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Financial Markets

Candidates, Portfolios and EU Initiatives for the EU Commission 2024-2029

Philipp Eckhardt

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Between the 4th and 12th of November, the candidates for the upcoming European Commission 2024-2029 will be closely scrutinised by the members of the European Parliament. During these confirmation hearings, the Commissioners-designate will have to answers questions on EU initiatives outlined by the Commission President Ursula von the Leyen in her Political Guidelines and Mission Letters to the new Commissioners. In the run-up of the hearings, this cepInput takes a closer look at the candidates, portfolios and important EU initiatives which will shape the future EU policies in the financial markets sphere.

- In the new legislature, the Commission's main objectives will be to create a Savings and Investment Union, to make further progress in completing the banking union, to ensure that the EU's framework for sustainable finance becomes more user-friendly, workable and efficient, to ensure consumer and retail investor protection in increasingly digital and AI-driven financial services markets, and to make the digital euro a reality.
- In the cep's view, the creation of a Savings and Investment Union will be fundamental to meeting the many transformation challenges facing the EU and should therefore be the main financial market regulation project in the new mandate. Barriers to retail investment must be removed, competition-distorting commission bans avoided, advisory processes streamlined, and financial literacy of citizens strengthened.
- The complete overhaul of the EU framework for sustainable finance should be a priority as well. The focus should first be on adapting sustainability-related transparency rules. Only if this proves insufficient should the Commission consider creating a new EU categorisation system for sustainable financial products.
- At this stage, we do not see a need to introduce a digital euro. There is no real market failure that needs to be addressed and no immediate added value of it that would justify its costly implementation.

1 Run-up to the Next European Commission 2024-2029

Following the elections of the European Parliament in June and the re-election of Ursula von der Leyen for her second term as President of the European Commission 2024-2029 in July, the remaining 26 members of the College of Commissioners have to be appointed in the coming weeks. Based on proposals by the EU Member States, Ursula von der Leyen presented her list of candidates[1] in September along with a revised organisational structure of the next European Commission regarding the functions and the policy portfolios the of the commissioners. Before the College of Commissioners will be collectively approved by the European Parliament and appointed by the European Council, each candidate will be closely scrutinised by the members of the European Parliament. During these public confirmation hearings, which will take place between the 4th and 12th of November[2], the Commissioners-designate will have to answers questions especially on those prospective EU initiatives and legislative projects which have been outlined by the Commission President in her Political Guidelines[3] and also on their respective tasks as assigned in the Mission Letters[4] addressed to each of them. In the run-up of the hearings, this cep**Input** takes a closer look at the Commissioners-designate as well as at their portfolios, tasks and important EU initiatives which will shape the future specifically of the EU policies on financial markets.

2 Relevant Commissioners-designate, Functions and Portfolios

The revised organisational structure of the next European Commission regarding the organisational functions and the policy portfolios of the Commissioners aims to reflect that EU initiatives and legislative projects often involve different subject matters and pursue various objectives simultaneously – e.g., environmental protection, cost-effectiveness, international competitiveness, and social aspects. While Ursula von der Leyen emphasises[5] that according to the EU treaties[6] all members of the college of commissioners are equal, her organisational revision introduces a functional distinction between "Executive Vice-Presidents" and "regular" Commissioners. All members of the College of Commissioners will be assigned a policy portfolio with specific tasks for implementing the existing EU acquis and for developing new EU initiatives in the respective policy fields. To fulfil these tasks, each College member will be supported by one or more Directorates-General (DGs) assigned specifically to them. In addition, however, the six Executive Vice-Presidents will play a leading role in a thematic priority area, working together with one or more regular Commissioners by giving "guidance" to them. Consequently, to or more members of the College of Commissioners will cooperate on a specific EU initiative or legislative project, albeit with different functions ranging, e.g., from "leading" to "overseeing" or "supporting" to "contributing". With regard to the EU policies on financial markets, the following Commissioners-designate, organisational functions and policy portfolios are relevant:

1 European Commission (2024), List of Commissioners-designate (2024-2029).
2 European Parliament (2024), Confirmation hearings for the European Commission.
3 European Commission (2024), Political Guidelines for the next European Commission 2024-2029; see De Petris, A. et al. (2024), The Political Guidelines 2024-2029 of the European Commission "von der Leyen II" – Recommendations for Concrete EU Measures to Implement Them, cepInput 12/2024.
4 European Commission (2024), List of Commissioners-designate (2024-2029).
5 European Commission (2024), Press statement of 17 September 2024 by President von der Leyen on the next College of Commissioners.
6 Treaty on European Union (TEU), Art, 17; Treaty on the Functioning of the European Union (TFEU), Art. 244 et seq.

Maria Luís Albuquerque	Financial Services and the Savings and Investments Union

Country: Portugal

European Parliamentary Group: European People's Party (EPP)

Function and Portfolio: Commissioner for Financial Services and the Savings and Investments Union

Assigned DG: Financial Stability, Financial Services and Capital Markets Union (FISMA)

Lead Vice-President: Works under the guidance of

Stéphane Séjourné, Executive Vice-President for Prosperity and Industrial Strategy

Valdis Dombrovskis	Economy and Productivity; Implementation and Simplification

Country: Latvia

European Parliamentary Group: European People's Party (EPP)

Function and Portfolio: Economic and Financial Affairs (ECFIN) and Eurostat

Assigned DG: Migration and Home Affairs (HOME)

Lead Vice-President: Works under the guidance of

Stéphane Séjourné, Executive Vice-President for Prosperity and Industrial Strategy

Stéphane Séjourné	Prosperity and Industrial Strategy

Country: France

European Parliamentary Group: Renew Europe

Function and Portfolio: Executive Vice-President for Prosperity and Industrial Strategy

Assigned DG: Internal Market, Industry, Entrepreneurship and SMEs (Grow)

Lead President: Works under the guidance of

Ursula von der Leyen, President of the European Commission

3 Important Tasks: EU Initiatives and Legislative Projects

Ursula von der Leyen has outlined in her Political Guidelines for the next European Commission 2024-2029 and in Mission Letters addressed to each of the Commissioners-designated specific tasks assigned to them. With regard to the EU policies on financial markets the following are of special importance:

3.1 European Savings and Investment Union

Task

Development of a European Savings and Investment Union to leverage wealth of private savings:
- Support people to save better,
- Foster capital for innovation,
- Unlocking digital finance,
- Ensure financial sector competitiveness,
- Harness sustainable finance.

Executive Vice-Presidents and Commissioners Involved

Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Executive Vice-President for Prosperity and Industrial Strategy

Background

Harnessing the enormous wealth of private savers through the creation of a Savings and Investment Union is fundamental to meeting the many transformation challenges facing the EU. Changing the savings behaviour of Europeans, which can be characterised by risk aversion and caution, is essential. Over a third of the financial assets of private households are held in cash and cash and bank deposits and only 17% securities. To counteract this,
- the ongoing negotiations on the Retail Investor Strategy (RIS) of the EU should be used to remove barriers to retail investment. In particular, competition-distorting commission bans should be avoided, the advisory process must be streamlined and made less complex (see cepStudy, in German only);
- the current regulatory approach on incorporating sustainability preferences in financial advisory processes must be radically simplified to prevent these processes from actually becoming a barrier to investing (see cepInput);
- renewed efforts are needed to improve the financial literacy of European citizens. The proposals made in the EU retail investor strategy are a first good step in the right direction, however, should be complemented by further measures like creating an EU online portal for promoting and testing financial literacy (see cepInput).

3.2 European savings and investment products

Task
Design simple and low-cost EU saving and investment products. Check for the feasibility of tax incentives for those products.
Executive Vice-Presidents and Commissioners Involved
Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Executive Vice-President for Prosperity and Industrial Strategy
Background
The introduction of EU savings and investment products can play a key role in stimulating retail investment, promoting cross-border competition and creating a single market for capital. It could also reduce the cost of cross-border financial products and services, lower barriers to entry and ensure better use of economies of scale. In this context, the prospect of a 28th regime should be explored (see cep**Input**). Such a regime would allow both financial institutions and investors to opt either for the application of a single EU regime or to remain subject to the respective national regulatory frameworks. In creating such a 28th regime, lessons need to be learned from the so-called "pan-European private pension products" (PEPP), which were established in 2019 (see cep**PolicyBrief**). For any new EU savings and investment products to be successful, it will be essential to reach common ground between Member States on the tax treatment of the products before they are introduced. If unanimity among Member States on this issue is not possible, the use of the "enhanced cooperation procedure" should be considered.

3.3 Private and occupational pensions

Task
Work on the potential of private and occupational pensions
Executive Vice-Presidents and Commissioners Involved
Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Executive Vice-President for Prosperity and Industrial Strategy
Background
The European markets for personal and occupational pension products are not only underdeveloped as compared to the US, but also highly fragmented along national lines. For instance, the comparably small EU Member States Netherlands, Denmark and Sweden together account for more than half of pension assets in the EU. The main cause of the fragmentation is the existence of diverse social political and tax rules in the Member States. Furthermore, there are many barriers for the portability of such products restricting the cross-border mobility of EU citizens. The quest to intensify work on the potential of private and occupational pensions is therefore worthy of recognition, in particular as a further uptake of pension products may allow for the channelling of private savings away from deposits and cash and towards more long-term investment.

3.4 Financing of innovative, fast-growing EU companies and start-ups

Task

Ensure expansion financing for innovative, fast-growing EU companies and start-ups by reviewing the current regulatory framework. Financial market stability must be ensured.

Executive Vice-Presidents and Commissioners Involved

Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Executive Vice-President for Prosperity and Industrial Strategy

Background

Not least since the adoption of the first Capital Markets Union strategy in 2015 (see cep**PolicyBrief**), the Commission has been constantly reviewing the effectiveness of the EU regulatory framework with a view to facilitating expansion financing for innovative, fast-growing EU companies and start-ups. Several adjustments to the EU regulatory framework have been made, but with limited success. The number of prospectus approvals has been declining for many years and the EU also lags behind the rest of the world in the number of IPOs. However, before making further changes to the regulatory framework, it is essential to ensure that the recent changes to that framework made under the EU's so-called Listing Act are implemented first (see cep**PolicyBrief** on the Prospectus and Market Abuse Regulation and cep**PolicyBrief** on the Multiple-Vote-Share Directive). Irrespective of this, any revision of the current regulatory framework must strike the right balance between reducing requirements for issuers, limiting red tape and enhancing the attractiveness of EU financial markets, on the one hand, and ensuring investor protection, market integrity and financial stability, on the other.

3.5 Risk-absorbing measures

Task

Use of risk-absorbing measures to crowd in private funding from banks, investors and venture capital

Executive Vice-Presidents and Commissioners Involved

Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Executive Vice-President for Prosperity and Industrial Strategy

Background

The Commission aims to unlock sufficient funding for the green, digital and social transition through so-called risk-absorbing measures. It wants the European Investment Bank (EIB) to act as a catalyst to maximise public and de-risk private investment and help commercial banks, investors and venture capitalists to finance fast-growing companies. The idea is strongly reminiscent of the European Fund for Strategic Investments (EFSI) or "Juncker Plan", which was established in 2015(see cep**PolicyBrief**) and replaced by the InvestEU programme in 2022, to mobilise strategic investments and facilitate access to finance for EU companies, for example by providing guarantees. Recently, the EIB announced that, in partnership with the Commission, it intends to close the funding gap and increase its support to the EU venture capital and private equity markets, firstly by extending the "European Tech Champions Initiative" launched in February 2023, and secondly by creating a new fund to act as an "exit platform" and help finance acquisitions and listings of technology start-ups by EU companies. However, any new or extended "risk-absorbing measure" carries a significant risk of misallocation of resources and may lead to the financing of companies, projects, acquisitions or listings that would not be financed because they would not be viable without a guarantee or other public support. It may also create new risks for European taxpayers - especially if the EIB is allowed to take on more and larger risky projects than it does today - and may crowd out other profitable investments that lenders would otherwise have made. Rather than focusing on introducing new risk-absorbing measures, which may ultimately involve taxpayers' money, the Commission should focus more on creating a stable and predictable regulatory framework and removing barriers to investment and private financing.

3.6 Sustainable Finance

Task

- Scale up transition finance as part of sustainable finance,
- Development of categorization of financial products and services with sustainability features,
- Implement sustainable finance framework (easy compliance and reporting),
- Ensure EU position in sustainable finance as global leader.

Executive Vice-Presidents and Commissioners Involved

Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Executive Vice-President for Prosperity and Industrial Strategy

Background

To ensure the EU's postulated leadership role in sustainable finance, the plethora of legal frameworks for sustainable finance – at least the Sustainable Finance Disclosure Regulation (SFDR), the Green Taxonomy Regulation, the Markets in Financial Instruments Directive (MiFID) and the Insurance Distribution Directive (IDD) – should be completely overhauled as a matter of priority right at the beginning of the new EU legislative term.

Regarding the SFDR, it will be essential to (see cep**Study**)
- address the discrepancies in sustainability concepts between the SFDR and the Green Taxonomy Regulation;
- address the current unequal treatment of sustainable and non-sustainable investment products in terms of transparency requirements;
- thoroughly revise the current SFDR disclosure requirements at product level so that they can serve as a reliable and robust source of sustainable investment information for retail investors;
- adopt an EU categorisation system for financial products and services with sustainability features only if the fourteen requirements set out in the cep**Study** are taken into account, only as a last resort, and only if improved transparency requirements - the first best measures - are not sufficient.

Regarding the Green Taxonomy, the preferred policy option would be its complete abolition (see cep**PolicyBrief**). However, as this is politically unlikely to happen, the alternative should be to mitigate the many problems of the taxonomy's narrow concept of sustainability and to transform it into a taxonomy that includes, inter alia, transition activities and other sustainable activities not yet covered by the envisaged delegated acts related to the taxonomy. This is the only way to ensure that capital is not diverted from where it is most urgently needed for the transition to a more sustainable EU economy.

Regarding the MiFID and the IDD, it will be essential to

- align the procedures articulating potential sustainability preferences for retail investors with any new sustainability concepts defined in the SFDR/Green Taxonomy and the envisaged categorisation system for sustainable financial products and services,
- significantly streamline the procedure as it is currently a real barrier for sustainable investments, and
- ensure that the sustainability concepts used in the procedure are comprehensible and easily digestible.

3.7 Venture and risk capital

Task

Explore measures to increase availability of venture and risk capital

Executive Vice-Presidents and Commissioners Involved

Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Executive Vice-President for Prosperity and Industrial Strategy

Background

The low availability of risk and venture capital in the EU is indeed alarming. According to the ECB, start-ups in the EU raise less than a third of the funds from venture capital investment than start-ups in the US. Mario Draghi reports that venture capital investment in artificial intelligence (AI) in 2023 amounted to $68 billion in the US, compared to $8 billion in the EU and $15 billion in China. While it is still unclear what measures will result from the Commissioner-designate's exploratory work, and it is impossible to judge on them at this stage, it is welcome that the Commission intends to tackle this issue as a priority. One element of further progress in this area should be the conclusion of the ongoing negotiation process on the proposal for a Council Directive on rules from May 2022 on a "debt-equity bias reduction allowance" (DEBRA), which addresses the issue of the less favourable tax treatment of equity compared to debt.

3.8 EU supervisory system

Task
Improve the EU's supervisory system
Executive Vice-Presidents and Commissioners Involved
Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Executive Vice-President for Prosperity and Industrial Strategy
Background
Recently, there have been increasing calls for greater centralisation of supervisory powers at the EU level – notably regarding the European Securities and Markets Authority (ESMA) – as a key cornerstone for achieving improvements for the capital markets union. Indeed, it is justified to make further progress in this regard, especially regarding financial institutions and market infrastructures with a strong cross-border and/or global footprint. This is to ensure a level playing field, to reduce frictions arising from the shared responsibilities of many national supervisors and to avoid supervisory arbitrage and forum shopping based on Member States' willingness to preserve their national interests. However, any move to transfer supervisory powers to the European level should, for reasons of subsidiarity, focus on large financial market players with extensive cross-border activities, where risks in times of crisis are likely to materialise not only within few EU countries but also across borders. This applies, for example, to the limited number of central counterparties (CCPs) in the EU, which are often systemically important and highly interconnected with the wider financial markets (see cep**Study**). In all other cases, national authorities should remain the competent supervisors, and the rationalisation of supervisory practices in Member States and the uniform application of laws should take place, as it does today, through guidelines and standards developed by the European Supervisory Authorities (ESAs), but in a less overwhelming, detailed and overly bureaucratic manner.

3.9 Banking Union

Task
Further develop the Banking Union – Maintain level playing field, – Take account of specificities of national banking systems, – Identify way forward for the EU Deposit Insurance Scheme (EDIS)
Executive Vice-Presidents and Commissioners Involved
Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Executive Vice-President for Prosperity and Industrial Strategy
Background
Already in 2015, the EU Commission proposed to introduce a European Deposit Insurance Scheme (EDIS, see cep**PolicyBrief**) as one of the three pillars of the so-called Banking Union. Yet, there is still no agreement between the Council and the European Parliament on its establishment. In March 2024, the ECON-Committee made a new attempt, starting initially with a liquidity system that

provides liquidity to participating national Deposit Guarantee Schemes (see cepDossier). In fact, EDIS may have advantages vis-à-vis national schemes, i.e. an increase in the pool of insured risks, better risk-spreading, higher efficiency and robustness. Yet, those benefits hinge on several prerequisites like the accurate pricing of the specific national risks of bank failures, the need for banks to back sovereign risks with own funds or the necessity for Member States, in which banks fail to contribute financially to the compensation of depositors, to avoid detrimental moral hazard behaviour (see cepInput). Only when these and several other conditions are fulfilled, further steps towards creating a fully-fledged EDIS may be considered. In any case, the legislator should first complete the work on the Crisis Management and Deposit Insurance package (see cepPolicyBrief).

3.10 Non-bank financial institutions

Task

Focus on macro-prudential aspects with regard to non-bank financial institutions

Executive Vice-Presidents and Commissioners Involved

Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Executive Vice-President for Prosperity and Industrial Strategy

Background

Non-bank financial institutions (NBFIs), such as insurance companies, pension funds or asset management companies and investment funds, are a cornerstone of today's European financial markets. In the third quarter of 2023, for example, their financial assets exceeded those of banks (around €42.9 trillion versus €38 trillion). However, their growing importance has raised financial stability concerns among regulators and supervisors in the EU, but also globally, and raised the question of whether the existing macroprudential toolkit for NBFIs is still relevant or needs to be adapted. In particular, the so-called cash-for-dash event in March 2020 in response to the emerging corona pandemic rang alarm bells. It is therefore appropriate for the Commission to keep an eye on developments in these market segments, as it is doing in an ongoing consultation, which is open until 22 November 2024.

3.11 Revive the use of securitisation

Task

Focus on unlocking bank financing, in particular by reviving the use of securitisation

Executive Vice-Presidents and Commissioners Involved

Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Executive Vice-President for Prosperity and Industrial Strategy

Background

The envisaged prompt adaptation of the EU's securitisation framework is appropriate – the Commission has already launched a public consultation – and a welcome step to approaching a capital markets union. Although the current legal framework [Regulation (EU) 2017/2402, see cep**PolicyBrief** has already been revised during the Corona Pandemic [Regulation (EU) 2021/557, cep**PolicyBrief**), securitisation markets in the EU are still underdeveloped compared to other major jurisdictions such as the US and have not recovered since the financial crisis; on the contrary, they have deteriorated. Still they suffer from stigmatization due to the role they played during the financial crisis. Yet, securitisation can be economically useful instruments for improving the diversification of risk on the financial markets and for increasing the banks' lending capacity. While some features of the US markets are structural – e.g. the large role of companies that are supported by governments and provide guarantees – and thus not easy to "copy" or even to implement in the EU swiftly –, we see, in particular, room for streamlining several reporting requirements and broadening the investor base. Yet, we remain cautions as regards, for instance, changes with regard to risk retention requirements as these are vital to prevent conduct arising from moral hazard behaviour.

3.12 Consumer and retail investor protection

Task

Ensure that EU rules offer appropriate consumer and retail investor protection
- Empower consumers and retail investors to make informed financial decisions,
- Increase their capital markets participation on fairer terms,
- Work on a strategy on financial literacy

Executive Vice-Presidents and Commissioners Involved

Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Executive Vice-President for Prosperity and Industrial Strategy

Background

In May 2023, the Commission proposed a so-called Retail Investment Strategy (RIS), which includes a number of regulatory measures to achieve the above-mentioned tasks. However, the policy measures envisaged in the RIS are often inadequate (see cep**Study**). In the current negotiations on the RIS, the legislator should, as a first step, completely abandon the ban on commissions for financial advice, including for non-advisory business. It is essential that competition for the best distribution model remains unrestricted. Second, they should drop the introduction of the new "best interest test" for commission-based sales, as it not only complicates the sales process, but is also illogical, patronising, distorts competition and is too cost-oriented. Thirdly, the proposed new requirements to improve the price/performance ratio of investment products should also be dropped, as they are very close to state cost control. On the other hand, the RIS proposals for digital provision of information, the efforts to improve the financial literacy of retail investors and the envisaged simplifications for professional investors are a step in the right direction and should be further promoted in the ongoing negotiations on the RIS. They can play an important role in achieving the Commission's objectives.

3.13 Digital finance and AI in the financial sector

Task

Continue work on digital finance
- Implement open access framework for financial data for companies,
- Assess artificial intelligence (AI) deployment in the financial sector

Executive Vice-Presidents and Commissioners Involved

Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Executive Vice-President for Prosperity and Industrial Strategy

Background

Back in June 2023, the Commission proposed a Regulation on a framework for financial data access (FIDA) to address the fact that data plays an increasingly important role in financial markets and is a critical input in the development of new data-driven financial products and services (see cep**PolicyBrief**). The proposal requires financial institutions, such as banks and insurance companies, to make certain categories of financial customer data available to their customers upon their request and, upon a customer's request, to make such customer data available to other financial institutions or to so-called financial information service providers. While we believe that data access and sharing may be justifiable with respect to consumers, we do not believe that it is justifiable with respect to business customers. The latter should generally be able to enter into data access agreements with each other without prescriptive regulatory intervention. Requiring financial institutions to provide customer data, irrespective of any identified market failure, is disproportionate and unjustifiably interferes with their entrepreneurial freedom.

The planned assessment of the use of AI in the financial sector has already started with the launch of a consultation in June 2024, which closed in September 2024. Through the consultation, the Commission aims to gather information on the main AI use cases in the financial sector and to learn more about the benefits, barriers and risks associated with the development of AI applications in the financial sector. It is to be welcomed that the Commission does not currently intend to take any specific additional policy action based on the results of the consultation and that the consultation should mainly serve as a supporting element to ensure a proper implementation of the AI Act (see cep**PolicyBrief**) in the financial sector and to monitor its interaction with the existing EU financial sector acquis.

3.14 Digital Euro

Task

Quick progress on the digital euro project
- Advance both an online and offline version of the digital euro,
- Ensure access to euro cash at all times

Executive Vice-Presidents and Commissioners Involved

Commissioner for Financial Services and the Savings and Investments Union (Lead), under the guidance of Commissioner for Economy and Productivity; Implementation and Simplification

Background

Many central banks around the world are exploring the issuance of a central bank digital currency (CBDC), including the European Central Bank (ECB) with its project to create a "digital euro" to complement physical euro cash. The ECB and the Commission argue that a digital euro is necessary because the role of banknotes and coins in payments, which are "central bank money", has been declining in recent years. There is a shift towards online purchases and, therefore, towards a wide variety of private digital payment instruments. Moreover, foreign CBDCs, stablecoins and other innovative payment options could challenge the role of the euro in payments in the foreseeable future. The digital euro project therefore aims to ensure the continued availability of central bank money with legal tender status and to provide the general public in the euro area with a modern, cost-effective, privacy-preserving and inclusive means of payment. However, we do not see an urgent need to introduce a digital euro at this stage. We do not see a market failure that needs to be addressed by policy or central bank intervention. After all, there are alternatives to the digital euro that are less intrusive, do not require excessive market intervention and do not unduly distort competition in payment markets. There is no immediate added value of the digital euro that would justify its costly implementation (see cep**PolicyBrief**).

Centres for European Policy Network
FREIBURG | BERLIN | PARIS | ROMA

Author:

Philipp Eckhardt
Head of the Department on Financial Markets
eckhardt@cep.eu

Centrum für Europäische Politik FREIBURG | BERLIN
Kaiser-Joseph-Straße 266 | D-79098 Freiburg
Schiffbauerdamm 40 Räume 4205/06 | D-10117 Berlin
Tel. + 49 761 38693-0

Centre de Politique Européenne PARIS
17, rue Saint Fiacre | F-75002 Paris
Tel. + 33 1 45 54 91 55

Centro Politiche Europee ROMA
Via G. Vico, 1 | I-00196 Roma
Tel. +390684388433

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