OMFIF and DNB co-hosted an online seminar on European capital markets on November 3, 2020.

- Participants agreed that the urgency to take further steps regarding the capital markets union has increased following the Covid-19 crisis. They welcomed the new push on the CMU and the action plan by the European Commission. Some noted, however, that the national imperative is crucial in integrating and developing (local) capital markets, and the CMU should not be left just to Brussels. The EU should go some way to substitute bank for capital market financing but should not necessarily target US-levels, as the US has an exceptionally well-developed capital market.
- A key challenge is to galvanise support among national parliaments for the CMU. Many participants agreed that the public benefits of the CMU need to be better explained and promoted outside technocratic circles. Some argued that the name of the CMU should be changed to better highlight its purpose. Participants noted the current crisis could act as an impetus to CMU in terms of political support.
- The CMU and Banking Union are closely related and progress on both initiatives is necessary. European banks need to operate more cross-border, diversify risks geographically and increase their cost-efficiency, which requires consolidation.
- Participants agreed that advancing the CMU requires progress on many fronts, as is clear from the range of measures from different reports. There is no silver bullet for completing the CMU. Some argued that the array of measures proposed in context of the CMU are mutually reinforcing and dependent on each other, and thus should be seen as a package. Others stressed the need for further prioritisation to prevent getting 'lost in the fog' of the many measures proposed.
- Participants highlighted practical barriers standing in the way of capital market integration that should be broken down, such as differences in withholding tax procedures and definitions (e.g. the definition of a shareholder). On complex subjects such as insolvency procedures, participants recommended to focus on standardising the process and making it more transparent, rather than changing the content of laws themselves, which is a long-term challenge.
- Participants agreed on the need to increase retail participation in capital markets. Views differed on whether this mainly requires development of second/third pillars in pension systems, or focus should be on improving trust, financial education and investor protection.
- To further develop equity financing, tax systems should address the tax bias favoring debt over equity. Participants also stressed the need for initiatives that improve transparency and visibility. These include linking national sources to a single access point on firm information and a consolidated tape to give investors a reliable overview of liquidity and pricing. Some highlighted the need for public money to support innovation and equity financing, especially for late-stage capital.
- It is important to monitor progress on initiatives and outcomes through key performance indicators. A CMU scoreboard should be developed that could include indicators such as retail investments, cross-border investments, the number of initial public offerings, the number of late-stage private equity funds and the length of insolvency procedures. Such a scorecard should be regularly reported to encourage further progress.