EUROPEAN
COMMISSION

Brussels, 19.3.2025
COM(2025) 124 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Savings and Investments Union
A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU

1. Why a Savings and Investments Union?

The European Union has the means to secure its own economic future and has an enormous potential to better serve its citizens and businesses. The EU benefits from a talented workforce, many innovative and successful companies, a large pool of savings and a predictable and sound legal environment, based on common principles and the rule of law. Europe's stock exchanges count together for trillions of market capitalisation, it is home to UCITS, the globally most successful brand of investment funds, and has become the global leader for sustainable finance issuances with more issuances than the Americas and Asia & Pacific regions together. The business case for Europe is there – the Commission's Competitiveness Compass[1] defines the areas that are fundamental for growth and competitiveness, through flagship measures under the three transformational imperatives: closing the innovation gap, a joint roadmap for decarbonisation and competitiveness and reducing excessive dependencies and increasing security. Financial markets contribute to a thriving economy that creates better jobs with higher salaries for today's workers and future generations and offers adequate retirement income in light of demographic developments. The EU's resilient and well-regulated financial system has significant untapped potential to channel more savings to productive investment. EU citizens stand to benefit from well-developed, integrated and efficient EU financial markets that can offer them access to more wealth creation opportunities.

The development of a Savings and Investments Union is a crucial priority as it aims to improve the way the EU financial system channels savings to productive investment, creating more and a wider range of financial opportunities for people and businesses, notably sustainable businesses. The EU offers attractive investment opportunities, including to investors from third countries, but it is important to render it an even more attractive investment destination by enhancing its overall growth potential. Such attractiveness should be secured by means of strong aggregate demand, support to private investment, access to cleaner and more affordable energy, raw materials and advanced technologies, as well as a simpler business environment in a single market with fewer barriers.

The rapidly evolving geopolitical landscape, the challenges of climate change and technological developments have profound implications for the future of the EU and reviving the economy must be a key focus of the EU's response. Major policy challenges lie ahead, in the fields of security and defence, sustainable prosperity and economic competitiveness, and also democracy and social fairness, as the EU must urgently prepare to play a very different role on the global stage. The EU's economy will be instrumental in this respect, and it is now vital to take a more ambitious approach to policy coordination among Member States, reflecting the imperative to act collectively to unlock significant untapped potential for growth, employment and wealth creation.

[1] European Commission, 'A Competitiveness Compass for the EU,' COM(2025) 30 final, 29 January 2025

At the same time, persistent fragmentation limits the benefits to be gained from the EU's single market. For financial services alone, the IMF estimates that internal barriers to the single market are equivalent to a tariff of over 100 per cent[2], implying a huge cost to the EU economy. Urgent action is required to address these barriers if the EU's prosperity and economic and geopolitical strength are to be secured. Clearly, the EU financial markets and wider economy can be much more than the sum of its national parts and, as argued in the Draghi Report[3], a vibrant and resilient economy is a pre-condition for the EU to manage its own destiny. The EU's international partners are already adapting to the new geo-economic realities, and so the EU must also respond decisively.

Furthermore, the EU economy has been structurally under-performing for many years, partly due to problems with financial intermediation. The EU economy is trapped in a low-growth cycle, driven by persistently low productivity compared to other parts of the world. Among other things, the coincidence of relatively low productivity growth and relatively high savings rates points to problems in the intermediation of those savings to productive investment. Such constraints on the financial intermediation process are hampering the EU from grasping the opportunities and managing the challenges of a 21st century economy e.g. relating to the green and digital transitions[4].

The EU has major investment needs, which the Draghi report estimates at an additional EUR 750-800 billion per year by 2030. This estimate is further impacted by increased defence investments that need to be made over the same time frame. Much of these additional investment needs relate to small and medium sized enterprises (SMEs) and innovative companies, with the latter in particular not being readily financed by banks. For this reason, a substantial development of EU capital markets must be an essential element of the Savings and Investments Union so the EU can address the growing mismatch between savings and investment needs, and thereby contribute to invest European savings into the European economy.

The Savings and Investments Union will be crucial to improving how the EU's financial system channels savings to productive investment, providing a wider range of efficient investment and financing opportunities for citizens and businesses respectively. Approximately EUR 10 trillion of EU retail savings are currently held as bank deposits[5]. While bank deposits are safe and easily accessible, they generate a relatively low return when compared to investments in capital market instruments. According to ECB's analysis[6], if EU households were to align their deposit-to-financial assets ratio with that of US households, a stock of up to EUR 8 trillion could be redirected into market-based investments – or a flow of around EUR 350 billion annually.

---

[2] IMF, Regional Economic Outlook, Europe's Declining Productivity Growth: Diagnoses and Remedies pg, 19
[3] Mario Draghi, 'The Future of European Competitiveness,' 2025. https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en
[4] For example, as the Clean Industrial Deal reiterated, the clean transition of the EU's economy requires that the EU increases its annual investments in energy, industrial innovation and the scale up of the transport system by some EUR 480 billion compared to the previous decade. See COM(2025) 85 final and SWD (2023) 68 final – Between 2021 and 2030. In this context, mobilising and leveraging private capital, including through sustainable finance is key for the green transition and in supporting climate resilience.
[5] Eurostat, 'https://doi.org/10.2908/NASA_10_F_BS - Financial balance sheets - annual data,' 10 March 2025
[6]European Central Bank, 'Follow the money: channelling savings into investment and innovation in Europe,' speech by Christine Lagarde, President of the European Central Bank, 22 November 2024

A sense of urgency in developing the Savings and Investments Union is widely shared by EU policymakers, but it is time to turn words into action. The Commission has highlighted the Savings and Investments Union as a key enabler of the efforts to boost EU economic competitiveness in the Competitiveness Compass, and as a key enabler of the Clean Industrial Deal. The Commission has also highlighted the Savings and Investments Union in the context of mobilising private capital for defence as part of the ReArm Europe Plan.[7] As highlighted by President von der Leyen[8], only an effective, deep and liquid EU financial market can activate savings for much needed investments. Progress here is no longer a 'nice-to-have.' It is a 'must-have.' In today's world, maintaining Europe as an economic powerhouse is also a matter of collective security, reinforced preparedness and resilience and of enhancing its open strategic autonomy[9].

There have been significant contributions in support of taking decisive action to address financial intermediation shortcomings, with the European Parliament, the European Council and the Eurogroup, and the European Central Bank, all referencing the reports of Enrico Letta[10] and Mario Draghi. However, if the Savings and Investments Union is to be a success, all stakeholders will face difficult choices. These choices will require courageous decisions, acknowledging that the EU's common strength requires collective action, and demonstrating a willingness to overcome vested interests and move away from long-established practices.

The private sector, civil society and various national authorities have also put forward many ideas on how to make the Savings and Investments Union a success. Commission services have travelled to all the Member States to discuss ways forward and learn about best practices. Common messages included the need to have a 'growth-focused' approach, remove barriers to cross-border activity, simplification and proportionality in regulation, a clearer focus on financial literacy, a wider choice of financing options for businesses and creating a more direct link between EU action and local economies and jobs creation. However, while the Savings and Investments Union will bring major benefits to the EU economy, these benefits will also require significant changes in the functioning of the financial system at both EU and national levels. It will be essential that actors in the private sector, social partners, and civil society, as well as national authorities, recognise the need for such change and embrace the opportunities provided by a more developed and integrated EU financial system.

As confirmed by the feedback from all stakeholders [11], which the Commission has taken into account, delivering on the Savings and Investments Union will require a combination of EU level and national level measures. Building upon this feedback and guided by the strategic direction set out in the Competitiveness Compass, this Communication outlines how the EU can advance the Savings and Investments Union. Actions on Savings and Investments

---

[7] European Commission, 'Press statement by President von der Leyen on the defence package' 4 March 2025

[8] European Commission, ' Press remarks by President von der Leyen on the first 100 days of the 2024-2029 Commission, 9 March 2025

[9] The financial sector can only thrive in environment that is secure and resilient against cyber threats, and that ensures a high level of trust of savers and investors.

[10] 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,' 2025. [Enrico Letta's Report on the Future of the Single Market - European Commission]

[11] Including though a call for evidence. See also https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14488-Savings-and-Investments-Union_en

Union will be rolled-out in the first half of the mandate. Packages of measures will be taken in a limited range of areas, with a clear link to boosting competitiveness in the EU economy, with the most impactful actions being given priority in 2025. The measures proposed will be further developed in the period ahead and in continued dialogue with stakeholders.

2. What kind of Savings and Investments Union?

The Savings and Investments Union should encompass all of the EU financial system and be developed at both EU and national levels. The Savings and Investments Union should draw on progress already made under the two Capital Markets Union Action Plans[12] and the parallel efforts to develop the Banking Union. It should be developed further using the most effective measures, both legislative and non-legislative, factoring in the dual objectives of financial stability and sustainable competitiveness in the EU, while taking into account the EU's strategic goals.

Building the Savings and Investments Union is a shared responsibility of Member States and EU institutions. It should be noted that the financial system and its supervision does not work in isolation, and achieving an efficient single market in financial services would entail Member States efforts to address divergences in underlying laws, including securities, company and insolvency laws, as well as in the effectiveness of administrative and judicial procedures, including those applicable for the enforcement of decisions. Some of those barriers may need to be tackled through the upcoming Single Market Strategy.

EU-level measures are clearly warranted in key areas where all Member States can and should move in lockstep to address EU-wide shortcomings. Other measures will also require a co-ordinated approach but will rely more on Member States acting individually. The Commission can assist Member States in identifying, designing and implementing national measures and offer support for coordinating their actions, where this brings added value. Such national measures have been identified by the Eurogroup as a necessary complement to EU actions and have been repeatedly highlighted by industry and civil society stakeholders[13]. Furthermore, the Commission may accompany concerted initiatives by groups of Member States where such initiatives go further and faster to achieve Savings and Investments Union objectives. Such concerted initiatives must be open to participation by all interested Member States, respect the division of competences between the EU and the national levels, the right of initiative of the Commission, and be in alignment with EU priorities and frameworks. The Savings and Investments Union should also be better integrated into the European Semester process, where progress in implementing structural reforms by Member States, individually and collectively, will be regularly assessed. Actions that are instrumental to deliver the Savings and Investments Union will be further reflected in Country Specific Recommendations, thus incentivising Member States to deliver and implement reforms. Finally, the Savings and Investments Union will pursue more efficiency and will be guided by considerations of

[12] European Commission, 'Action Plan on Building a Capital Markets Union,' COM(2015) 468 final, 30 September 2015 and 'A Capital Markets Union for People and Businesses – New Action Plan,' COM(2020) 590 final, 24 September 2020

[13] Statement of the Eurogroup in inclusive format on the future of Capital Markets Union, March 2024, https://www.consilium.europa.eu/en/press/press-releases/2024/03/11/statement-of-the-eurogroup-in-inclusive-format-on-the-future-of-capital-markets-union/pdf/

simplification, burden reduction and digitalisation, as laid out in "A Simpler and Faster Europe: Communication on Implementation and Simplification[14]."

Implementing the Savings and Investments Union requires a range of policy measures, affecting various dimensions of the EU's financial system. These policy measures can be grouped under four distinct but inter-related headings**:** (a) *Citizens and Savings*, (b) *Investments and Financing*, (c) *Integration and Scale*, and (d) *Efficient Supervision in the Single Market*, each of which is discussed in the following sections.

(A) Citizens and Savings

Retail savers already play a central role in financing the EU economy via bank deposits, but they must be encouraged and incentivised to hold more of their savings in capital-market instruments. EU citizens can greatly benefit from investing in capital markets, where they can get higher return from their savings as well as contribute directly to jobs creation, and economic growth**.** Proactive and substantial retail participation is also essential for the EU capital market to acquire sufficient scale and depth to provide the necessary range of financing opportunities to all EU businesses, including those more innovative, with higher risk and higher returns. Greater trust in financial products is an important precondition for citizens to participate in capital markets, implying the need for easy, simple and low-cost access to investment opportunities. In this context, it is necessary to improve the levels of financial literacy as also underlined in the Communication on the Union of Skills adopted on 5 March. among potential retail investors and offer investment opportunities that meet their needs through different phases of their lives, notably in preparation for retirement. At national level, policy measures will be required to attract retail investors into capital markets via appropriate savings arrangements and incentives, including tax incentives. At EU level, measures will be required to support competition and ultimately offer retail investors a wider choice of products that fit their preferences in terms of retirement savings, investments and insurance.

<u>Encouraging Retail Participation in Capital Markets</u>

Experience in some Member States has already shown the potential for savings and investments accounts to boost retail participation in capital markets, especially when such accounts are matched with appropriate incentives. Improving access to savings and investments accounts can greatly benefit retail investors, by offering them more attractive returns, creating scale effects and deepening market liquidity. Such accounts already exist in some Member States, but uptake varies widely depending on their features. In the more successful examples, those savings and investments accounts are easy to use and designed with digital interfaces that give access to a wide range of appropriate products, offer preferential tax rates or simplified tax processes, and allow a change of provider for no or low cost. In some cases, the accounts and tax incentives are designed to support investment in European companies and in strategic priorities such as defence and space, research and innovation and the green transition. To further incentivise retail participation in capital markets and to mobilise investments in the European economy, access to savings and investments accounts should be extended across the EU.

[14] European Commission, 'A Simpler and Faster Europe: Communication on Implementation and Simplification,' COM(2025)47 , 12 February 2025

It is imperative that retail investors are treated fairly and offered adequate choice when accessing investment products. In this respect, the Commission proposed a Retail Investment Strategy in 2023 which primarily focused on ensuring that retail investors are adequately protected and obtain value for money when investing in capital-market instruments. The proposal is now being negotiated by the European Parliament and the Council. The Commission will remain vigilant that the final outcome is ambitious and protects investors while minimising any associated regulatory burden. In particular, the outcome should avoid further fragmentation of EU capital markets to the detriment of retail investors , put in place disclosures rules that offer information in a simple and easily understandable manner, and ultimately contribute tangibly to encouraging greater retail investor participation in the EU's capital markets.

Higher levels of financial literacy will be essential in developing a retail investment culture within the EU. Unfortunately, financial literacy in the EU is poor, with the Eurobarometer survey of July 2023 showing that only 18% of EU citizens possess a high level of financial literacy[15]. Levels also vary significantly between Member States and among different demographic groups within Member States, with women, young people, and older adults having lower average financial literacy levels. Some Member States have already taken action in this regard, but a more coordinated effort, at both EU and national levels, will be required to raise average financial literacy across the Union, building on lessons learned and initiatives already being implemented.[16]

Retail investors should be given opportunities to support strategic projects whose success is particularly relevant to EU priorities and to the future of our societies, by co-investing alongside public entities. The potential for retail investors to have increased access to such investments should be further explored.

Proposed Policy Measures:

- ***The Commission will adopt measures (legislative or non-legislative) by Q3 2025 to create a European blueprint for savings and investments accounts or products based on existing best practice. These measures will be accompanied by a recommendation addressed to the Member States on the tax treatment of savings and investments accounts. The Commission will closely monitor the uptake of these accounts and regularly report on progress.***

- ***The Commission will facilitate agreement between Parliament and Council on the Retail Investment Strategy. However, the Commission will not hesitate to withdraw the proposal if the negotiations fail to meet the intended objectives of the Strategy.***

- ***The Commission will adopt by Q3 2025 a financial literacy strategy to empower citizens, raise awareness and increase their participation in capital markets, thus creating a more "investment savvy" culture. The strategy will also seek to increase***

[15] European Commission, 'Flash Eurobarometer 525 - Monitoring the level of financial literacy in the EU,' July 2023.
[16] Such as the joint EU/OECD Financial Competence Frameworks for Children and Youth and for Adults.

exchanges of best practices among Member States and to provide further guidance on implementing the existing financial competence frameworks.

- ***The Commission, together with the European Investment Bank (EIB) Group, the European Stability Mechanism (ESM) and national promotional banks among others, will explore how to increase opportunities for retail investors to access suitable financial products that allow them to contribute to the funding of EU priorities.***

Developing the Supplementary Pension Sector

A more developed EU supplementary pensions sector is critical to provide financial security for citizens notably in the context of the demographic trends, and will help to develop capital markets and deploy investments to finance EU growth and innovation. Policy measures will be required at both EU and national levels to support further uptake of supplementary pension schemes, not preempting the further development and as part of strong multi-pillar systems, in dialogue with social partners, while creating the conditions for this sector to deliver better performance for long-term savers.

At national level, Member States would need to introduce the necessary arrangements to develop their own supplementary pension sectors. Some Member States already have relatively developed supplementary pensions, and it is not by coincidence that they also have more developed capital markets. This indicates that there is a high potential for Member States to learn from each other in this field.

Auto-enrolment, as a catalyst to unlock greater scale and depth of occupational pensions markets, can be an important element in developing supplementary pensions that deliver for citizens. As an easy and efficient way for people to participate, auto-enrolment can increase the participation rates of workers and enhance returns to pension-holders by delivering the benefits of greater scale and capacity to diversify. Building on existing Member States' positive experience with auto-enrolment[17], the practice should be promoted more widely across the Union. Meanwhile, further **developing pension tracking systems and pension dashboards** will increase awareness of citizens about their expected retirement income and so support better financial planning.

At EU level, the current legal frameworks for providing supplementary pensions via so-called institutions for occupational retirement provision (IORPs) and through the pan-European personal pension product (PEPP) have not been very effective, and efforts to boost occupational and personal pensions on a cross-border basis have so far been largely unsuccessful. Several challenges have stood in the way: pension providers are often too small, markets are too fragmented, regulations can be restrictive, fees and costs are high due to insufficient scale, and many workers and employers are not familiar with these providers or pension products. As a result, IORPs struggle to make full use of the investment opportunities across the EU and to generate attractive returns for their members. In addition, the market for personal pension products remains underdeveloped.

[17] See 'Best practices and performance of auto-enrolment mechanisms for pension savings, Final report at https://op.europa.eu/en/publication-detail/-/publication/6f40c27b-5193-11ec-91ac-01aa75ed71a1/language-en.

Proposed Policy Measures:

- ***The Commission will issue by Q4 2025, recommendations on the use of and best practices for auto-enrolment, pensions tracking systems and pension dashboards that will set out best practices and lessons learned from across the EU and recommend the development of such tools.***

- ***The Commission will by Q4 2025, review the existing EU frameworks for Institutions for Occupational Retirement Provision (IORPs) and the Pan-European Personal Pension Product (PEPP) with the aim of increasing participation in supplementary pensions to ensure adequate income in retirement and improving the capacity of pension funds to direct households' savings into productive and innovative investment.***

(B) Investments and Financing

As highlighted by the Competitiveness Compass, the EU needs a larger pool of capital to support investments in the European economy and lower financing costs for European businesses. Decisive action is needed to significantly increase the funding opportunities for all EU businesses, from the start-up phase right through to more mature companies, including those that need to embark in the green and digital transitions, or those active in the defence and space sectors and regardless of where they are based in the EU. Policy measures at both EU and national levels will be needed to promote investment in equity in general and venture capital/growth capital in particular. Such measures must include efforts to facilitate investment exits, address tax barriers and further boost securitisation markets. The mobilisation of private funds can also be supported by an efficient leveraging of public initiatives that support strategic investments. This must be complemented by efforts by industry and other stakeholders to build dynamic local ecosystems, including within regions, and engaging with business angels, networks, incubators, and partnerships with industry and academia.

Promoting Investment in Equity and Certain Alternative Asset Classes

Institutional investors such as insurers and pension funds play an essential role in the EU's financial system but tend to be less active in markets for equity and certain alternative assets, namely venture capital, private equity and infrastructure. Provided that they are carefully managed, investments in equity and alternative asset classes can be a valuable component of the portfolio of institutional investors, offering diversification, higher returns and inflation protection. At the same time they provide crucial funding for the economy. It is important to ensure that there are no undue regulatory barriers for such institutional investors to access these asset classes, by clarifying the prudential treatment of exposures to patient capital, including venture and growth capital. Increased equity financing through stronger involvement of institutional investors would be to the benefit of all EU businesses, in particular SMEs and small mid-caps, which form the backbone of the EU's economy and still face important barriers in accessing finance.

The EU's economic competitiveness and security critically depend on the ability of innovative startups and scaleups to access capital, not least for those active in areas key to European competitiveness such as Artificial Intelligence, quantum and other deeptech fields, biotech and cleantech or in the defence sector. Young companies with uncertain future revenues and a lack of collateral rely heavily on equity financing and usually turn to venture and growth capital funds. This funding source is however too scarce and fragmented in the EU, especially compared to the corresponding markets in other jurisdictions. While a comparable number of startups are created in the EU, the availability of financing for these companies is 7 times lower[18] when compared to the United States. Too many EU startups seek late-stage growth capital from venture capital funds outside of the EU or get acquired by foreign entities before they scale[19]. The EU is currently home only to 263 unicorns (13% of the global total). Despite some recent progress (5,6% growth in the number of unicorns during 2023), Europe lacks an environment to fully scale innovative and high-growth companies. This calls for decisive action to ensure innovative companies can be financed and can grow in the EU, complementing the objectives of the upcoming Startup and Scaleup Strategy. This will also substantially benefit the financing of the defence and space sectors in line with the actions highlighted in the White Paper on Defence.

For venture and growth capital funds to thrive, it is important that the rules applying to these funds at both EU and national level are flexible and proportionate. The EuVECA label was created with these objectives in mind, but take up of the label by venture and growth capital funds has been uneven across Member States, due to regulatory limitations that affect its attractiveness and its positive impact on local venture capital markets.

Member States can also play a crucial role in fostering a more dynamic investment environment for venture capital and growth capital financing. National reforms can help unlock private investment, in particular by reducing administrative burdens for businesses. To increase the attractiveness of venture capital investment in diversified portfolios in which not all underlying individual projects are bound to succeed, it will also be essential to streamline restructuring, insolvency and bankruptcy procedures to the benefit of entrepreneurs and investors. It is equally important to ensure that tax frameworks—especially the treatment of losses—do not discourage risk-taking.

Legislative action alone will not be sufficient to achieve the desired results in promoting investment in equities and alternative asset classes. A broader approach will be required, **making use of all available instruments in order to foster and develop the financing ecosystem**, to the benefit of investment in the EU's strategic objectives. The Commission will use all available measures to promote an efficient financing ecosystem, such as by taking enforcement and other actions to remove barriers, including those at national level.

Aligning Public Funding instruments with Savings and Investments Union Objectives

[18] IMF calculations, based on Pitchbook data (figure 17): total VC funds raised over 2013-2023 in the EU amounted to 130 bn USD, in comparison to 924 bn USD in the US.
https://www.imf.org/en/Publications/WP/Issues/2024/07/10/Stepping-Up-Venture-Capital-to-Finance-Innovation-in-Europe-551411
[19] The scale-up gap: Financial market constraints holding back innovative firms in the European Union | EIB.

The Commission will look for ways to better align EU public funding instruments with the Savings and Investments Union objectives. In addition, the next long-term EU budget is an opportunity for the EU to make better use of its budget to de-risk and leverage further national, private and institutional financing[20], in particular thanks to a new Competitiveness Fund, to the benefit of all Member States. The new Multi Annual Financial Framework and the Savings and Investments Union can be mutually supportive. The broader financial architecture of EU spending programmes includes loans, guarantees and financial instruments backed by the EU budget, and mobilises co-financing from Member States and beneficiaries. Through InvestEU and the European Innovation Council, the EU budget de-risks innovative projects and crowds in private sector investments. However, unlocking private investments is still proving challenging. The EU budget can further complement and mobilise private investments to finance fast-growing companies and address barriers that restrict the amount of European capital available to finance innovation

Successful EU and national programmes supporting the development of venture and growth capital should also be further developed[21]. Some of these programmes use public funds to leverage venture and growth capital by overcoming investors' inertia to invest into this asset class, helping to develop more expertise in the startup and scaleup ecosystem among investors and build trust and long-term relationships within the financing ecosystem, including at regional level. The Commission will therefore work with the EIB Group, national promotional banks and private investors to unlock more private investments, notably from institutional investors, into the venture and growth capital segment.

Investment Exits

The lack of suitable exit options for investors is often cited as a major reason for the underdevelopment of venture and growth capital funds in the EU. Listing on public markets is a potential exit option. To improve the attractiveness of public capital markets, the EU recently adopted measures to reduce the regulatory burden and costs for companies, especially for SMEs and small mid-caps, associated with the listing process (Listing Act). It will be important that these measures are fully implemented across the Union. In addition, further measures to support the IPO journey of companies could be explored so as to increase the attractiveness of an exit via public capital markets. However, listing on a public market may not be a suitable option in all cases. Therefore, more may need to be done to boost secondary markets for private capital, including by supporting exits by investors in private companies. Additional innovative approaches are needed to improve capital accessibility for smaller companies while offering private investors greater opportunities to engage with high-growth companies not yet ready for a public listing.

Taxation

The debt bias which characterises taxation systems in many Member States gives undue fiscal incentives to debt financing at the expense of equity financing. The Commission has sought to address this issue through its proposal for the Debt-Equity Bias Reduction Allowance

[20] COM(2025)46 – Communication on the road to the next multiannual financial framework.

[21] For example the European Innovation Council, the French Tibi initiative, the Greek Equifund supported by ERDF and the German WIN initiative.

(DEBRA). This initiative, however, has not been taken forward in the Council and likewise Member States have not undertaken comparable initiatives at national level and this maintains the debt bias in a context where the Savings and Investments Union seeks to incentivise more equity investment.

Differences in national taxation procedures can create administrative burden and barriers to cross-border investment. The Faster and Safer Tax Relief of Excess Withholding Taxes (FASTER) Directive makes withholding tax procedures in the EU more efficient and secure for investors, financial intermediaries and national tax administrations. Despite this progress, other barriers remain and prevent the achievement of necessary scale in capital markets and restrict opportunities for investment. For instance, examining how the EU can take a more harmonised approach to ownership of investments and fund structures could increase the level of tax certainty and can allow funds and investors to better manage and estimate their returns as they invest across borders.

Securitisation

Securitisation can boost investment by allowing banks to transfer risks to those that are able to bear them and thereby free up their capital for additional lending to households and businesses, including SMEs. The EU's Securitisation Framework, covering both simple, transparent and standardised (STS) and non-STS securitisations, has strengthened market transparency, safety, and standardisation. At the same time, further simplification of the Framework could help in fully exploiting the benefits that securitisation can offer. While regulatory measures will be instrumental in harnessing securitisation's potential as a liquidity, capital management and risk transfer tool, industry-led action is also crucial. Private sector or Member States' initiatives, including the creation of platforms, can enhance standardisation and strengthen the securitisation ecosystem. The EIB Group could also further contribute to the development of the EU securitisation market.

Proposed Policy Measures:

- ***The Commission will by Q4 2025 take measures to stimulate equity investments by institutional investors. To facilitate investment in equity by insurers, the Commission will specify in the Solvency II delegated act the eligibility criteria for the favourable prudential treatment of long-term investments in equity. For banks, the Commission will give guidance on the use of the favourable prudential treatment for investments under legislative programmes. The Commission will consider replicating such treatment also for insurers under the Solvency II delegated act. For pension funds, the Commission will clarify how such investments can be in line with the prudent person principle enshrined in current legislation. In parallel the Commission will address any further undue barriers to equity investment by institutional investors.***

- ***The Commission will by Q3 2026, review and upgrade the EuVECA Regulation to make this label more attractive, including by widening the scope of investable assets and strategies.***

- ***The Commission will work with the EIB Group and private investors to deploy the scaleup TechEU[22] investment programme. The Commission will explore ways to support the European Tech-Champions Initiative 2.0 (ETCI)[23] that will be launched by the European Investment Fund (EIF) by 2026, and other potential inititatives that aim at crowding in private investment into venture and growth capital, supporting higher-risk innovation and contributing to pan-European capital market integration, will have a particular role to play. The Commission also encourages the EIB Group to explore appropriate mechanisms to facilitate exit opportunities for European companies.***

- ***The Commission will take action to remove differences in national taxation procedures creating administrative burden and barriers to cross-border investment and also support Member States' actions for this purpose, e.g. through exchanges of best practices, enforcement of free movement of capital and other single market freedoms, and by issuing recommendations.***

- ***In implementing the Listing Act, the Commission will ensure that EU listing rules as established in delegated and implementing acts are simple and that burdens are minimised, to increase liquidity and the supply of capital to listed companies, thereby making EU public markets more attractive.***

- ***The Commission will by Q3 2026, put forward measures to support exits by investors in private companies, possibly through multilateral intermittent trading of private company shares.***

- ***On securitisation, the Commission will make proposals in Q2 2025 focusing on simplifying due diligence and transparency, and adjusting prudential requirements for banks and insurers***.

(C) Integration and Scale

Sources of fragmentation in EU capital markets, whether regulatory, supervisory or political, should be removed to allow for the possibility of market-driven consolidation. Intermediation in the EU's capital markets remains very fragmented along national borders, limiting efficiency and impeding market operators from harnessing the scale effect of a more integrated market. While integration of EU capital markets should be ultimately a market-driven process, it is clear that any such process can be precluded by the existence of national

[22] The TechEU investment programme supports disruptive innovation, strengthens Europe's industrial capacity and scale up companies, by contributing to narrowing the funding gap for the whole value chain of innovation and tech, it does so by offering debt, equity and quasi-equity financial products working directly with companies, but also through a network of financial intermediaries. Focus of TechEU includes support of the "exit" of initial and venture investors and the late growth phase of innovative companies.

[23] Building on the success of the European Tech-Champions Initiative (ETCI), part of the TechEU investment programme, the EIB Group will launch ETCI 2.0, a deeper and even more ambitious fund of funds structure pooling capital from both private and public investors. By leveraging on the participation of long-term institutional investors including pension funds and insurance companies, this initiative will help close the funding gap of European scale-ups.

barriers. In this context, the Commission has launched external studies to identify barriers affecting the consolidation of trading and post-trading infrastructures and the scaling up of investment funds in the EU, including economic, legal (at national and EU level), supervisory, technological, behavioural and operational ones. The Commission will also open a specific channel for all market participants to signal barriers that they experience. More generally, the Commission will use its powers to propose legislation and to launch infringement procedures to remove such barriers, while better supporting Member States in implementing EU legislation in line with the recent Communication on Implementation and Simplification. In addition, simplification efforts should be undertaken by the European Supervisory Authorities. The Commission will also work closely with the European Supervisory Authorities and Member States to identify and remove barriers. In particular, the detection and removal of gold-plating of commonly agreed EU legislation and reducing national options and discretions that contribute to fragmentation will be prioritised.

Simplification of the EU framework will underpin efforts in this area, including by reducing transposition burdens and narrowing gold-plating opportunities, notably through recourse to Regulations instead of Directives. Measures such as the Commission proposal for a 28th legal regime and the European Innovation Act – as indicated in the Competitiveness Compass, - can play an important role in removing fragmentation in EU financial markets by providing a single set of rules, including relevant aspects of corporate law, insolvency, labour and tax law. Moreover, a possible review of the Shareholders Rights Directive could contribute to making it easier and cheaper for investors, intermediaries and issuers to operate across Member States.

Consolidating Trading and post-Trading Infrastructures

Despite progress in recent years, remaining barriers prevent the EU trading and post-trading infrastructures from exploiting the benefits of a truly frictionless single market. This may also limit the benefits that can be achieved within groups that include multiple trading and post-trading infrastructures. In this context, it is important to enhance the interoperability, interconnection and efficiency of EU trading and post-trading infrastructures. This will include how to best leverage and deploy the latest generation of technologies and innovations in financial market infrastructure, such as distributed ledger technology, tokenisation of financial assets and Artificial Intelligence (AI). It will also include examination of whether the current regulatory setting is fit for the market structure, as it has evolved over the last years notably in the trading area. It is also important that the current regulatory and supervisory framework adequately caters for synergies within groups of multiple trading and post-trading infrastructures.

Further Developing the Asset Management Sector

The EU benefits from a prudentially sound and strong investment fund sector but, despite impressive progress in the last decade, much remains to be done. At the core of the issue is fragmentation and unnecessary regulatory burdens. Currently, asset managers operating as a group structure across multiple Member States are subject to unnecessary barriers and costs stemming from the obligation to allocate similar resources to each of their entities. They are also subject to multiple rules, which results in an unnecessary duplication of burdens and a drag on their competitiveness and agility. While the current regulatory framework enables EU-authorised funds to benefit from the passport and be freely distributed across the EU, subject to a simple notification procedure, such funds do not always enjoy the full benefits in practice. National barriers, divergent practices and gold-plating, increase costs for the EU funds market and hinder their time to market compared to other jurisdictions. In turn, EU citizens see reduced investment opportunities and increased fees.

Proposed Policy Measures:

- ***The Commission will set up in Q2 2025 a dedicated channel for all market participants to report on encountered barriers within the single market and will step up enforcement action to accelerate their removal.***

- ***To address barriers to more integrated trading and post-trading infrastructures, the Commission will come forward in Q4 2025 with an ambitious package of legislative proposals including rules on central securities depositories, financial collateral and settlement and on the trading market structure, with the aim of further removing barriers to cross-border activity, modernising the legislative framework to recognise new technologies and financial developments, as well as ensuring better quality of execution and price formation on EU trading venues, whilst reducing administrative burden and considering replacing Directives with Regulations.***

- ***The Commission will in Q4 2025 propose legislation to remove remaining barriers – national or at EU level – to the distribution of EU-authorised funds across the EU. The Commission will also come forward with measures to reduce operational barriers affecting cross border groups with a view to simplifying operations of asset managers, both large and more specialised, and ensuring a more efficient access and servicing of clients.***

- ***The Commission will assess the need for, and consider a potential review of the Shareholders Rights Directive by Q4 2026 to make it easier for investors, intermediaries and issuers to operate across Member States.***

(D) Efficient Supervision in the Single Market

Harmonised supervision is an objective of the Savings and Investments Union. It entails that all financial market operators receive the same supervisory treatment irrespective of their location across the Union. In this way, harmonised supervision can contribute to integrating markets by eliminating barriers to cross-border activity, creating a level playing field for market participants and fostering investors' confidence.

Harmonised supervision through a single supervisor already applies to a large part of the EU banking sector, but in other sectors, and notably in capital markets, participants are mainly supervised by national competent authorities. Harmonised supervision does not necessarily require a single supervisor in all cases and can in principle be achieved through convergence of national supervisory practices. Yet notwithstanding substantial progress through the coordination under the European System of Financial Supervision, important differences persist. Despite having a single rulebook, national authorities often apply the rules differently.

Such divergence can sometimes reflect protectionist behaviour and discourages cross-border activities by increasing compliance costs for companies and thereby limiting choice for people and businesses. Too often national supervisory practices result in additional requirements leading to fragmentation and unnecessary administrative burdens and represent barriers to business activities in the single market. On the other hand, such divergences can also create the conditions for supervisory arbitrage, which can undermine confidence among market participants and erode trust between national supervisors.

Reducing divergence in supervisory practices in EU capital markets will require a new balance between supervisory responsibility at EU and national levels. European Supervisory Authorities (ESAs) need to make better use of their existing supervisory convergence tools to achieve more integrated and harmonised supervision. In particular, they will need to step up their work on identifying and tackling divergent national practices where these hinder the development of truly integrated markets and their consistent supervision. The ESAs have a particular responsibility to ensure that their convergence tools contribute to dismantling barriers and take account of the Commission's simplification agenda and burden reduction targets in their work.For areas where national competent authorities face capacity constraints, it should be possible for national competent authorities to have access to a pool of expertise and therefore have recourse more systematically and widely to the support of the ESAs, for instance by obtaining technical advice or by delegating specific tasks or responsibilities, or by benefitting regularly from ESAs' role as a data and technology hub and a provider of SupTech tools[24].

There are limits to the use of convergence tools and there are circumstances where transfer of direct supervision at EU level is already appropriate. In cases where market participants have a significant cross-border presence, a supervisory perspective that extends beyond the national level can bring useful synergies. Such considerations are particularly relevant for market operators with significant cross-border activities, such as certain large trading and post-trading infrastructures, as well as large cross-border asset management groups. In cases of new or emerging sectors (e.g. crypto asset services providers), it may be more efficient to develop supervisory capacity at EU level. For all new tasks, the ESAs should receive appropriate funding and there should be clarity about their liability and accountability. Following the transfer of responsibilities, it should be considered to pool supervisory resources from national competent authorities to the relevant ESAs, to avoid duplicating capacity and corresponding costs.

<u>Proposed Policy Measures:</u>

- ***The Commission calls on the European Supervisory Authorities and National Competent Authorities to make full use of currently available tools and implement the simplification agenda as outlined in the Simplification Communication.***

- ***The Commission will propose in Q4 2025 measures to strengthen supervisory convergence tools, and make them more effective.***

[24] https://www.bankingsupervision.europa.eu/press/supervisory-newsletters/newsletter/2023/html/ssm.nl231115_2.en.html

- ***The Commission will also make proposals in Q4 2025 to achieve more unified supervision of capital markets as indicated in the Competitiveness Compass, including by transferring certain tasks to the EU level.***

3. Competitiveness and Integration of the Banking Sector

An integrated EU banking sector, based on a single rulebook, and a Banking Union, are crucial for the success of the Savings and Investments Union.

Banks have an important role to play in the economy as financial intermediaries between savers and companies, including in strategic sectors, and are by far the main providers of finance to EU companies and SMEs. In today's rapidly evolving geopolitical landscape, preserving banks' ability to ensure sufficient credit provision to the EU economy, and in particular to SMEs adjusting to fragmented international markets, is of strategic importance for the EU. Banks are also enablers of capital markets, as they make capital markets deeper and more liquid by acting as issuers of securities, intermediaries for insurance, intermediaries for institutional, corporate and retail investors, and, in some cases, they are investors and liquidity providers themselves. A single rulebook for EU banks has been largely put in place by the banking regulatory framework[25]. Substantial progress has also been made in establishing the Banking Union, increasing resilience in the sector, supporting integration and boosting international competitiveness. However, the Banking Union remains incomplete, notably in the absence of adequate arrangements for managing the failure of mid-sized banks and a European deposit insurance framework. While this is the case, the EU safety nets remain fragmented.

The single rulebook for EU banks reflects internationally agreed standards, which are essential for global financial stability and to avoid a global regulatory race to the bottom. The most recent changes to the EU banking rules integrate the last elements of the Basel III standards and apply in the EU as of 1 January 2025. The EU implementation of these standards reflects a balanced compromise that keeps all of EU banks resilient, while responding to the specificities of the EU's framework. **At the same time, the Commission must be vigilant to avoid penalising EU banks that are internationally active on global financial markets, as well as preserving their competitiveness in European markets vis-à-vis third country banks.** The Commission has reacted promptly to developments in other jurisdictions and will continue to defend the international level playing field, including in relation to the rules on the net stable funding ratio and the fundamental review of the trading book, where action by the Commission is imminent. Moreover, to achieve a true single market in banking, mobilise capital across the EU and foster the international competitiveness of the EU banking sector, it is important to identify and reduce barriers to market integration and undue administrative burdens.

<u>Proposed Policy Measures:</u>

- ***The Commission invites the co-legislators to address shortcomings in arrangements to manage the failure of mid-sized banks by agreeing on an ambitious outcome in the crisis management and deposit insurance framework negotiations. The Commission stands ready to provide its full support in this process. In addition, the Commission***

[25] Capital Requirements Regulation and Capital Requirements Directive.

will follow with decisive steps to further develop the Banking Union, including by identifying a way forward on the European Deposit Insurance Scheme, considering discussions held so far based on the Commission proposal.

- ***The Commission will publish in 2026 a report assessing the overall situation of the banking system in the Single Market, including the evaluation of the banking sector's competitiveness.***
- ***The Commission continues assessing developments in banking markets to ensure a swift reaction whenever financial stability, the internal market, or international competitiveness of the EU banking sector is threatened.***

4. Outreach and Engagement

The fast-changing geopolitical and geoeconomic context makes the Savings and Investments Union a vital project which requires urgent progress, commitment and political ownership at multiple levels. This Communication sets out the Commission's view on how to make a significant step in developing the Savings and Investments Union. The proposed measures are challenging, but necessary to reach a tipping point for EU financial markets to effectively channel savings into investments, thereby creating more opportunities for citizens and companies and increasing the EU's competitiveness. Continuous monitoring will ensure that the measures deliver on their goals and will allow for increasing intensity and additional measures whenever necessary.

Delivering on this ambition for EU citizens is the joint responsibility of the Commission, the European Parliament and Member States. This requires regular engagement with the European Parliament and Member States, also through the European Council and the Eurogroup, to maintain political momentum, take action, and monitor implementation. It also requires engaging with the financial industry, to ensure uptake of proposed actions and encourage market-driven initiatives supportive of the objectives of the Savings and Investments Union. It is equally important to maintain a constant dialogue with the civil society organisations that promote equality and financial inclusion, as well as with youth organisations to ensure that the Savings and Investments Union is designed to benefit all EU citizens. The Commission will also work to build support and raise awareness on the objectives of the Savings and Investments Union among local actors such as businesses, retail investor groups, consumer rights organisations, and think tanks, including through visits to all Member States.

The Commission will regularly assess progress on delivering the measures of this strategy, including through a range of indicators, and actively seek to identify obstacles and foster collaboration with co-legislators and all stakeholders to overcome them.

- ***The Commission will publish a Savings and Investments Union mid-term review by Q2 2027. This will give a state of play on overall progress and reflect input received from this outreach and engagement.***

Appendix:

Action	**Means**	**Date**
Securitisation Review	Legislative	Q2 2025
Channel for market participants to report on barriers within the single market	Non-legislative	Q2 2025
EU Savings and Investments Accounts	Legislative or non-legislative	Q3 2025
Retail Investment Strategy	Legislative	Ongoing
Financial literacy strategy	Communication	Q3 2025
Increased opportunities for retail investors to contribute to funding of EU priorities	Non-legislative	Ongoing
Recommendations on auto-enrolment, pension tracking systems and pension dashboards	Non-legislative	Q4 2025
IORPs and PEPP Review	Legislative	Q4 2025
Eligibility and clarification of equity investment by institutional investors	Legislative and non-legislative	Q4 2025
Market Infrastructure Package	Legislative	Q4 2025
Improving cross-border provision of funds and reducing operational barriers facing asset managers	Legislative and non-legislative	Q4 2025
More integrated and efficient supervision	Legislative	Q4 2025
EuVECA Regulation Review	Legislative	Q3 2026
Listing Act Implementation	Legislative	Ongoing
Investment exits	Legislative or non-legislative	Q3 2026
Review of the Shareholders Rights Directive	Legislative	Q4 2026
TechEU initiative And ETCI 2.0	Non legislative	2026
Remove taxation barriers to cross-border investments	Non legislative (Recommendations, enforcement)	ongoing
EDIS	Legislative	ongoing
CMDI	Legislative	ongoing

Report on banking system in the Single Market, including the evaluation of competitiveness	Report	2026
SIU Mid-Term Review	Communication	Q2 2027