Ladies and gentlemen,

Over the last few years, the European financial landscape has undergone fundamental change. Because it had to. It was clear from the crisis that the financial system had to be more robust and stable. You know that change is necessary, when banks can take down entire countries in their fall. There was a clear need to weaken the close links between banks and sovereigns. In the aftermath of the crisis, banks caught their breath, strengthened their balance sheets and looked at credit applications far more critically.

It also became apparent that the European economy is over-reliant on banks for finance. Stronger and more diverse financing of the real economy is needed to create more jobs, robust growth and solid investment. Capital is needed by all businesses. From small companies to huge conglomerates. Innovative entrepreneurs must be able to finance their ideas. Companies must be able to finance their growth plans. And multinationals must be able to make the fullest use of the European financial market.

These are some of the reasons why we set up two landmark initiatives: the Banking Union and the Capital Markets Union. They clearly complement one another. The Banking Union has been set up to make banks more stable and weaken the link between banks and sovereigns. In other words, to ensure we are 'open for business' again. The Capital Markets Union aims to cut the cost of raising capital and reduce the high dependence on bank funding in all 28 EU member states.

In short, both initiatives increase the stability and growth potential of the EU economy. Banks should no longer be 'too big to fail'. Taking away distortions such as the implicit subsidising of banks will create a more level playing field between banks and other market players.

This is also relevant to the Capital Markets Union. Because we have to unlock new and effective sources of investment in Europe's companies and infrastructure.

Both the Banking Union and the Capital Markets Union are policy initiatives designed to help the real economy grow and make Europe more shock-proof. But there are big differences between them. Let's take a closer look at these differences.

The Banking Union was made possible by making the financial sector responsible for itself. The stricter demands for capital and leverage, CRD4 and the bail-in rules all cleared the way for a single supervisor. With the European Central Bank taking up its new supervisory role last November, the Banking Union has officially kicked off. The European Central Bank supervises all euro area banks, directly or indirectly. Before the European Central Bank took up this role, it conducted a comprehensive assessment of 130 of Europe's larger banks. Besides an asset quality review, banks underwent a stress test. This generated confidence by showing that the European banking sector is getting stronger. Harmonised supervision enables us to apply similar standards to all banks, in recognition of the fact that many banks operate across European borders.

We are also in the process of establishing a fully fledged European resolution mechanism, which should be fully operational as of 1 January 2016. This new mechanism ensures that if a bank is facing serious difficulties, its resolution can be managed efficiently, at minimal or no cost to taxpayers and the real economy. The new bail-in regime is critical in this respect. The Banking Union makes banks safer, more resilient and ensures that common standards are applied. With the Banking Union we have addressed the potentially contagious links between banks and sovereigns.

The Capital Markets Union is, however, something completely different. It's not about institution building. It's about creating the right conditions for European capital markets to function better. To help markets unlock investment for Europe's companies and infrastructure.

Of course, regulations are still necessary for more market-based finance. We're not starting from scratch, as a lot of legislation has been introduced over the past few years. Now we have to make markets work more effectively and efficiently. By identifying remaining barriers and knocking them down, we are putting the ball into play. But it is you – market participants – who in the end have to score the goals. This means there’s also a big difference in chronology between the Banking Union and the Capital Markets Union.

The Banking Union has been set up with remarkable speed and is almost completely up and running. The Capital Markets Union, on the other hand, is a rather longer-term project, requiring sustained effort over many years. But that should not stop us from making progress as soon as possible. And I challenge Commissioner Jonathan Hill to come up with an ambitious action plan this autumn.

Ladies and gentlemen,

The Banking Union is an intricate collection of initiatives, focused on a single goal. The Capital Markets Union is equally complex, but has a greater tendency towards improvisation. If the Banking Union resembles the Beatles, the Capital Markets Union is like a jazz band. And like good jazz, the initiatives that make up the Capital Markets Union have several themes.

The first theme I’d like to mention is better access to capital. For this, we need to address the remaining barriers to cross-border capital flows. European financial rules should be consistent across borders. This will enable investors to invest without hindrance across borders and businesses can raise funds from a diverse range of sources, irrespective of their location. The review of the existing prospectus regime is a first step in this direction.

Secondly, we need to broaden and deepen the supply side. This requires increasing and diversifying the sources of funding. This means not only investors in the EU, but from all over the world. And not only big institutional investors, but also retail investors. It also requires an effective level of protection for consumers and investors. They should also have access to capital markets. And they must be able to make well-informed decisions based on a good insight into costs, expected returns and risks. Institutional investors should also have better access to capital markets, for example by eliminating unnecessary barriers to long-term investment.

We also need to create a sustainable high-quality securitisation market relying on simple, transparent and standardised securitisation. This will enable the transfer of risks to investors that are able and willing to bear them. And we very much support the development of alternative sources of finance, such as crowdfunding and credit unions.

Thirdly, all structures that are built on wobbly foundations will fall over in the end. And that includes our financial infrastructure. So we need a strong base. This is a fundamental precondition for well-functioning capital markets. We have already poured the concrete for the foundations with the safeguards provided by MIFID II and EMIR. Now we have to develop an effective framework for the recovery and resolution of central counterparties.

Fourthly, information should be easily accessible to all suppliers of finance, not just banks. And information should be easily comparable. Without adequate information, markets simply won't function properly. We should lower the information and transaction costs for investors and companies in need of finance. Especially for SMEs. For this, we need to look into common minimum standards for credit reporting and assessment, as well as standardisation of credit quality information.

In our response to the Commission's Green Paper we stressed the importance of the Capital Markets Union project. As I said, it is now up to Commissioner Hill to present an ambitious action plan, as the success of this initiative will depend on the level of ambition with which it is pursued.

Having said that, in the end we can only create the preconditions for an efficient and sustainable capital market. Ultimately, to get to a fully integrated single market for capital, we need private initiative. And I have no doubt that the private sector will take up this challenge. We have already seen the rise of various alternative sources of financing. From credit unions to crowdfunding. And from private placements to venture capital. Technology will enable new forms of financial innovation, business lending, payment systems and savings. Ultimately, new business models will arise that complement more traditional forms of finance. In short: market-based finance is on the rise and the Capital Market Union is there to help it take off.

Ladies and gentlemen,

During the first ever international football match between England and Scotland in 1872, the Scots introduced a new tactic. They started to pass the ball to each other, instead of dribbling on their own towards the goal. This was an instant success and changed the game forever. The player who had the ball was no longer the only important man on the field. By introducing this new tactic, more players were brought into the game.

You can all see the similarity here. By introducing the Capital Markets Union, we are changing our tactics so more players are brought into the capital markets. This could change the game forever. But – as in football – in the end it’s down to the players to make things happen. And that means you, the market. You have to put it into practice. Make more market-based financing possible for entrepreneurs, companies and multinationals. With better access to capital. With more diversification, sound information and a better infrastructure. For more jobs, robust growth and solid investment. Thank you.