

STRENGTHENING THE SAVINGS AND INVESTMENT UNION THROUGH A EUROPEAN SECURITISATION PLATFORM

Mobilising the private capital needed to finance the green and digital transition of the EU economy requires harnessing the full potential of securitisation, with a particular focus on improving access to finance for SMEs across Europe. The securitisation market is globally experiencing growth, but unevenly. Indeed, while other major securitisation markets have rebounded strongly since the Global Financial Crisis, the EU securitisation market does not reap its full potential.

The divergent evolution of the securitisation market in the EU compared to other jurisdictions is the result of many factors, but the regulatory approach has been a key determinant.

We therefore welcome the objectives of the Commission's comprehensive legislative proposal to amend the regulatory framework for securitisation. However, it remains broadly silent on one other major obstacle to the development of the EU securitisation market, namely its uneven development and concentration in a limited number of countries. The limited cross-border nature of securitisation in Europe is largely due to legal barriers that hinder the pooling of assets from different Member States. It is particularly challenging for originators from smaller Member States to assemble asset pools of sufficient size to make securitisation economically viable.

In this context, a European Securitisation Platform could be a valuable complement to the reform of the regulatory and prudential framework, by incentivising the standardisation of processes across jurisdictions. By promoting greater homogeneity and reducing fragmentation, such a platform could significantly strengthen the European securitisation market. On the demand side, it could help foster investor confidence by supporting more standardised securitisation structures and underlying assets. On the supply side, it would allow originators to benefit from cost-sharing and reduced operational complexity, something particularly beneficial for small and medium-sized institutions that are currently left out of the market.

Additionally, it could be explored whether and how a platform could play a role in enabling pan-European securitisations, helping to overcome the legal barriers that hinder the direct pooling of loans originated in different Member States, first and foremost for those smaller Member States whose banks and real economy so far do not profit from the EU securitisation market. One possibility to be discussed in this regard could be a targeted widening of the exemption on re-securitization for positions securitized through the platform, within the concept of legitimate purposes already embedded in Article 8(5) Securitisation Regulation and with the necessary safeguards to avoid negative impacts on financial stability.

The discussion on the creation of a European Securitisation Platform could take place within the European Competitiveness Lab amongst willing Member States, independent of the review of the regulatory framework and without prejudice to any ideas linking platform solutions with public guarantees.

Given the magnitude of this project, driving it forward may require a public-private collaboration effort, with the industry taking a leading role in the discussions. As potential beneficiaries of the platform, the industry itself should clearly set out the need for it, its potential viability, set-up and use, the regulatory changes required for its establishment, and a cost estimation. It will also be worth exploring the active participation of other actors with experience in the securitisation market, such as the European Investment Bank, or national promotional banks.

Questions for discussion

- Do you agree that the European Securitisation Platform is an initiative worth exploring? Would you be interested in joining work on this initiative within the European Competitiveness Lab?
- How would you envisage the role of Ministries and other potential participants, such as national promotional banks or the banking sector in setting up this European platform?
- Do you agree that the project should be advanced through a public-private effort, while also exploring the participation of other actors such as the European Investment Bank or national promotional banks?