PRESS RELEASE

BETTER FINANCE Raises Alarm: Is the EU's Push for Securitisation Revival Putting Financial Stability at Risk?

Brussels, 13 December 2024 – BETTER FINANCE, the leading voice for EU savers and individual investors, opposes the political push to "revive" the securitisation market in the European Union. In its response to the European Commission's consultation on the matter, BETTER FINANCE warns that this move risks undermining financial stability without delivering meaningful benefits to SMEs or retail investors, contrary to the promises being made.

"Securitisation is no magic wand for EU corporate funding," BETTER FINANCE's Managing Director, Aleksandra Mączyńska, asserts. *"The complexities of securitising corporate loans mean these assets will remain a minor part of any securitised pool. Loosening regulations to boost securitisation is not a solution for SME financing— rather a gamble on financial stability."*

Critically, BETTER FINANCE highlights how securitisation disproportionately empowers banks—especially large ones—over direct market access for SMEs and retail investors. This clashes with the EU's stated Capital Markets Union (CMU) goals of fostering an equity culture and reducing over-reliance on bank credit.

"Instead of doubling down on securitisation, EU policy should focus on real solutions: making it cheaper for SMEs to list and easier for citizens to invest in equity markets," says Mączyńska. *"The EU doesn't need risky shortcuts; it needs to build a strong, equity-based investment culture."*

BETTER FINANCE also raises concerns about the consultation process itself, which it describes as biased. "*The framing assumes that securitisation offers untapped benefits, but where's the evidence? Political pressure for quick economic wins ahead of elections risks sidelining the long-term interests of financial stability and consumer protection,"* Aleksandra Mączyńska argues.

With the Commission inviting feedback on how to reduce "regulatory obstacles," BETTER FINANCE urges policymakers to resist calls for lower risk-weights and capital requirements—a move the European Supervisory Authorities have already flagged as reckless.

"Let's not repeat past mistakes. The EU must prioritise robust, prudent frameworks over short-term political optics," Mączyńska concludes.

***

Contact: Director of Communications | Arnaud Houdmont | +32 (0)2 514 37 77 | houdmont@betterfinance.eu