



Reinforcing Europe's financial resilience – and growth potential

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15 years of the ESRB: resilience through prevention

- The ESRB and the ESAs were born out of the global financial crisis
- Stronger supervision and regulation have paid off
- Europe's financial system has weathered major shocks

Key lesson: The best crisis management is effective prevention.

Resilience in an age of uncertainty

- AI: cyber threats and concentrated financial exposures
- Geopolitical tensions and climate risks
- High public debt and rising financing needs
- Financial resilience must not breed complacency

Europe's triple test

01

Common defense

Take greater responsibility for Europe's security, including through joint investment and procurement.

SECURITY

02

Green transition

Build a decarbonised energy system that is resilient, competitive and less exposed to shocks.

ENERGY RESILIENCE

03

Productivity

Lift long-term growth through investments in the digital transformation, human capital and innovation, and by removing regulatory barriers.

GROWTH POTENTIAL

The Draghi Report estimates that additional investments of €750-800 bn annually are needed, close to 5% of GDP. To mobilise that amount of public and private investment, capital markets must become less fragmented and better at channelling savings into investments.

Mobilising Europe's savings for productive investment

- Europe has ample savings, but fragmented capital markets
- Nearly 15% household saving rate; some €10 trillion in deposits
- Savings and Investments Union: a central priority
- Could a common safe asset help?

A European safe asset: potential benefits and essential conditions

Potential benefits

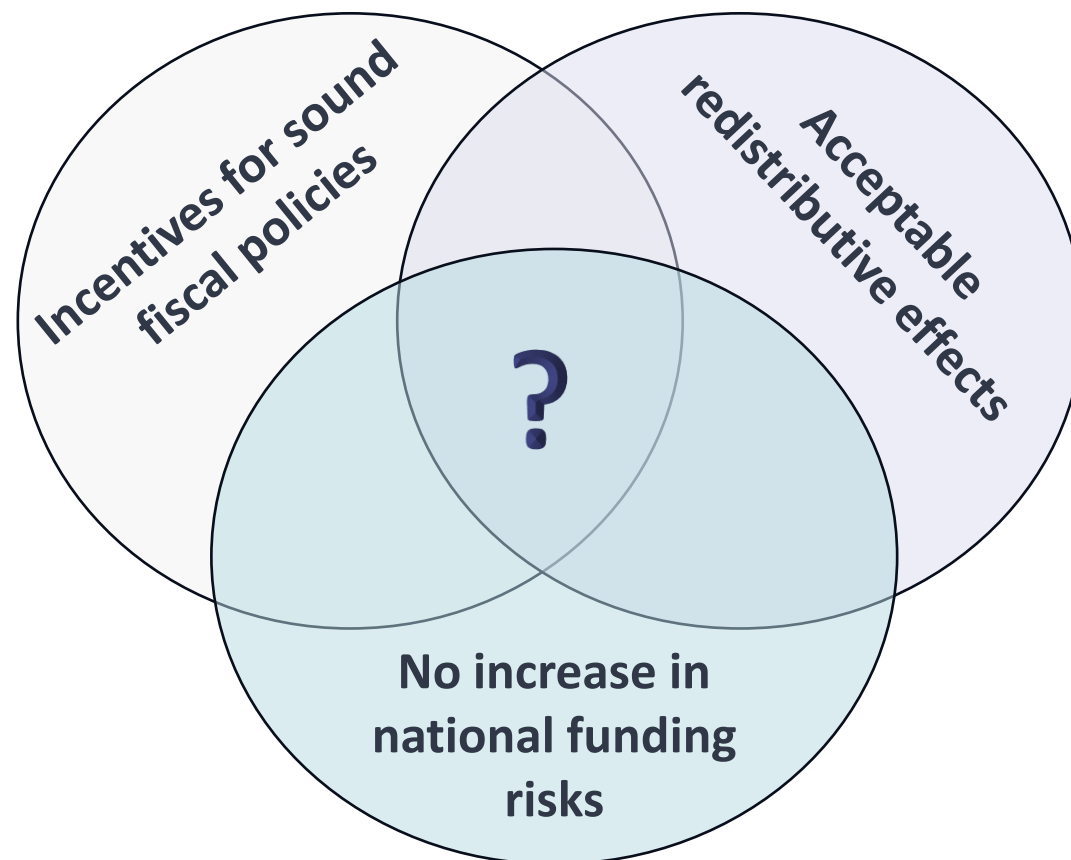
- Deeper, more liquid capital markets
- Common benchmark and collateral
- Stronger international role of the euro

Essential conditions

- Preserve fiscal discipline
- Acceptable sharing of costs and benefits
- Avoid risks to national bond markets

Bottom line: Design determines the financial stability implications.

Political requirements for a European safe asset



Challenge: Find a design that satisfies all three conditions

Elements of market acceptance

Strong and durable political commitment

Credit quality

- EU budget guarantee (EU bonds)
- asset backing (EIB)
- paid-in/callable capital (ESM)

Attractive ecosystem

- eligibility for regulatory requirements and central bank operations
- modern and efficient market infrastructure, including tokenisation (PONTES/APPIA)

Conclusions

1. Europe needs a stronger, more integrated financial system to meet its triple test — defence, energy, productivity. Completing the Savings and Investments Union is central.
2. A well-designed European safe asset can support this agenda — if it protects financial stability, channels idle savings into productive investment, and safeguards sustainable public finances.
3. The ESRB can help advance this debate with sound, independent analysis of the financial-stability implications.

*Europe has strengthened its institutions over 15 years of crises.
The world keeps changing fast — our task is to keep the financial system resilient, and capable of financing the growth ahead.*



” *Securing stability,
in science we trust.*
– Bank of Finland

