

Keynote speech at Deutscher Bankentag 2017

[Session: "The single market for financial services: ambition and reality"]

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Berlin

Guten morgen meine sehr geehrten Damen und Herren,

Ich danke Herrn Dr Peters und dem Bankenverband für Ihre Einladung. Es ist gut zu sehen, dass Sie den Binnenmarkt für Finanzdienstleistungen ganz oben auf Ihrer Agenda haben.

In der derzeitigen wirtschaftlichen und politischen Lage ist es wichtiger als selten zuvor, offen und klar über unsere Ambitionen für Europas Zukunft zu debattieren. Die Kommission hat diese Debatte mit einem Weißbuch zur Zukunft der EU angestoßen.

Was für Europa als Ganzes gilt, gilt auch für den Finanzdienstleistungsbinnenmarkt.

Lassen Sie uns daher nicht zögern, grundsätzliche Fragen zu stellen: was ist unser gemeinsames Ziel? Und was sind wir bereit zu tun, um es in die Praxis umzusetzen?

Lassen Sie mich dazu auf Englisch weitersprechen.

From our side, the approach is clear:

- We want a single market where banks – both large and small - are able to operate and fund projects anywhere in the EU, according to a single set of rules to protect depositors and taxpayers.

We want a diverse banking sector. We need global banks to match Europe's globally competitive businesses. But we also need banks serving small and medium sized companies and enabling citizens' access to finance. The banking union, with a single rulebook and single supervision and resolution mechanisms, is a major step forward in this direction.

- We want to complement the strength of our banking sector with deeper and more efficient capital markets.

We have started to shape a real Capital Markets Union with initiatives such as re-launching safe and transparent securitisation, making it easier for SMEs to do a prospectus to tap public markets, and strengthening venture capital markets and social investments - to cite only a few examples.

- We want this integration of financial services to benefit not only professional investors but also each European consumer.

Today, only 7% of Europeans have purchased a financial product or service, such as a credit card or car insurance, in another EU country. With the Consumer Financial Services Action Plan, presented two weeks ago, we want to increase consumer choice and empower them when buying services anywhere in Europe.

- Finally, we want to harness the potential of digital technologies to drive positive change for financial services' consumers and providers. We have just launched a consultation on FinTech to gather the views of all interested parties – individuals, consumer groups, traditional industry, FinTech companies, regulators and supervisors – on how we can best develop an EU-wide approach towards technological innovation in financial services. We want this sector to grow from within Europe to a globally competitive position, while ensuring appropriate consumer safety and privacy protection.

Ladies and gentlemen,

Overall, more integrated, more vibrant and more diverse financial markets would add to Europe's stability and resilience, instead of undermining it.

I believe this is now generally accepted. But a lot of efforts still remains to put it in practice. We must continue reforms on Europe's banks and complete the banking union.

To that end, we have published a comprehensive risk reduction package last November. It includes the implementation of TLAC in

the EU, a common approach to the bank creditor hierarchy, and the implementation of the already agreed Basel standards on the leverage ratio, the net stable funding ratio and the trading book. We also propose to make rules more proportionate, and reduce reporting burden for smaller banks. This is a follow-up to our “Call for evidence”. There must be no rollback of reforms. But we are ready to assess our rules, look for possible missing links or overlaps, and adapt them if needed.

I hope that the Parliament and the Member States will adopt the banking package by the end of the year. Already now I see a good political support building up for example for our proposal on banks' hierarchy of creditors. Quick agreement on this will facilitate investments into banks' new bail-inable debt instruments, an important step to further reduce risks in the banking sector.

To complete Europe's Economic and Monetary Union, we need to move in parallel with both risk reduction and risk sharing.

I would encourage further progress on the missing third pillar of the banking union, the European Deposit Insurance Scheme. By pooling resources, we can better diversify and counter risks. And let me stress that our proposal on EDIS contains a number of safeguards to avoid free riding.

Deepening the Capital markets Union is also work in progress.

For instance, with the current diversity of national insolvency and restructuring frameworks, investors need to assess the impacts of different legal systems. This generates substantial costs and acts as a barrier to cross-border investments. Our recent legislative proposal on business restructuring and second chance, and the ongoing benchmarking of different Member States' insolvency outcomes should reduce the burden of risk assessment when investing in another EU country, and increase the recovery rate for investors.

Another problem comes from the different national mechanisms for recovering the amount of tax withheld in another country. As a result, cross-border investors face difficulties in recovering the amount of tax they already paid in their own country - which might be another deterrent to cross-border investments. So we want Member States to address withholding tax refund procedures and encourage best tax practices in promoting venture capital and business angel investment into start-ups and innovative companies.

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Ladies and gentlemen,

Last week, the UK has triggered the procedure to leave the European Union. The question how this will affect our financial markets is a crucial one.

The departure of the UK and of the City of London reinforces the case for building a flourishing Capital Markets Union across the 27 remaining Member States.

And as many firms reconsider how to structure their business across Europe to prepare for the UK's departure from the internal market, we are reminded once again about the risks of a race to the bottom among supervisors to win over business, at the expense of financial stability. We must confront any such allegations - different supervisors within the internal market must work together, converge their supervisory practices and establish strong mutual trust .

To foster this, the Commission has just launched a broad consultation on the European Supervisory Authorities in order to evaluate their operations and to build an overview of areas where their effectiveness and efficiency can be strengthened and improved. You are most welcome to contribute to this consultation, which will remain open until mid-May.

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Ladies and gentlemen,

With the continuation of our EU agenda and the right set of reforms at national level, I am confident that German banks, and the European financial sector in general, have the capacity to meet the current challenges, and that the single market for financial services will help them to do so.

This is how we will reconcile reality with our ambition and build a true single market for financial services, which will show what the EU can achieve, when there is a willingness to work together.

Thank you for your attention