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Building the future – integrating Europe’s financial sector

Networked Business and
Government – Something Real for
the Lisbon Strategy

Finland’s EU Presidency Conference,
Helsinki, 23-24 October 2006,
House of the Estates

Gertrude Tumpel-Gugereit
Member of the Executive Board of
the European Central Bank

Jean Monnet on European integration:

“Nobody can say today what will be exactly tomorrow’s European structure, because tomorrow’s changes, which will be triggered by today’s changes, are unpredictable.”

“Nothing is possible without humans, but nothing is lasting without institutions.”

“I have too often observed the limits of coordination. It is a method which promotes discussion, but it does not lead to a decision.”

Three specific areas of activity

1) Retail market integration: SEPA

Objective: remove all national barriers for payments within the euro area, allowing for cost reductions, cross-border competition and customer choice.

Need: common technical standards, legal requirements and business practices.

Problem: entails costs and opens up competition, revenue may fall causing some banks to slow down SEPA.

Benefits: processing costs may fall (for banks) and common payment services between any counterparties within the SEPA (for users).

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Three specific areas of activity

2) Capital market integration: TARGET2-Securities

Objective: Eurosystem is evaluating opportunities to provide settlement services for securities transactions.

Need: lack of coherent settlement platforms for euro-denominated securities.

Problem: small local monopolies in the euro area, slow progress in building common platforms.

Benefits: maximising safety and efficiency in the settlement of euro-denominated securities transactions.

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Three specific areas of activity

3) Institutional integration: Lamfalussy process and beyond

Objective: convergence in supervisory practices and regulatory harmonisation.

Need: political pressure, strong legal basis and a clear plan with end-dates.

Problem: vested interests, no clear trend towards common practices or one model of supervision.

Benefits: effective and efficient supervision with clear communication channels between supervisors and certainty for market players.

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The Eurosystem's contribution to financial integration:

- enhances knowledge, raises awareness and measures progress.
- acts as a catalyst for private sector activities by facilitating collective activities, and assists with possible coordination problems.
- provides advice on the legislative and regulatory framework for the European financial system.
- provides central banking services that foster financial integration.

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Three major obstacles

- lack of political commitment
- vested interests
- inertia in adopting new technology

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Three specific measures

- intensify integration of retail banking markets: [SEPA](#)
- speed up the integration of key financial market infrastructures: [TARGET2-Securities](#)
- make a political commitment to unified supervisory practices: [Lamfalussy process and beyond](#)

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Europe
has built
bridges.
Let's use
them!