

EU ROUNDTABLE OF FINANCIAL CENTRES AND FEDERATIONS
STRATEGY FOR 2023
- Revised Draft -

Increasing the Competitiveness of EU Financial Centres

We, the EU Roundtable members, share the vision outlined by the World Alliance of International Financial Centres stipulated in its recent [white paper](#):

"In 2030, financial centres will be green, smart, innovative, customer-focused, digital, and inclusive, and will play a critical role in attracting and retaining the best talent."

We have been actively managing this transition towards the financial centres of the future via our organizations and want to step up our joint efforts.

Our economies face historical challenges with huge financing needs: the post-COVID and later the post-Ukraine war economic recovery, the energy transition, and environmental issues in general. It is crucial to combine public and private financing for that purpose. We, as EU financial centres, have an essential role to play in mobilising the private financing.

Furthermore, it is necessary to reinforce the position and the competitiveness of the European financial industry, in the context of global competition, particularly, with a focus on preserving Europe's sovereignty.

In 2023, we will focus on improving EU competitiveness in several areas:

1. [Completing the Banking and Capital Markets Union](#)

The swift completion of the Banking Union and Capital Markets Union projects is, in our opinion, crucial for the competitiveness of the EU. Allowing the free flow of money through investments and savings across borders within the European Union has manifold benefits for European citizens and businesses.

Bringing Europe's banking and capital markets together deepens the liquidity available to the real economy, increasing the range of funding options available to enterprises and private individuals across the EU and reducing the cost of such funding. As such, it is a vital step in ensuring that businesses in the EU can grow and be competitive.

Increasing the range and breadth of investment options also benefits savers and investors across the bloc, ensuring they can benefit from the growth of companies and enterprises in the European Union and making the EU an even safer place to invest and save in the long term.

Deeper, more liquid, and less fragmented capital markets also have a significant international role, making Europe more attractive for foreign investors and supporting the value and international remit of the Euro. Deepening the Banking and Capital Markets Union is therefore

also of immense importance in terms of the global projection of the EU and the single currency.

Looking at the Capital Markets Union, there are several short-term priorities that we must accelerate:

- Developing long-term savings and orientating these savings towards the financing of companies, mainly through equity markets, by means of finalising Solvency2, the MiFID review and a competitive Listing Act, and implementing ELTIF.
- Developing Securitization
- Accelerate SME financing and the development of fast-growing tech companies in Europe.

We will actively participate in dialogue with EU institutions on these subjects and look to reflect the relevance of this project through our networks.

2. Encouraging the Adoption of EU Sustainable Finance Standards

EU Roundtable members have played an essential role as thought leaders in fostering the development of sustainable finance. However, there is still much work to be done.

Given the role of the financial services industry as a critical actor in the net-zero economic transition, we must promote financing this transition among EU businesses, particularly for SMEs. In our role as interlocutors, financial centres can help build bridges between all relevant actors, including governments, regulators, financial service providers, and the real economy. We need to fix the long-term strategy and develop a concrete roadmap in a truly European approach, by welcoming and considering the priorities and possibilities in all European countries. A second priority is to develop the necessary instruments and tools as a basis for realizing the objective of achieving Carbon neutrality in 2050 at the latest. Finally, we have a public duty regarding sustainable finance education.

Sustainable finance, however, goes beyond green finance. Financial centres also have a role to play in fostering this field's social and governance factors. As EU Roundtable members and international financial centres, we have the shared responsibility to shine a light on topics such as human rights, gender equality, and good governance within financial services.

Moreover, we need to function as ambassadors for our standards internationally. We are aware that the current geopolitical environment will most likely make international cooperation more difficult. Here, we need to support the convergence of standards through our global networks and partners to avoid regulatory arbitrage and locational disadvantages in the future.

3. Furthering the Digitalisation of Financial Services

The future of finance is digital. The widespread adoption of innovations during the Covid pandemic has functioned as a further catalyst for the digitisation of financial services. With this, financial centres play a crucial role in encouraging the change required to enable digital

players and FinTechs to (co)operate and gain traction while assuring a level playing field between traditional providers and new FinTech or Big Tech players.

Key issues today include the development of digital and crypto assets and their regulation, e.g., MiCA, and the preparation for a Digital Euro, where we need to share experiences with other parts of the world.

Collaborating with stakeholders in both our markets and at an EU level will be vital to ensuring that EU financial services remain competitive, that innovation is incentivised among players, and at the same time, to ensure elevated levels of client protection.

4. Meeting Current and Future Workforce Needs in the EU Financial Sector

Talent attraction and retention are fundamental challenges that financial services face. To ensure that EU financial centres can continue to play a role in financing the real economy, as well as securing prosperity and progress in the region, financial services must be able to find and hire the best talent possible. We aim to lead the way in filling and securing high-quality jobs in the EU financial sector

Our priorities are to:

- Close today's gaps in the availability of experts on critical topics (e.g., ESG, digital transformation) as quickly as possible through education and training.
- Plan for future needs and encourage educational institutions to meet them.
- Where possible, facilitate procedures related to the immigration of third-country experts and play a more active role in positioning financial centres in the global market for talent.
- Position the EU financial industry as an attractive employer for the next generation of graduates by finding answers for their priorities (e.g., in sustainability, diversity, and inclusion) and new perceptions of work-life balance.

5. Improving Financial Education and Literacy

Today, there is no question that financial education is a fundamental building block that contributes to a safe financial system. Too many citizens in Europe lack solid basic financial knowledge. The latter are statistically more likely to fall into the poverty trap, either through poor decision-making or inadequate financial planning.

For this reason, we consider financial education to be one of its priorities. To ensure that all citizens receive financial education, we advocate for financial education to become an integral part of the school curriculum. We also welcome all initiatives for financial education for adults.

Luxembourg, November 2022