President, ladies and gentlemen,

Thank you for inviting me today and for giving me the opportunity to make some remarks in the context of your very interesting conference, titled "Regulation and innovation: the odd couple".

I hope you had fruitful discussions on the benefits of innovation in financial services, and ahead of your next panel on regulation, allow me to make some comments on this subject.

Rather than being "the odd couple", we of course all know that regulation and innovation go hand in hand. Let me elaborate.

New technologies are great! They offer new opportunities to businesses and households alike. They satisfy real needs and therefore they are the real drivers of sustainable economic activity and growth.
New technologies in financial services have become essential aspects of everyday life. Like with mobile phones, could we imagine a world without credit or debit cards?

Of course not, and looking ahead, in a mobile and interconnected world the demand for payment innovation will only keep increasing. Mobile payments "m-payments" for example are slowly becoming a reality in Europe. Technologies to support m-payments are competing with each other, involving many market players. However, these payment solutions are currently limited to one country at best – sometimes they have even only regional reach. Another innovation is "Instant payments", another frontier in Europe, one that is already a reality in countries such as Mexico or Costa Rica.

But every technological advance bears risks and challenges: in terms of consumer protection and, of course, in terms of financial stability. We need to be and we are mindful of this.
Because unless we supervise and regulate properly these innovations they will not spread and they will not gain and maintain the trust of citizens and businesses. This is particularly true when we strive for more cross-border services, key drivers of potential future growth in Europe, and therefore of course one of our key objectives.

So, summing up, not only do innovation and regulation go together, but clearly also sensible and proportionate regulation, integration and growth. This brings me to my next theme: the Capital Markets Union.

For me, the investment plan will only be more than a one-off push if we manage to really progress on the Single Market and put in place the necessary structural reforms at national and European level for this to happen. One aspect of the Single Market that has not been tapped sufficiently is the deepening and integration of capital markets: hence the need for a Capital Markets Union.

Capital Markets Union will bring new opportunities for businesses for investors – retail and institutional – and banks.
The aim of the Capital Markets Union is to put savers in touch with more opportunities for growth. By increasing the flow of capital, we will increase investment opportunities, help businesses get the capital they need to expand, provide more options for people to save for their old age, and strengthen financial stability.

Banking systems will remain key pillars of financing in Europe. So developing our capital markets is a way of complementing existing sources of funding, not replacing them. In some parts of Europe, where banks are not lending, our start-ups and SMEs are struggling. That's why they need to be able to tap into alternative sources of funding.
Banks will also continue to be an important distribution channel for market funding, particularly for example if we can revive securitisation. That is why we want to encourage an EU market for high-quality securitisation, with transparent, simple and standardised criteria. If we can achieve that, we can help free up banks' balance sheets so that they can lend more to Europe's households and businesses. If SME securitisations could be returned – safely – to just half the level they were in 2007, this could be worth some 20 billion euro in additional funding.

We therefore launched a specific consultation on securitisation. Please take part in the consultation and let us know your views, as I want to hear not just from the big market players but from businesses of all sizes.

I see the Capital Markets Union as about growing the overall pie so that everyone benefits: banks, capital markets and, most importantly, firms who will find more sources of funding. Removing obstacles that prevent our high levels of savings from finding their way to productive use in the economy. And it is about giving choice to companies on where and how they want to get financing.
Finally, while being a project for the 28 Member States of the Union, Capital Market Union would imply considerable benefits for the Euro area in terms of facilitating risk sharing and adjustment within a single currency area. Research suggests that a large proportion of the risk sharing within the United States for example comes through capital markets. Clearly, food for thought.

Let me finish with the consultation on Capital Markets Union as such. Conscious that we need to act fast, we are consulting on immediate issues and bottlenecks, such as securitisation or the Prospectus Directive. But we are fully aware that to really get the building blocks of a capital markets union in place by 2019 we probably need to go deeper and further.

It means we need to look at thinks like taxation, insolvency laws or corporate laws. These are controversial areas where progress in the past has been difficult. Here too we are looking forward to your feedback: on what exactly do we need to focus? What is a "need to have" and what only a "nice to have" to achieve more market integration? What measures would give the "biggest bang for the buck"? Please let us know.
I will stop here. Capital markets union is an ambitious project that has the capacity, jointly with the investment plan and the digital single market to be a game changer for the European economy. The Commission cannot do it alone. We need the support of member states and all stakeholders. We count on your support.

Thank you