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Statement by the ECB Governing Council on advancing the Capital Markets Union

7 March 2024

Strong reasons to support and enhance the Capital Markets Union

For the Eurosystem, achieving a single market for capital is imperative. Progress on the CMU agenda, which could be rebranded focusing more on its purpose, is key for five reasons.

First, we need a savings and sustainable investment union: making full use of Europe's capital markets is key to mobilise the massive private investments that are needed to carry out the green and digital transitions, and to enhance the EU's productivity and competitiveness in a shifting geopolitical landscape. That investment, in turn, will increase the euro area's supply capacity and support medium-term price stability.

Second, we need a greater number of innovative European firms to emerge, expand, and realise their full potential, thereby further enhancing the dissemination of technology and productivity growth. This requires deeper and more integrated capital markets to improve the quality of investment in Europe and allow these firms to access sufficient risk capital and equity finance in the EU, rather than having to go abroad. In particular, European venture capital funds remain underdeveloped.

Third, progress towards CMU would increase private risk-sharing across the euro area, helping stabilise growth when countries are hit by local shocks to which monetary policy cannot respond. A more integrated and diversified financial system would also help mitigate financial fragmentation and protect the transmission of monetary policy to all parts of the euro area.

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