

# EU Financial Services Stocktake: July 2026

From Political Momentum to Delivery



## State of play on competitiveness

The first half of 2026 has been marked by a combination of continued geopolitical tensions and renewed political ambition within the European Union to safeguard growth and reduce dependencies in strategic sectors. The ongoing conflict in Ukraine, the war in Iran, intensifying US-China strategic competition, renewed US tariffs and concerns over economic security and growth have created a more uncertain operating environment which has disrupted the functioning of the global economy.

Together these developments have reinforced the key message of the Draghi and Letta reports: Europe's global competitiveness is at risk. Against this backdrop, the European Council has assumed an increasingly prominent role in driving the financial services aspects of this competitiveness agenda. The March Summit discussions and the subsequent inter-institutional *One Europe, One Market* declaration reflected a growing recognition among EU leaders that stronger long-term growth will not be achieved without mobilising private savings, strengthening the single market in financial services, and building bigger, deeper and more integrated European financial markets capable of financing Europe's investment, defence, digital and demographic challenges. While this political consensus has not yet translated into major market or regulatory change, it has provided a much stronger mandate for the legislative negotiations now underway.

## Political momentum and legislative delivery

While translating this ambition into tangible market outcomes remains challenging, inter-institutional commitments to end-of-year delivery are increasingly shaping the pace of legislative negotiations. While several politically sensitive issues, including ESMA supervision, governance arrangements and the definition of significant market infrastructures, still require political compromise, there are encouraging signs that the broader policy direction is already translating into tangible market developments. These include recent progress on private pension reform in Germany, the introduction of Savings and Investment Accounts in Member States such as Poland and Spain, and growing investor interest in European private markets.

Despite this mixed first-half assessment, the outlook for the second half of 2026 appears considerably more encouraging. Three developments, in particular, suggest that the political momentum behind the Savings and Investments Union (SIU) is beginning to translate into a more focused legislative process.

First, political commitment at the highest level has strengthened considerably. Beyond repeated European Council calls to deepen capital markets, Member States have also increased their engagement through initiatives such as the E6, bringing together the finance ministries of France, Germany, Italy, Spain, Poland and the Netherlands around common priorities for market integration. This growing coalition reflects an increasingly shared recognition that deeper and more integrated European financial markets are essential to delivering the EU's competitiveness agenda.

Second, this political momentum is now being translated into a much more intensive negotiating process in the Council. The clearest illustration is the Irish Presidency's decision to schedule an unprecedented 16 Working Party meetings on the flagship Market Integration and Supervision Package (MISP) before October, with the objective of securing a Council position by the autumn ECOFIN. Delivering on MISP will be an important test not only of the EU's broader competitiveness agenda, but also of its ability to deliver increasingly ambitious financial services



legislation on increasingly compressed political timelines - an experience that will prove equally valuable as negotiations begin next year on the far-reaching Banking Competitiveness package.

Third the recently published draft reports by the European Parliament's ECON Committee shows a constructive and pragmatic approach to MISP. In particular, Parliament appears supportive of further developing the DLT Pilot Regime, strengthening the PEMO framework, and facilitating greater market integration - areas consistently identified by industry as priorities for improving the attractiveness of European capital markets. Although Parliament is currently expected to finalise its position only by December, the quality of the reports suggests that discussions are increasingly centred on workable compromises rather than fundamental disagreements.

Compared with previous discussions, the political atmosphere appears considerably more constructive, and technical negotiations are increasingly focused on detailed compromise texts. The real test over the coming months will be whether this renewed political commitment can now translate into timely legislative delivery.

### Progress beyond MISP

Although political attention has focused on the MISP, other important financial services initiatives have continued to advance (see annex for a more detailed state of play):

- The review of the **Securitisation Framework**, that should have been one of the most important EU level contributions for driving to economic growth in the near term, has entered trilogue negotiations political agreement expected before the end of the year. While there is broad political consensus on the importance of reviving the European Securitisation market, these changes may not ultimately make a big difference, even if capital requirements are reduced sufficiently to create meaningful incentives for issuance and investment and agreement is found on the rebalancing of responsibilities between national authorities and European Supervisory Authorities.
- **Digital Euro** trilogues have now formally commenced, with their rapid conclusion being a major legislative priority for the Irish Presidency, fuelled more by sovereignty and resilience concerns than any commercial business case for the central bank digital currency. The negotiations are expected to focus on several politically sensitive issues, including the scope of the legal tender obligation, the design of the compensation model for payment service providers and merchants, the governance of holding limits, and the balance between privacy and anti-money laundering safeguards for offline payments.
- Important progress has also been achieved on the **Pan-European Personal Pension Product (PEPP)** and the **Institutions for Occupational Retirement Provision (IORP)** reforms, while negotiations on the **Sustainable Finance Disclosure Regulation (SFDR)** continue to advance towards trilogue negotiations. In particular on SFDR the outcome will largely depend on whether co-legislators can strike a compromise between regulatory ambition and market usability, with the design of the new product categorisation framework and the calibration of disclosure requirements emerging as the two defining political issues. Another potentially contentious issue will be the scope of exclusion criteria across the three product categories. This is where the Parliament remains largely divided between calls for significantly stricter fossil fuel and social safeguards and a more proportionate, flexible approach favoured by much of the Council and many in the European People's Party (EPP) political group.



- Meanwhile, discussions on the holistic review of the **Markets in Cryptoassets Regulation (MiCA)** continue, with the European Commission expected to assess industry responses to the public consultation after the summer. Yet the treatment of multi-issuance stablecoin models has already emerged as the defining issue, with strong pressure from some Member States, the European Parliament and the ECB to tighten the framework. Notably, the Parliament's rapporteur has already proposed targeted amendments on multi-issuance in the draft report on the MISP (Master Regulation), signalling that the issue will continue to feature prominently in the upcoming negotiations despite the Commission's preference to address it through the MiCA review.
- By contrast, while the proposal for a **Financial Data Access framework (FIDA)** remains formally on the legislative agenda, negotiations have in practice been put on hold, with little expectation of substantive progress in the near term.

Taken together, these negotiations will be an important test of the EU's ability to translate political ambition into legislative delivery. As innovation in areas such as AI, tokenisation and crypto continue to accelerate, the EU will need not only to deliver the current legislative agenda on time but also to consider whether its institutional toolbox is sufficient to keep pace with increasingly fast-moving and digital global markets.

### Bank competitiveness – a debate about Europe's future financing model

The key strategic focus after the summer, in parallel with ongoing discussions on the overall EU budget, will be the political follow-up to the European Commission's **Communication on the Competitiveness of the Banking Sector**, published on 17 July. This non-legislative communication sets out the Commission's vision for an ambitious, urgent and comprehensive overhaul of the EU banking framework, including legislative proposals expected in Q1 2027.

The Communication focuses on deepening the Single Market in banking, simplifying prudential rules, improving supervisory consistency and enabling more efficient cross-border capital and liquidity management. The first political test of this vision will come at the Informal ECOFIN meeting in September, where Finance Ministers are expected to exchange views on the Communication, providing an early indication of Member States' positions.

Later in the year, the debate will also increasingly shift to the European Parliament, where an own-initiative report, led by Spanish EPP MEP Isabel Benjumea, with S&D MEP Jonas Fernández as shadow rapporteur, is expected to shape Parliament's position ahead of the legislative proposals. Together with further discussions among Member States, this non-binding report is likely to frame the political debate over the coming months. As discussions progress, familiar tensions between home and host Member States are likely to re-emerge, making this one of the key financial services debates in Brussels for the rest of 2026.

### Institutional leadership in transition

Before policymakers leave for the summer, another important institutional development took place on 22 July, with Member States backing Italian Capital Markets Commissioner Carlo Comporti, a highly regarded capital markets expert, as the **next Chair of ESMA** over Denmark's Karen Dorte Abelskov. While the formal appointment process, including the European Parliament hearing, will continue after the summer, the outcome already provides an early indication of the leadership that will steer ESMA at a time when supervisory integration is one of the defining issues of the



SIU. If confirmed, Comporti would take office on 1 November, as MISP negotiations enter their decisive phase in the autumn, inheriting a further expansion of ESMA's mandate and significant changes to its governance.

The autumn will also bring significant changes to the **leadership of the European Commission's financial services department**. At the end of September, John Berrigan will formally step down as Director-General of DG FISMA, with the current deputy Alexandra Jour-Schroeder assuming the role on an interim basis as Acting Director-General. At the same time, the recent appointment (albeit with no effective date) of Paulina Dejmek-Hack as Deputy Director-General further reshapes the senior leadership team. A highly respected Commission official with extensive experience across financial services, the Commission's leadership, and the EU-UK negotiations, she is widely regarded as a strong candidate to become the next Director-General of DG FISMA.

## Conclusion

As EU policymakers return from the summer break in September, their focus will increasingly shift beyond market integration as an end in itself towards the broader objectives of the SIU. The fundamental question is no longer whether Europe possesses sufficient financial resources to fund its economic model and future growth. It does. The challenge is whether Europe can efficiently channel those passive savings towards productive investments that enhance long-term competitiveness - in strategic sectors such as energy, digital infrastructure, advanced manufacturing, defence and innovation.

Achieving this will also require broadening the investor base. Deepening capital markets is essential, but it must be accompanied by greater participation from both retail and institutional investors.

The months ahead therefore represent an important opportunity. The political commitment appears stronger than at any point since the publication of the Draghi report. The challenge now is to convert that momentum into concrete legislative outcomes. Much remains to be negotiated but for the first time in several years, there are credible reasons to believe that at least some meaningful progress could finally be within reach.



## Annex - Financial Services Initiatives: State of Play

| Initiative                                               | State of Play (10 July ECOFIN)                                                                                                                                         |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Market Integration and Supervision Package (MISP)</b> | Irish Presidency targeting Council General Approach by October; 16 Working Party meetings scheduled;                                                                   |
| <b>Securitisation Review</b>                             | Second trilogue completed on 7 July; institutions aiming for political agreement before year-end.                                                                      |
| <b>Digital Euro</b>                                      | First trilogue launched following Parliament's mandate; remains a Presidency priority.                                                                                 |
| <b>PEPP Review</b>                                       | Council mandate agreed; Parliament expected to adopt position by November; Commission expressed concerns regarding removal of tax-related provisions.                  |
| <b>IORP Review</b>                                       | Council mandate adopted; Parliament expected to agree its position by November; Commission concerned about increased fragmentation.                                    |
| <b>SFDR Review</b>                                       | Council mandate adopted; Parliament expected to adopt negotiating position by September, enabling trilogues.                                                           |
| <b>Competitiveness of the Banking Sector</b>             | Commission Communication published 17 July; discussion to continue at Informal ECOFIN in Dublin in September; further regulatory reform proposals expected in Q1 2027. |
| <b>MiCA Review</b>                                       | Public consultation extended until 30 September; review of framework scheduled for 2027.                                                                               |
| <b>Financial Data Access (FIDA)</b>                      | Limited progress; Commission urged co-legislators to re-engage after prolonged stalemate in trilogues.                                                                 |

