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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, 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 Amid a
Rapidly Changing International Environment**

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1. Why a Savings and Investments Union?

The European Union has many strengths and the means to secure its own economic future, but important choices lie ahead amid the opportunities and challenges of climate change, technological developments and a changed geopolitical context. The EU benefits from a talented workforce, many innovative and successful companies, a large pool of savings and a predictable legal environment based on common principles and the rule of law. Our resilient and well-regulated financial system has a significant untapped potential to channel savings to productive investment, making the development of a Savings and Investments Union more crucial than ever.

The Savings and Investment Union 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. It is a key enabler of our efforts to boost economic competitiveness, as highlighted in the Competitiveness Compass. The Commission's Competitiveness Compass outlines the new offer for the EU as an investment destination: stronger European demand, additional public investment, access to cleaner and cheaper energy, raw materials and a simpler business environment in a Single Market with fewer barriers.

The EU was set up to deliver **well-being for its citizens**. They stand to benefit from well-developed, integrated and efficient **financial markets** that can offer them wealth creation opportunities. Financial markets also contribute to a thriving corporate sector that creates better jobs with higher salaries for today's workers and future generations.

The rapidly evolving geopolitical landscape has profound implications for the future of the European Union and reviving the economy must be a key focus of our response. Major policy challenges lie ahead, notably in the fields of security and defence, sustainable prosperity and competitiveness, democracy and social fairness as the EU must prepare urgently to play a very different role on the global stage. Meeting these policy challenges effectively will require a much more ambitious approach to policy coordination among the Member States, reflecting the imperative of collective action if the EU is to remain a relevant geopolitical actor. This applies in particular to the EU economy, where past failures to act collectively have left significant untapped potential for growth, employment and wealth creation. Persistent fragmentation across the EU prevents reaping the full benefits of our single market. For financial services only the IMF estimates that internal barriers to the EU single market are equivalent to a tariff of over 100 per cent.¹ To secure the EU's prosperity, economic and geopolitical strength in the current context, urgent action is required to address these barriers. Clearly, the EU economy can be much more than the sum of its national parts and, as argued in the Draghi Report, a vibrant and resilient economy is a pre-condition for the EU to manage its own destiny. Our international partners are already adapting to the new geo-economic realities and the EU must also respond decisively.

But although the EU economy has many strengths, it has been structurally under-performing for many years partly due to problems with financial intermediation. The EU economy is trapped in a slow-growth cycle, driven by persistently low productivity compared

¹ IMF, Regional Economic Outlook, Europe's Declining Productivity Growth: Diagnoses and Remedies pg, 19

to other parts of the world. Among other things, the coincidence of relatively low productivity 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 in grasping the opportunities and managing the challenges of a 21st century economy e.g. relating to the green and digital transitions.

The Savings and Investments Union (SIU) will be crucial to improve how the EU financial system channels savings to productive investment, providing a wider range of efficient financing opportunities for citizens and businesses. About 70% (EUR 10 trillion²) of EU retail savings are currently held as bank deposits, with only 30% held in the form of capital market instruments. The opposite is the case in the United States. Bank deposits are safe and easily accessible, but they generate a relatively low return when compared to investments in capital-market instruments. At the same time, the EU has major investment needs, which the Draghi report estimates at an additional EUR 750-800 billion per year by 2030³. Much of this additional investment relates to smaller innovative companies e.g. driving the digital and clean transitions, which are not readily financed by banks. For this reason, a substantial development of EU capital markets must be an essential element of the SIU if a growing mismatch between savings and investment needs is to be addressed.

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 SIU as a key enabler of our efforts to boost EU economic competitiveness in the Competitiveness Compass. There have been significant contributions in support of taking decisive action to address financial intermediation shortcomings from the European Parliament, the European Council and the Eurogroup, the European Central Bank, all referencing the reports of Enrico Letta and Mario Draghi. However, if the SIU is to be a success, all stakeholders will face difficult choices. These choices will require courageous decisions, acknowledging that our common strength requires collective action and demonstrating a willingness to overcome vested interests and move away from long-established practices.

The private sector and civil society have also put forward many ideas on how to make the Savings and Investments Union a success. Success rests as well on their willingness to change. Commission services have travelled to all the Member States to discuss ways forward and learn about best practices. Input was received from industry and civil society stakeholders, as well as from various national authorities, typically advocating a ‘growth focused’ approach. Common messages included the need to 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 SIU 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 and civil society, as well as national authorities recognise the need for such changes and embrace the opportunities provided by a more developed and integrated EU financial system.

As confirmed by the feedback from all stakeholders, which the Commission has taken into account, building the Savings and Investments Union will require a combination of top-down (i.e. EU level) and bottom-up (i.e. national level) measures. Building on 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. The measures proposed will be further developed and proposed in the period ahead 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 SIU should draw on progress already made under the two Capital Markets Union Action Plans⁴ and the parallel efforts to develop the Banking Union. It should be developed further using the most effective measures, both legislative and non-legislative.

Building the Savings and Investments Union is a shared responsibility of Member States and EU institutions. It should be noted that the financial system 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 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 a number of key areas where all Member States can and should move in lockstep to address EU-wide shortcomings. Other measures will also require a collective approach but will rely more on **Member States acting individually** and coordinate 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. The Commission can assist Member States in implementing national measures and offer support for coordinating their actions. Furthermore, the Commission may accompany **concerted initiatives** by groups of Member States in going further and faster to achieve the Savings and Investments Union objectives. Such concerted Member States initiatives undertaken voluntarily by a subset of Member States must be inclusive and in alignment with EU priorities and frameworks.

The Savings and Investments Union should also be better integrated into the European Semester process, where progress by Member States, individually and coordinated, will be regularly assessed. Actions that are instrumental to deliver the Savings and Investments Union may be further reflected in Country Specific Recommendations, thus incentivising Member States to deliver.

⁴ 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

The SIU will pursue more efficiency and will be guided by considerations of simplification, burden reduction and digitalisation.

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

(A) Citizens and Savings

EU citizens can greatly benefit from investing in capital markets, as they can get higher return from their savings and contribute to job creation and growth. Retail savers already play a central role in financing the EU economy via bank deposits, but they must be encouraged to hold more of their savings in capital-market instruments. Only in this way can the financial system 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. Financial stability and greater trust in financial products are an important precondition for citizens to participate in the 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 among potential retail investors and offer investment opportunities that meet their needs through different phases of their lives, notably retirement. At national level, policy measures will be required to attract retail savers into capital markets via appropriate savings arrangements and incentives. At EU level, measures will be required to support competition and ultimately offer retail savers a wider choice of products that fit their preferences in terms of pensions, investments and insurance.

Encouraging retail participation in capital markets

Experience in some Member States has already shown the potential for savings and investment 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 savers, by 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 Member States, accounts are easy to use and designed with digital interfaces that give access to a wide range of appropriate products, offer preferential tax rates and simplified tax processes, and allow a change of provider for no or low cost. Based on such best practice, access to savings accounts should be extended across the EU.

It is imperative that retail investors are treated fairly and offer 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 savers 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 and it is indispensable to deliver an ambitious outcome that protects savers while minimising any associated regulatory burden. In particular, the outcome should avoid additional barriers to distribution, facilitate access to

investment products and put in place disclosures rules that offer information in an easily understandable manner.

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 literacy⁵. 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 literacy levels. Some Member States have already taken action in this regard, but a more concerted effort involving both EU and national levels will be required to raise average financial literacy across the Union.

Retail investors should be encouraged to co-invest alongside public entities in projects, whose success is particularly relevant to EU priorities, such as driving innovation, green and digital transitions, and defence. The possibilities for retail investors to make such investments via participation in established instruments, such as bonds issued by NextGeneration EU, the European Stability Mechanism (ESM), the European Investment Bank (EIB) and national promotional banks should be explored.

Proposed policy measures:

- *The Commission will adopt measures (either legislative or non-legislative) by Q3 2025 to assist Member States in promoting the uptake of savings and investment accounts based on existing best practice. These measures will be accompanied by a recommendation 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 “savvy investment” culture. The strategy will also seek to increase exchanges of best practices among Member States and to provide further guidance on implementing the existing financial competence frameworks.*
- *The Commission, together with the EIB, the ESM and national promotional banks will explore how to increase opportunities for retail investors to contribute to the funding of EU priorities by investing in financial instruments issued by those bodies, including possibly linked to specific projects.*

Developing the supplementary pension sector

⁵ source

A more developed EU supplementary pensions sector will be critical in providing financial security for citizens, while developing capital markets and deploying investments to finance EU growth and innovation. Policy measures will again be required at both EU and national levels to support further uptake of supplementary pension schemes, 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 a relatively developed supplementary pension sector 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.

Promoting auto-enrolment in pensions can be a catalyst to greater scale and depth of occupational pensions markets to aid citizens' wellbeing and wider social goals. As an easy and efficient way for people to participate, auto-enrolment can increase the participation rates of citizens. It should be possible to build on existing successes with auto-enrolment in some Member States to extend the practice 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 incentivise better financial planning.

At EU level, the current legal frameworks for supplementary pensions have not been very effective across most Member States, and efforts to boost occupational and personal pensions have so far been largely unsuccessful. Several challenges have stood in the way: pension providers are often too small, the market is too fragmented, regulations can be restrictive, and many people are not familiar with these schemes. As a result, pension funds 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.

Policy measures:

- *The Commission will issue by Q3 2025 recommendations on 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 Q2 2026 review the existing EU framework on Institutional Occupational Pension (IORPs) and on the Pan-European Personal Pension Product (PEPP) with the aim of improving the offer of pension products.*

(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, which cannot be met by public funding alone. 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, 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, provide a more balanced tax treatment of investment and further restore securitisation markets. The mobilisation of private funds can also be supported by an efficient use of public initiatives and complemented by efforts by industry and other stakeholders to build dynamic local ecosystems including business angels, networks, incubators, partnerships with industry and academia.

Promoting equity investment in general

Institutional investors such as insurers and pensions funds play an essential role in the EU financial system but tend to be less active in equity markets. Provided that they are carefully managed, investment in equity and alternative asset classes can be a valuable component of the portfolio of institutional investors, offering diversification, higher returns and inflation protection. It is important to ensure that there are no undue regulatory barriers for such investors to access this asset class, by clarifying the prudential treatment of exposures to patient capital, including venture and growth capital, for institutional investors. Legislative action alone will not be sufficient to achieve the desired results in promoting investment in equities. 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 instruments to promote an efficient financing ecosystem, including by taking action to remove barriers. Greater emphasis should be put on the efficient use of EU public funds to “derisk” investments and so leverage private sector participation. The actions proposed under the Savings and Investments Union and the new Competitiveness Fund can be mutually reinforcing in unlocking additional funding for EU priorities in all the Member States by leveraging the impact of public money and crowding in private and institutional investors.

Promoting venture capital and growth capital

The EU's economic competitiveness critically depends on the ability of innovative startups and scaleups to access capital, notably those active in areas such as AI, deeptech, biotech and cleantech. 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 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 lower⁶ when compared to the United States. A more developed startup ecosystem, including better fundraising opportunities abroad, leads many innovative companies to relocate outside the EU. This calls for decisive action to ensure innovative companies can be financed and grow in the EU, complementing the objectives of the upcoming Startup and Scaleup Strategy.

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.

⁶ 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>

Member States can also play a crucial role in fostering a more dynamic investment environment for equity financing. National reforms can help unlock private investment in particular by reducing administrative burdens for businesses. Furthermore, it will be essential to streamline insolvency and bankruptcy procedures to facilitate second chances for entrepreneurs, and ensure that tax frameworks—especially the treatment of losses—do not discourage risk-taking.

Successful EU and national programmes supporting the development of venture and growth capital should be further developed. 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. 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 associated with the listing process (Listing Act) and it will be important that these measures are fully implemented across the Union. 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. Thus 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 sets undue fiscal incentives for 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 Act (DEBRA). This initiative, however, has not been taken forward in the Council and likewise Member States have not undertaken comparable initiatives at national level. The Commission calls on the Council to urgently make progress on the proposal for a Debt-Equity Bias Reduction Act.

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. But **differences in national taxation systems can create administrative burden and barriers to cross-border investment.** Such barriers prevent the achievement of necessary scale in capital markets and restrict opportunities for investment. Action is needed at national level to remove such barriers.

Securitisation

Securitisation can boost investment by allowing banks to increase lending to households, SMEs, and larger corporates by transferring risks to those that are able to bear them and thereby freeing up their capital. The EU's Securitisation Framework 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 bolster the development of the EU securitisation market.

Proposed policy measures:

- *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 access to equity by institutional investors.*
- *The Commission will look for ways to better align EU public funding instruments with long-term Savings and Investments Union objectives. For example, the new Competitiveness Fund, which will be proposed under the new Multiannual Financial Framework, and the Savings and Investments Union actions will be mutually supportive.*
- *The Commission will by Q2 2026 review and upgrade the EuVECA Regulation - which created a dedicated EU investment vehicle suitable for venture capital investments - to make this label more attractive, including by widening the scope of investable assets and strategies.*
- *The Commission will support the TechEU⁷ investment programme and the European Tech-Champions Initiative 2.0 (ETCI)⁸ that will be launched by the EIB by [TBC]*

⁷ The TechEU investment programme will support disruptive innovation, strengthen Europe's industrial capacity and scale up companies, by closing the funding gap for the whole value chain of innovation and tech including by supporting the "exit" of initial and venture investors and the late growth phase of innovative companies, helping companies

⁸ Building on the success of the European Tech-Champions Initiative (ETCI), the EIB Group will launch ETCI 2.0, a deeper and even more ambitious fund of fund 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.

with the aim of crowding in private investment into venture and growth capital, supporting higher-risk innovation and contributing to pan-European capital market integration

- *The Commission will take action to remove taxation 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 guidance on what types of tax incentives are aligned with the EU ETF acquis and state aid rules.*
- *In supplementing and 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 Q1 2026 put forward measures to support exits by investors in private companies, including to explore a possible dedicated framework to enable multilateral intermittent trading of private company shares.*
- *On securitisation, the Commission will make proposals in Q2 2025 focusing on reviewing due diligence, transparency and 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 the possibility of a market driven consolidation. The EU's capital markets remain very fragmented along national borders, limiting efficiency and impeding market operators in harnessing the scale effect of a more integrated market. While any consolidation in EU capital markets should be a market-driven process, it is clear that any such process can be precluded by the existence of national 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. 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 its recent Communication on Implementation and Simplification⁹. 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 such efforts, including by reducing transposition efforts and narrowing gold-plating opportunities through recourse to Regulations instead of Directives. The Commission proposal for a 28th legal regime - as indicated in the Competitiveness Compass – can play an important role in removing fragmentation in EU

⁹ COM(2025)47 – Communication on Simpler and faster Europe: Communication on implementation and simplification.

financial markets by simplifying applicable rules and reducing the cost of failure, including any relevant aspects of corporate law, insolvency, labour and tax law. Finally, the Commission will also present an agenda to address barriers in the wider economy in its upcoming Single Market Strategy.

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 technologies and innovations in financial markets 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 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, there remains much 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 is an unnecessary duplication of burdens and a drag on their competitiveness and agility. While the current regulatory framework enables EU-authorized funds to benefit from the passport and be freely distributed across the EU, subject to a simple notification procedure, EU-domiciled funds do not always enjoy the full benefits. 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 by Q3 2026 with an ambitious package of legislative proposals including rules on central securities depositories, financial collateral and settlement and on the trading market structure.*
- *The Commission will by Q3 2026 come forward with measures to reduce operational barriers affecting 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 also propose legislation to remove remaining barriers – national or at EU level – to the distribution of EU-authorized funds across the EU

(D) Efficient and Harmonised Supervision

Single supervision should be an objective of the Savings and Investments Union so as to ensure that all financial market operators receive the same supervisory treatment irrespective of their location across the Union. In this way, single supervision can contribute to integrating markets by eliminating barriers to cross-border activity, creating a level playing field for market participants and by fostering investors' confidence. Single 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. Single supervision may also be achieved through convergence of national supervisory practices. Yet notwithstanding substantial progress through the coordination under the European System of Financial Supervisors, important differences persist. Despite having a single rulebook, national authorities in these sectors often apply the rules differently, sometimes reflecting protectionist behaviour. Such divergences in supervisory practice discourage 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. There is also a risk of supervisory arbitrage, which can undermine confidence among market participants and erode trust between national supervisors.

Delivering single supervision in capital markets will require a new balance between supervisory responsibility at EU and national levels. It will be essential to improve efficiency of supervisory activities and simplify supervisory processes.. ..

European Supervisory Authorities 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 no additional barriers or divergence is stemming from the use of their convergence tools..

For areas where national 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. In other cases, where national supervisory arrangements are not yet in place (e.g. crypto asset services providers), it may be more efficient from the outset to develop supervisory capacity at EU level.

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 manager groups.

For all new tasks, the ESAs should receive appropriate funding and there should be clarity about their liability/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.

Proposed policy measures:

- *The Commission calls on the European Supervisory Authorities and National Competent Authorities to make full use of currently available tools and will propose by Q3 2026 to strengthen supervisory convergence tools and make them more effective.*
- *The Commission will follow up with proposals in Q3 2026 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. A single rulebook for EU banks has been largely put in place by the CRR/CRD framework. 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 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 our banks resilient, while responding to the specificities of our 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, as it has demonstrated in relation to the rules on the net stable funding ratio and the fundamental review of the trading book. 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.

Proposed policy measures:

- *The Commission invites the co-legislators to agree on an ambitious outcome in the crisis management and deposit insurance framework negotiations and stands ready to provide its full support in this process. In addition, the Commission will follow*

with decisive steps to establish a European Deposit Insurance Scheme, considering discussions held so far based on the Commission proposal.

- *The Commission will publish by end Q4 2026 a report assessing the overall situation of the banking system in the Single Market, including the evaluation of the banking sector's competitiveness.*
- *In the meantime, the Commission will continue assessing developments in banking markets to ensure 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 EU's people and companies and increasing the EU's competitiveness. Continuous monitoring will ensure that the measures deliver on their goals, and will allow increasing intensity and additional instruments 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. The Commission will regularly assess progress and actively seek to identify obstacles and foster collaboration with co-legislators to overcome them. The Commission will also work to build support and raise awareness among local actors such as businesses, retail investor groups, consumer advice organisations, and think tanks, including through visits to all Member States.

- *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.*

Annex:

	Action	Means	Date
1	Securitisation Review	Legislation	Q2 2025
2	EU Savings and Investments Accounts	Legislative or non-legislative	Q3 2025
3	Financial literacy strategy	Communication	Q3 2025
4	IORPs and PEPP Review	Legislation	Q2 2026
5	Eligibility and clarification of equity investment by institutional investors	Legislation (level 2 and 3)	(aligned to L2 SII)
6	EuVECA Regulation Review	Legislation	Q2 2026
7	Progress on DEBRA negotiations	Legislation	Ongoing
8	Infrastructure Package	Legislation	Q3 2026
9	Improving cross-border provision of funds and reducing operational barriers facing asset managers	Legislation	Q3 2026
10	More integrated and harmonised supervision	Legislation	Q3 2026
11	Synergies between EU public funding instruments and SIU objectives	Legislation (MMF)	Q3 2025
12	28 th regime	Legislation	[... /2025]
13	TechEU initiative And ETCI 2.0	Non legislative	[TBC]
14	Remove taxation barriers to the cross-border investments	Non legislative (Recommendations, enforcement)	<i>TBC</i>

15	EDIS	Legislation	ongoing
16	CMDI	Legislation	ongoing
17	Report on banking system in the Single Market, including the evaluation of competitiveness	Report	Q4 2026
18	Investment exits	Non-legislative	Q1 2026
19	SIU Mid-Term Review	Communication	Q2 2027

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