



PRESS RELEASE

DATE 12 March 2007
NO. 11
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■ Srejber: Integration of financial services has come a long way in Europe

"Greater integration of the markets for financial services is important for enhancing growth in Europe. The integration process has come a long way, for instance, with regard to payments between banks and the euro-denominated fixed income market. In recent years, there have been several cross-border mergers between European banks. The effects of integration are particularly evident in the new EU member states. There, foreign banks account for around 70 per cent of the ownership in the bank sector."

"But one area where integration needs to be encouraged is in the so-called financial infrastructure, including both the clearing and settlement of securities transactions and the implementation of small cross-border payments. Here the authorities have an important role to play in facilitating integration and competition by adjusting regulations and supervision."

These comments were made by First Deputy Governor Eva Srejber when she gave a speech on financial integration in Europe today. The speech was given at a conference in Washington D.C. organised by the NABE and the AUBER.¹

"One of the driving forces behind the current integration process is the coordination already implemented in the EU. A vigorous effort was made in 1999 through the launch of an action plan containing 42 measures to promote a single market for financial services. Most of these have now been adopted at EU level and are being implemented by the member states."

"But greater integration requires not only joint regulations, but also a similar application of the regulations within the 27 countries that make up the EU. Intensive work is being carried out within the EU to coordinate the authorities in the different countries. This is being done through both formal committees and informal networks. Cooperation within the field of financial supervision, for instance, is being improved at a rapid rate. Another area for cooperation is preparation for crisis management. Greater integration of markets and banks increases the risk that a financial crisis could spread between countries and we authorities must be able to deal with this."

"We can note that a lot of work remains to be done before we have a fully-developed single market for financial services. But the integration process has come a long way and from the authorities' point of view, I can say we are actively working on these issues."

¹ NABE stands for the National Association for Business Economics and AUBER stands for the Association of University Business and Economic Researchers.