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# Building the future – integrating Europe's financial sector

Networked Business and  
Government – Something Real for  
the Lisbon Strategy

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## Jean Monnet on European integration:

*"Nobody can say today what will be exactly tomorrow's European structure, because tomorrow's changes, which will be triggered by today's changes, are unpredictable."*

*"Nothing is possible without humans, but nothing is lasting without institutions."*

*"I have too often observed the limits of coordination. It is a method which promotes discussion, but it does not lead to a decision."*



# Three specific areas of activity

## 1) Retail market integration: SEPA

**Objective:** remove all national barriers for payments within the euro area, allowing for cost reductions, cross-border competition and customer choice.

**Need:** common technical standards, legal requirements and business practices.

**Problem:** entails costs and opens up competition, revenue may fall causing some banks to slow down SEPA.

**Benefits:** processing costs may fall (for banks) and common payment services between any counterparties within the SEPA (for users).



## Three specific areas of activity

### 2) Capital market integration: TARGET2-Securities

**Objective:** Eurosystem is evaluating opportunities to provide settlement services for securities transactions.

**Need:** lack of coherent settlement platforms for euro-denominated securities.

**Problem:** small local monopolies in the euro area, slow progress in building common platforms.

**Benefits:** maximising safety and efficiency in the settlement of euro-denominated securities transactions.



## Three specific areas of activity

### 3) Institutional integration: Lamfalussy process and beyond

**Objective:** convergence in supervisory practices and regulatory harmonisation.

**Need:** political pressure, strong legal basis and a clear plan with end-dates.

**Problem:** vested interests, no clear trend towards common practices or one model of supervision.

**Benefits:** effective and efficient supervision with clear communication channels between supervisors and certainty for market players.



## The Eurosystem's contribution to financial integration:

- enhances knowledge, raises awareness and measures progress.
- acts as a catalyst for private sector activities by facilitating collective activities, and assists with possible coordination problems.
- provides advice on the legislative and regulatory framework for the European financial system.
- provides central banking services that foster financial integration.



## Three major obstacles

- lack of political commitment
- vested interests
- inertia in adopting new technology



## Three specific measures

- intensify integration of retail banking markets: [SEPA](#)
- speed up the integration of key financial market infrastructures: [TARGET2-Securities](#)
- make a political commitment to unified supervisory practices: [Lamfalussy process and beyond](#)





Europe  
has built  
bridges.  
Let's use  
them!