



Competing Financial Centres or a True Capital Market Union?

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Competing Financial Centres?

The concentration of financial activity in the EU27

The table shows the share of financial activity of the top three countries in the EU27 by sector.

Largest market in EU27

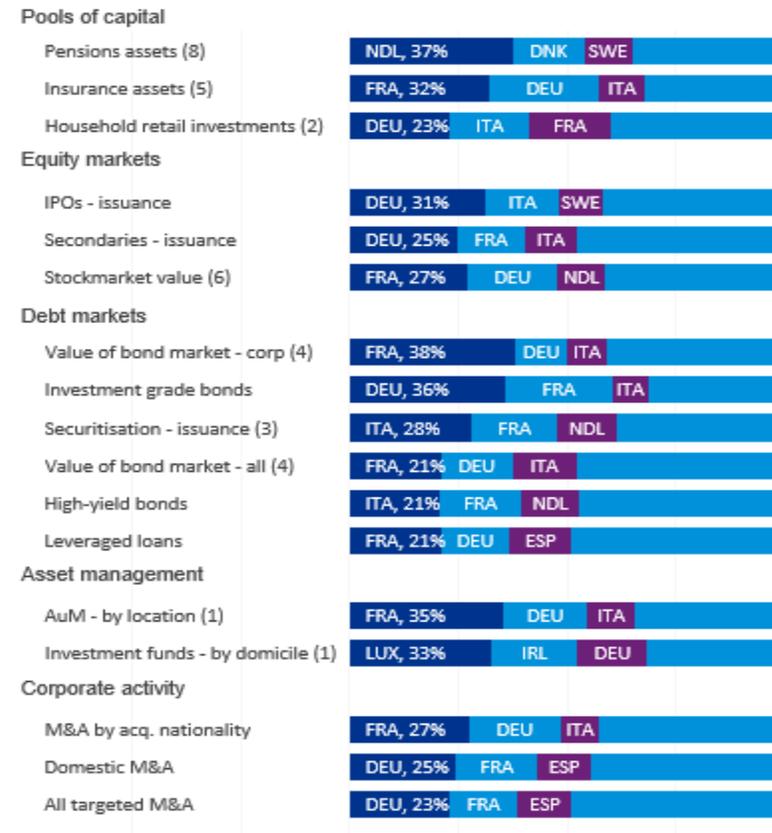
- France: 16
- Germany: 8

Overall share of EU27 capital markets activity

- France: 24%
- Germany: 21%

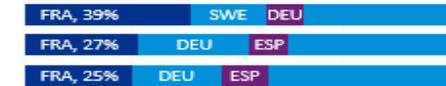
Fig.12 The concentration of financial activity in the EU27

Share of financial activity of the top three countries in the EU27 by sector



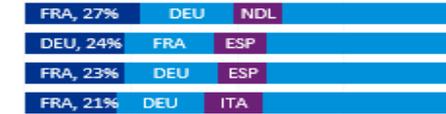
PE&VC

- Private equity fund raising (7)
- Venture capital deals (7)
- Private equity deals (7)



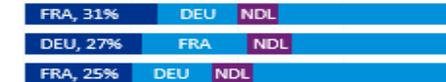
Banking

- Cross-border bank claims (4)
- Bank deposits (10)
- Bank assets (10)
- Bank lending (10)



Trading

- Derivatives trading (4)
- Equities trading (9)
- FX trading (4)



Sources: all data from Dealogic except 1) EFAMA 2) Eurostat 3) AFME 4) ECB / BIS 5) Insurance Europe / EIOPA / US Treasury 6) WFE / local exchanges 7) Invest Europe / NVCA / AIC / Preqin 8) OECD / EIOPA / Willis Towers Watson 9) Fidessa / WFE 10) ECB

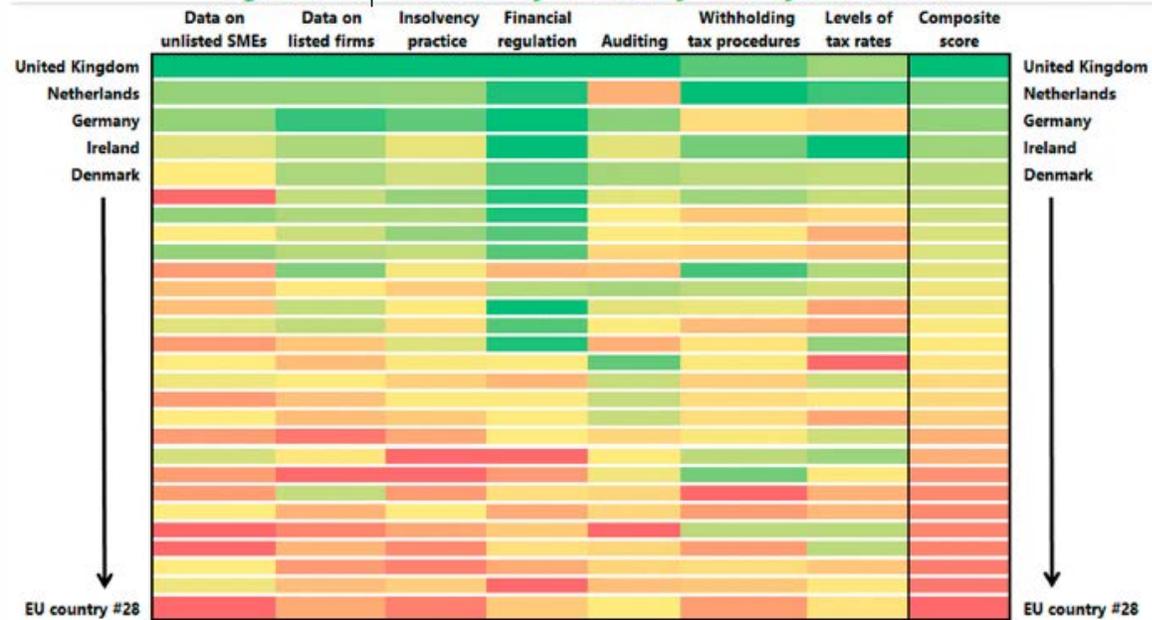
Source: New Financial report: [What do EU Capital Markets look like on the other side of Brexit?](#), Dec 2020



Competing Financial Centres? (cont.)

The IMF conducted a survey of investors and EU regulatory agencies on the Capital Markets Union in 2019. The table shows that some countries are more attractive destinations for capital than others.

Figure 1. IMF CMU Survey Results: By Country and Area 1/



Source: IMF CMU Survey; IMF staff calculations.

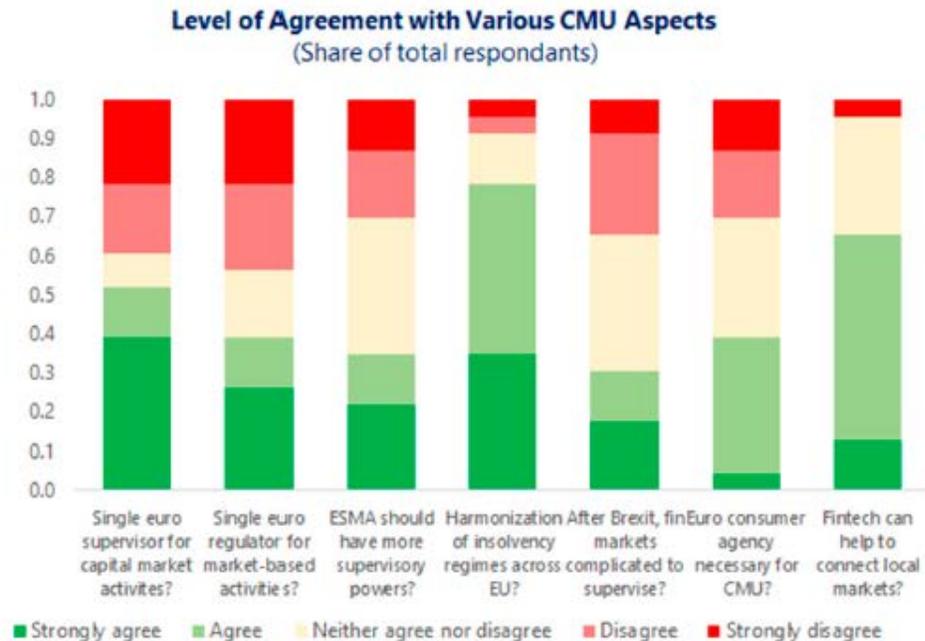
1/ MEs = small and medium enterprises. Red = 3 (high concern), yellow = 2 (medium concern), green = 1 (no concern). For each country the composite score is a simple average of scores in each of the seven areas listed in the figure; the colors in the last column reflect relative composite scores across countries.

Source: [IMF Staff Discussion Note on Capital Markets Union for Europe](#)

Competing Financial Centres? (cont.)

The same IMF survey asked respondents their level of agreement with various initiatives of the Capital Markets Union Action Plan.

Figure 5. IMF CMU Survey: CMU Action Plan Initiatives



Source: IMF CMU Survey; IMF staff estimates.

Source: [IMF Staff Discussion Note on Capital Markets Union for Europe](#)

EU Capital Markets Union Action Plan

A green, digital, inclusive and resilient economic recovery



- Making companies more visible to cross-border investors
- Supporting access to public markets
- Supporting vehicles for long-term investment
- Encouraging more long-term and equity financing from institutional investors
- Directing SMEs to alternative providers of funding
- Helping banks to lend more to the real economy

Individuals safely save and invest long-term



- Empowering citizens through financial literacy
- Building retail investors' trust in capital markets
- Supporting people in their retirement

A genuine single market



- Alleviating the tax associated burden in cross-border investment
- Making the outcome of cross-border investment more predictable as regards insolvency proceedings
- Facilitating shareholder engagement
- Developing cross-border settlement services
- Consolidated tape
- Investment protection and facilitation
- Supervision

Competing Financial Centres?

Each year the Association of Financial Markets in Europe (AFME) reviews European countries' progress against key performance indicators for the Capital Markets Union.

The table shows country rankings for member states across the indicators.

	Market Finance Indicator	Households Market Investment Indicator	Loan Transfer Indicator	FinTech Indicator	Sustainable Finance Indicator	Risk Capital Indicator	Intra-European Integration	Global Integration Indicator	Average ranking 2020	Average ranking 2019	Average ranking 2018
Austria	13	10	13	13	9	6	6	18	7	12	10
Belgium	14	5	28	15	6	14	12	6	12	6	11
Bulgaria	28	24	28	25	28	16	27	15	25	23	26
Croatia	28	16	28	23	28	28	28	17	27	28	28
Cyprus	28	17	15	27	28	20	4	2	18	13	24
Czech Republic	6	20	28	21	28	21	22	25	22	23	15
Denmark	16	3	1	4	28	9	17	11	9	4	3
Estonia	19	22	7	7	28	2	2	24	14	17	19
Finland	5	14	8	9	28	4	5	20	10	9	7
France	4	6	11	12	5	12	19	12	5	8	5
Germany	9	8	10	8	8	13	16	14	6	11	8
Greece	17	26	3	14	13	28	15	22	17	18	14
Hungary	28	18	28	19	28	5	25	13	19	25	22
Ireland	2	13	6	10	28	1	9	3	4	2	6
Italy	18	7	5	28	12	19	14	21	16	16	12
Latvia	28	23	28	17	28	7	20	26	24	21	17
Lithuania	11	27	28	3	10	11	10	19	15	10	20
Luxembourg	15	12	28	11	1	15	1	5	7	7	13
Malta	28	11	28	20	28	28	21	4	20	20	21
Netherlands	1	1	4	5	2	8	8	8	2	3	2
Poland	20	25	28	6	28	NA	24	16	20	19	18
Portugal	10	15	14	16	4	18	7	23	13	15	15
Romania	7	28	28	26	28	22	23	9	22	21	23
Slovakia	28	19	28	22	28	28	13	28	26	27	27
Slovenia	28	21	28	24	28	28	26	27	28	26	25
Spain	12	9	9	18	7	17	11	10	10	13	9
Sweden	8	4	2	2	3	10	18	7	3	5	4
UK	3	2	12	1	11	3	3	1	1	1	1

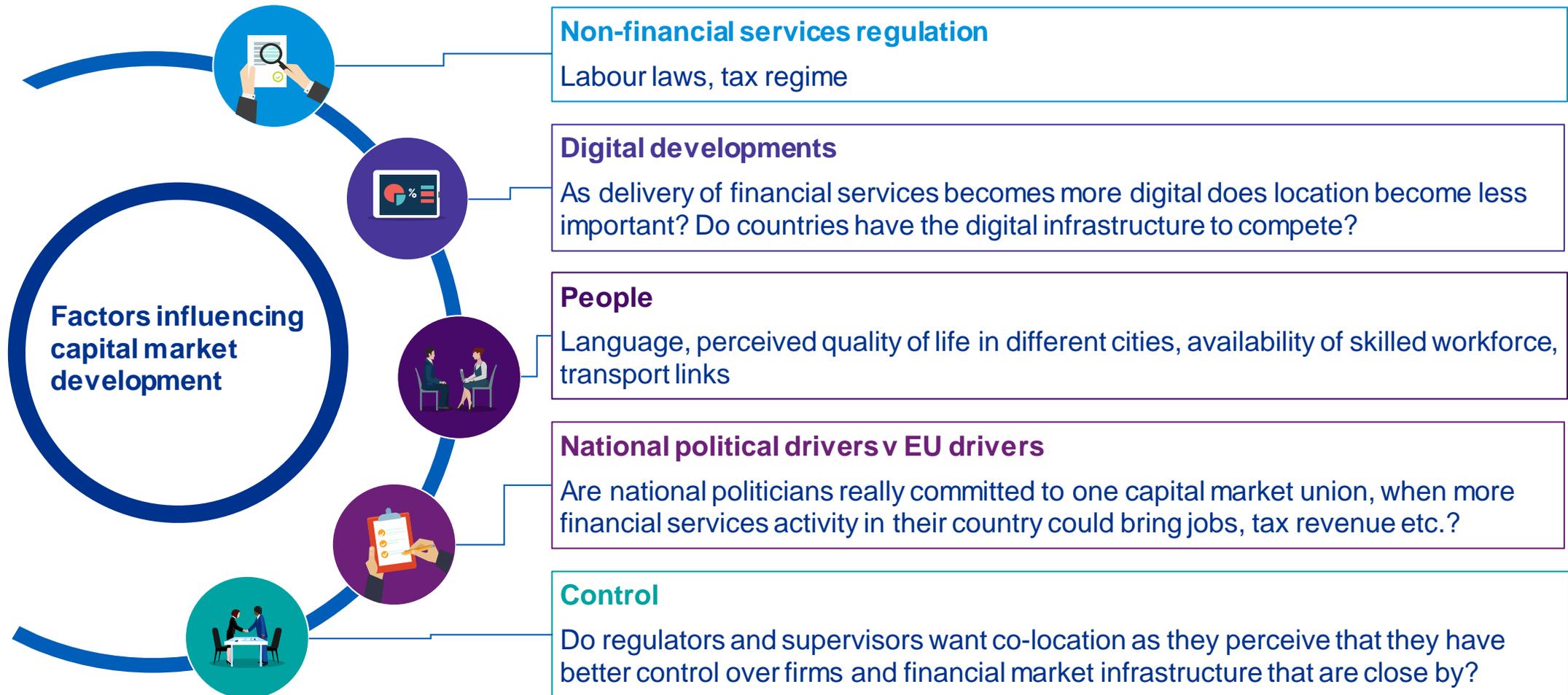
Ranked 1	Ranked 28
Higher rankings ←	→ Lower rankings

Source: [AFME Capital Markets Union Key Performance Indicators – Third Edition 2020](#)



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Other factors influencing capital markets development





Thank you



Dr. Kay Swinburne



Kay is Vice Chair of Financial Services at KPMG in the UK, and previously served as Vice Chair of the European Parliament's influential Economics and Monetary Affairs Committee, where she played a pivotal role in shaping EU and global financial services legislation, including setting up the EU supervisory bodies (ESAs, SSM, SRM), capital markets union (EMIR, MiFID II, Prospectus, CCP Recovery & Resolution), and the broader banking union files.

Prior to Kay's career as an MEP, Kay worked in investment banking. Kay brings a unique insight to policy 'behind the scenes' and the reality of Brexit in the aftermath of 31 January 2020.

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