



Competitive capital markets

Agenda for growth and investment

Berlin, May 2026

Where do we stand?

2026 will be a pivotal year for Europe.

Europe is facing growing economic, demographic and geopolitical pressure. It must strengthen its resilience and permanently overcome the current period of weak growth. The next few months will play a decisive role in determining whether or not Europe will be able to secure, over the long-term, its economic and political agency.

Remaining competitive is key for Europe's sovereignty.

If Europe is to defend itself, produce modern infrastructure, master the digital transformation and manage the transition to a sustainable economy, it must remain competitive. This will require investment on a massive scale and a financial system that can provide the capital to achieve these goals – for Europe and for Germany. Strong banks and powerful capital markets are therefore vital.

Banks and capital markets play a key role.

They finance investments, innovation and growth, and ensure that capital is allocated efficiently. However, the European capital market is not making full use of its potential and capabilities. It is fragmented, has less liquidity than comparable international markets and is burdened by complex regulations that is often inconsistent. This makes cross-border investments more difficult and impedes the mobilisation of adequate amounts of private capital.

In order to ensure that Europe does not lag behind other economic areas, framework conditions must be designed to ensure that the capital market can take on its key role of promoting growth and innovation and securing prosperity. Only then will Europe realise its true potential and attract international investors and their capital.

Where are we trying to get to?

The aim is an integrated, efficient, European capital market capable of competing on the global stage, one that truly functions as a Savings and Investments Union (SIU).

A capital market of this kind would:

- mobilise large amounts of private capital
- enable efficient, cross-border investments and transactions
- offer attractive financing conditions to businesses and suitable products and services to investors
- have enough depth and liquidity to facilitate fair pricing at all times
- strengthen innovation, improve growth and guarantee economic resilience

and requires:

- simple and proportionate regulations that encourage market competition
- high liquidity and market integration
- a clear division of roles between high-performing banks and efficient market infrastructures
- an appropriate balance between stability, integrity and liquidity – this is the only way to ensure competitiveness

Measures at the European level

Streamline and simplify regulations

Consistent application of the principle of proportionality

Full retraction of the Retail Investment Strategy (RIS)

Reform and simplify reporting from the ground up (MiFIR, EMIR, SFTR, CSDR)

Reduce reporting requirements by at least 25 %

Introduce origin-based reporting

Regulatory complexity is a major barrier to Europe's competitiveness. In particular, redundant and overlapping reporting requirements place a significant operational burden on banks and other market participants and incur high costs, without providing any corresponding added value in terms of financial stability. Different requirements across various regulatory frameworks lead to duplicate reporting, media discontinuity and inefficient processes. This ties up resources that should actually be available for financing, innovation and customer support, and results in excessive bureaucracy that impedes growth and negatively affects Europe's ability to compete on the global stage.

Not only that, but regulatory initiatives such as the Retail Investment Strategy also demonstrate that additional detailed regulations are often counterproductive in practice. They increase complexity for providers while simultaneously creating barriers to access for retail investors. Applying the principle of proportionality consistently requires more than just differentiation based on size or business model. Instead, there should be an examination of whether the regulation in question is truly necessary, and whether its scope has been defined appropriately.

Reviews of European law should therefore, above all, remove superfluous requirements and simplify complex regulations rather than constantly adding new requirements and procedures.

Aim: to reduce costs and bureaucracy while simultaneously improving the attractiveness of the market for investors and businesses.

Modernise market structures and processes

Revise the Shareholder Rights Directive (SRD)

Simplify and harmonise post-trade processes

Digitalise and automate information on stock corporations

Dismantle AMI-SeCo/SEG barriers

Create pragmatic taxation procedures

Fragmented processes in Europe increase costs and make cross-border investments more difficult. Here, digitalisation and standardisation can significantly improve efficiency. Banks, as intermediaries, are part of the solution, already using harmonised procedures (e.g. SWIFT, ISO) to transport information quickly and efficiently. At the same time, stock corporations and their shareholders should also be appropriately integrated into these well-functioning market structures. Issuing enterprises are important sources of data and should provide information digitally, quickly and fully, so that processes can take place fully automatically. This will also increase transparency. Any costs incurred should be paid by the party responsible for generating them.

Targeted coordination and further simplification of procedures just make sense in an environment in which complex EU regulations are a barrier to market integration. This is, for example, the case when dealing with foreign withholding tax on investment income under the FASTER Directive.

Aim: to reduce transaction costs and improve shareholder rights, which will in turn increase functionality on the capital markets.

Achieving EU-wide market infrastructures through the Market Integration and Supervision Package (MISP)

Guarantee unified and cheaper settlement architecture

Ensure 'competitiveness' is enshrined as a mandate for supervisors

Maintain differentiated regulations for banks and infrastructures

Prioritise targeted capital market relevance over complete standardisation when harmonising EU rules.

Advance market integration

The Market Integration and Supervision Package (MISP) can help reduce the fragmentation of the capital markets. Less expensive, less complex market infrastructure within Europe is the most important feature. To realise these changes, it is essential that the distinction between banks and market infrastructure is recognised. Market infrastructure consists of neutral, technical platforms that facilitate the trading, clearing and settlement of financial transactions efficiently and anonymously, without assuming any risk. Banks, on the other hand, have a direct, contractual relationship with their clients, connect market infrastructure to other market participants and often bear risks that operators of infrastructure do not and should not bear. Banks thus facilitate access to trading venues, central counterparties, central securities depositories and payment systems.

As such, transparency and reporting obligations, in particular, must be applied in a differentiated manner, both for trading (lit vs. dark) and settlement (CSD vs. internalisation). A failure to distinguish between the two will inhibit less expensive, efficient services and reduce liquidity.

Stronger integration and improved performance can also be driven by targeted harmonisation where it matters for capital markets, for example in settlement finality. At the same time, however, the EU Financial Collateral Directive must be modernised in order to dispense with the current fragmentation of legal framework conditions for financing and collateral agreements.

Aim: to increase liquidity and efficiency, simplify access to the capital markets.

Improve capital market depth with a well-performing securitisation market

The securitisation market is a key lever for mobilising additional private capital to finance the economy. With securitisation, businesses can manage their liquidity, banks can relieve pressure on their balance sheets and investors can find suitable investments. This creates scope for investment and lending. Given the high level of investment needed in Europe, this instrument is of strategic importance. However, the European securitisation market remains well below its potential, particularly due to high regulatory requirements and, in some cases, excessive capital requirements, which are set to rise further under current rules.

The existing safeguards have proven effective and have ensured financial stability. Further regulatory tightening or the introduction of new categories, on the other hand, would only increase complexity and hinder market revival. What is needed, however, is targeted simplification, a risk-appropriate calibration of capital requirements without further increases, and the removal of barriers to market entry for investors.

Aim: to mobilise additional capital for businesses and expand lending.

Revive the European securitisation market

Recognise existing protection mechanisms

Reduce capital requirements while remaining risk-sensitive

Do not introduce new regulatory categories

Remove barriers to market entry

Strengthen innovation

Ensure technology-neutral regulation (e.g. DLT)

Design the new EU Inc. company form to be capital-market oriented

Set up an interface to debt capital

Rapid technological developments also require innovation-friendly regulation for the capital markets, enabling new market models and ensuring that existing structures are developed efficiently. The European Commission's proposal to introduce a 28th regime as an optional common EU company form (EU Inc.) could therefore serve as a further means of reducing fragmentation in the capital market. Smaller businesses are being offered a pan-European company structure to facilitate cross-border growth, thereby strengthening the EU single market.

The key factor here is orienting its structure to the capital markets: In order to realise the full potential of the EU Inc., the entire lifecycle of an enterprise should be taken into account, including equity and debt financing as well as collateralisation. Special insolvency regulations for the EU Inc. are not necessary. Another important aspect would be the ability to set up separate asset pools, known as 'compartments', for specific purposes so the EU Inc. can also serve as the standard EU corporate form for funds and securitisation vehicles.

Aim: to promote innovation in the financial system in order to strengthen the future global competitiveness of the EU capital markets.

Measures at the national level

Create competitive taxation models

Reduce corporate tax to 25% more rapidly

Simplify withholding tax procedures (FASTER)

Avoid gold plating

Allow appropriate pricing in accordance with FASTER, also in Germany

The tax burden in Germany is high by international standards and reduces the country's appeal as a business location. Complex and sometimes overly regulated procedures – particular in the area of withholding tax – add to the administrative burden and generate competitive disadvantages.

Reporting requirements should be reduced to the minimum necessary in order to cut bureaucracy, avoid undermining the attractiveness of German shares, make investing easier and avoid unnecessarily hampering cross-border capital flows. At the same time, more efficient procedures could significantly reduce costs for market participants and increase predictability for planning purposes.

Aim: to boost international competitiveness, improve investment conditions.

Expand capital market-based pensions

Radically reform the Riester pension scheme

Optimise allowance payments

Introduce early-start pensions as soon as possible

The Pension Reform Act has reached its first milestone with the reform of the 'Riester pension', which involves the removal of guarantees and the scrapping of the requirement for a lifetime retirement pension. In order to further promote access to the capital market and familiarise children with this concept from an early age, the key elements of the 'Early Start Pension' scheme should be quickly enshrined in law.

Aim: to expand capital market-based pension schemes to encourage participation in the capital markets and promote investment options with greater returns.

Simplify capital market access for businesses

Introduce an 'IPO On-Ramp'

Growing into post-IPO compliance obligations under capital markets law

Reform legislation on defective resolutions, appraisal proceedings, substantive valuation rules and capital reductions

Make downlisting and delisting procedures more flexible

Access to the capital market presents significant hurdles, particularly for new and fast-growing companies. A phased regulatory approach can make market entry easier and reduce costs. This enables more companies to gain access to equity financing at an early stage and to scale up their growth phases more effectively.

Rigid legal frameworks increase the risks and costs of a stock market listing. Lengthy legal proceedings and legal uncertainties are particularly discouraging for businesses and investors. Greater flexibility is needed to strengthen the capital market as a dynamic financing environment.

Further steps are now required in line with the Future Financing Act and the Location Promotion Act. Simplified capital increases and electronic shares were only the start. Clear, predictable and efficient rules covering the entire corporate lifecycle should now be put in place.

Aim: to improve access to the capital markets as a source of funding thereby increasing the number of listed companies and thus reaching more attractive, growing markets.

Developing the growth capital market

Expand WIN initiatives

Improve the framework conditions for venture and growth capital

Implement recommendations from the FIVE report by Kukies/Noyer

Germany has been lacking when it comes to venture and growth capital. Innovative companies often rely on foreign funding or relocate their operations abroad. The capital market ecosystem is therefore off balance.

A more developed and liquid capital market can provide a targeted solution to this problem, expand the ecosystem as a whole and thereby facilitate the financing of innovation. In addition, start-ups and scale-ups can find attractive exit options via the capital market.

Aim: Ensure innovation and further development with a stronger domestic capital base.

Strengthen financial education

Develop national strategies for financial education according to the OECD approach

Establish a central coordination body to bring together government, public and private sector stakeholders

Introduce financial education as a compulsory subject in schools and provide systematic initial and further professional training for teachers

Financial competence empowers people to make informed consumer and life decisions and can protect them from getting into debt, poverty in old age and against economic uncertainties. At the same time, it could unburden social security systems over the long term. It is essential for equality of opportunities, personal financial planning and overall economic stability. Nevertheless, financial education has not yet been treated as a political priority.

To ensure sustainable financial provision, people need access to the capital market and the opportunity to learn about how it works, as well as the opportunities and risks involved.

Aim: to promote financial education and thereby participation in companies' value creation and sustainable provision for the future.

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