Brussels, 3 March 2025
FP

EACB Response

to the European Commission's Call for Evidence (CfE) on the Savings and Investments Union

3 March 2025

The **European Association of Co-operative Banks** (EACB) is the voice of the cooperative banks in Europe. It represents, promotes and defends the common interests of its 27 member institutions and of cooperative banks in general. Cooperative banks form decentralised networks which are subject to banking as well as cooperative legislation. Democracy, transparency and proximity are the three key characteristics of the cooperative banks' business model. With 2,500 locally operating banks and 40,000 outlets cooperative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system. They have a long tradition in serving 227 million customers, mainly consumers, retailers and communities. The cooperative banks in Europe represent 90 million members and 737,000 employees and have a total average market share of about 20%.

For further details, please visit www.eacb.coop

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EACB Key recommendations on the SIU

The EACB welcomes the development of a Savings and Investments Union (SIU), encompassing both the Banking Union and the Capital Markets Union. For our banks members strengthening EU capital markets, while maintaining a diversified financial and banking system and remaining globally competitive, is key. Cooperative banks, with their strong local presence, are uniquely positioned to contribute to the SIU's objectives by promoting retail investor participation, mobilizing savings, and ensuring financing for SMEs and infrastructure projects.

To meet the SIU goals, policymakers should:

1. **Align Capital Markets Initiatives with Bank Financing & Banking Union incentives**
   An efficient financial system requires interplay between bank lending and financial markets. Banks, especially cooperatives, have a key role in financing SMEs , households, and fostering retail investors participation. Improving the circulation of capital and liquidity in the Banking Union and rendering the single market more efficient, while reflecting the needs of diverse banking models, will benefit both institutions and borrowers.

2. **Focus on Investors, Enhance Existing Instruments, Promote financial education and collaborate with industry stakeholders**
   Encouraging retail participation in capital markets is a cornerstone of the SIU. This requires simplifying access to financial markets, adapting existing tools, such as ELTIF, for retail investors, supporting them—especially first-time and less affluent savers—and promoting financial education. Initiatives aiming at reducing risk aversion, such as enhancing financial literacy and/or introducing a preferential tax treatment on certain investments, will be crucial. Open dialogue and collaboration between policymakers and industry representatives will be key to creative effective policy in the SIU remit.

3. **Reduce Regulatory Complexity, Ensure Consistency and Minimize Revisions**
   Legislative consistency is crucial for market stability. Repeated legislative revisions impose significant costs and bureaucracy on banks and taxpayers. The SIU should focus on cutting red tape, simplification and minimize legislative reviews. For example the separate transaction reporting regimes of EMIR, MIFIR, SFTR and MMSR could be simplified by deleting investment firms' MIFIR reporting requirements for derivatives and integrating, if needed, extra requirements in investment firms' derivatives reporting under EMIR.

4. **Enhance Securitisation and SME Financing**
   A more supportive regulatory environment is needed to develop securitisation markets. Additionally, the European Secured Notes (ESNs) initiative should be explored as an additional tool for SME financing.

5. **Strengthen Equity Financing and Reduce Tax Barriers**
   Targeted adjustments to Basel IV/CRR3 can help foster greater equity financing and access to capital markets. Reducing tax-related barriers and harmonizing fiscal incentives across the EU will be key to unlock investments.

6. **Enhance Long-Term Investment Tools**

The European Long-Term Investment Fund (ELTIF) should be optimized to channel private capital into projects financing the EU transformation. A state-backed ELTIF with minimum allocations in EU projects could be a valuable tool. Promoting the labeling of existing EU products and a coordinated approach to national tax incentives could further enhance the attractiveness of long-term investments.

7. **Leverage EU Guarantees for Risk Reduction**
   Public guarantees from institutions such as the European Investment Bank (EIB) could reduce financial risk and support bank lending for strategic EU projects. Furthermore, extending the use of guarantees to instruments such as green bonds could increase institutional investors' interest in said instruments, particularly in less developed markets. Such action would both contribute to the development of our capital markets and increase the security of savings.

See our paper for more details.

Contact:

The EACB trusts that its comments will be taken into account.

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