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## **Europe must decide on the banking union**

*di Andrea Orcel*

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Europe is disappearing.” So said Ken Griffin, founder of Citadel Securities, earlier this month. “It’s lethargic compared to the United States,” he added. “Their economy is not growing. Their per capita numbers are horrific.” When America’s top financiers make that kind of assessment about our continent, it is time to wake up and respond.

It is now a little over two decades since the EU went through its greatest ever enlargement. In one sweep, it created a single market of some 450mn people, promoting stability, democracy and economic prosperity. The positive vision of that time is still possible but it is undoubtedly imperilled. We are going through a period of EU disunity, with no sense of a common direction of travel. This is still more troubling when faced with the threat of falling even further behind the US as a result of President Donald Trump’s potential tariffs. And I hardly need mention the gamut of geopolitical troubles that have hounded us in recent years.

As a continent, we are beginning to realise we need unity and far better economic growth to deal with all this. This is where the power of the single market becomes so obvious. We forget just how much it has driven the opportunity we enjoy today. We also fail to realise that this is still merely a fraction of what it could be and that it could disappear altogether.

Enrico Letta’s and Mario Draghi’s recent reports on the EU reminded us of what is at stake.

Without pulling critical resources together and stepping up our structural growth, the EU cannot continue to deliver better living standards. We risk falling too far behind other blocs as centres of innovation and creativity. We may ultimately lose the freedoms and ideals we hold dear.

Our cherished single market is incomplete and needs work. We need to focus on an EU-wide strategy for growth. Yet we seemingly cannot agree on simple things such as having a capital markets or banking union to support investment and growth. If we did, many structural challenges could be overcome.

It is for Europe’s politicians to push these reforms, and they would certainly have my backing. But as the CEO of a bank, I am focused on what businesses can do today. We already have the pillars of a banking union, which could be completed quickly. We have heard the calls to drive integration of Europe’s banking system so we can have greater firepower to finance new infrastructure and business growth. Yet we have seen precious little action.

I believe in the convergence of our banking system, and with it stronger banks for Europe. That is why UniCredit Group has made an investment in Commerzbank and an offer to buy Banco BPM. While these are decisions taken in the interest of our stakeholders, they put broader EU convergence and the future of the single market on the table.

They represent test cases that ask if we, as a bloc, are serious about greater integration. Are we willing to take the steps that our leaders have long called for or will we get cold feet? The answer will either help unlock Europe's growth, or confirm that real action to move the single market forward remains elusive.

With stronger pan-European reach comes economy of scale and EU-wide expertise. It means greater deployment of capital to businesses that need finance to grow and more options to raise money, including via capital markets. It means more ambitious, growing businesses can connect to trade flows and access new markets, especially within the EU. It means greater investment in products and services to help savers. And it means stronger, more resilient, more trustworthy banks. Without convergence, we are witnessing a lag in investment, stymied wealth creation and a widening gap between us and other blocs. Young people will leave our continent in search of opportunities elsewhere. We risk our long-term prosperity and with it the strength to uphold our EU ideals. This is not a call for more centralised decision-making. All EU states have their specialisms and deep expertise; we must not meddle or micromanage. However, we must pull towards a common goal of growth and long-term success and transform our agreed vision into action without excuses. There is more to Europe's future competitiveness than banking and capital markets systems. But it is indicative of whether Europe is finally prepared to come together to end this period of low growth to the benefit of all. We now have the chance — and I believe, the duty — to scale up Europe's banking sector and with it our bloc's ambitions. If the genius of our single market remains unfulfilled, I fear Draghi's warning of a "slow agony" for Europe will come true.