IACPM

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Have Your Say on the European Commission Communication on EU banking sector competitiveness - IACPM feedback

IACPM welcomes the Communication and strongly supports its call for a cultural shift that balances financial stability, competitiveness and growth while enabling banks to take prudent risks. This is essential to the SIU, whose success depends not only on mobilising savings, but also on **expanding banks' capacity to share risk with non-banks** to finance households, businesses and EU strategic priorities.

However, IACPM's response to the consultation is absent from both the summary of responses and the Communication, on remaining **regulatory obstacles to risk sharing growth** on SME/Corporate, housing and infrastructure finance at loan or portfolio levels.

Banks remain essential originators and servicers of credit but increasingly seek to manage actively their balance sheets to better support their clients. Capital markets provide funding and investment capacity, while insurance markets provide complementary risk-bearing capacity in frontier markets and for tail, concentration and long-duration risks. **Funding alone will not deliver the financing capacity Europe needs: the SIU must mobilise both funding and risk-bearing capital.**

In July 2026, the Commission called for a more competitive EU banking sector, highlighting **scale, cross-border integration** and banks' **capacity to finance the economy**.

A deep and efficient risk-transfer ecosystem can complement this agenda. It can facilitate cross-border **integration** and **scale** lending, while providing mechanisms to manage the impact of prudential capital requirements on lending capacity, pricing and capital allocation. Risk sharing within a broader risk-bearing ecosystem across **all core asset classes, including low-RW assets such as mortgages**, should not be viewed merely through the lens of capital relief. It is a **strategic balance-sheet flexibility** enabling banks to preserve risk-sensitive lending, diversify risk, integrate and scale.

Embedding risk sharing in the EU banks' competitiveness agenda connects three objectives**: bank competitiveness** (by increasing banks' capacity to scale, integrate and to meet EU challenges in housing, infrastructure and defense financing), **prudential robustness** (by contributing to financial stability) and **the SIU** (by mobilizing risk-bearing capital from investors and insurers).

European banks have **global leadership** in credit risk sharing through SRT securitisation and Credit Risk Insurance (CRI) on SME/Corporate loans. EU policy should **preserve and scale up** this competitive advantage by addressing the remaining obstacles specific to SME/Corporate, housing and infrastructure finance **across the whole risk-transfer chain—from banks to investors and insurers.** These obstacles are outlined in IACPM's response to the consultation on EU Banking competitiveness, in surveys and impact studies provided to the Commission on funded and unfunded SRT and CRI.

The securitisation trilogue is an early test of the cultural shift advocated by the Communication, but its direction is concerning. Disproportionate due-diligence sanctions would deter rather than broaden the EU investor base; insufficient recalibration of the RW floors and exclusion of insurers from resilient transactions would prevent establishment of a large mortgages risk-transfer market; and restrictive STS safeguards and limited eligibility to "resilience" would **exclude** most experienced (re)insurers currently active in the SRT market. **Regulation should promote risk diversification, by supporting the broadest possible risk-bearing capacity across institutions, complementary capital and (re)insurance markets, funded and unfunded solutions, while mitigating destabilising cliff effects.**
Otherwise, substantial regulatory capital could remain tied up in existing portfolios instead of being available to support new lending and investment.

The Commission's Communication sets out an ambitious agenda to strengthen the competitiveness of EU banks and enhance its capacity to finance the Union's strategic priorities, supported by a broad package of legislative and non-legislative measures to be implemented over the coming years.

Addressing the obstacles identified by the IACPM in the ongoing review of the EU Securitisation Framework offers an early opportunity to advance these objectives and deliver tangible benefits from 2027, ahead of the broader reforms announced by the Commission.

Co-legislators should embed risk sharing firmly within the EU banking competitiveness agenda. A deep and efficient risk-transfer ecosystem across all core asset classes can deliver significant benefits to the EU economy by strengthening banks' competitiveness and lending capacity.