SHORT VERSION: GERMANY AS A FINANCIAL CENTRE AND CORNERSTONE OF THE THE EUROPEAN FINANCIAL SYSTEM

A study by GERMANY FINANCE and zeb

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Arbeitsgemeinschaft
der deutschen Finanzplätze

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Key points of Germany as a financial centre

Absolute size of the German financial system in 2020[1)]

… generated **122 billion euros** per year[2)]

… employed **1.1 million** employees[3)]

… is the **largest** financial sector in Europe[4)]

1) Financial sector definition according to NACE Rev. 2: K = Provision of financial and insurance services; 2) Total gross value added of the sector; 3) Employment according to the domestic concept on an annual average; 4) By number of employees (see footnote 3); second largest financial sector by gross value added (after Great Britain); Sources: Eurostat, zeb.research

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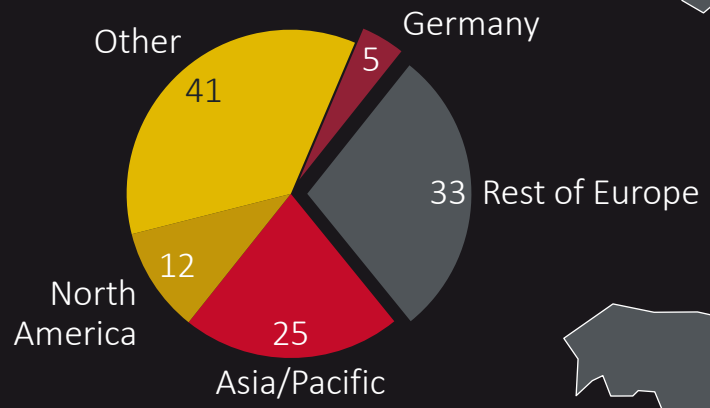
The financial centre of Germany as a whole consists of several leading regional financial centres

Global Financial Centres Index[1)], September 2021

Number of cities in the ranking by region:



1) Index analyses and evaluates 116 financial centres worldwide in terms of their competitiveness (criteria: economic environment, human capital, infrastructure, financial sector development, reputation); Sources: Global Financial Centres Index 30, zeb.research

- Most of the most important international financial centres are located in Europe – although Asia/Pacific and North America are both well ahead in the ranking (number of top 10: Asia/Pacific: 5, North America: 3, Europe 2), they are significantly behind Europe in terms of the total number
- Germany is particularly strongly represented in the ranking in Europe with five cities among the top 60 – in the other European countries there is usually only one strong financial centre
- Despite Brexit, London remains the strongest financial centre in Europe by international standards – Paris is number 2 in Europe, followed by Frankfurt

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The German financial system is large, customer-oriented and determined by the actions of many individual institutions

Summary

1	**Financial architecture** How do we define a financial system and how is it structured in Europe?	• A financial system consists of various financial actors (esp. banks, insurance companies and stock exchanges) and their interaction • Overall, the European financial system is growing significantly, but to varying degrees across the various players • The individual facets of the financial system are sometimes very different in European countries	p. 9-12
2	**Special aspects** What characterises the pillars of the German financial system in comparison to Europe?	• German banking, insurance and stock exchange markets are among the largest in Europe in absolute terms – their relative importance is smaller • Structurally, the German system has some unique aspects: e.g. the 3-pillar model, mutual insurance associations and regional stock exchanges • In all areas, Germany has some of the most institutes in Europe – decentrality and customer proximity are decisive elements	p. 13-24
3	**Networking** How connected is the German financial economy with other states?	• While exports are an elementary part of the German economy, in some cases internationality has a smaller role in the German economy • Especially in the banking and insurance market, there are large institutions with high volumes of foreign business, but smaller ones operate nationally and regionally • In a European comparison, no other stock exchange is as relevant for domestic (but also foreign) companies as Germany	p. 25-28

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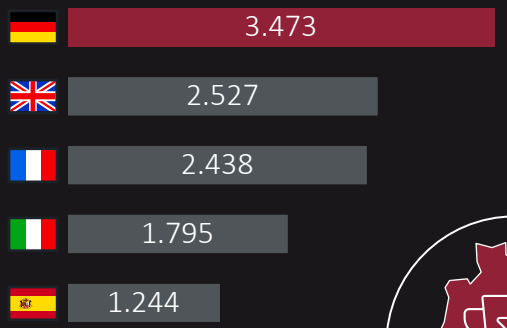
Europe’s “bank” – the German real economy is large, fast-growing, international and stable

The German real economy in a European comparison

Size

In terms of gross domestic product, Germany is by far the **largest economy in Europe**

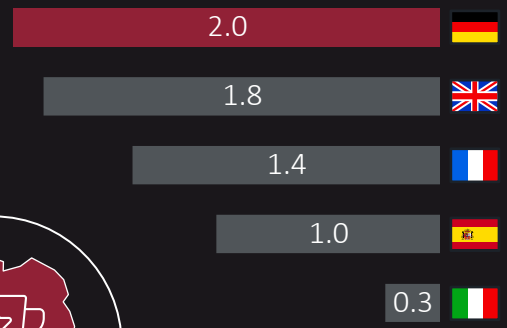
GDP 2019, in billion EUR



Growth

None of the largest 5 European economies has seen as **strong growth** as Germany since 2010

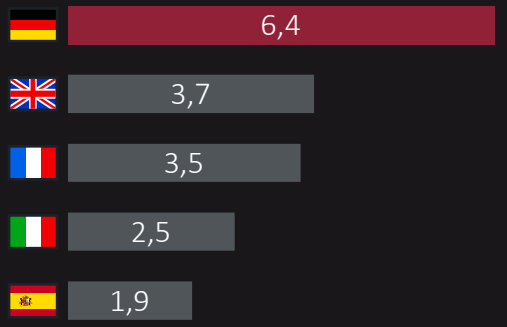
Ø-GDP growth 2010-2019, in % [1)]



Structure

In Europe, Germany has the **largest share of global exports** – internationally, only the USA (13.0%) and China (9.1%) have higher shares

Share of global exports in 2019, in %



Stability

Germany is the only major European country that still has an issuer default rating of AAA (best value) – clear **financing advantages** are the consequence

Country Rating (Fitch)

1) Average annual growth rate (CAGR) of real gross domestic product 2010-2019 (Linked Volumes 2010); Sources: Bloomberg, Eurostat, Worldbank, zeb.research

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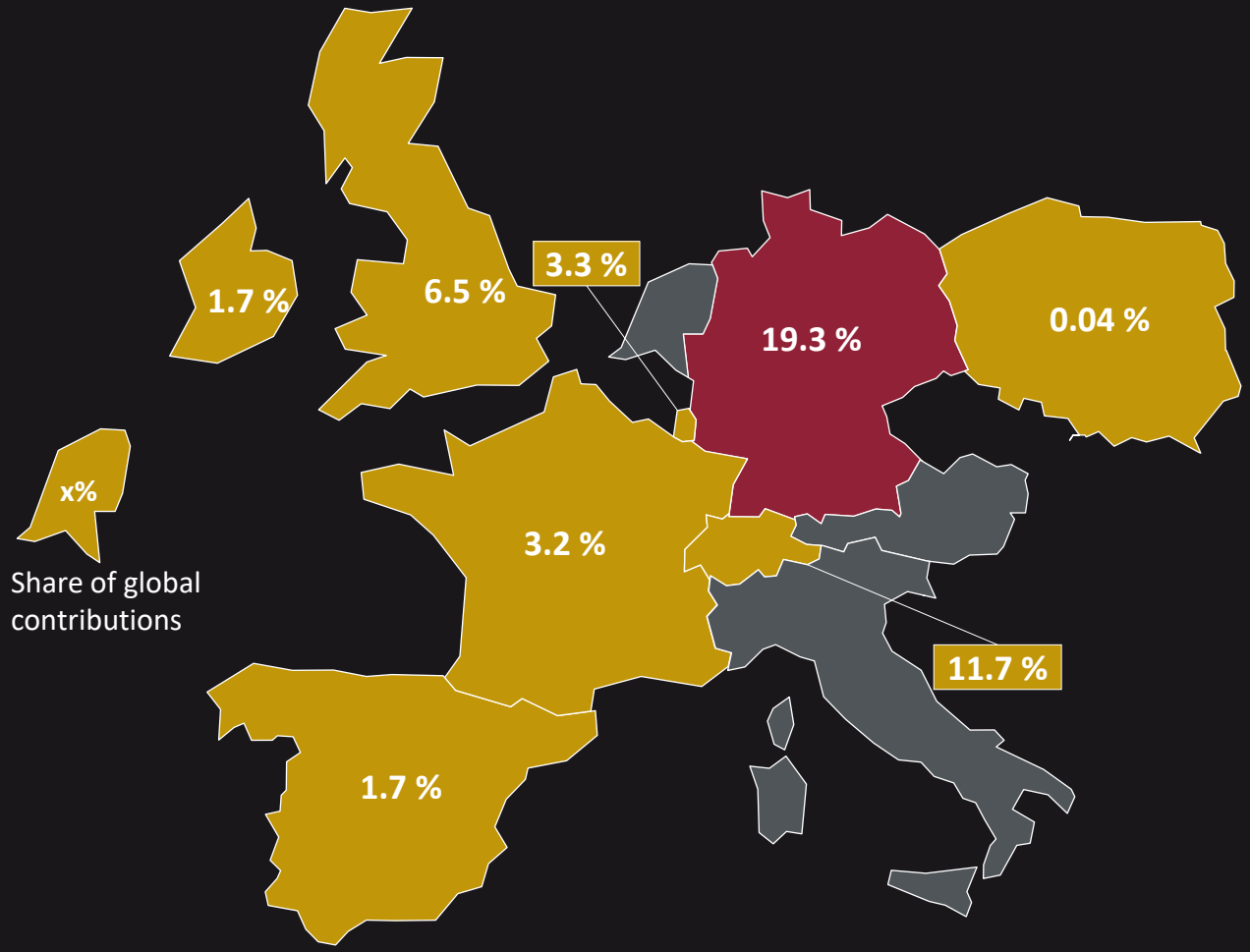
Special aspect: Germany is the most important location for reinsurers in Europe

Share of domestic reinsurance groups in global premium income, 2019[1)]

→ 2



- In terms of global premium income, almost 20% of reinsurers' business is carried out in Germany as a business location
- This makes Germany the second largest reinsurance market in the world after the USA (26.9%)
- However, in view of highly internationalised business, Germany has also recorded a declining global market share in recent years (2013: 27.8%)
- Two of the five largest international reinsurance groups are based in Germany

Top 5 Global Reinsurance Groups[2)]

1.	Swiss Reinsurance Co.	$39,649 million[3)]
2.	Munich Reinsurance Co.	$35,394 million[4)]
3.	Hannover Rück SE	$22,815 million
4.	Berkshire Hathaway Re	$16,952 million
5.	SCOR SE	$16,196 million

1) Booked net contributions, no data for Italy, the Netherlands and Austria; 2) Calculated according to booked net contributions, Lloyd's (GB): Investment income/other income not available at the level of the reinsurance division; 3) Figures including primary insurance business; 4) Figures including primary insurance business of ERGO; Sources: Standard & Poor's, zeb.research

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German stock exchanges are high in turnover – the system of regional stock exchanges is unique in a European comparison

Core characteristics of European stock exchange systems, 2020

Euronext Stock Exchanges ✓ Yes / high ~ In parts / medium → 2

Structure	**Number of exchanges**	5 (6)[1]	1	1 (2)[2]	1	3	1	1	1	1	1	1
	Stock Exchange Supervision	Regional/ National/ EU	National	National	National/ ZB[3]/EU	National/ ZB/EU	National/ EU	National/ EU	National/ ZB/EU	National/ EU	National/ ZB/EU	National/ ZB/EU
Relevance	**Stock market turnover[4] in billion EUR**	2,294[5]	1.934	1.700	1.320	732	693	77	63	35	0.1	n.a.
	Liquidity[6]	✓		✓	~	~	~	~	~			n.a.
	Concentration[7]	All others / Top 5				n.a.						n.a.
Product split[8]	All others[9] / Bonds and financial market instruments / In stocks	83%	91%	81%	94%	93%	39% / 61%	98%	100%	98%	55% / 45%	n.a.

1) Tradegate is a 60% subsidiary of Deutsche Börse AG (DB); 2) BX Swiss is a 100% subsidiary of Börse Stuttgart; 3) ZB: Central Bank; 4) Securities turnover (interest derivatives and others not included); 5) DB and Börse Stuttgart; 6) Liquidity (stock exchange turnover at market capitalisation of listed companies): high: >75%; medium: >50%-75%, for DE DB only; 7) Concentration: Revenue share of the 5 most traded shares, for DE DB only; 8) For DE DB only; 9) Securitised derivatives, ETFs, UCITs; Sources: FESE, LSE, zeb.research

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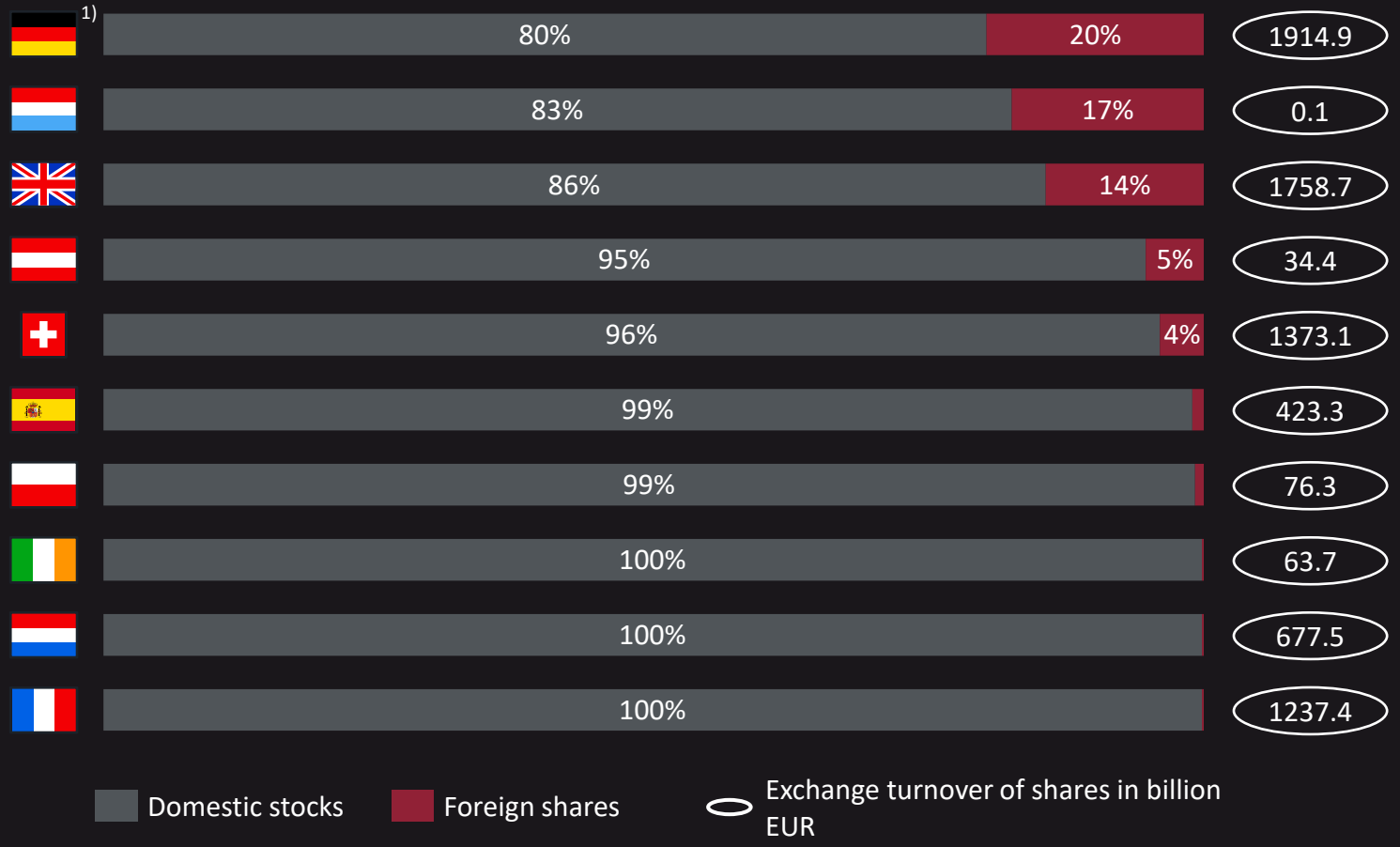
German stock exchanges show the highest share of foreign equities in a European comparison

Stock market turnover by share of domestic and foreign shares, 2020

→ 3



- The stock market turnover with shares is not as high in any other European country as in Germany – the strong German economy with its many internationally important companies is in high demand among investors
- The very liquid German stock exchange also seems to be highly interesting for foreign companies when it comes to a stock exchange listing – in 2020, 20% of the total stock exchange turnover was generated with shares of foreign companies
- In most other countries, the central stock exchange is focused on the domestic economy – the Luxembourg Stock Exchange and the London Stock Exchange are other stock exchanges where significant exchange turnover is achieved with foreign shares

1) Deutsche Börse Group and Börse Stuttgart; Sources: FESE, LSE, zeb.research

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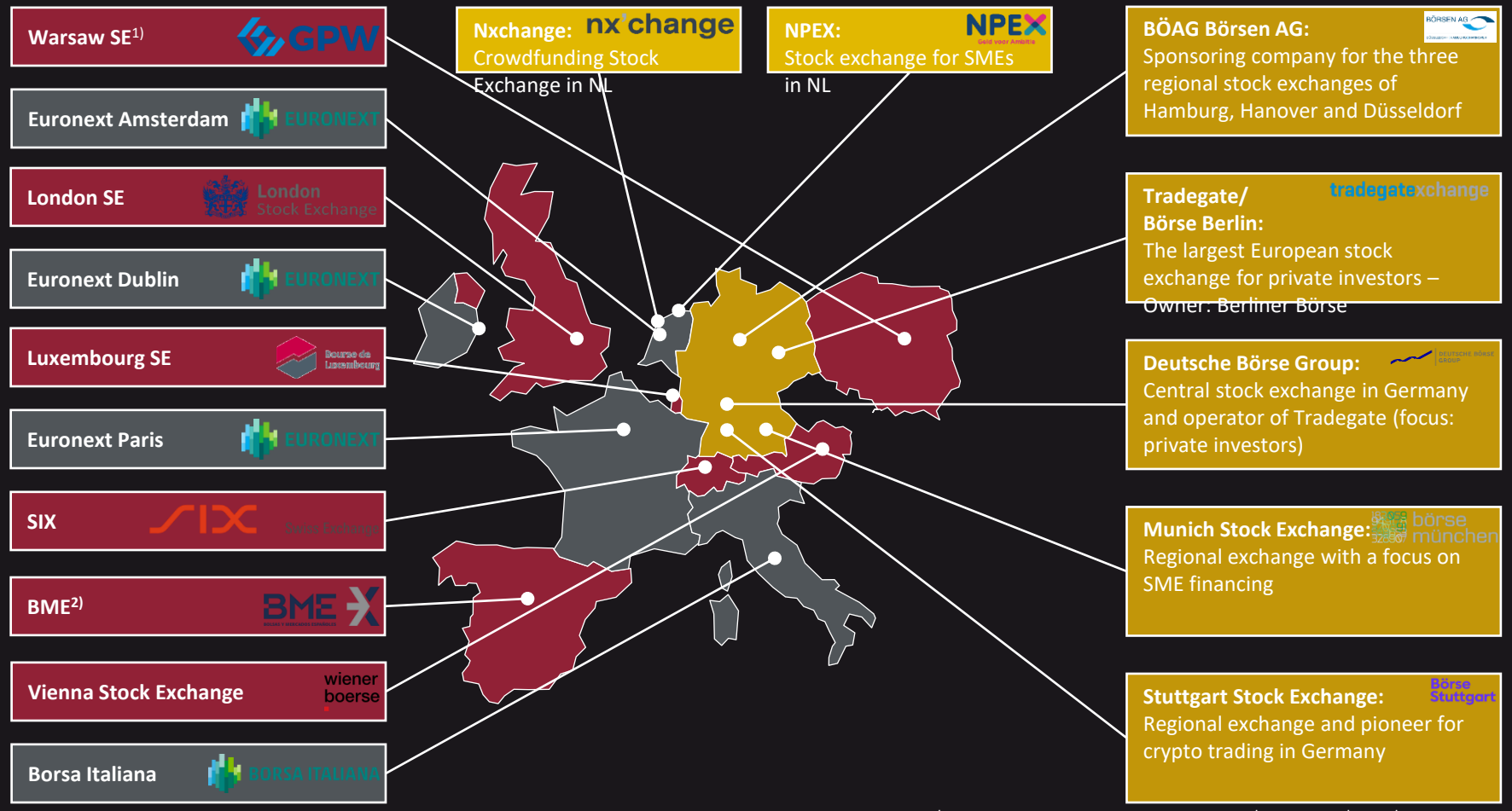
The German regional stock exchanges are (or have become) unique in Europe

Stock exchange locations in Europe and their unique selling propositions

→ 2



- Regional stock exchanges are a special feature of Germany – many European countries have a central stock exchange, yet the German landscape is also characterised by regional institutes with sometimes very different unique selling points – only in NL is there still an independent stock exchange with a focus on SMEs
- Euronext continues to expand its already strong European presence and is the largest competitor of Deutsche Börse AG – most recently Euronext bought Borsa Italiana from the London Stock Exchange in 2021
- The BME[1)] is particularly active in the bond and money markets – EU government financing and ESM securities account for the majority of stock exchange turnover

1) SE: Stock Exchange; 2) BME: Bolsas y Mercados Españoles; 3) Other Euronext locations: Brussels, Lisbon and Oslo; sources: Websites, zeb.research

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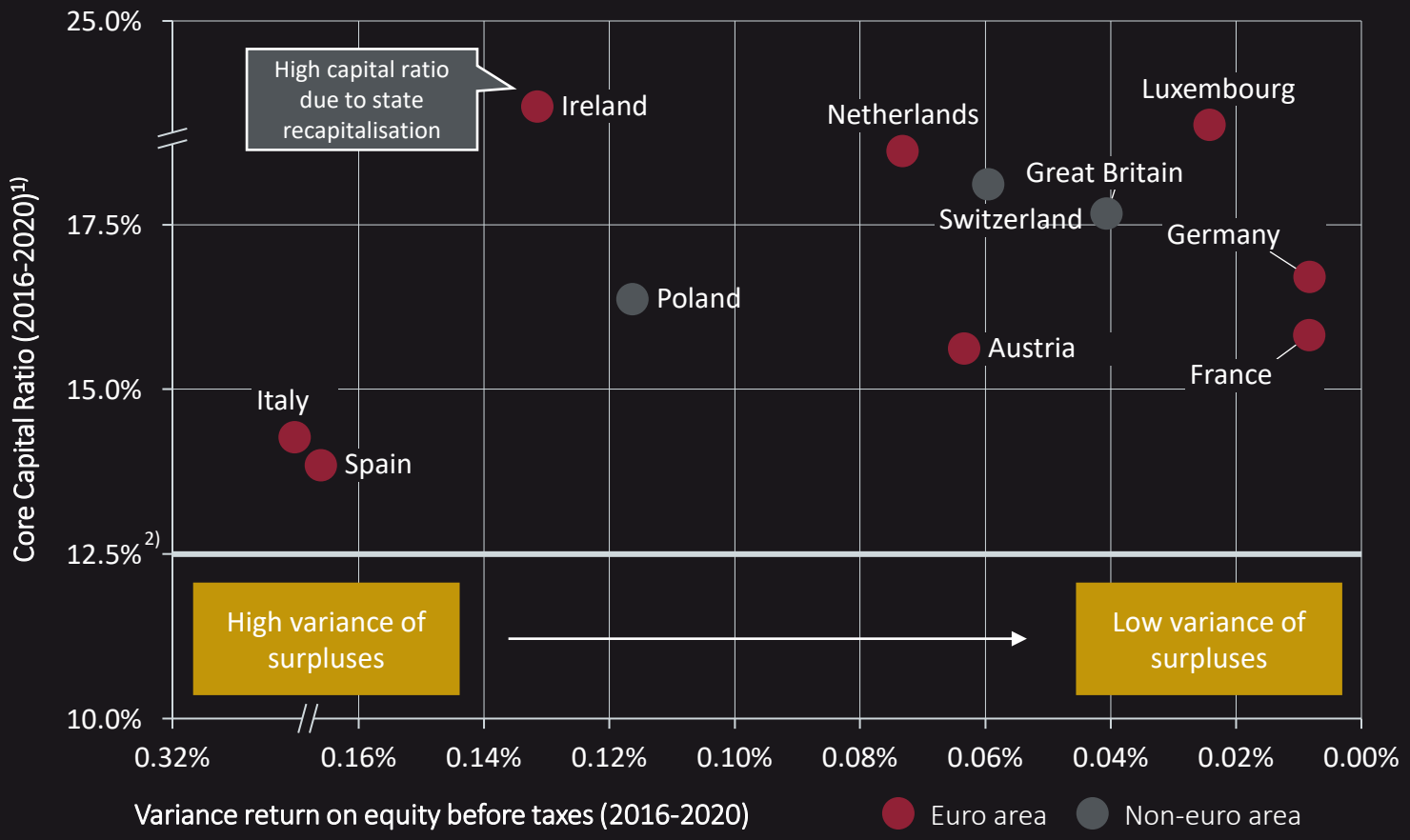
Stability – German The banking sector is much more stable than other markets in Europe

Variance in earnings and capitalisation of European banking markets

→ 1



- The German banking sector has shown high stability in its results, especially in recent years
- Capitalisation as a whole is appropriate in the European midfield and against the background of earnings stability
- Other large markets such as Italy or Spain with significantly lower bank capitalisation and significantly higher earnings stability

All values are internationally comparable and in accordance with IMF Financial Soundness Indicators; values of the respective central banks may differ from these; 1) Core capital to risk-weighted assets; 2) Assumed minimum ratio (6% Pillar I requirement, 1.5% Pillar II requirement, 4.0% capital ratio, 1.0% control and manoeuvring buffer); Sources: Bundesbank, IMF, zeb.research

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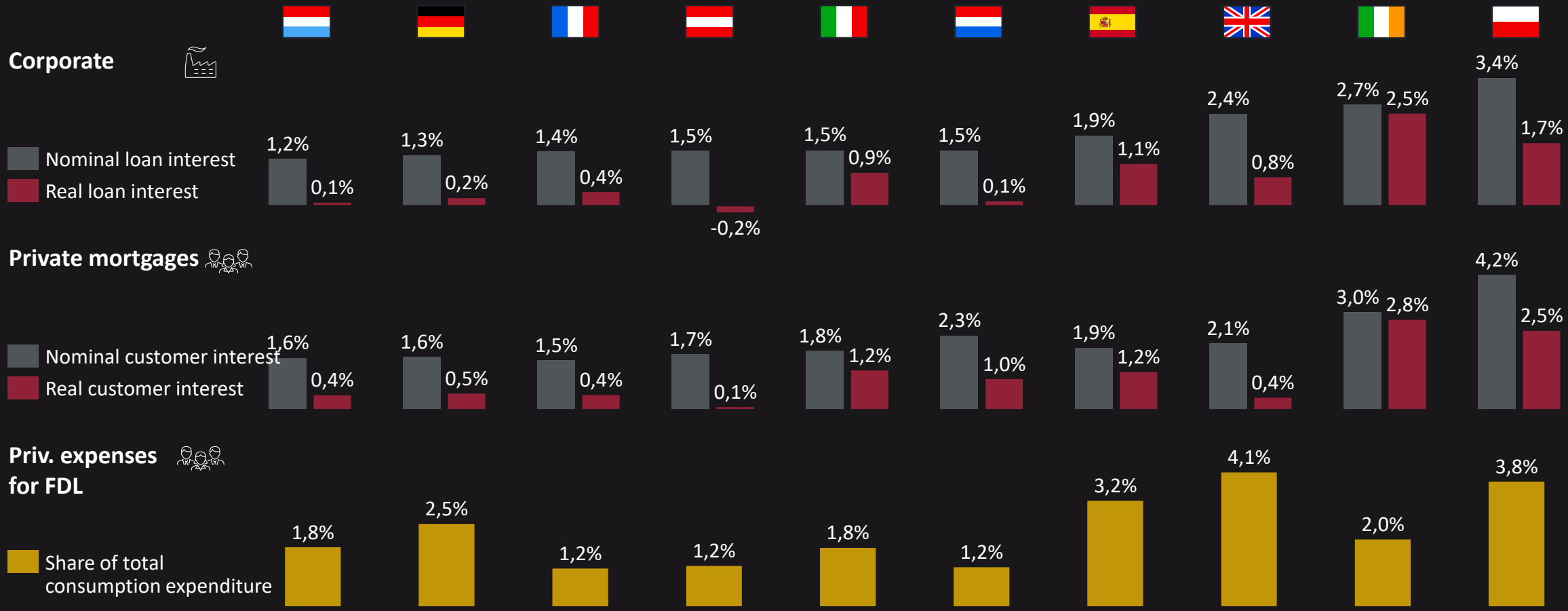
Germany with low average customer loan interest rates compared to Europe

Customer interest rates[1)] and private expenditure on financial services (FDL)[2)] in European banking business, 2016-2020 average

→ 1



1) Average customer interest rates New business, monthly data from 31.01.2016 to 31.12.2020; loan interest rate in real terms: Nominal loan interest excl. average inflation rate in 2016-2020; no data available for Switzerland; 2) Average share of private spending on financial services (excl. "interest and fees expressed as a percentage of the transaction value") of total consumer spending in 2016-2020; sources: Autonomous Research, Eurostat, zeb.research

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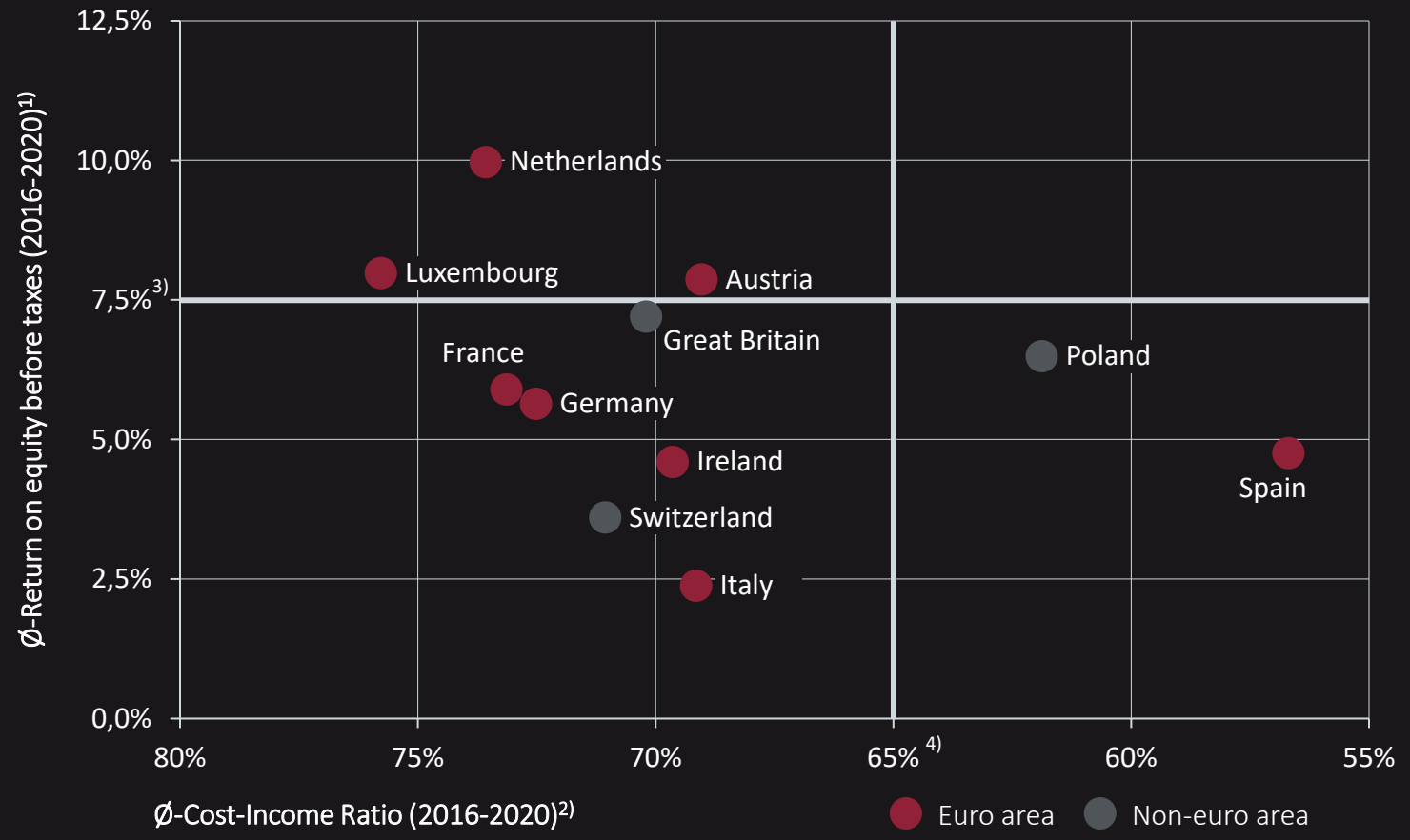
Profitability – German A mid-range comparison of the banking sector in Europe

Long-term profitability and efficiency of European banking markets

→ 1



- In a European comparison over the past few years, the profitability of the German banking sector is in the mid-range – on this basis, no general, structural profitability gap can be determined
- Germany lags behind other markets in efficiency – lower earnings compared to other markets as the main cause, partly also cost disadvantages

All values are internationally comparable and in accordance with IMF Financial Soundness Indicators; values of the respective central banks may differ; 1) Net income before taxes on equity; 2) Operating costs on total income; 3) Estimated cost of equity across all countries and banks; 4) Average level of claims of a branch bank in Europe; Sources: IMF, zeb.research

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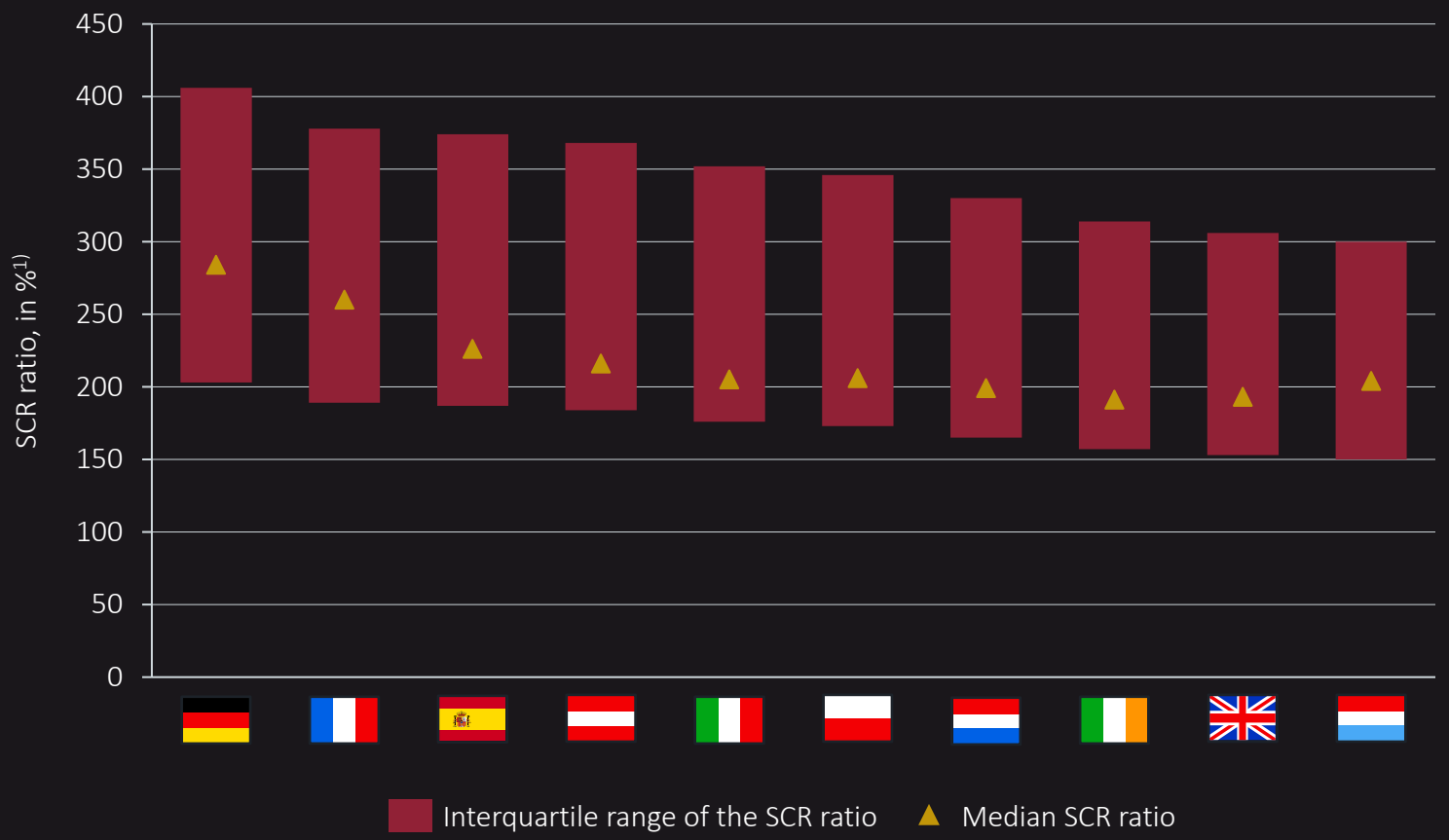
Stability – The German insurance sector is extremely solvent by European standards

Solvency ratios in a European comparison, 2020

→ 2



- Germany has the highest SCR coverage ratio distribution, with a median value of almost 300% and values in the lower quartile of over 200%
- The vast majority of countries have a median value between 175% and 225%
- Companies with a coverage ratio above 100% have sufficient capital reserves for negative scenarios, which statistically occur once in 200 years – the European insurance market is very solvent

No data for Switzerland; 1) SCR: Solvency Capital Requirement – equity ratio to cover long-term interest obligations, the amount of equity corresponds exactly to the solvency capital requirement, the coverage ratio amounts to 100%; Sources: EIOPA, zeb.research

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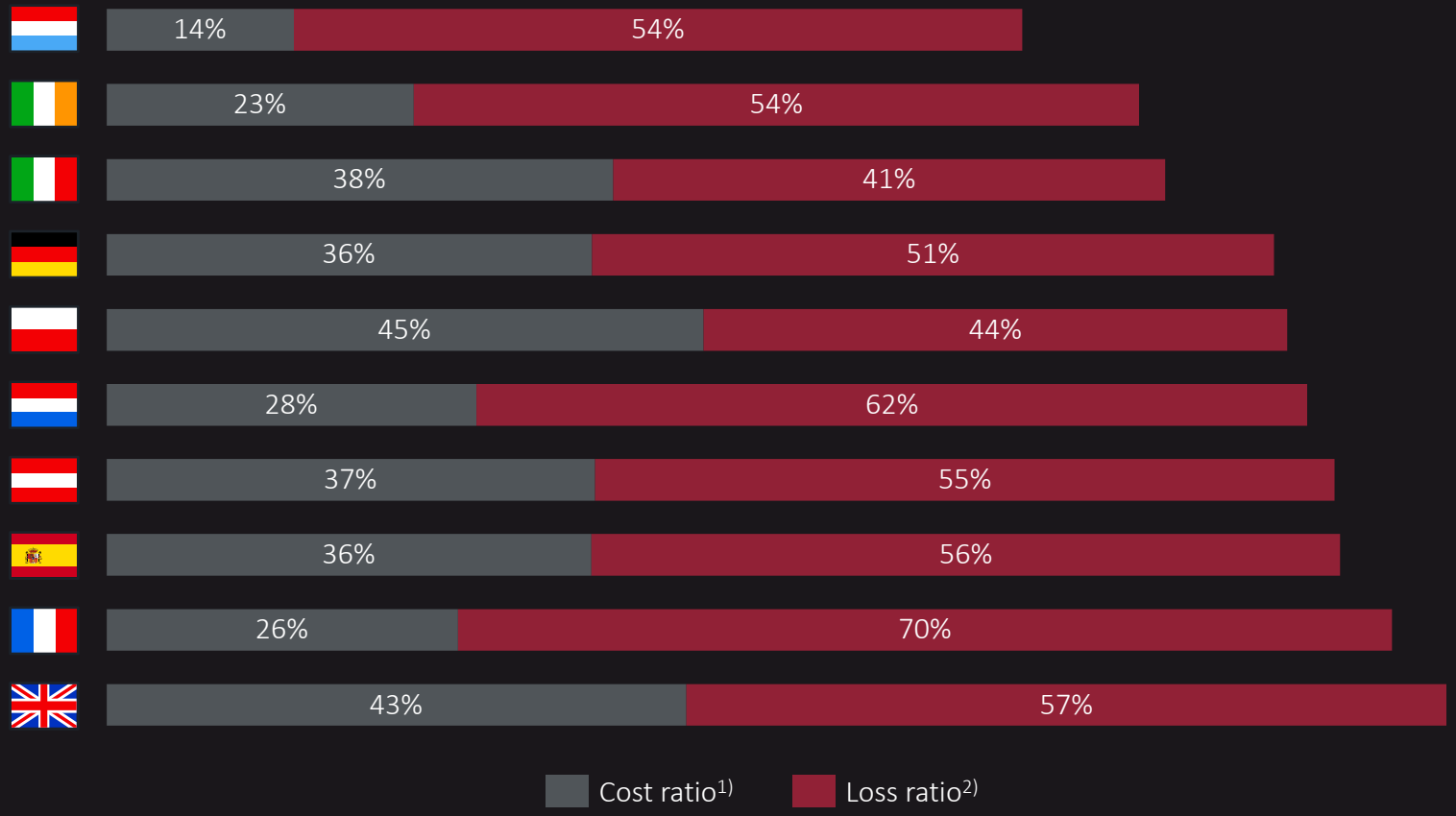
Efficiency – German Insurance sector operates a profitable business at an average cost ratio

Loss and expense ratios (non-life) in a European comparison, 2020

→ 2



- The median value of the expense ratio in Germany is around 36% and thus in the European midfield – an above-average inefficiency cannot be observed despite the special structure of the German insurance industry (high importance of VVaGs, many insurance companies)
- In addition, with simultaneous consideration of the loss ratio, a relatively high profitability is revealed

No data for Switzerland; the sum of the combined ratio and cost ratio does not represent the combined ratio due to the median consideration; 1) operating costs in relation to the gross contributions earned; 2) Loss expenses in relation to the gross contributions earned; Sources: EIOPA, zeb.research

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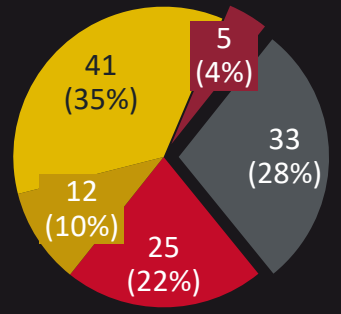
FinTech hubs are also emerging away from established financial centres, thus leading to more decentralisation

Number of financial centres and FinTech hubs (cities) – Globally, in Europe and in Germany

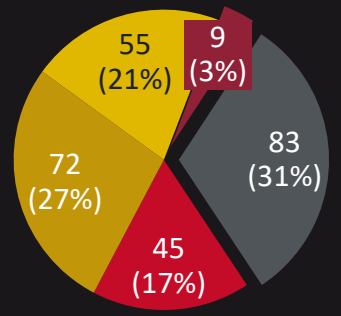
→ 2B

Global Perspective

Number of financial centres[1] by region (116 cities total):

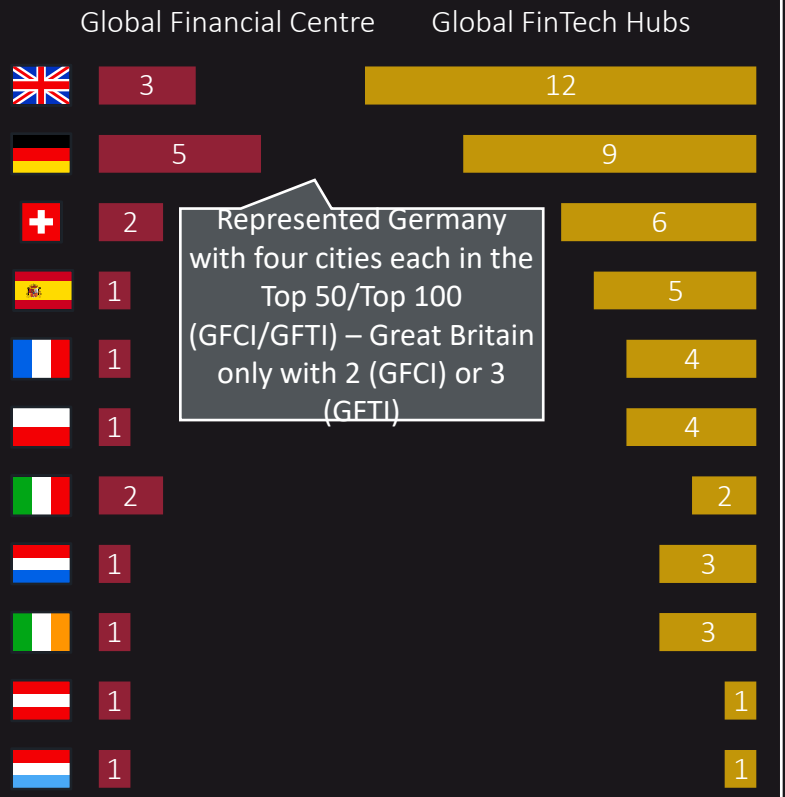


Number of FinTech hubs[2] by region (264 cities total):



Germany · Asia/Pacific · Other · Rest of Europe · North America

European Perspective



German Perspective

City	Financial Centre Global Ranking	FinTech Hub Global Ranking
Berlin	60	6
Hamburg	30	30
Frankfurt	14	57
Munich	31	58
Düsseldorf	-	121
Stuttgart	39	157
Leipzig	-	179
Mainz	-	190
Cologne	-	204

1) According to GFCI (Global Financial Centres Index); 2) According to GFTI (Global FinTech Index) – analyses over 11,000 FinTechs worldwide and evaluates cities in terms of their comp
events, quality of FinTechs based on web presence, customer base and ratings, as well as the technological infrastructure); Source: Global Financial Centres Index 30. The Global Fintec

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Size, decentralisation and special structures shape the German financial system

Summary of the German financial system

Banks

- The German banking market is characterised by its unique 3-pillar structure – a large number of banks, a low market concentration and only consolidations within the banking sectors are characteristic
- The structure of the German banking business is reflected, among other things, in its high branch density and high proportion of cash in payment transactions – but Internet banking use is expected to continue to move steadily in the direction of 80-85% (see other European countries)
- German banks are strongly focused on the domestic market with their business, but there are differences between the bank pillars

Insurance companies

- The legal separation principle leads to a low concentration and slow consolidation in Germany – despite a high proportion of state insurance systems, the private insurance market is growing
- In the two divisions (life and non-life), the most important sales channels in Germany are brokers and intermediaries – bancassurance plays a comparatively minor role, especially in life insurance
- The market share of foreign insurers in Germany is relatively small – but large German insurance companies achieve significant sales in foreign business

Stock exchanges

- In a European comparison, the German stock exchange is the only one that is still home to independent regional stock exchanges – at the same time, it is the stock exchange with the highest stock exchange turnover in Europe
- Stock exchange trading in Germany is very liquid and has a low concentration in relation to the listed companies – a side effect of the strong and broad-based German economy
- The attractiveness of the German stock exchange is also illustrated by the relatively high share of stock exchange turnover generated by foreign shares

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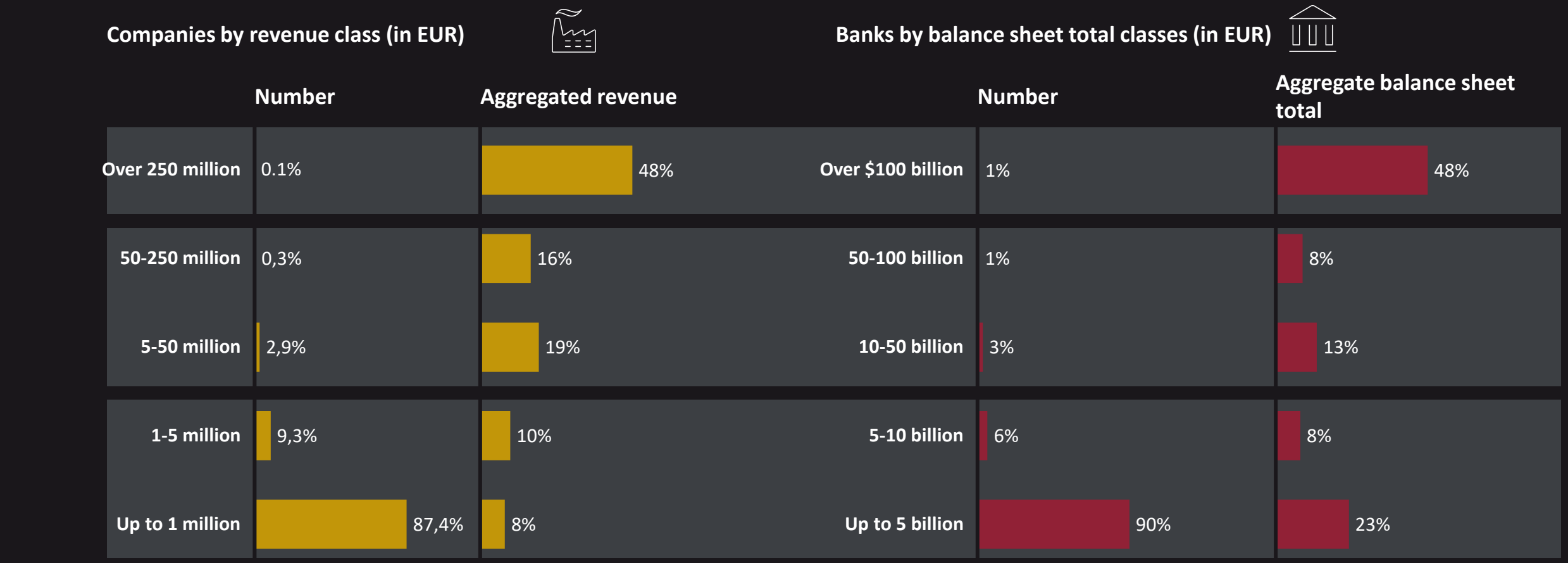
Structures of the German economy and the banking sector show great similarities

Economic structure and banking system

→ 1



Sources: Annual financial statements of German banks, Federal Statistical Office, zeb.research

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Advantages of the German financial system are well documented – accuracy of fit to the economic structure is elementary

Summary of the German financial system

Banks

- Various analyses underline the benefits of the customer-oriented German banking system – especially with regard to macroeconomic aspects and lending
- The decisive factor is the "fit" of the banking market with the special economic structure of Germany
- From a macroeconomic point of view, the 3-pillar model with its different ownership structures gives the banking sector a special stability

Insurance companies

- In the European insurance system, mutual insurance associations (VVaGs) are a special German feature
- With regard to efficiency, there is currently no clear evidence that VVaGs, for example, have a cost disadvantage compared to classic AGs
- Both positive and negative effects of a high concentration of insurance companies can be derived from the literature – the results are thus ambiguous

Stock exchanges

- The literature confirms a generally positive effect of regional stock exchanges on the innovative power of the entire stock exchange system – the advantage of larger stock exchanges lies in the higher liquidity and economies of scale
- Regional stock exchanges often cover sub-topics that are less served by large stock exchanges and thus contribute to an expanded product range
- It has not been established whether regional stock exchanges offer SMEs better access to equity financing

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With a view to the future, there are three core challenges for maintaining the German financial system

Summary

1	**Transition to sustainable energy** What are the central aspects for financial actors and what are the consequences?	• The transition to sustainable energy is THE challenge of the coming years and decades – financial actors play a central role • Depending on the scenario, banks in particular are facing new, significant risks – insurers need to expect higher amounts of phys. damage • The enormous need for innovation to transform the economy also holds opportunities for the financial system – be it stock exchanges, insurers or banks	p. 50-59
2	**Digital (R-)evolution** What other challenges are there for the financial system and thus for its functioning?	• Digitalisation brings further challenges due to changed customer behaviour, pressure for efficiency and new competitors • Today, new services are emerging from faster transactions – in the future, new forms of interaction will result in new business models	p. 60-65
3	**Banking and Capital Markets Union** What is the current state of the discussion and what next steps are now necessary?	• The Banking Union remains an important goal at the European level • The implementation of a possible joint deposit insurance is controversial and the subject of current (political) discussion • The Capital Markets Union is intended to facilitate access to the capital market and is needed to finance the transition to sustainable energy	p. 66-70

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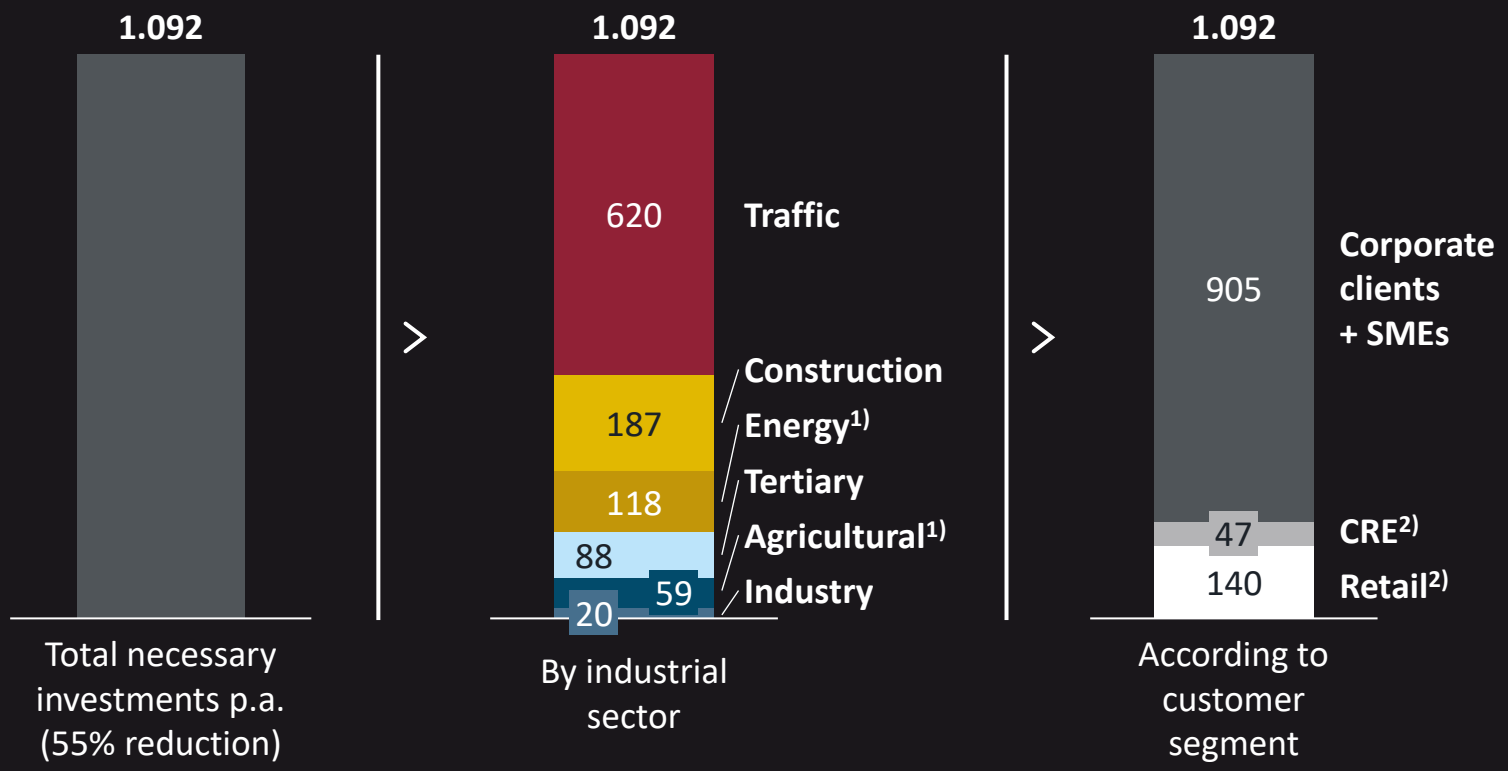
The transition to sustainable energy requires massive innovations and thus financial resources

Annual climate change-indexed innovation and investment needs in the European Union

→ 1D

Annual investments in relevant industries in the European Union 2021-2030 (EUR billion)



Review

- To reduce GHG emissions by 55% by 2030 in comparison to 1990, extensive innovations and thus annual investments of approximately EUR 1,100 billion are required – the main part is accounted for by companies, the amount is increased by additional depreciation requirements
- Funds for the conversion can only be partially financed by public bodies (including promotional banks) – massive activation of private funds is necessary (including via EU Green Deal)
- Development and financing of corresponding innovations of the companies not only covered by current cash flow or reserves
- New business opportunities may open up, especially for stock exchange financing via green bonds, equities and banks
- There are opportunities for insurance companies when investing funds

1) Energy includes investments in the power grid, power plants, boilers, production and distribution of new fuels; agricultural: Estimate based on the relative investment needs of the energy sector (not included in the official EU estimate); 2) Assumption: 75% of investments in the building sector are accounted for by the retail segment, 25% by CRE (Commercial Real Estate); sources: EIB, European Commission, ECB, zeb.research

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The transition to sustainable energy is changing the roles of financial actors

Effects of the transition to sustainable energy on the German financial system

→ 1

The role of the German financial system in the transition to sustainable energy:

- The German financial system and its various players have a special role to play in the transition to sustainable energy – as intermediaries, financiers and insurers, they must accompany, control and actively shape the transformation
- The good networking and high degree of fit of the German financial industry to the German real economy especially enables a focused customer dialogue, as well as the setting of incentives and specifications

The risks of the transition to sustainable energy:

- The efficient and innovative German economy is facing a major upheaval with the transition to sustainable energy – German banks in particular will therefore have to understand the transitional risks in detail
- In the future, Germany will be less affected by nationwide physical risks, but by local events – locally anchored institutions must find (integrated) solutions for these risks

The opportunities of the transition to sustainable energy:

- The realisation of the transition to sustainable energy of the German economy leads to a clearly increased need for capital – there is great potential for actors in the German financial system to actively accompany this transformation
- The active management and insurance of new (and old) risks enables the creation of new products and opens up additional earnings potential

Source: zeb.research

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The transition to sustainable energy has far-reaching consequences for all financial actors

The transition to sustainable energy and selected consequences

... Further information on subsequent pages

→ 1

Consequences for ...	Banks	Insurance companies	Stock exchanges
... overall risk	• Climate change leads to new physical and transitory risks • Significant direct and indirect effects on all types of risk A	• Increase in extreme weather events leads to greater damage • Consideration of ESG risks in the underwriting process (possible exclusion)	• Higher volatility due to physical and transitory risks (events, ...) • Risk of capital destruction or default for existing companies
... the regulatory requirements	• Significant increase in regulatory requirements and initiatives • Currently, esp. focus on risk mgmt and disclosure; more will follow B	• Regulators are starting to focus on sustainability • High density of new regulations, e.g. EU taxonomy important for investment C	• Taxonomy as an essential grid for classification according to ESG criteria • Considerably stricter interpretation of sustainable products (funds, indices, ...) • The innovation needs of the economy lead to a significantly higher capital requirement D
... the product portfolio	• High demand for new services in all segments (loans, bonds, investments) • High demand for innovation requires financing, e.g. through new products	• Increased demand for damage insurance, sustainable products • Reviewing the product range is necessary; possibly including cessation of existing services	• Rapidly increasing demand for sustainable forms of investment (bonds, ETFs, ...) • Possible creation of new market areas • Marketplaces for relevant certificates and papers
... own investments	• Climate change leads to shifts in traditional investment decisions • New risks and different margins for (non-)sustainable assets	• High financing requirements of the economy lead to new investment opportunities. • Decision on return vs. risk is supplemented/adjusted by ESG factor	
... the role as an employer	• For applicants, the positioning of potential employers in ESG issues is becoming increasingly important • Sustainability is becoming an important factor in the "war for talents"		

Source: zeb.research

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The transition to sustainable energy has a massive impact on all areas of the financial system

Conclusion: The transition to sustainable energy

→ 1

Banks

- Banks have a central role to play in the transition to sustainable energy
- Climate change brings new, enormous physical and transitory risks for banks – a decentralised banking system may help the regional economy to understand different developments, but it must also be stable to compensate for additional risks
- Significant additional regulatory requirements – Rapidly increasing demand for data/models poses major challenges for institutes
- Huge investment needs lead to opportunities for banks in sustainable finance

Insurance companies

- Physical risks of climate change bring additional risks or damages for insurers – volatility of damages increases
- Depending on the scenario, situations may arise that lead to the fact that certain products can no longer be offered in certain regions (extreme case of the "uninsurable world") – other products are gaining relevance (for example, elementary protection)
- Insurers as institutional investors: The transition to sustainable energy also leads to new capital requirements and new investment opportunities

Stock exchanges

- Stock exchanges as an important source of capital with enormous importance to cover the upcoming investment needs – provision of appropriate marketplaces
- Increased demand for sustainable investment products has potential for new sustainable funds, indices, ETFs, ... – opportunities for new market segments
- Climate change leads to risks (destruction of capital, extreme events, ...) or higher volatility

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Digitalisation brings changed customer requirements, pressure for efficiency and new competitors

Digital revolution and selected challenges

Further information on subsequent pages → 2

The challenge of …	Banks	Insurance companies	Stock exchanges
… changing customer requirements	• Standardised services increasingly covered by online banking – complex consulting, in particular at regional branches • Focus on digital customer experience • Higher comparability/transparency may reduce bank commitment	• Expectation of a consistent focus on customer needs requires restructuring of business models • Removing the boundaries between analogue and digital sales channels and focusing on loss prevention	• Companies are looking for opportunities, e.g. SSD[3] being able to market themselves • In addition to cost aspects, transparency and security are becoming increasingly important
… efficiency pressure	• The extensive automation of standardised processes (e.g. via RPA[1] or NLP[2] will become a "must-have" • Targeted application of AI and Big Data becomes a differentiator	• Restructuring of business models requires adaptation of operational core activities • Use of digital technologies to increase efficiency (e.g. self-service offers, indiv. premium calculation)	• Extensive automation of stock market listings of new securities necessary for cost reductions • Tokenisation[4] can lead to a sharp decline in transaction costs in the future
… new competitors	• FinTechs are entering the market and acting as innovation drivers in a world with high pressure to change • Technology companies (e.g. Apple) use their high customer loyalty to enter the banking business	• Aggregators (e.g. Check24), platform providers and BigTechs are new forces in the insurance market that may even exceed the risk of disruption of insurtechs	• Digital platforms are emerging alongside traditional marketplaces • Dedicated trading venues, e.g. for cryptocurrencies, are establishing themselves in rapidly growing business fields

1) RPA: Robotic Process Automation; 2) NLP: Natural language processing (linguistic data processing); 3) SSD: promissory note loans; 4) e.g. by means of STOs: Security token offerings can digitally represent real asset titles and become tradable financing instruments through issuance, whereby payments (e.g. dividends) are stored on the blockchain; source: zeb.research

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The digital revolution is in full swing and affects financial players at all levels

Conclusion: digital revolution

→ 2

Banks

- Digitalisation affects banks at all levels and brings with it great challenges – internal pressure for efficiency arises, external customer requirements are changing and new competitors are entering the market from outside the existing system
- Technological progress makes it possible to intensify existing customer relationships and create a new customer experience
- The innovative power of a financial location is positively influenced by decentralisation and a high presence of e.g. FinTechs – new competitors are (partly) of ambivalent importance for German banks

Insurance companies

- The insurance industry is undergoing a profound change due to digitisation – business models, structures and sales channels are being put to the test
- The use of new technologies makes it possible to expand the value contribution of insurers – in addition to compensation, the prevention of damage is becoming increasingly important
- The focus on activities outside the core business underlines the importance of building ecosystems – in addition to insurtechs, this is what particularly demands. Aggregators, platform providers and BigTech's traditional insurers

Stock exchanges

- Digitisation has already significantly changed stock exchanges – the personal component in stock exchange trading has declined significantly in recent decades – but the pressure to change continues to persist
- In addition to the automation of all trading up to the listing of new securities on the stock exchange (efficiency), transparency and security are becoming increasingly important
- New asset classes (e.g. cryptocurrencies) are sometimes traded to a large extent away from the "traditional" stock exchanges – investing in new products at an early stage entails corresponding opportunities and risks

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The further development of the Capital Markets Union is of immense importance for financial actors

Conclusion: European Banking and Capital Markets Union

→ 3

Banks

- In addition to building a single banking market, the Banking Union is pursuing the goal of improving cross–border access to services and strengthening supervision – however, the final structure of the Banking Union has not yet been decided in view of the discussion about EU deposit insurance
- As an intermediary between investors and investors/issuers, banks are dependent on an efficient capital market – strengthening the capital market is therefore important for banks in order to permanently secure their competitiveness and sovereignty (in particular, after the UK's withdrawal from the EU as a global financial centre)

Insurance companies

- The important European goals of sustainability and digitalisation are central drivers for the development of a full-fledged capital markets union
- For insurers, in particular, the establishment of a uniform data platform for access to financial and sustainability data of companies in the EU is an important component of the Capital Markets Union

Stock exchanges

- The Capital Markets Union aims to improve access to capital for European companies and thus contribute to a sustainable, digital, inclusive and resilient economic recovery
- With their pricing processes, stock exchanges play a central role in the growth and financing of companies
- Well-functioning primary and secondary financial markets (issuance and trading) are a central prerequisite for the development of a full-fledged capital markets union

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