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A Savings and Investments Union to finance Europe's future

Executive summary

The current political cycle will be critical for the EU's ability to close its competitiveness gap, decarbonise its economy, strengthen its supply chain security and build its resilience.¹ Achieving these goals demands significant investment.

Public funding is only around 1 per cent of EU GDP, and falls far short of the estimated €750–800 billion needed each year.² Venture capital fell from 0.09 per cent of EU GDP in 2022 to just 0.05 per cent in 2023, and European households invest €300 billion annually outside Europe.³

Capital markets must play a greater role. The EU must press ahead in attracting global capital and mobilising domestic savings to unlock the liquidity needed to power Europe's growth. The upcoming Savings and Investments Union (SIU) must ensure that all companies – especially SMEs, startups and scaleups – can access financing in Europe, rather than relocating due to lack of capital.⁴

To succeed, the SIU must:

- ▶▶ **Accelerate capital market integration**, with a strong focus on harmonising insolvency and tax regimes, reducing fragmentation and allowing recent reforms to deliver impact.
- ▶▶ **Promote simplification and convergence** across Member States, without distorting competition.
- ▶▶ **Enable innovation-driven growth**, by advancing the use of distributed ledger technology (DLT) and artificial intelligence (AI) in

¹ For more on Europe's investment needs and strategic technology priorities, see DIGITALEUROPE, *The EU's critical tech gap: Rethinking economic security to put Europe back on the map*, available at https://cdn.digitaleurope.org/uploads/2024/07/DIGITALEUROPE-CRITICAL-TECHNOLOGIES-REPORT-FINAL_JULY_WEB.pdf.

² The EU budget has remained approximately €160–180 billion annually since the late 1980s. See Marco Buti, *When will the European Union finally get the budget it needs?*, available at <https://www.bruegel.org/analysis/when-will-european-union-finally-get-budget-it-needs>.

³ See COM(2025) 26 final and COM(2025) 30 final, respectively.

⁴ COM(2025) 124 final.

market infrastructure, supporting tokenisation and facilitating pan-European initial public offerings (IPOs).

- ▶▶ **Unlock retail and pension savings** through flexible, tax-incentivised investment products, stronger alignment with the European Investment Bank (EIB) and a renewed push for the pan-European personal pension product.⁵
- ▶▶ **Strengthen equity financing** by building a deeper, fairer market for listings and venture capital, streamlining access to EIC Fund resources, and aligning public-private funding to drive critical technology investment.⁶
- ▶▶ **Enhance bank financing** by completing the banking union, improving securitisation rules and setting clear milestones for the European deposit insurance scheme.
- ▶▶ **Modernise supervision** by aligning standards, harnessing technology and gradually advancing towards a single supervisory framework for EU capital markets.

If delivered successfully, the SIU can provide the financial infrastructure Europe needs to lead in the digital and green transitions, boost its economic security and close its competitiveness gap with global peers.

⁵ Regulation (EU) 2019/1238.

⁶ The EIC Fund, the venture investment arm of the European Innovation Council (EIC) with a €10 billion budget, supports innovative European startups, SMEs and small mid-caps through minority equity stakes (10–25 per cent) in sectors such as digital, deep tech, health, energy and green technologies.



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Harmonising European capital markets

The SIU builds on the EU's capital markets union efforts.⁷ New reforms like the Listing Act, the European Single Access Point (ESAP), the review of the Markets in Financial Instruments Regulation (MiFIR) and the revised European Long-Term Investment Fund Regulation (ELTIF 2.0) have also aimed to improve transparency, long-term investment and SME access to stock exchanges.⁸

Results have so far been uneven, largely because these initiatives didn't fully reflect the diverse structures of national markets. Reducing market fragmentation remains essential. The Commission's plan to create a dedicated channel for market participants to report barriers within the single market will be helpful in this respect.

The SIU's success will depend on aligning national frameworks – especially in areas like insolvency and taxation – through both top-down EU commitment and bottom-up engagement from Member States.

Insolvency

Harmonising national insolvency regimes is key to lowering the legal and administrative costs of cross-border investment.

We support exploring a pan-European '28th regime' that companies could opt into. This would give investors greater clarity and confidence, especially for firms operating across borders. Regulatory and supervisory features could be built into the regime to further support cross-border activity.

Whilst this framework would clearly benefit startups and scaleups, it should also apply to a broader range of innovative firms, including those in financial services, which are central to driving digital and market integration across the EU.

Taxation

Tax convergence is essential to encourage cross-border investment and prevent arbitrary or ad hoc taxation. The Council's Faster Directive will harmonise relief procedures for excess withholding taxes, and help avoid double taxation on cross-border returns from shares and bonds.⁹

⁷ COM(2015) 468 final and COM(2020) 590 final.

⁸ These reforms comprise multiple legal acts: Regulation (EU) 2024/2809 and Directives (EU) 2024/2810 and 2024/2811; Regulations (EU) 2023/2869 and 2023/2859, and Directive (EU) 2023/2864; Regulation (EU) 2024/791; and Regulation (EU) 2023/606, respectively.

⁹ Council Directive (EU) 2025/50.

Market infrastructure

The SIU should help remove barriers to market-led consolidation across the entire infrastructure chain, from pre- to post-trade.

Currently, the EU hosts over 500 trading venues. It hosts more than 20 central counterparty platforms (CCPs) and central securities depositories (CSDs) for equities; by contrast, the US operates with just one of each.¹⁰ This fragmentation makes cross-border transactions more complex and costly for intermediaries operating in Europe.

The upcoming legislative package on financial market infrastructure must incentivise consolidation of CCPs and CSDs, especially post-Brexit. However, UK-based clearing should continue for now, as mandatory onshoring of euro-denominated clearing could raise costs and risks. We welcome the Commission's decision to extend UK CCP equivalence until June 2028.¹¹

Simplification

To ensure consistent implementation across Member States and avoid gold-plating, new SIU measures should be introduced as regulations, not directives. They should aim to cut excessive regulatory burdens and coordinate the use of targeted fiscal incentives across Member States to drive capital market integration, whilst avoiding price controls or policies that distort competition.

Each initiative should include clear key performance indicators to measure impact on EU competitiveness.



Innovative technologies

The SIU should not only harmonise existing markets but also enable new ones, powered by innovative technologies like DLT and AI.

DLT can reduce transaction costs and boost market resilience by allowing market participants to operate on shared infrastructure with tailored control.¹² We welcome the European Central Bank's (ECB) initiative to expand DLT-based transactions in central bank money, an important step towards a digital capital market.¹³ The EU should also use DLT to support consolidation of trading venues and promote pan-European IPOs.

¹⁰ See summary from Eurofi Financial Forum 2023 and Mario Draghi, *The Future of European Competitiveness, Part B: In-depth analysis and recommendations*, respectively.

¹¹ Commission Implementing Decision (EU) 2025/215.

¹² Keynote speech by Piero Cipollone, Member of the Executive Board of the ECB, at the Bundesbank Symposium on the Future of Payments, October 2024.

¹³ https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.pr250220_1~ce3286f97b.en.html.

AI, too, can transform capital markets, improving fraud detection, personal financial advice, regulatory compliance and interoperability of trading infrastructure. We encourage EU institutions to fully explore AI's potential to modernise and streamline market operations.



Saving products and retail investments

Despite the EU's economic size, household savings are not being effectively channelled into productive investments. Boosting both institutional and retail participation is essential, especially to fund long-term priorities like defence and the twin transition.

We support the Commission's aim to align more closely with the EIB to promote retail investment and de-risk private capital in growth markets.

European savings and investments accounts could help unlock retail capital, but they must be designed with flexibility and tax incentives, drawing on successful national models. Intermediaries will also play a key role in their success.

Fiscal incentives are necessary to encourage EU citizens to allocate more funds to European capital markets, particularly towards longer-term investments without guarantees. Their design should balance risk-return profiles, investor protection and geographic spread across the EU.

Pension savings are a major untapped resource. Yet pension assets remain highly concentrated in just three countries, and EU levels lag far behind the US and UK.¹⁴

The SIU should help Member States enhance pension returns and increase private retirement savings, particularly amongst younger workers. A common framework for developing pension products, inspired by national best practices, could support this shift.

We also see value in reviving the pan-European personal pension product. A simplified, auto-enrolled version, combining occupational and personal savings into a single product, could reduce costs and boost uptake. We welcome the Commission's plans to propose a recommendation on auto-enrolment and pension tracking systems and to review the PEPP framework by the end of 2025.



Financial literacy

Investor education is essential to the success of the SIU. People must understand both the opportunities and risks of participating in capital markets.

¹⁴ 62 per cent of all EU pension assets are held in just the Netherlands, Denmark and Sweden. Compared to global peers, the EU pension market remains underdeveloped: in 2022, pension assets amounted to only 32 per cent of EU GDP, versus 100 per cent in the UK and 142 per cent in the US. See Draghi, *The Future of European Competitiveness, Part B*.

We welcome the Commission's plan to publish an EU financial literacy strategy by Q3 2025.

This strategy should build on recommendations from Enrico Letta's report, including a harmonised framework for recognising qualified investors, awareness-raising on capital markets, training for financial advisors and entrepreneurs, and promoting market culture amongst SMEs.¹⁵



Equity funding

Startups and scaleups often can't rely on debt, given their higher risk profiles. The SIU must expand access to equity capital to support their growth.

Public listings offer multiple benefits, from fundraising and improved governance to increased visibility and M&A opportunities. But complex rules, high costs and unequal access to liquidity are pushing activity outside the EU.

The SIU should create a fairer, more transparent trading environment where all participants can access liquidity on equal terms. It should foster equity issuance and participation, especially in critical tech sectors.

New measures should help institutional and retail investors channel funds into high-growth firms through tools like venture capital, crowdfunding and private equity across all stages, from IPO to maturity.¹⁶

We welcome the Commission's efforts to engage venture capital on deep tech investment.¹⁷ The SIU should build on this by strengthening the EU's venture ecosystem.

Reforms should also streamline access to EIC Fund resources. Today, lengthy procedures delay financing, sometimes by up to a year.¹⁸ Startups need capital that moves at the speed of business.

We support greater coordination between the EIC Fund and the EIB to avoid duplication and maximise impact. The EIB's advisory capacity should be fully used to support the deployment of critical technologies.

¹⁵ See Enrico Letta, *Much more than a market. Speed, security, solidarity: empowering the single market to deliver a sustainable future and prosperity for all EU citizens*.

¹⁶ See European Securities and Markets Authority (ESMA), *Building more effective and attractive capital markets in the EU*.

¹⁷ https://research-and-innovation.ec.europa.eu/news/all-research-and-innovation-news/commission-announces-first-steps-towards-network-vc-investors-deep-tech-innovation-2024-06-13_en.

¹⁸ Access to EIC funding is often delayed by lengthy and bureaucratic procedures, with disbursements sometimes taking up to a year. See Clemens Fuest et al., *Rethinking EU innovation policy: Boosting competitiveness and strategic autonomy*, available at <https://www.econpol.eu/sites/default/files/2024-04/Report%20EU%20Innovation%20Policy.pdf>.

Finally, the SIU should de-risk venture and growth market investment by aligning public funding instruments with private capital flows.



Bank financing: securitisation and the completion of the banking union

Banks remain central to financing Europe's economy, but face structural limits. Compared to the US, European banks are smaller and costlier, and operate in fragmented markets, limiting their capacity to support large-scale investment or equity funding.

Strict prudential requirements, such as Basel III, also raise compliance costs and reduce banks' ability to take equity stakes.

Progress on the banking union is incomplete. The absence of a common deposit insurance scheme and restrictions on internal capital mobility discourage consolidation and add complexity to cross-border operations.¹⁹

We support the Commission's upcoming report on the banking system's competitiveness. We also urge a robust review of the securitisation framework to improve efficiency and align rules with actual risk.

Priority actions should include:

- ▶▶ Lower capital charges for simple, transparent and standardised securitisations;
- ▶▶ Simplified due diligence and transparency rules for issuers and buyers; and
- ▶▶ Creation of a securitisation platform to cut costs and promote standardisation.

Completing the banking union must also remain a core EU goal. The SIU should set clear milestones towards establishing a European deposit insurance scheme, with a credible path to full mutualisation.

In parallel, the crisis management and deposit insurance framework should include a liquidity-in-resolution tool – ideally managed by the ECB – and reduce legal uncertainty for acquirers of failing banks or their assets.



Supervision

Consistent and effective supervision is critical to well-functioning capital markets. National-only supervision is increasingly out of step with the structure of EU financial markets and can hinder cross-border activity.

¹⁹ See Dominique Laboureix's speech to the Single Resolution Board, 'What is missing to complete the Banking Union?' available at <https://www.srb.europa.eu/en/content/dominique-laboureixs-speech-what-missing-complete-banking-union>.

We support the Commission's plan to propose more unified supervisory measures by the end of 2025. The goal should be clear: align rules, avoid duplication and reduce unnecessary regulatory burdens on supervised entities.

Technology can help by simplifying processes, lowering compliance costs and making supervision more efficient. We welcome opportunities to work with the Commission and European supervisory authorities to deploy such innovations.

Whilst a single supervisor – like the single supervisory mechanism for banks – would be ideal, political consensus is lacking. In the meantime, we propose a two-track approach:

- ▶▶ Short term: Enhance coordination between national authorities and ESMA. For instance, ESMA and national authorities should jointly monitor liquidity conditions in EU shares to inform future SIU policymaking.
- ▶▶ Long term: Consider a single supervisory framework for EU securities markets, starting with oversight of large cross-border issuers, trading venues and CCPs. This would require proper resourcing, technical expertise and institutional flexibility to be effective.

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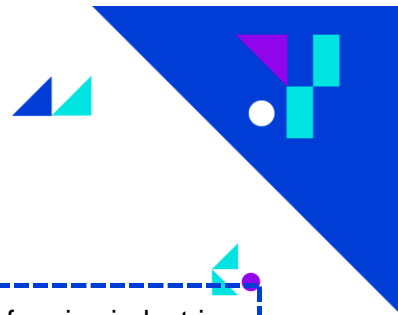
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DIGITALEUROPE is the leading trade association representing digitally transforming industries in Europe. We stand for a regulatory environment that enables European businesses and citizens to prosper from digital technologies. We wish Europe to grow, attract and sustain the world's best digital talents and technology companies. Together with our members, we shape the industry policy positions on all relevant legislative matters and contribute to the development and implementation of relevant EU policies. Our membership represents over 45,000 businesses who operate and invest in Europe. It includes corporations which are global leaders in their field of activity, as well as national trade associations from across Europe.