

Interview

Governor | + 2 | Banque de France | Secteur financier

Competitiveness and resilience in the financial sector: oxymoron or complementarity?

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Speech by Emmanuel Moulin, governor of the Banque de France, Chairman of the ACPR

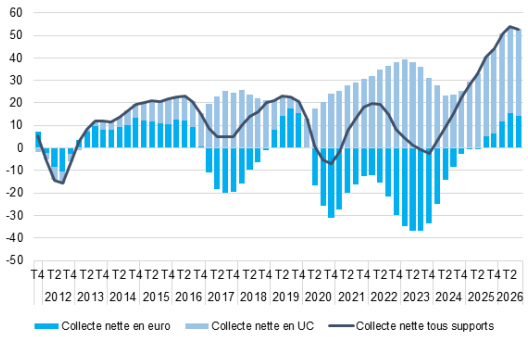
Ladies and gentlemen,
I am delighted to welcome you to this new edition of the ACPR Conference. The theme of this gathering, “Competitiveness and resilience in the financial sector: oxymoron or complementarity?”, is particularly timely in today’s global economic and financial environment, marked by uncertainty and profound geopolitical, technological and climate-related shifts. However, I would like to look beyond the apparent contradiction and show that resilience and competitiveness are in fact mutually reinforcing objectives. I will begin by outlining the challenges posed by today’s macroeconomic environment (1), before explaining how the European financial sector’s resilience rests on three requirements (2), and then sharing three convictions on how to strengthen its competitiveness and resilience in the years ahead (3).

1. The macroeconomic context represents a new test

The current macroeconomic context represents a new test for the European financial sector. Since the summer, sovereign bond yields have risen in all advanced economies, driven by a combination of factors: the ongoing conflict in the Middle East and its impact on inflation, expectations of central bank rate increases and a sharp rise in corporate bond issuance. In France, this upward pressure on yields has been amplified by the uncertainty surrounding the budget. Higher sovereign yields are increasing the cost of servicing public debt and raising concerns about the trajectory of public finances. But we can act. It is essential that we adopt a budget before the end of the year that brings the government deficit down to below the threshold of 5% of GDP.[i] This is not just a matter for government financing: if interest rates continue to rise, borrowing will become more expensive for both households and businesses, which will in turn weigh on the financing of the economy and on growth.
Fortunately, banks and insurers are well-equipped to cope with this new environment. They have proved their resilience in recent years by weathering some exceptional shocks: the Covid-19 pandemic, the rapid rise in interest rates that began in 2022, and the banking sector turbulence of 2023. Today, they continue to fully play their role as a shock-absorber, supporting the financing of the real economy. This resilience is reflected in the continued flow of credit to the economy, strong life insurance inflows and robust profitability.

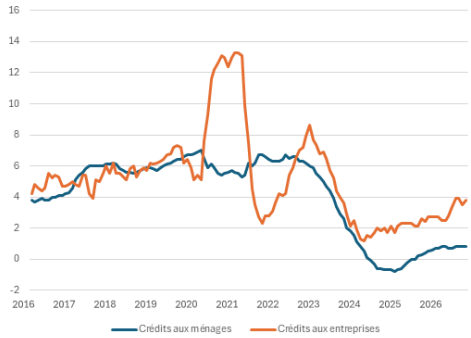
UNE COLLECTE EN ASSURANCE-VIE DYNAMIQUE, ET UNE DISTRIBUTION DU CRÉDIT RÉSILIENTE

Collecte nette en assurance-vie
(en milliards d'euros, sur 4 trimestres glissants)



Source : ACPR

Taux de croissance annuel des crédits à l'habitat des ménages et aux SNF résidentes

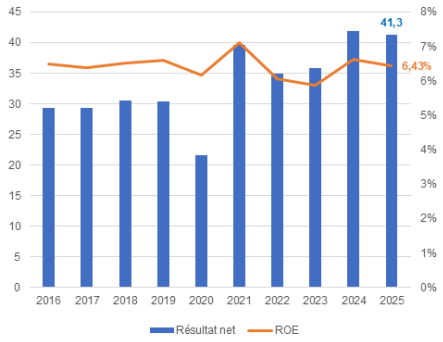


Source: Banque de France

Source : ACPR

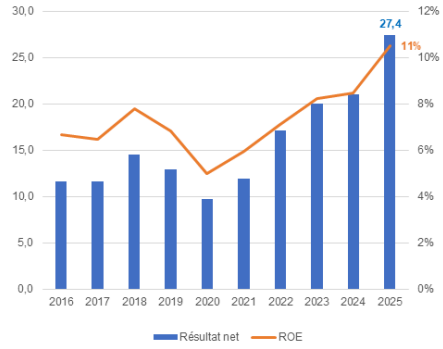
UNE PROFITABILITÉ ROBUSTE DES SECTEURS BANCAIRE ET ASSURANTIEL

Résultat net consolidé et rentabilité des fonds propres (ROE) du secteur bancaire français
(en milliards d'euros et en % respectivement)



Source : ACPR

Résultat net et rentabilité des fonds propres (ROE) des organismes d'assurance français
(en milliards d'euros et en % respectivement)

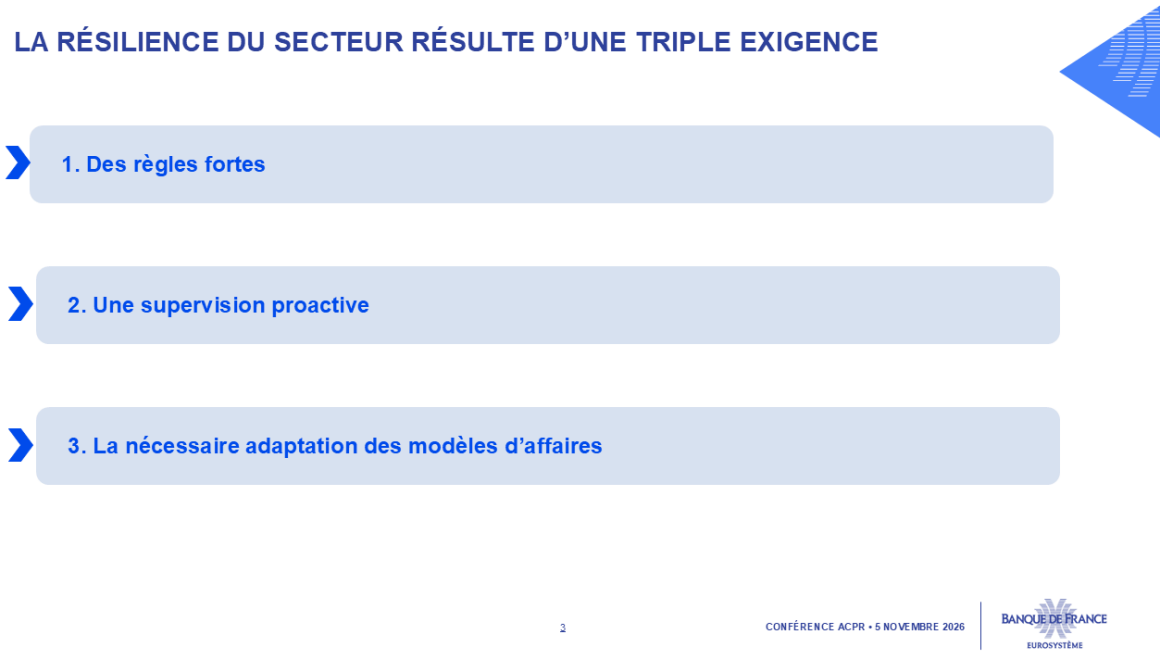


Source: ACPR

Source : ACPR

2. The current resilience stems from a triple requirement

The remarkable resilience of the banking and insurance sectors reflects years of effort guided by **three key requirements**.

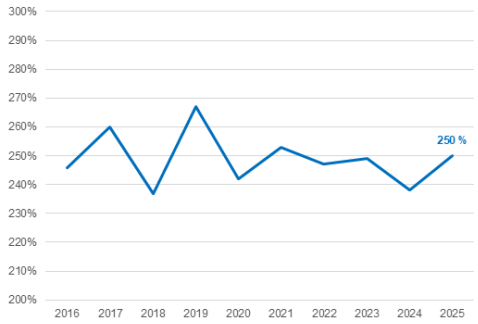


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The first requirement is **strong rules**. The international standards adopted after the Great Financial Crisis of 2008 were implemented faithfully and consistently across the European Union (EU). As a result, European banks are well-positioned to navigate the current environment, with historically high levels of capital – the average CET1 ratio of France's six largest banking groups stands at 15.6% – and of liquidity. Insurers are also in a sound position, with an SCR[ii] ratio of 250%, higher than in previous years.

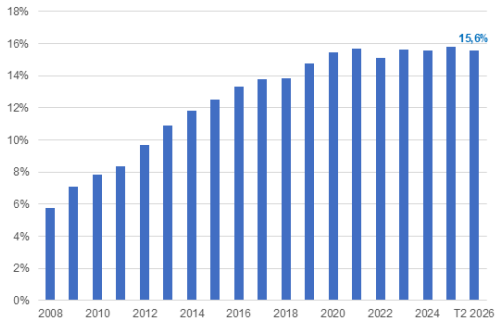
DES NIVEAUX DE CAPITALISATION ÉLEVÉS GRÂCE DES RÈGLES FORTES

Taux de couverture moyen du CSR des organismes d'assurance français



Source : ACPR

Ratio CET1 moyen des six principaux groupes bancaires français



Source: ACPR

Source : ACPR

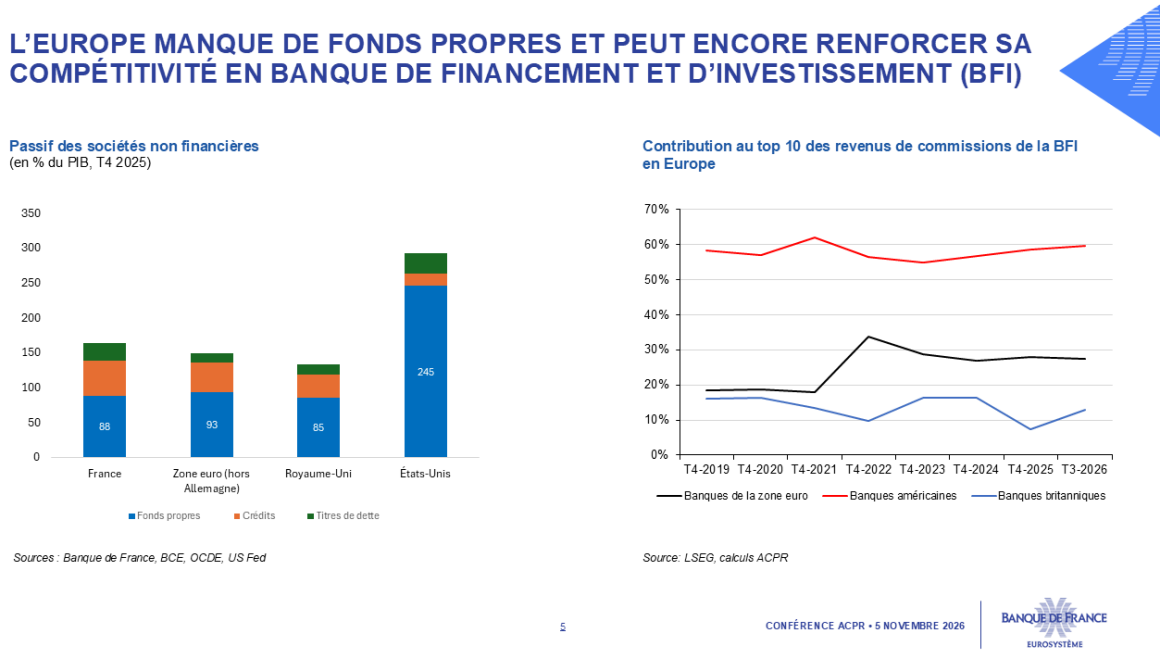
The second requirement, which is inseparable from the first, is **proactive supervision**. Over the past 12 years, the Banking Union has demonstrated the value of single European supervision and resolution. One of its key achievements has been to improve the reliability of banks' internal models, notably through TRIM[iii] and the EBA's[iv] IRB Repair programme. The sharp rise in interest rates in 2022 has also led to significant improvements in banks' management of interest rate risk. Similar conclusions can be drawn for the insurance sector, after a decade of implementing Solvency II.[v] This harmonised framework, supported by close cooperation between national authorities and EIOPA,[vi] has strengthened the sector's resilience by fostering a forward-looking and economically grounded assessment of the risks actually borne by insurers. The third requirement for financial institutions is **the adaptation of their business models** to changing circumstances and to long-term challenges. Today's resilience stems from the prudence with which banks and insurers navigated the ultra-low interest rate environment of the mid-2010s and early 2020s. Circumstances evolve, but the same clear-sighted prudence and collective discipline must continue to prevail.

The first challenge is, of course, technological. Banks and insurers are constantly adapting their business models to technological change. They must continue to innovate, drawing on the dynamism of the fintech[vii] ecosystem and making full use of advances in artificial intelligence (AI). AI offers promising use cases, be this in customer relations, with agentic payments,[viii] in internal process automation or in the fight against money laundering.

The second major challenge is climate change. The wildfires of last summer were a stark reminder of the reality of physical risks.[ix] They demonstrated insurers' ability to mobilise rapidly in support of policyholders. But beyond this immediate response, the growing cost and frequency of climate-related disasters underscore the scale of the structural sustainability challenges we face. The ACPR will be attentive to the insurance sector's ability to provide a coordinated response, combining stronger prevention efforts in the short term and adaptation by policyholders and local authorities over the longer term. This effort is essential to maintain effective insurance coverage over time.[x]

The third challenge is that of European financial sovereignty. This implies building a genuine Savings and Investments Union (SIU), in which banks and insurers are essential players. Although bank lending remains the predominant source of financing in Europe, we can still improve our

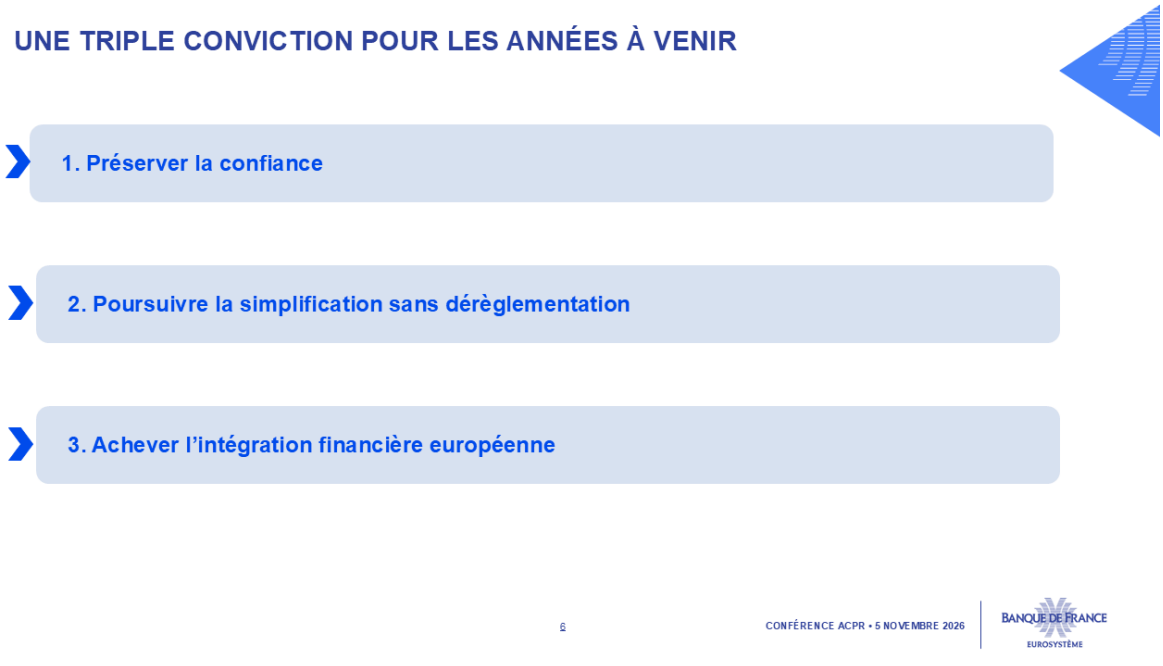
competitiveness in investment banking. Of the ten banks that generate the majority of investment banking fees, only three are covered by the Single Supervisory Mechanism (SSM). Together, they accounted for just 27% of fees in the first nine months of 2026, compared with 60% for US banks.



Sources : Banque de France, BCE, OCDE, US Fed

We must also increase our equity financing[xi] to better channel European savings towards innovative investment. The Solvency II review contributes to this by freeing up capital for strategic investments and easing prudential requirements for insurers' long-term equity holdings. Innovations linked to tokenisation can also play an important role. The Pythagore project led by the Banque de France and Euroclear France provides a clear illustration of this potential. By the end of 2026, central bank money tokens will make it possible to settle tokenised NEU CPs, paving the way for more efficient and more integrated European financial markets.

This triple requirement, comprising solid rules, proactive supervision and the adaptation of business models, has enabled us to build a resilient European financial system. In an environment marked by geopolitical, climate-related and technological shifts, this resilience is also a source of competitiveness. Far from being at odds, resilience and competitiveness are in fact mutually reinforcing. It is precisely because it is resilient that our financial system can innovate, finance the economy and strengthen Europe's strategic autonomy. This observation leads me to the three convictions that I would like to share about the future of Europe's financial sector.



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3. A triple conviction for the future of the European financial sector

The first conviction is that we must preserve trust, which is the bedrock of both European innovation and sovereignty. Clear, predictable and proportionate regulation is one of the foundations of that trust. It supports innovation while safeguarding financial stability. The EU has demonstrated this by adopting pioneering frameworks such as the MiCA regulation for crypto-assets and the DORA regulation on digital operational resilience.

Central banks also have a decisive role to play in supporting and guiding the transformation of the financial sector. This is the purpose of the work undertaken by the Eurosystem on central bank digital currency (CBDC), both in its retail and wholesale versions, as well as the revisions made to the monetary policy operational framework. As part of these changes, since March 2026, the Eurosystem has accepted certain DLT-based[xii] marketable securities as eligible collateral for monetary policy operations.

But trust cannot be built by public authorities alone. It also depends on the ability of financial sector participants to develop sovereign European solutions, to limit our reliance on non-European critical service providers. This can be illustrated by recent private-sector initiatives in the payment solutions market. I welcome in particular the tie-up between EPI[xiii] and the EuroPA consortium, which marks an important step towards a more integrated and sovereign European payments ecosystem.

The second conviction is that we must **continue simplifying the European regulatory framework**, which has become overly complex, but without conflating simplification with deregulation.[xiv]

As I noted earlier, the EU was right to implement international standards. It must continue to be an ambitious and demanding jurisdiction, as illustrated by its implementation of the Basel III framework. Simplification should not mean weakening the framework; it should make it clearer and more consistent.

SIMPLIFIER SANS DÉRÈGLEMENTER : L'EUROPE RESTE ATTACHÉE AUX STANDARDS DE BÂLE III

État des lieux de l'adoption des principaux standards de Bâle III, au 30 septembre 2026

	Credit risk SA	Credit risk IRB	Market risk	CVA	Operational risk	Output floor
AR	31 December 2024		01 August 2026		01 March 2025	
AU	01 January 2023	01 January 2023			01 January 2023	01 January 2023
BR	01 July 2023	01 July 2023	01 January 2027		01 January 2025	
CA	30 April 2023	30 April 2023	31 January 2024	31 January 2024	30 April 2023	30 April 2023
CN	01 January 2024	01 January 2024	01 January 2024	01 January 2024	01 January 2024	01 January 2024
HK	01 January 2025	01 January 2025	01 January 2025	01 January 2025	01 January 2025	01 January 2025
IN	01 April 2027		01 April 2027	01 April 2027	01 April 2027	
ID	01 January 2023		01 January 2024	01 January 2024	01 January 2023	
JP	31 March 2024	31 March 2024	31 March 2024	31 March 2024	31 March 2024	31 March 2024
KR	01 January 2023	01 January 2023	01 January 2023	01 January 2023	01 January 2023	01 January 2023
MX	01 September 2021				01 January 2023	01 January 2028
SA	01 January 2023	01 January 2023	01 January 2023	01 January 2023	01 January 2023	01 January 2023
SG	01 July 2024	01 July 2024	01 January 2025	01 January 2025	01 July 2024	01 July 2024
ZA	01 July 2025	01 July 2025	01 July 2025	01 July 2025	01 July 2025	01 July 2025
CH	01 January 2025	01 January 2025	01 January 2025	01 January 2025	01 January 2025	01 January 2025
TR						
GB	01 January 2027	01 January 2027	01 January 2027	01 January 2027	01 January 2027	01 January 2027
US						
EU	01 January 2025	01 January 2025	01 January 2027	01 January 2025	01 January 2025	01 January 2025

Status
draft regulation not published
draft regulation published
final regulation published (not yet implemented by banks)
final regulation in force (implemented by banks)
not applicable

Source: Banque des règlements internationaux

Source: Banque des règlements internationaux

A number of simplification measures have already been implemented, notably in supervision. Through its Next Level Supervision initiative,[xv] the SSM has increased efficiency, improved risk targeting thanks to digitalisation, standardised and accelerated processes, and begun rationalising the ECB's external guidances.

I also welcome the overall direction and proposals set out in the European Commission's July 2026 report on banking competitiveness.[xvi] The report notably recommends clarifying capital requirements (capital stack) and removing certain EU-specific overlaps and gold-plating measures where they are not justified by the underlying risks. We should be pleased that it explores options to durably mitigate the impact of the Basel output floor for low-risk activities such as residential real estate, and proposes adjusting the treatment of certain competitive activities that are important for financing the European economy – such as specialised lending. In insurance, the review of the Solvency II directive, which will enter into force in early 2027, has strengthened the existing proportionality framework by adapting certain regulatory requirements to the size and risk profile of institutions.

My third conviction is that the resilience and competitiveness of Europe's banking sector must be shored up by **completing Europe's financial integration**. Europe has a single market, but it does not yet have a truly single banking market. Cross-border activities remain limited: direct intra-euro area cross-border lending accounted for less than 15% of euro area bank lending to non-banks in 2024.[xvii] At the same time, cross-border mergers have been relatively rare in recent years, with M&A activity remaining largely domestic. Yet the size of European banks limits their ability to invest massively in new technologies. Such investments involve high fixed costs, which are easier for large institutions to absorb. We must therefore remove the political and regulatory obstacles that hinder the creation of cross-border European champions. Despite the undeniable success of the SSM and the Single Resolution Mechanism (SRM), European banking groups are still too often required to manage their capital and liquidity according to national criteria. We should therefore do more to encourage the consolidated management of equity and liquidity within cross-border banking groups. The time has come to introduce cross-border capital and liquidity waivers, without making them conditional on finalising the European Deposit Insurance Scheme (EDIS).

**

The current environment is putting the French and European economies to the test. But our financial sector is entering this period in a position of strength. The strong rules introduced since the Great Financial Crisis, proactive supervision and the adaptation of business models have enabled us to build a resilient banking and insurance sector. This resilience must continue to support our competitiveness, our ability to innovate and our sovereignty. This is why we must maintain a clear course: preserving trust, simplifying without deregulating and completing European financial integration. Only by meeting these three conditions can banks and insurers fully finance the real economy, support the transformations underway and strengthen Europe’s strategic autonomy.

[i]Moulin (E.) (2026), "Il est très important pour rassurer les marchés et les Français d'avoir un budget d'ici la fin de l'année", France Inter, 7 October
[ii]Insurers' solvency ratio, as defined in the Solvency II directive, which is calculated as the ratio between their eligible capital and their solvency capital requirement.
[iii]*Targeted Review of Internal Models.*
[iv]European Banking Authority
[v]Directive 2009/138/EC on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II).
[vi]European Insurance and Occupational Pensions Authority.
[vii]Moulin (E.) (2026), "Marking our tenth anniversary: One conviction, two principles and three challenges", speech, Forum Fintech ACPR-AMF, 2 October.
[viii]A payment carried out by an AI agent on behalf of a user.
[ix]Risks resulting from damages directly caused by meteorological or climatic phenomena.
[x]ACPR (2026), "Incendies de l'été 2026 : l'ACPR suit attentivement la gestion des risques par les organismes d'assurance", press release, 14 September.
[xi]Moulin (E.) (2026), "Renforcer la souveraineté européenne : de l'intégration à l'attractivité", speech, 19 June.
[xii]Distributed ledger technology.
[xiii]European Payments Initiative.
[xiv]Moulin (E.) (2026), "The importance of being earnest: Building a simpler and more competitive European banking market", speech, Eurofi Dublin, 18 September.
[xv]ECB (2025), Streamlining supervision, safeguarding resilience, report, December.
[xvi]European Commission (2026), Communication on banking competitiveness, 17 July.
[xvii]Lenoci (F.), Molitor (P.) (2024), "Intra-euro area cross-border bank lending: a boost to banking market integration?", ECB report on Financial Integration and Structure in the Euro Area, June.

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