

Savings and Investments Union: Powering Europe's innovation and resilience, speech by Pierre Gramegna

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Speeches



**“Savings and Investments Union: Powering Europe's innovation and
resilience”**

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In my remarks today, I will speak about the Savings and Investments Union, and how it can power Europe's innovation and resilience.

The events in the Middle East remind us how shockwaves travel in today's world. The disruption in that region has had immediate effects on global markets. As of this morning, the price of natural gas has increased by around 70% and the oil price by around 45% since the end of February.

This is affecting Europe, which remains dependent on energy imports, unlike the United States. The magnitude of the impact will depend on its duration. As the conflict continues and damages increase, the broader macroeconomic impact will only intensify.

The expectation that the crisis will have longer-lasting effects is being factored into market expectations and pricing.

The conflict has created a massive disruption to the global oil market, due to the near halt in shipping traffic through the Strait of Hormuz. Some of the damages caused by missile strikes, particularly to natural gas facilities, may take years to repair. So even if the war ends soon, damages to infrastructure remain, and it will take time to restore supply chains.

Europe cannot control these shocks. But we can build further resilience and can shape how well they are absorbed. It is crucial to strengthen the euro area economy while maintaining sound public finances and reinforcing Europe's crisis preparedness. Public measures must therefore reinforce resilience rather than create new vulnerabilities, especially on the fiscal side.

This points to the fundamental question: How can Europe better position itself and develop tools to absorb future shocks?

One of the most powerful tools is Europe's own financial resources, provided that we mobilise and deploy them more effectively. Reducing our vulnerability to repeated energy-supply disruptions requires sustained investment in the green transition and energy security.

Europe also needs to invest in the other strategic objectives: competitiveness through innovation, digital capacity, and defence readiness. A well-functioning Savings and Investments Union (SIU) and our ability to scale up firms are key to making this happen.

I. Building on Europe's untapped strength

What are the building blocks of this strategic project that can boost Europe's long-term competitiveness, resilience and, ultimately, Europe's strategic autonomy?

SIU is not a single tool; it is the bridge and the engine that can turn unused potential into productive investment.

We often say Europe is a wealthy continent. Yet the scale is rarely appreciated: Households in the EU now hold around €40 trillion in financial assets, but more than one third sits in low-yield bank deposits.

Meanwhile, the European economy will require substantial additional investment: between €800 billion and €1.2 trillion per year over the coming decade. This investment is needed to finance Europe's strategic priorities.

Here lies the paradox. Europe has the savings. Europe has the ideas. But they rarely meet. A functioning SIU is the bridge that would bring them together.

If we succeed in mobilising Europe's savings, the next question is: where should that capital flow? Innovation is the obvious priority. Europe continues to lag behind, and this is evident when we look at the numbers.

Kyriakos Pierrakakis, the President of the Eurogroup, recently highlighted two factors: R&D intensity in the EU is around 2.2% of GDP, compared with 3.4% in the US.

Venture capital investment is roughly 0.3% of GDP in Europe, compared to 0.7% in the US. Europe generates strong ideas, but it accounts for only 5% of global venture capital raised, compared to 52% in the United States.

I saw this contrast vividly during my recent roadshow on the US West Coast, where tech companies and venture capital funds live in symbiosis. This synergy is a powerful driver of innovation, and it offers lessons for Europe.

AI patents in the US account for a higher share of total patents than in Europe: around 8% versus 3% in recent years. And the US ecosystem is far more effective at scaling companies. According to recent data, the US has about 6 times more unicorns than Europe.

We don't have to start from scratch, however - we can build on successful examples in EU Member States. I'm referring to the Netherlands and the Nordic countries, which have taken important steps to deepen their own capital markets. Their experience shows that deeper capital markets foster innovation, increase productivity and enable firms to grow and compete globally.

This is based on well-functioning funded pension systems, stronger participation by retail investors, and, as a result, greater availability of risk capital for high-growth firms.

The task now is to scale these strengths across the Union. This means moving forward with initiatives both at EU level and at national level. Member states have a crucial role to play.

The Supplementary Pensions proposal by the European Commission is a very good compass in this regard. It combines recommendations to Member States to expand participation in supplementary pensions, with EU reforms to unleash pension fund investments in capital markets.

Such reforms are key to channelling more household savings into capital markets and broaden retail participation. And we can do so in Europe's own way: by combining broad financial inclusion with strong social security and a robust banking sector that remains at the heart of our system.

And by emphasising the completion of the Banking Union, the SIU also recognises that a strong banking sector is an asset in building deeper and more resilient European capital markets.

In short, SIU is about enabling Europe's own financial ecosystem to operate at a scale that matches its ambitions. This vision is now being translated into concrete policy action.

The European Commission rolled out several proposals related to SIU in 2025. These include the Supplementary Pensions Package that I mentioned earlier and also a revised EU Securitisation Framework.

More recently, in December, the Commission published its flagship initiative, the Market Integration Package, which laid important groundwork for SIU. The Package has an ambitious timeline as the ECOFIN of this month wants to reach an agreement by June this year.

It will create a growth-enabling environment by achieving three goals: deepening market integration, increasing scale, and improving the efficiency of supervision.

The proposed measures will remove barriers, reduce complexity and promote convergence, which will boost efficiency, and financial innovation.

The Market Integration Package includes changes to support the uptake of digitalisation in the financial sector, notably by the adoption of distributed ledger technology. Stronger market infrastructure, together with harmonised trade settlement rules are essential to ensure that innovations can scale across Europe.

All the above initiatives are crucial. But I would like to focus now on the boost that digitalisation can provide to SIU.

II. Digital innovation: a catalyst for achieving scale

The ECB is supporting these objectives by paving the way for a future digitalised financial ecosystem. The recently unveiled roadmap for the project Appia crystallises the vision of integrated, innovative and resilient tokenised wholesale financial markets in Europe.

This will enable banks and financial institutions to transact instantly, with tremendous benefits for the efficiency and competitiveness of the European payment system. Pilot projects using DLT have reduced securities settlement times from two days to under 10 seconds.

The potential is transformational: faster, safer and more efficient settlement can lower costs, reduce barriers to cross border investment, and help European markets operate at the scale needed for a true Savings and Investments Union.

Digital innovation can also help to accelerate retail participation. Across Europe, retail participation in capital markets remains far too low. In 2024, only 17% of households held listed shares, compared with over 50% in the US.

By lowering costs, simplifying processes, and making secure digital investment tools widely accessible, digitalisation can remove many of the frictions that currently hold back retail participation.

This momentum is also visible in recent initiatives to remove longstanding barriers to scale.

Last week's proposal by the European Commission for the 28th regime - or "Europe Inc." represents a significant step forward, facilitating the set-up of companies thanks in part to digitalisation. It offers companies a single EU-wide rulebook, a 48-hour registration process for less than €100 and a simple digital interface.

By removing the “invisible tariff” of 27 different corporate law systems, it directly tackles one of the major obstacles to cross-border investment and scale-up.

The proposal may not be a perfect and complete solution, but it moves us decisively in the right direction. At this stage it is more important to act fast than seek perfection.

Conclusion

Ladies and gentlemen, let me conclude with the big picture. In today’s more confrontational world, competitiveness is one part of a broader challenge: building resilience.

Let me quote a figure:

Private cross-border risk sharing in the euro area absorbs about 20% of an asymmetric shock, while in the US, the figure is around 50%. This gap has real consequences:

- Slower and more uneven recoveries, ...
- Greater pressure on public finances, ...
- And more persistent economic divergence across Member States.

A well-functioning Savings and Investments Union would narrow that gap. It would strengthen resilience by enabling markets to do what they are designed to do: To allocate capital efficiently and manage risk.

This would reduce reliance on national fiscal resources or crisis mechanisms such as the ESM, allowing Europe to respond more effectively to external shocks. In that sense, integration is resilience.

The Savings and Investments Union is the most important economic project for Europe today. It determines whether our savings finance our own growth, whether our firms can scale in Europe, and our economies can absorb shocks without relying excessively on public support.

Making the SIU a reality is a collective undertaking - one that calls for Member States, European institutions, and the private sector to act with a common purpose.

None of us can deliver it alone. Yet all of us stand to gain from its success.

Deeper, more integrated capital markets are ultimately the smartest investment we can all make in Europe's future resilience.

The case for the SIU is clear - and speed is of the essence. The time to deliver is now.

Thank you.

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