

Olli Rehn: A European safe asset - from crisis pragmatism to strategic necessity

Welcome address by Mr Olli Rehn, Governor of the Bank of Finland and First Vice-Chair of the European Systemic Risk Board, at the High-level ESRB workshop on European safe assets, Frankfurt am Main, 22 April 2026.

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Dear Colleagues and Friends,

It is my great pleasure and honour to welcome you to this ESRB Joint Workshop on 'A European safe asset and financial stability'. Let me first thank the organisers and warmly welcome our distinguished speakers and panellists – and all of you joining us, both in-person and online.

I am particularly pleased to see such a strong group of policymakers, academics, and market practitioners gathered here. When it comes to safe assets, both the design specifics and market plumbing are essential in determining whether good ideas become practical successes.

This workshop takes place at a moment when geopolitics and economic policies are tightly interconnected. The world has become more power-based than rules-based, and events from Russia's illegal war in Ukraine to the Iran war are reshaping the entire world order. Uncertainty and unpredictability are defining features of these times, spilling over into financial markets through liquidity, collateral and risk-off dynamics.

In this context, the debate on a European safe asset is no longer a niche – in my view, it is particularly timely and relevant. The need for strong anchors and havens is greater than ever and potentially rising.

Why so? Let me make three points.

First, it has become clear that we need truly substantial investments in European public goods, especially in common defence and the green transition. If done well, they can boost productivity and innovation. But they require financing that is stable, efficient and scalable.

Common European instruments can be part of the solution and help catalyse private investment, in line with the Savings and Investments Union. This combination is particularly important as many EU Member States are highly indebted, with little fiscal space.

Second, a European safe asset would reinforce the international role of the euro. One key requirement for a truly global currency is that financial markets should be deep and liquid with a reliable benchmark asset. The United States benefits from the large scale and high liquidity of its Treasury market and the global role of the dollar. This is the well-known '*exorbitant privilege*' – and Europe, by exporting a major part of its savings to the US, is contributing to this privilege.

Recent geopolitical uncertainty has reminded investors not to take any single anchor for granted. This creates a window of opportunity for the euro, but only if Europe can reinforce its common institutional and financial architecture to match the size of its economy.

Smartly designed, a European safe asset can deepen our capital markets and bring many benefits. These will be discussed in the first panel today.

This moment is a call to 'all hands on deck' for all European stakeholders. The ECB, for its part, has recently decided to enhance the Eurosystem repo facility for foreign central banks ([EUREP](#)) – and not just for European central banks. EUREP 2.0 will provide to interested and qualifying foreign central banks broader standing access to euro liquidity, against high-quality collateral, from the third quarter of 2026. The international response to this enhanced facility has been promising.

And this brings me to my **third** point, the 'market plumbing', which matters most in stress conditions. To borrow a line from Sir Alex Ferguson: "*Attack wins you games, defence wins you titles.*"

In financial markets, '*defence*' means a resilient infrastructure that preserves stability when shocks hit – a safe asset is expected to remain liquid when other assets turn volatile. It can serve as a pricing benchmark and the backbone of collateral in repo and derivatives markets. Thus, a reliable and liquid benchmark can support financial stability and monetary policy transmission. This will be one subject of the final panel today.

Taken together, these three points explain why today's workshop is structured as it is, following the keynote speech.

Panel 1 focuses on **the rationale**: why Europe needs a safe asset now, and what problems we are trying to solve.

Panel 2 turns to **the design choices**: different ways of crafting a European safe asset, and the trade-offs that come with each approach.

Panel 3 then goes into **the engine room**: what market practitioners need for a safe asset to work as a reliable benchmark and as collateral.

Before concluding, let me make a brief but relevant historical note.

European integration has often progressed through pragmatic, functionalist responses to crises rather than through grand institutional designs. Let's recall the case of the European Stability Mechanism.

In May 2010, at the height of the sovereign debt crisis, the European Commission proposed a stability mechanism based on joint and several guarantees. The proposal did not gain sufficient support among Member States. What followed instead was a classical 'muddling through' solution: the creation of the European Financial Stability Facility, backed by euro area member states at that time, alongside the EU-based EFSM¹.

These temporary arrangements, initially (and correctly) seen as second-best, ultimately evolved into the European Stability Mechanism. The ESM today is a permanent, well-capitalised intergovernmental institution at the core of the euro area's crisis management framework.

This episode illustrates a recurring feature of European policymaking: when more ambitious proposals prove politically unviable, in some cases functional alternatives can still deliver meaningful progress.

However, today this method has, in my view, reached its limits – simply because the rest of the world will not wait for Europe to get its act together and take decisive action. We don't have the luxury of time anymore.

Europe has debated a common safe asset for soon two decades – from proposals for synthetic structures such as ESBies or SBBSs, and from tranche ideas like Blue and Red bonds, all the way to common EU issuance. And recent crises have triggered European supranational issuance expanding at scale, such as through the NextGenEU.

But we also know that a truly deep and liquid benchmark asset remains a work in progress. At the same time, and partly because of the increased investment needs in European public goods, the policy debate has clearly moved from 'whether' to 'how'. Today's workshop is meant to address that 'how' – soberly, technically and with financial stability at its core.

Thus, this workshop is very much a call for serious European thinking and genuine, solid European solutions. The time is right for moving on to analytically sustainable design – and then to decisive, credible delivery.

Let me once again wish you all a very warm welcome, and I look forward to a constructive and creative exchange.

Thank you.

¹ EFSM = European Financial Stability Mechanism, financed from the EU budget; EFSF = European Financial Stability Facility, financed through euro area member states' separate ('pro rata') loan guarantees.