuously evolved to serve the needs of their time. Much like at certain points in the past, we are currently facing **transformative challenges** of our own. As Mark Twain eloquently put it, “history never repeats itself, but it often rhymes”.

Today’s challenges rhyme. With new technologies like artificial intelligence redefining the world we live in, a new industrial revolution is unfolding. At the same time, increasing climate disasters present a generational urgency to act. The recent California wildfires and flash floods in Spain show that this is not just an economic issue, but an existential imperative. Transitioning to a green economy, financing climate change mitigation and embracing the promise of new technological opportunities cannot be shouldered by the public purse alone.

Demographic shifts only add to the pressure, particularly for public pension systems that must sustain aging European populations.

Furthermore, growing **geopolitical uncertainty** compounds all these issues. As President von der Leyen observed, “we have entered a new era of harsh geostrategic competition”. Though the EU remains one of the most open economies, and the largest trading bloc in the world, it is logical to reassess our strategic needs to ensure resiliency and autonomy. Fundamentally, this means that as the EU we must strengthen our industries and boost our global competitiveness.

But this leads to the crucial question: are our capital markets in a position to support these goals? Today, our capital markets in Europe remain - undeniably - fragmented and complex. They lag behind other global peers in terms of size and depth. We are faced with a **vicious cycle**:

- i. If capital markets cannot efficiently finance innovation and growth, we will struggle to nurture ingenuity and entrepreneurialism.
- ii. This will in turn limit the emergence of dynamic and competitive European companies.
- iii. Without these attractive companies to invest in, private capital will remain latent – sitting idly in bank accounts with meagre returns – or else be exported to opportunities elsewhere.
- iv. As a result, much like our savings, our innovators and businesses will see their ideas go unrealised or they will seek greener pastures, outside of Europe.
- v. and thus, the vicious cycle continues.

This situation ultimately stifles the EU’s competitiveness and curtails our economic dynamism. Breaking this cycle is key. We must transform the vicious cycle into a **virtuous cycle**: One where our capital markets can seamlessly feed innovation; and where more innovation can attract new capital – creating a self-reinforcing engine of growth and prosperity.

Crafting a Uniquely European Vision

One thing is clear – we need concerted action to make the EU capital market reach its full potential. We need a clear, ambitious political vision, backed up by concrete actions.

Let me be clear, the **EU need not replicate other markets** to achieve its aims. Too often I hear EU capital markets compared to the US, as if to say that by copying what they do, we too

can simply reproduce their success. To their credit, in recent years, US capital markets have flourished also thanks to the technology boom.

The EU must define its own vision, grounded in its unique strengths and values. Our **first panel today** will focus on these very issues under the theme: “**Savings and Investments Union – what should the vision be for EU capital markets?**” Our esteemed panellists will explore the needs of the European Union, how our capital markets must adapt to meet those needs, and what must be done to set us on that path.

To get the discussion flowing, perhaps some food for thought from my side on two points:

Modernising our Regulatory and Supervisory Model

Firstly, EU capital markets are often characterised by their comprehensive regulatory and supervisory frameworks. These frameworks are not only the result of a collective desire for stability, order and investor protection but also a natural consequence of bringing together 27 distinct markets under one umbrella. These frameworks, while sometimes perceived as burdensome, are also a strength. They offer clarity, stability, and a foundation for firms and investors to do business across the EU, wherever they are based. We should not forget that we need to strengthen the Single Market if we want to ensure the EU remains an attractive destination for global capital and business.

That said, there is definitively room for improvement. A more **agile and modern regulatory framework** is essential to enhance our competitiveness. Simplifying and reducing reporting and administrative burdens where justified is critical, as is supervising markets in a more consistent and efficient way. Stronger convergence efforts between national authorities can help deliver uniform outcomes, but in some cases, we should also re-evaluate the existing supervisory model. For certain categories of firms or market segments that have a significant cross-border, pan-European dimension, elevating supervision to the EU-level may be warranted and should be seriously considered. Not only can this improve the consistency and uniformity of supervision, but it can also improve the efficiency of supervision by reducing duplication and complexity. This view is not only put forward in ESMA's own Position Paper on EU capital markets, which was endorsed by all EU national supervisors; but it is also a common stance across many prominent reports – including the reports from Mario Draghi and Enrico Letta.

Valuing Diversity While Driving Integration

Secondly, greater integration is essential for the future of EU capital markets. Creating a **truly pan-European market** with sufficient scale and liquidity, and with no cross-border barriers, is fundamental. Simply put, a fully integrated market will provide businesses with better access to financing, and investors with broader opportunities.

Integration, however, does not mean a single marketplace. It is about creating a unified system where capital can flow unimpeded, regardless of national borders, to the benefit of all. Many of our different capital markets in the EU bring valuable strengths, whether through unique expertise or sectoral specialisation. This enriches our collective ecosystem. However, we should not turn this strength into a weakness by focusing exclusively on the development of 27 individual national capital markets. We should ensure that any efforts at Member State level support the common goal of a strong Single Capital Market in the EU.

By leveraging what we do best, the EU can create markets that reflect its values – markets that are stable yet innovative, diverse yet unified, effective and attractive.

A Diverse and Competitive Funding Ecosystem

This brings me to the topic of our **second panel** of the day. When discussing “**Filling the Funding Gap for Competitive European Businesses**,” our excellent panellists will explore how we can create a more attractive and sustainable financing environment for businesses to grow and excel.

As it stands, bank financing remains the preferred source of funding of EU corporates, as alternative financing options are often less developed and less accessible. EU public equity markets have struggled to maintain vibrancy, with IPOs often shifting abroad or companies choosing to remain in, or return to, private ownership.

So, the key question is: Are capital sources sufficiently diverse and sizeable enough to support the growth potential of EU companies at crucial moments in their lifecycle? And if not, how can we address this challenge?

Citizens at the Core: Empowering Retail Investors

To begin with, the EU needs to attract sufficient **new investment** to scale up pools of capital. This is not only about attracting global institutional capital, which remains critical, but also empowering European citizens to turn their savings into more productive investments.

To instil a culture of trust and engagement among citizens, we must make capital markets more accessible, more straightforward, and more aligned with their financial aspirations. Retail investor participation remains low across Europe, in part because the system often feels too complex, opaque, or intimidating for the average person. Encouraging citizens to invest requires offering appropriately incentivised simple, transparent, and easy-to-understand products that meet their needs. At the same time, we must make greater efforts to educate citizens on the long-term benefits of participating in capital markets, such as building financial security, funding education, or preparing for retirement.

Our **third panel, “Shaping a Culture of Retail Investors,”** will explore how we can foster a culture that empowers citizens to see capital markets as avenues to build their financial security and long-term prosperity.

A Day of Vision Building

In addition to today’s stimulating panels, I am also excited to hear from our range of special speakers, who will each bring unique perspectives and wisdom to enlighten us all.

These include the Chair and CEO of Nasdaq, Ms. Adena Friedman; former Banque de France governor and author of the instrumental post-crisis report on the future of European supervision, Mr. Jacques de Larosière; President of the European Investment Bank, Ms. Nadia Calvino; and finally, European Commissioner for Financial Services and the Savings and Investments Union, Ms. Maria Luís Albuquerque.

Today’s programme is rich, and I’m sure our different speakers are brimming with ideas and inspiration. I will therefore quickly conclude and allow you enjoy the sessions to come!

Conclusion

Let me leave you with just one final thought: Jean Monnet once said, “People only accept change when faced with necessity, and only recognise necessity when a crisis is upon them.”

Necessity is upon us, and our choice is stark: either keep drifting until a bigger crisis forces our hand, or rise to the occasion and shape the future of EU capital markets on our own terms. Let's choose the latter.

Let us seize this moment to shape the future of the EU's capital market – a future defined by resilience, inclusivity, and ambition. And - let us turn that vision into concrete actions.

Thank you all for being here in Paris and online today at the ESMA conference. I look forward to the inspiring discussions ahead.