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The Vital Need for Growth & the Role of Capital Markets in Europe's Strategic Renewal

European Banking Summit 2026 – Financing Europe's vital needs

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Ladies and Gentlemen,

Let me start by thanking the European Banking Federation, and particularly Wim and Slawomir for the kind invitation. It is a pleasure to join the distinguished guests and panellists at the European Banking Summit today.

January is the point in the year that invites to reflect and to think and plan ahead. Across Europe, citizens, businesses, and policymakers alike have been looking ahead, asking: How can we build a stronger, more resilient economy? What opportunities and choices will shape growth, innovation, and prosperity in the years to come? As a regulator and supervisor, I must not forget to add, which risks must we anticipate and mitigate?

Today's agenda rightly focuses on three vital needs for Europe: growth, innovation and security. To contribute to the debate today, I would like share some of my reflections on the role that capital markets play in these efforts. In particular, I will look at the renewed political impetus on strengthening Europe's capital market through the Savings and Investment Union, and the recent Market Integration Package put forward by the Commission.

But first, let us briefly look back at where 2025 left us.

Current economic state and the urgent need for growth

Looking back at the end of last year, we can take maybe a sigh of relief. Europe withstood the headwinds with relative resilience, despite the rapidly changing and difficult geo-political and geo-economic environment. Last year, the Eurozone outperformed the previous expectations, generating modest growth of around 1.4%[1]. Inflation was brought back to its target of 2%[2] - an achievement that should not be underestimated.

European stock market performance in 2025[3] was broadly positive, even if with marked differences across sectors and countries. It seems Europe has benefited from investors that have sought value and diversification beyond US markets. On the last trading day of the year, European equities reached near all-time highs and marked the strongest annual performance since 2021. Some of you may have had an additional reason to celebrate in December, as banks were among the top performers (delivering +80% YTD and strongest showing since 1997).

But we can't be complacent. While we entered the new year on a relatively stable footing, the outlook remains fragile. New challenges continue to emerge. And safeguarding our resilience and economic security demands commitment and effort.

Risk assessments across the EU financial system continue to highlight vulnerabilities, and episodes of market volatility. If I give you the most important sources of risks on ESMA's radar I don't believe it will surprise you.

The usual suspects have been around for a while:

- Rising cyber and hybrid threats that can affect critical infrastructures;
- High asset valuations, partly driven by AI exuberance, and the concentrated exposure of retail investors to a handful of US stocks;
- Increasing interconnectedness between different parts of the financial sector including bank/non-bank, traditional/crypto-assets as well as geographical;
- Growing retail trading in complex products or crypto-assets, reinforced by digital and social-media-driven biases;
- and the list goes on …

In this context, the materialisation of global geo-political and trade conflicts, now more real than ever, could trigger a cascade of disruptions none of us want to imagine. Further fragmentation and persistent price volatility would be among the likely consequences.

Against this backdrop, it is clear the past is no longer a good guide to the future. This implies a need for a shift in mindset for all of us, including an upgrade in our policy approach. We can already see this translated in the increased focus on simplification and competitiveness or the

[1] https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-05122025-ap
[2] https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-07012026-ap
[3] https://tradingeconomics.com/euro-area/stock-market/news/513654

efforts to boost Europe's strategic autonomy. The need to address financial system dependencies is one very practical example.

But for me strategic autonomy does not mean a retreat from the global markets. Rather, the focus should be on ways we can further strengthen Europe's capacity to act, to provide us with room and options to manoeuvre. The ability of the EU and its Member States to respond effectively and in unison to these challenges will be decisive. A truly European approach, rather than a patchwork of national preferences and agendas, is essential.

As the title of today's panel implies, Europe has a vital need for growth. Without it, preserving our social model and global standing will become ever more difficult, if not impossible. So how can we unlock the potential, that is clearly there? Today I would like to focus on one very much discussed, yet underused, enabler of growth – our capital markets.

The unused potential of capital markets in driving growth

Capital markets are the bridge between savers and investors. They connect households seeking returns with companies seeking funding to innovate, expand, and create jobs. Of course, capital markets do not replace banks; they complement them by providing long-term, risk-bearing capital that bank lending alone cannot always supply.

Yet today, European capital markets are punching below their weight. The mismatch of abundant savings on the one hand, and the financing gap on the other, indicates there are missing links and there are barriers to capital flow. And the consequences have already translated into our daily lives: businesses face higher costs; ambitious firms struggle to scale and some prefer to leave, investors navigate among fewer options for meaningful returns. All of this puts a brake on productivity, innovation, and long-term growth. I believe there is no need to dig deeper into this rather depressing diagnosis. Over the past decade of the Capital Markets Union agenda, it has been well documented and debated, so let's now take a look at how we can do better in the future.

The SIU Strategy as a roadmap for capital market reform

A stronger and more integrated capital market is no longer a purely technical discussion. In today's geopolitical context, the Savings and Investment Union has become strategically important. It is central to Europe's growth, competitiveness and resilience - and this has also been recognised at the highest political level.

European Commission's SIU strategy provided a roadmap to translate this ambition into concrete steps. It aims to:

(i) empower citizens to participate more actively in capital markets;

(ii) improve access to finance for innovative and growing businesses;

(iii) deepen integration and allowing for scale across Europe; as well as

(iv) strengthen the efficiency and consistency of supervision.

Let's not forget that the strategy also recognises the continued importance of an integrated EU banking sector and emphasises the need to complete the Banking Union. I'm sure, many in this room will be on the lookout for the upcoming assessment of the banking system and its competitiveness, foreseen later this year. However, with my securities market's regulatory and supervisory hat on, I will focus on the Market Integration (and Supervision) Package.

The Market Integration Package — a first major test of ambition

The MIP or the MISP, the jargon does not seem to be fully settled yet, is one of the first major tests of the EU's political ambition to deliver the SIU vision. At its core, the package is about making Europe's capital markets work less like 27 adjacent markets and more like a truly seamless ecosystem.

With its breadth, the proposal could become the most consequential financial-market reform since the post-crisis regulatory overhaul. If implemented with coherence and ambition, it could shape Europe's capital markets for a generation, becoming one of the defining milestones in advancing the Single Market.

MIP will have material consequences for operations of trading venues, post-trade infrastructures, asset managers, depositaries, investment firms/brokers and crypto-asset service providers. It will also make a difference beyond those financial entities – for banks, for start-ups, and for many other firms but also importantly for investors. Finally, and equally importantly, it will influence the supervisory framework within the EU and ultimately it will impact the standing of the European market in a global context.

At ESMA, we were pleased to see that this initiative broadly reflected the recommendations ESMA made in our 2024 Position Paper. Over the past few years, it has become clear that Europe cannot build truly integrated markets while fragmentation persists in the very infrastructures that connect them. ESMA's vision for an integrated market has been to create an environment where trading, clearing and settlement connections can be established more easily, with fewer procedural barriers, and where market participants can choose the most efficient services regardless of national boundaries.

The package also tackles the wider cross-border frictions and regulatory complexity that hinder firms operating across the EU Single Market – from asset managers facing divergent national requirements to crypto-asset service providers navigating inconsistent supervision.

Addressing these obstacles is essential if we are to deliver a seamless, scalable and competitive European capital market. While today, I won't have time to go into the intricacies of each aspect, I would like to underline ESMA's broad support for the proposal.

The evolving role of ESMA

Of course, a Single Market requires not only common set of rules, but also consistent supervision. ESMA comes into the spotlight here. Under MIP, ESMA would gain direct supervisory authority over certain significant market infrastructures: trading venues, central counterparties, central securities depositories, and all crypto-asset service providers.

The objective is not to replace national supervisors, but to anchor supervision more firmly in the Single Market interest. ESMA would also undergo "an upgrade" of its governance, funding, powers and convergence toolbox allowing the organisation to respond to the changing markets with more agility and efficiency.

While the co-legislators' engines are warming up, supervision will be a central part of the debate to come. And this is only natural, because markets depend on trust. This trust must include the confidence that rules can and will be enforced evenly, that risks will be identified early, that there is a cross-EU perspective and that market activity is supervised proportionately with the right level of expertise.

While the transition may seem challenging, the potential benefits of more consistent supervision cannot be overstated. It would remove unnecessary compliance costs and enable firms to scale more efficiently across borders. It would help strengthen interoperability and market integrity in the Single Market, objectives which remain at the heart of ESMA's mandate.

After my 15-year journey at ESMA, I am convinced not only by the case for a stronger role of ESMA, but also that we can deliver on such an ambition. ESMA has evolved into operating as a mature, risk-based supervisor, managing multiple, complex mandates efficiently. We have the structures, people, and processes to ensure supervision that is market-enabling and outcome-driven.

For ESMA, this pivotal moment brings both responsibility and opportunity. A responsibility to engage constructively with all stakeholders and address potential concerns. And an opportunity to demonstrate that, even where change is demanding, the result can be a more resilient and more effective European capital market.

Ladies and gentlemen, let me conclude here.

While true integration will remain a multi-year process, the Markets Integration Package is not a project for the next decade. It is a task for now. And it is one we must embrace urgently together - with determination, unity, and ambition.

As a major reform under SIU its success will help determine whether we can fulfil our common goal of a strong EU capital market that supports growth. So let's turn idle capital into productive investment, spur innovation, reduce dependency, and ensure that our markets and supervision are fit for Europe's long-term ambitions.