



Q&A

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Making the EU framework fit for purpose

Does the EU prudential framework strike the right balance between stability, growth, and competitiveness? What should be the main policy priorities to foster the development, integration and efficiency of capital markets?

The EU’s prudential framework has played a central role in preserving financial stability over the past decade. It provided resilience through the COVID crisis, the recent banking turmoil in 2023 in the US and Switzerland, helped contain recent geopolitical shocks. This robust framework is the result of continuous efforts over the last decade at EU and global levels. And it has served us well. At the same time, we must continue ensuring that our regulatory environment enables growth, innovation, and global competitiveness. In fact, financial stability is a pre-condition to sustainable growth and competitiveness, so I see no contradiction between the two.

The Savings and Investments Union – combining both a capital markets and a banking union perspective - marks a deliberate shift from crisis response to long-term strategic action on policy setting for financial services. This means putting the efficiency and integration of the EU financial system at the heart of our policy agenda. It is not about weakening prudential safeguards, but about ensuring that the rules are proportionate, predictable, and designed to support the real economy. It’s about preparing for the challenges of the future having learnt from the past. Our goal is to create the conditions for investment to flow into the most productive areas of Europe’s economy, from the green and digital transitions to security and defence. This requires more integrated and unified capital markets.

In that regard, market integration, development and efficiency go hand in hand, and we must act in various dimensions. There is no one single silver bullet measure that will deliver deeper and more integrated markets. I see the Savings and Investments Union as the next major leap forward, a chance to deliver similarly transformative benefits for citizens and companies. Scale matters in this discussion.

What are the main challenges to simplifying EU financial regulation and how can they be addressed? Are changes needed in governance or legislative drafting practices? How can proportionality be embedded in a more effective way?

Simplification is not about deregulation — it is about clarity, coherence, and purpose. A well-designed regulatory framework should enable effective robust supervision, support innovation, and foster trust. Yet too often, complexity itself becomes an obstacle to market participation, especially for smaller players, retail investors, and to cross-border activity.

One of the key challenges – as rightly noted in your question - is that meaningful simplification requires shared ownership across the entire legislative and regulatory process. It calls for a holistic approach that all adhere to. There is certainly room to make our financial regulation simpler and more conducive to growth, and we are already acting on that through omnibus proposals and targeted adjustments to existing EU frameworks. We will continue to review existing legislation in close dialogue with stakeholders to identify inefficiencies and eliminate unnecessary burdens.

The multi-level legislative structure we implemented, based on several expert reports, was a response to the complexity – and long delays – in adopting prescriptive level 1 rules. I believe it is still effective. Yet we often incorporate complexity in our proposals in order to secure consensus — even before the legislative process begins. That must change. To make real progress on that front, we need to anchor simplification in a few guiding principles.

First, we must recognise that simplification often requires change - and change can involve short-term adjustments for longer-term gains. Second, simplification must remain fully aligned with our fundamental objectives: investor protection, financial stability, and market integrity. In other words, we can aim to reduce costs but not lower our standards. Third, we need better data and transparency around compliance costs. Only with concrete

evidence can we prioritise reforms and measure progress. Finally, we need a shift in mindset, across institutions, regulators, and co-legislators. Too often, legislation reflects a patchwork of national preferences and other interests. If we want a regulatory framework that works for the Single Market, we must legislate with a European perspective.

Simplification also needs to happen at Member States level. Some of the complexity and burden stem not from EU rules themselves, but from how they are implemented - including insufficient harmonisation and national 'gold-plating'. That's why simplification must be pursued at both Union and Member State level. Simplification is not a one-off exercise — it is a continuous and laborious process.

How can the Banking Union deadlock be broken?

What conditions are needed for an agreement on EDIS, free capital and liquidity flows, and binding cross-border group support?

Completing the Banking Union remains one of the most pressing and complex challenges in Europe's financial policy agenda. The rationale is clear: in a truly integrated banking system, capital and liquidity should flow freely across borders, supported by common supervision, consistent rules, and trust in a shared safety net. Yet despite the significant progress made over the past decade, fragmentation persists. National ring-fencing and domestic bias remain a reality, often driven by understandable concerns from local authorities who fear being left to shoulder the burden in times of crises. If we want a Single Market that delivers both resilience and scale, we must build greater trust among national authorities. That means putting in place credible EU-level safeguards that give host countries the confidence to allow greater capital and liquidity mobility, notably within banking groups.

A key element of that balance is the completion of a robust European deposit insurance. Such a framework would strengthen depositor confidence across Member States, enhance crisis preparedness, and contribute to a more level playing field for banks. We must build on the progress we have been achieving on the Banking Union, reflecting of the different interests at stake and making sure we provide solutions that cater for the challenges ahead.

In the context of reinforcing our Banking Union, the Commission committed to prepare a holistic report assessing the overall situation of the banking system in the Single Market, including the evaluation of the banking sector's competitiveness. This is one of the key deliverables of our Savings and Investments Union Communication and one that will be critically important to define further work. It will also be the opportunity to look holistically to the banking sector and the role of an European deposit insurance.

Why is progress on building a true Savings and Investment Union so slow, despite abundant private savings and major investment needs (green, digital, defence)?

What policy priorities should go beyond securitisation to unlock long-term capital and improve investment allocation across borders?

Like any major reform, delivering a true Savings and Investments Union requires collective buy-in. Since the beginning of this mandate, I've visited many Member States - and I intend to reach all by early next year. Across borders, across sectors, the message is clear: the Savings and Investments Union holds real potential to deliver tangible benefits for every European and every Member State. And yet, as your question rightly points, progress has been slow. Widely stated support for the SIU must now translate into concrete action.

Europe has the capital. Our households are among the world's top savers. We also have immense investment needs — in green and digital transitions, in defence, in innovation. But our financial intermediation is underperforming. Markets remain fragmented. Barriers remain high. And that is costing us — in competitiveness, in opportunity, in strategic autonomy, and in security.

Our strategy focuses on removing the structural obstacles that prevent capital from flowing to where it is most needed. That means improving citizens' access to capital markets through initiatives on financial literacy, pension adequacy, and savings and investment accounts. But we also need to make it easier for institutional investors to play a stronger role in financing growth. Our recent proposal on securitisation is a step in that direction. We are also looking at how to reduce barriers for insurers, pension funds, and banks to invest in equity and venture capital.

We are enhancing the efficiency of trading and post-trading infrastructure, and improving market interoperability. All of this will help reduce costs and increase liquidity — critical steps for scale. At the same time, we must ensure consistency in supervision. Providers offering the same financial service across Member States should not face divergent supervisory outcomes. That's why we are strengthening convergence tools and exploring the case for EU-level supervision in certain areas, to build trust and reduce fragmentation.

Finally, none of this can be done by the Commission alone. We need Member States to act as well — particularly in areas such as taxation, pension reform, and implementation of EU rules. The Savings and Investments Union is not about a single reform. It is a comprehensive agenda to modernise Europe's financial system and ensure it delivers for its people. We are ambitious — and we need our partners to be ambitious too.