Securitisation and financial stability

Fostering Europe's growth while safeguarding resilience

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European Stability Mechanism

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ESM in Europe's financial architecture

PRESERVING FINANCIAL STABILITY IN THE EURO AREA

MONETARY POLICY

Monetary policy instruments and anti-fragmentation tools

EUROPEAN CENTRAL BANK

GROWTH AND INVESTMENT

EC programmes: NGEU/RRF, REPowerEU (crisis-response); European Competitiveness Fund (structural, 2028–2034)

European Commission

EIB: implementing EU instruments (e.g. InvestEU) and crowd in private capital

European Investment Bank

EURO AREA CRISIS PREVENTION AND RESOLUTION

Backstop to euro area sovereigns

European Stability Mechanism esm

Backstop facility to the SRB*

Orderly resolution of failing banks

SRB Single Resolution Board

SUPERVISION (ESFS)

ESRB European Systemic Risk Board European System of Financial Supervision

Macro-prudential supervision

EUROPEAN CENTRAL BANK BANKING SUPERVISION

Micro-prudential supervision

EBA EUROPEAN BANKING AUTHORITY — Banking system

esma — Securities market

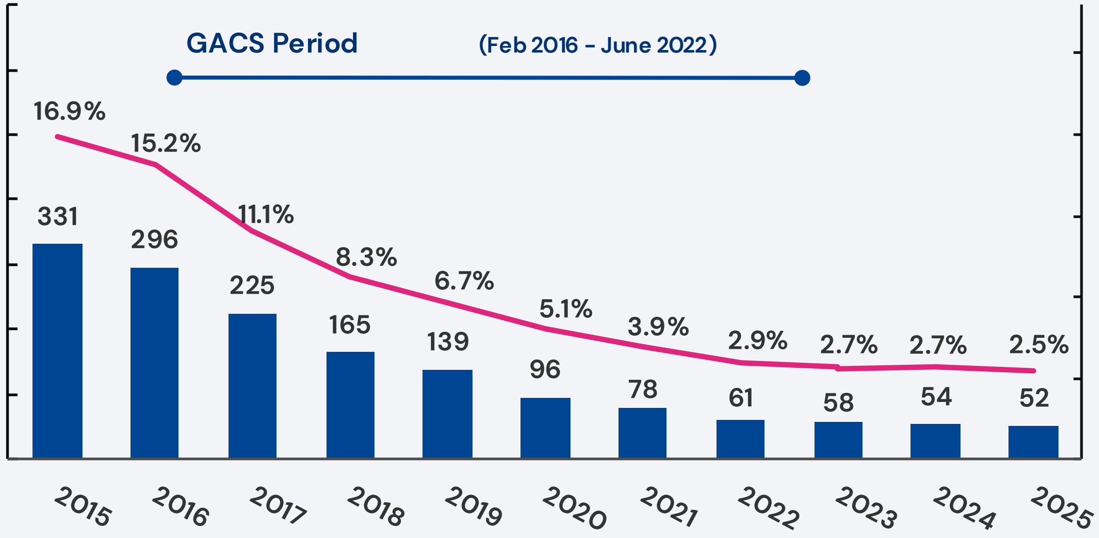
eiopa EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY — Insurance & pension

* Ratification of the Amending Agreement to the ESM Treaty ongoing

Securitisation can support crisis management and bolster investor confidence

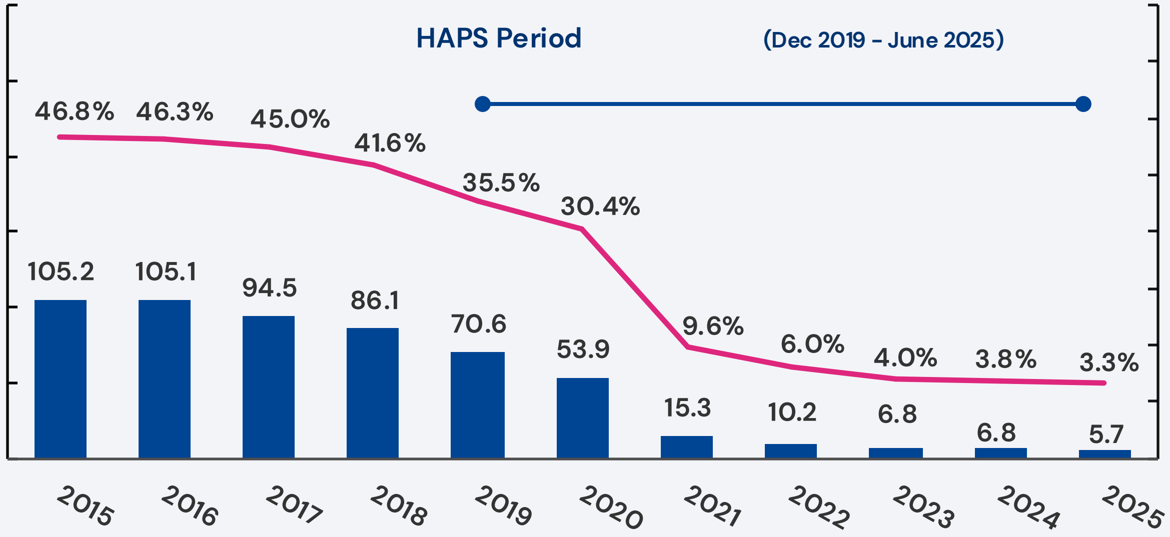
- **Two groundbreaking schemes were introduced**: GACS in Italy (2016) and HAPS in Greece (2019)
- **Pivotal in their role as industrial sized NPL management tools**:
  - ✓ Transformed troubled assets into marketable assets
  - ✓ Reduced information asymmetries and bid-ask spread

Italy NPE Stock (€Bn) and NPE ratio (%)



Source: ECB

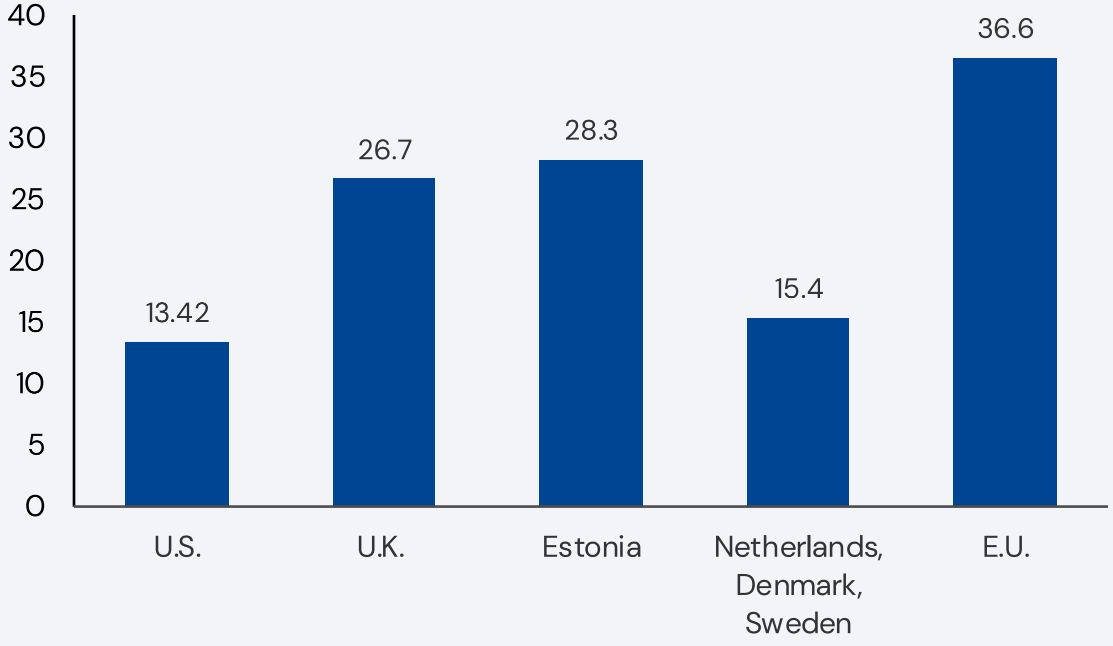
Greek NPE Stock (€Bn) and NPE ratio (%)



Source: ECB

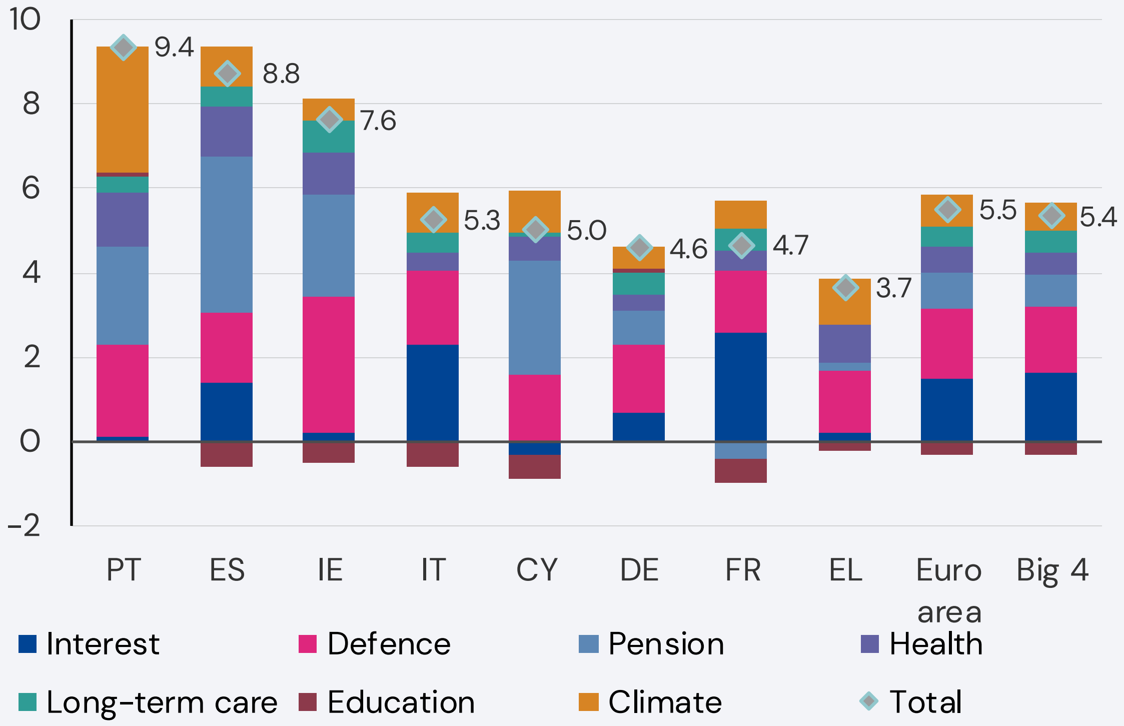
A bridge to channel untapped investment capacity while fiscal space is increasingly constrained

Household deposits and cash holdings (% of financial assets)



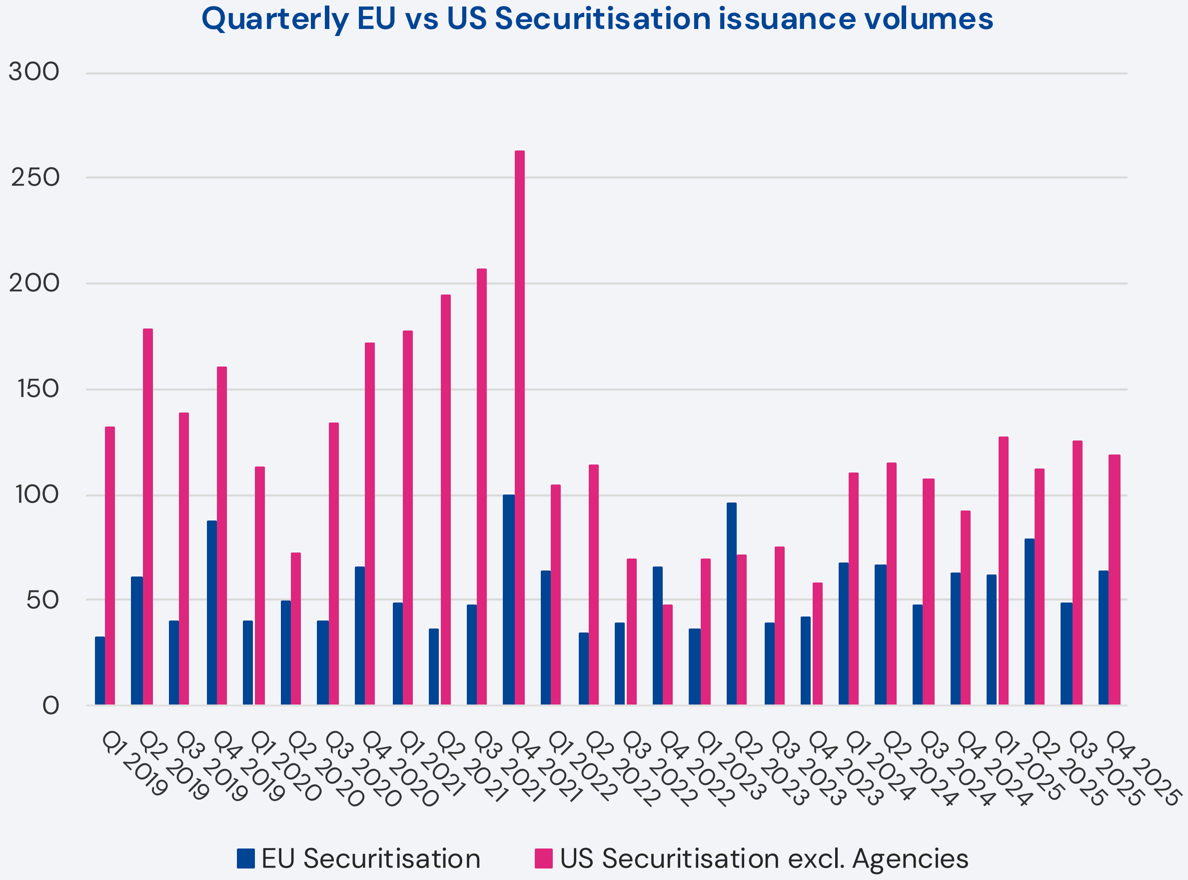
Source: ESM analysis

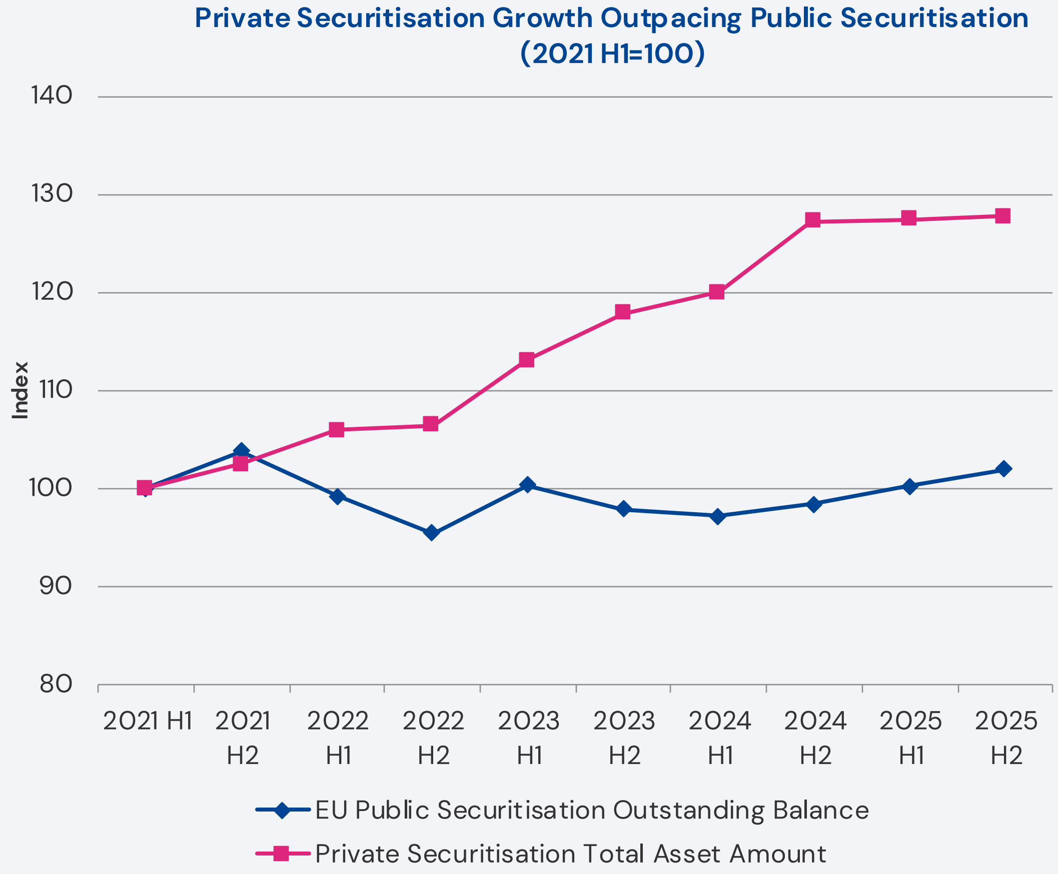
Incremental euro area spending pressures 2025–2050 (% of GDP)



Sources: European Commission, IMF, Eurostat, NATO, ESM analysis

Is private securitisation becoming market dominant?

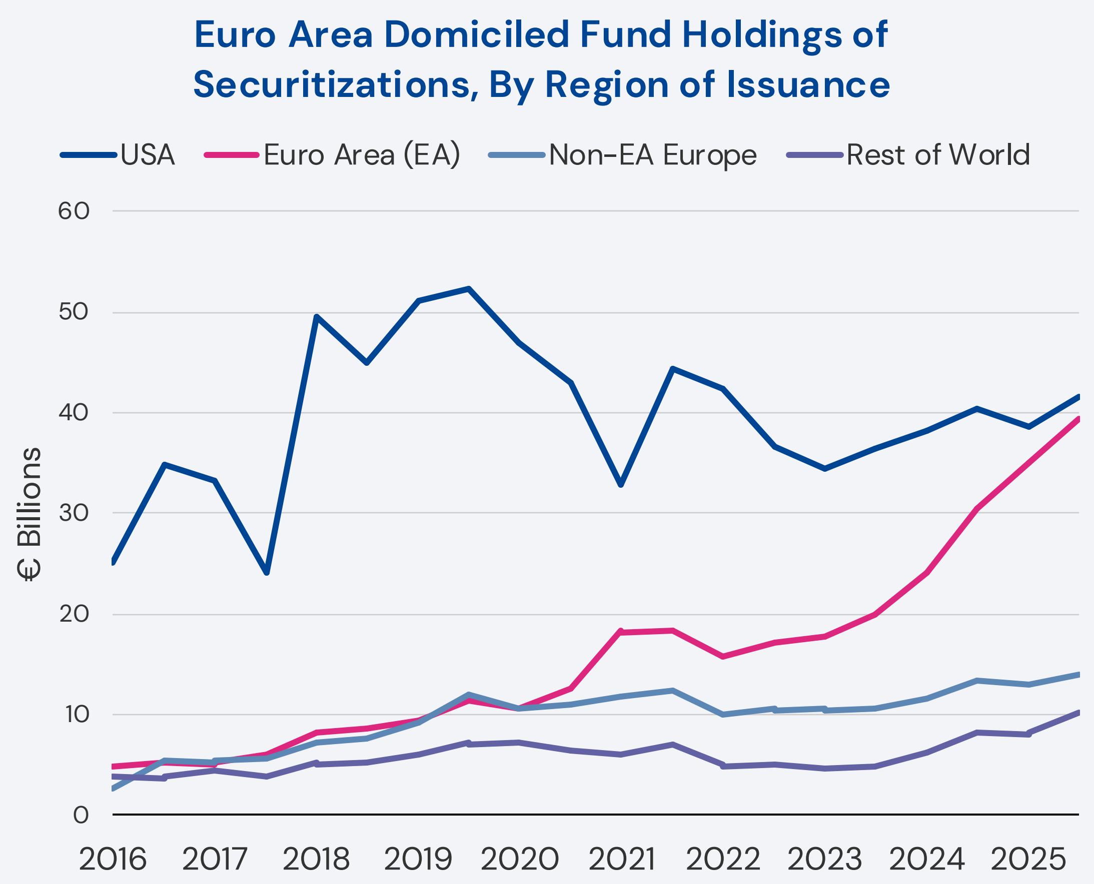


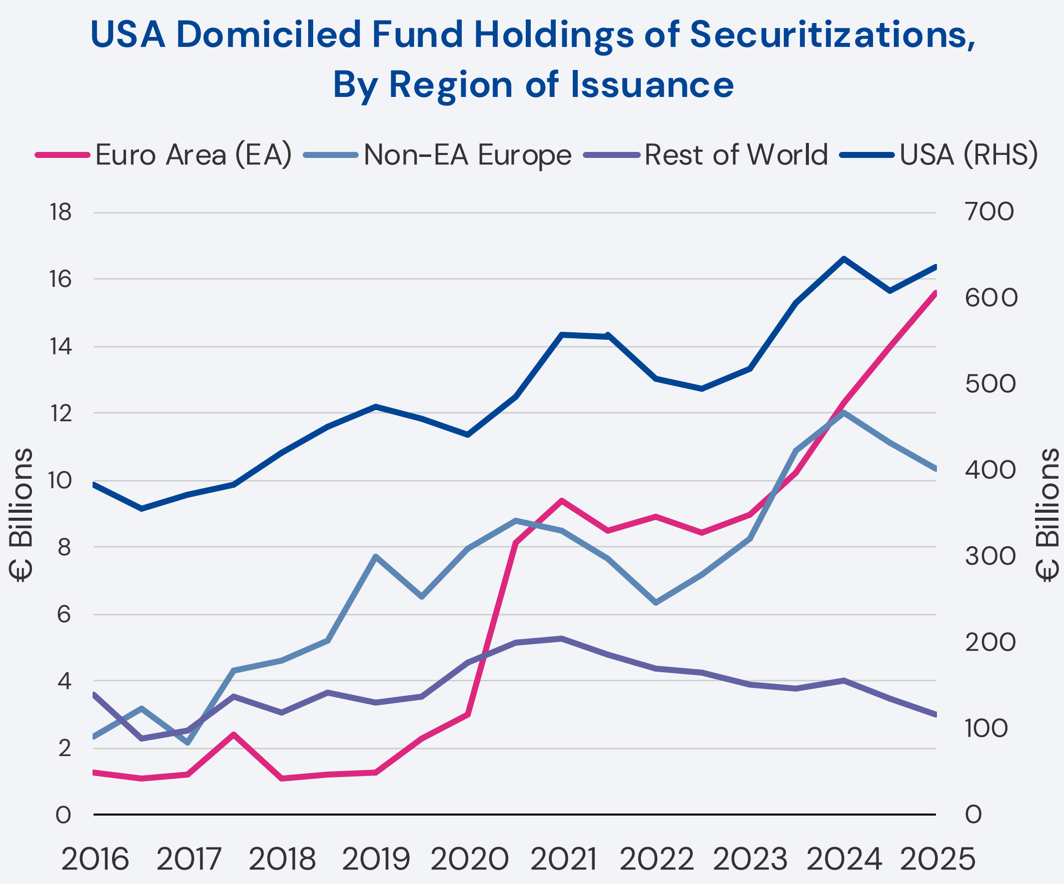


Source: AFME. Data reported in € billions

Source: AFME. European Benchmarking Exercise (EBE) for Private Securitisations

Institutional investors' appetite is changing





Source: Refinitiv Lipper, European Datawarehouse, and ESM Calculations. US issuances exclude agency. US domiciled fund holdings shown on right hand side (RHS) due difference in scale.

A common EU securitisation platform

1 POOL LOANS

National pools across Member States

- MS 1 LOAN POOL
- MS 2 LOAN POOL
- MS 3 LOAN POOL
- MS 4 LOAN POOL

2 HARMONISATION

EU SECURITISATION PLATFORM

- Common eligibility and disclosure
- Simpler cross-border execution
- Lower legal complexity and costs

Potential for targeted EU public guarantees

3 MARKET SCALE

01 Depth and liquidity

Improved pricing and greater market efficiency

02 Diversification and risk mitigation

Across Member States, reducing national concentration

03 Broader investor base

New opportunities for mobilising pension and long-term savings capital

Potential to support additional lending for EU priorities, including the green and digital transitions.

Illustrative concept — scope, governance and risk-sharing arrangements to be developed

Euro Area Stability Watch 2026.

Global shocks, domestic shields: Resilience under strain

SCAN ME

European Stability Mechanism

esm

Go to the ESM website