



European
Commission

A CAPITAL MARKETS UNION FOR EUROPE



A photograph of Jean-Claude Juncker, an older man with glasses, wearing a dark pinstriped suit and a patterned tie. He is looking upwards and to the right, with his hands raised in a gesture of emphasis. The background is blurred, showing other people in a meeting or conference setting. The entire image has a teal color overlay.

*“To improve the financing of our economy, we should further **develop and integrate capital markets**. This would cut the cost of raising capital, notably for SMEs, and help reduce our very high dependence on bank funding. This would also increase the attractiveness of **Europe as a place to invest**.”*

Jean-Claude Juncker, Political Guidelines, 15 July 2014



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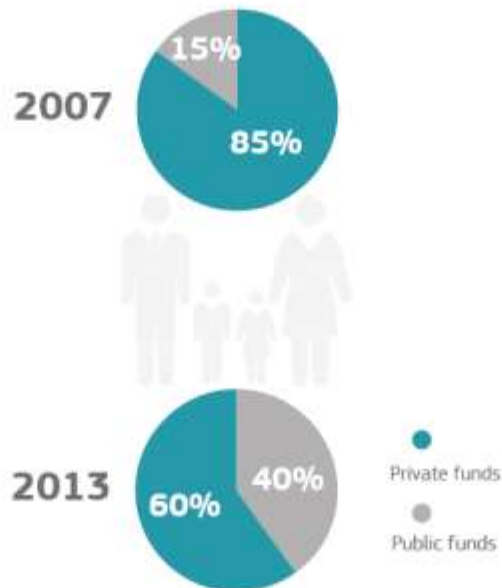
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DIMINISHING CAPITAL MARKETS IN THE EU

A strong decrease of stock market capitalisation between 2007 and 2013



Private funds share in venture capital is shrinking



Funding from capital markets to medium-sized companies



ONLY **10%** OF EUROPEANS HOUSEHOLDS' INCOME IS INVESTED IN BONDS AND QUOTED SHARES

A photograph of Jonathan Hill, a man with glasses and a suit, speaking into a microphone. The image is overlaid with a semi-transparent teal color. The text is white and follows the contours of the image.

*“The goal is clear: to help unlock the capital around Europe that is currently frozen and put it to work in **support of Europe’s businesses**, particularly SMEs. We need to broaden away from our dependence on bank funding by encouraging the growth of **new, alternative sources of finance.**”*

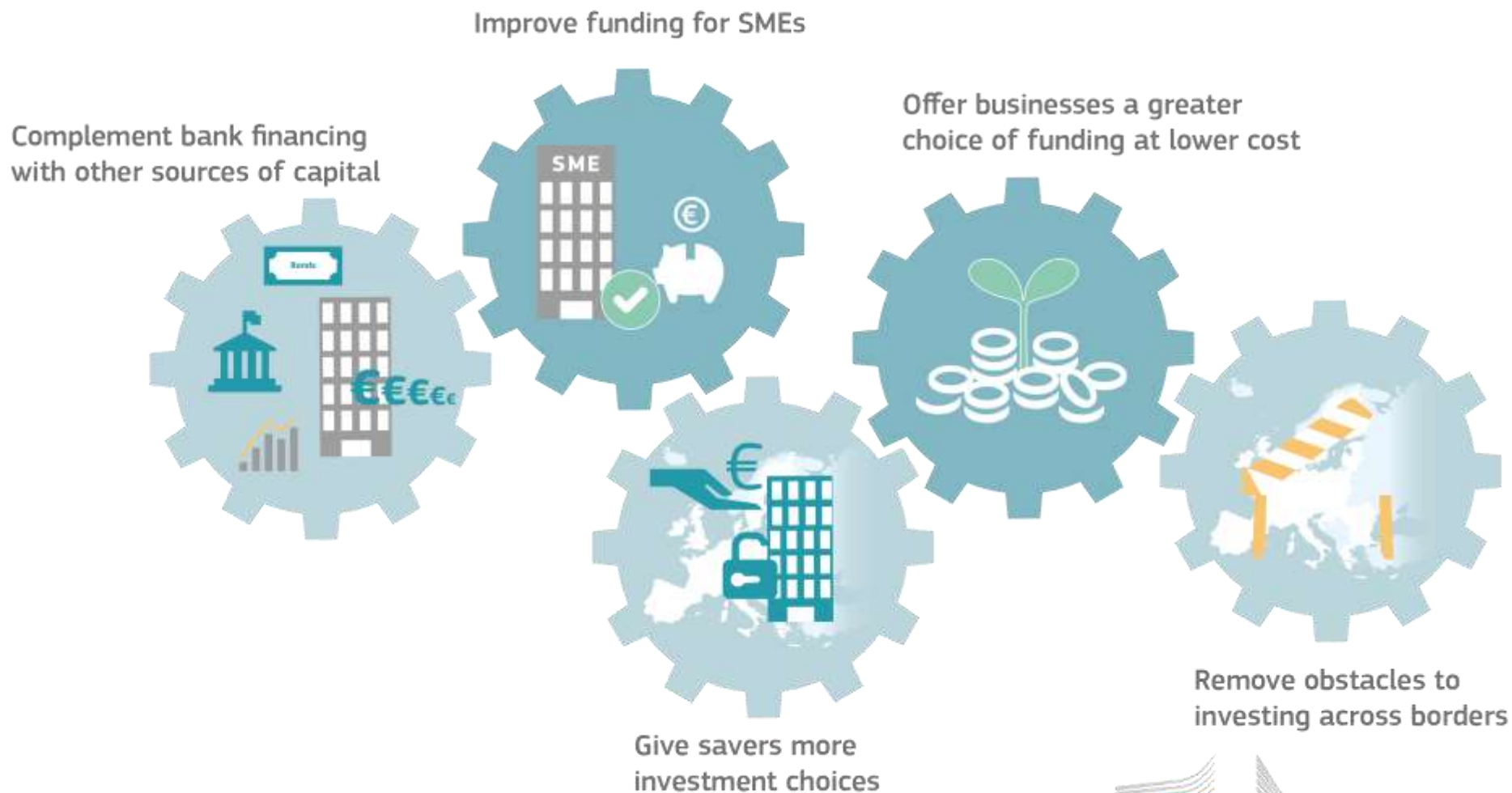
Jonathan Hill, 4 February 2015



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UNLOCKING FUNDING FOR EUROPE'S GROWTH



SMEs FACE LIMITED ACCESS TO FINANCE

Over 1/3 of SMEs did not get the financing they asked their bank for in 2014

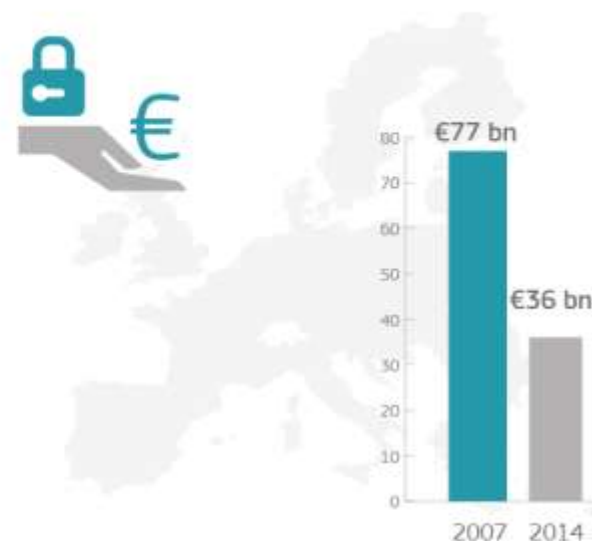


Source: European Central Bank

Credit information on SMEs is not generally available
3/4 of owner-managed companies do not have a credit score



Securitisation of SMEs' loans in the EU is half the pre-crisis level



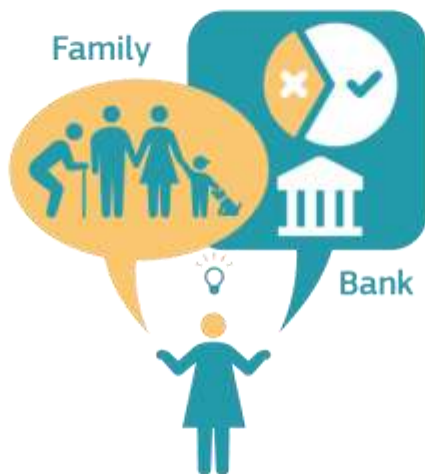
SECURITISATION
MARKET

PRE-CRISIS
LEVELS

EXTRA € 100 BN
OF INVESTMENT FOR THE ECONOMY

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UNLOCKING FUNDING FOR EUROPE'S GROWTH



ANNA is an **entrepreneur** with a brilliant idea who is looking for funding.



PAUL is a **saver** looking to invest his money



Since they are coming from different EU countries, Anna's needs for financing and Paul's money never meet.

QUOTES OF COMPANIES



Tara Dalrymple

Feelsright.today and BusyLizzie.ie, Ireland

"We tried to go through the routes that people initially go through. Banks and other investment agencies. We were coming up against a lot of barriers. We were new and we did not have a track record. It's hard. I think a lot of businesses get to this point."



Sylvia Klein, Paij

Mobile Payment App, Germany

"As this is a niche market, we need 2.5 million euro for the next two years. We are talking a lot with banks, companies and co-operation partners to raise the money. We talked a lot to venture capital funds in Germany and in the UK. But with big players on the market, they are really reluctant with a small start-up from Germany."

BUILDING A CAPITAL MARKETS UNION LINKING INVESTORS AND SAVERS WITH GROWTH

- Increase funding options
- Create more opportunities for investors
- Encourage cross-border investment

- ➔ Prospectus Directive to give investors clear information
- ➔ Venture Capital Regulation to support growth
- ➔ Regulatory framework for securitisation markets
- ➔ Rules for insurance companies to encourage more investment
- ➔ Long-standing, structural issues: insolvency, collateral and securities law, credit data for SMEs and tax barriers

*“Capital Markets Union is the first structural initiative that the Commission puts forward under the **investment plan**. It will contribute to ensuring that the investment plan is more than a one-off push and has a **durable positive impact** on economic conditions in Europe.”*

Jyrki Katainen, 18 February 2015



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CMU AND INFRASTRUCTURE

Infrastructure investment needs in EU are huge

Transport, energy and telecoms



1 TRILLION until 2020

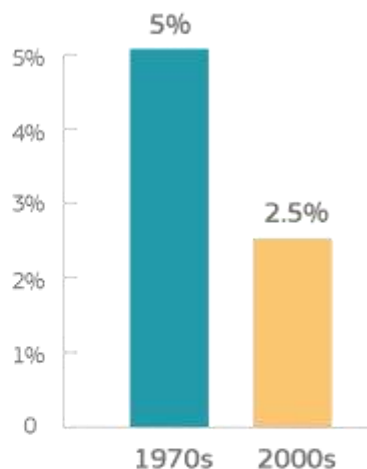
Other infrastructure projects, such as water, sewage treatment or waste management



1 TRILLION until 2020

Since the 1970s, public investment has been declining in Europe

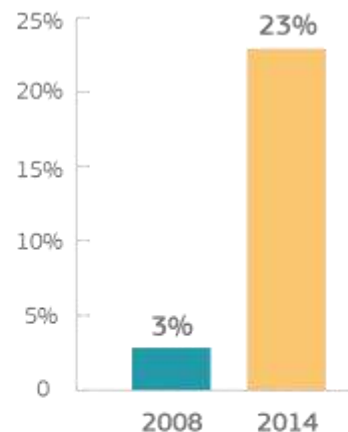
Public investment in % of GDP



... while the development of new financing instruments has been increasing

Project finance, share of bonds, percentage

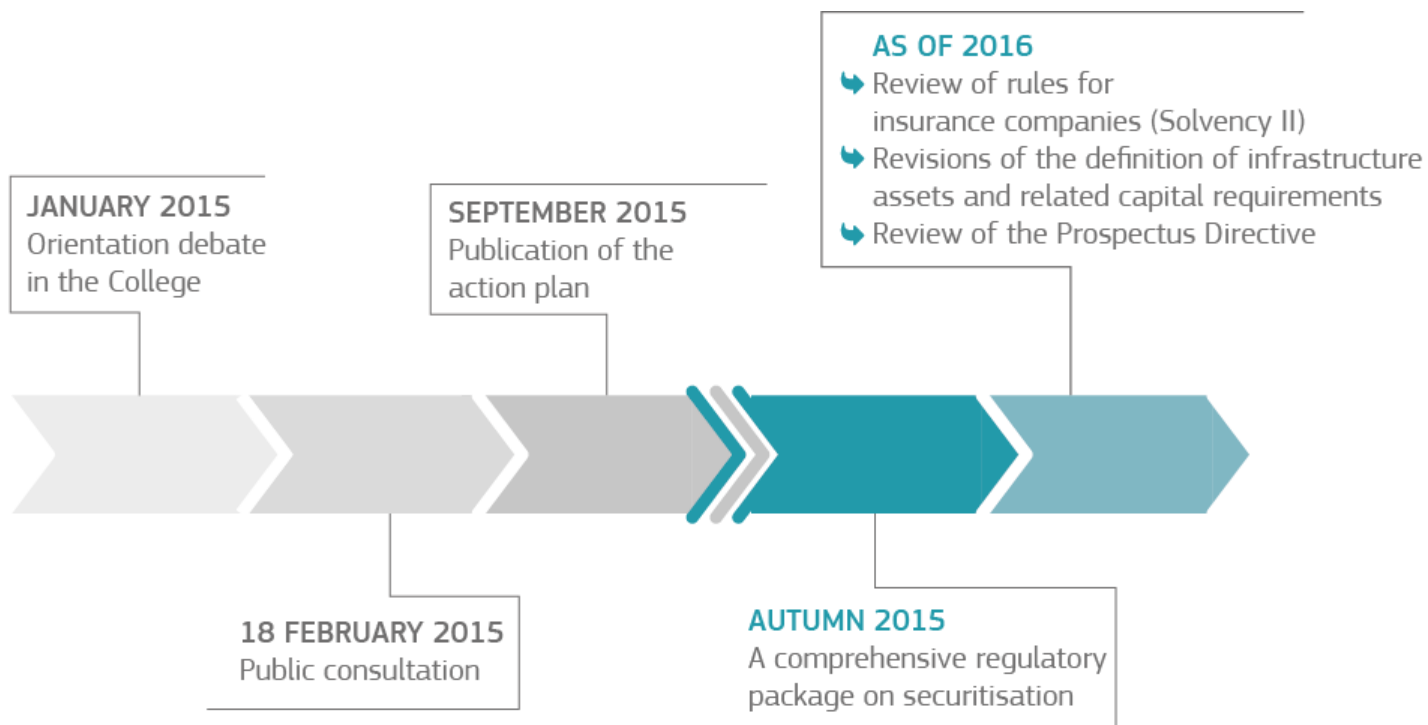
Public-Private Partnerships in EU



EUR 18.7 BILLION in 2014



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WHO BENEFITS FROM CMU



A CAPITAL MARKETS UNION FOR EUROPE

STRENGTHENING THE STABILITY OF OUR FINANCIAL SYSTEM



THE PROJECT TEAM FOR A CAPITAL MARKETS UNION FOR EUROPE



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