

### The sustainability of European monetary union and institutional reform

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# THREE CLICHES TO OVERCOME

### 1. Vision vs. pragmatism

> A « Financing Union for Investment and Innovation »





### A FINANCING UNION FOR INVESTMENT AND INNOVATION

#### **Capital Markets Union**

investments
(equity):
accounting,
taxes,
insolvency laws
exceed

Long-term
pan-European
savings
products;
European
venture capital

Innovation and digitalisation

The microeconomic accelerator:

A Financing Union for Investment and Innovation

Completion of Banking Union; Consolidation of European banks

**Incentives for** 

cross-border

Control of vital financial activities and risks

Scaling-up of SMEs

Equity/GDP:
73% in the EA,
123% in the US
(Q3 2017)

Green finance and energy transition

by more than €350bn, but fragmentation

investment



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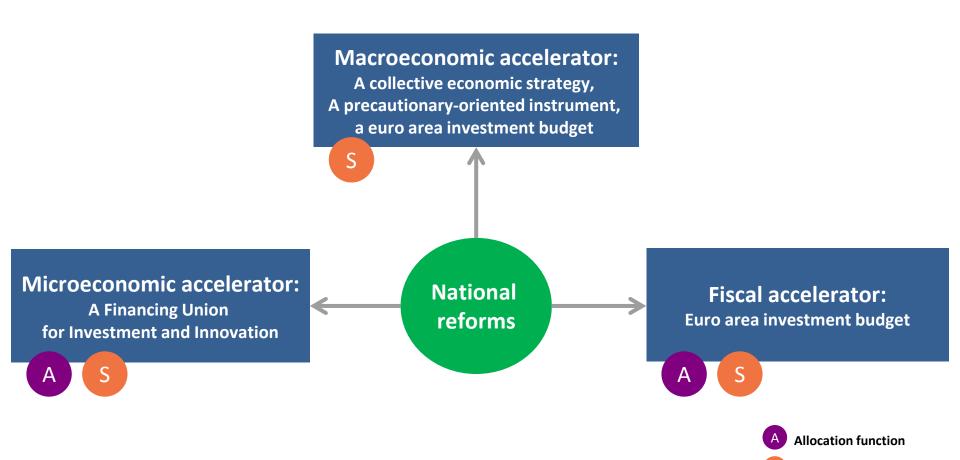
> A « Financing Union for Investment and Innovation »

#### 2. Action at European level vs. national reforms

- > Stabilisation: a collective economic strategy and a precautionary stability-oriented instrument, within ESM/EMF
- ➤ Allocation: a euro area investment budget



# THREE ACCELERATORS OF THE ECONOMIC UNION





Stabilisation function

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- Stabilisation: a collective economic strategy and a precautionary stability-oriented instrument
- ➤ Allocation: a euro area investment budget

### 3. Risk reduction vs. risk sharing

- Practical compromises:
  - Enhancement of private risk sharing
  - Completion of the Banking Union (EDIS)
  - Institutional architecture of the euro area



**EUROSYSTÈME** 

### FOUR ACCELERATORS OF THE ECONOMIC UNION

