Press release

Financial industry supports strengthening of the Monetary Union

Survey: A majority is in favour of a European reform agenda which goes beyond the existing EU Treaty

FRANKFURT, 20 July 2015. Around 70% of decision makers in the German financial industry support the plan to strengthen political and fiscal cooperation in the European Monetary Union (EMU). This finding is the result of a survey conducted by the Center for Financial Studies (CFS) among high-ranking representatives of financial institutions and service providers at the German financial center. A large majority generally considers the objectives of the recently published report by the five presidents – Jean-Claude Juncker (EU Commission), Donald Tusk (Euro Summit), Jeroen Dijsselbloem (Eurogroup), Mario Draghi (ECB) and Martin Schulz (European Parliament) – as the appropriate way forward. A majority of 55% of survey participants is also in favour of a European reform agenda that goes beyond the existing EU Treaty. More than two thirds of respondents find it appropriate to implement the reform agenda proposed by the Presidents by 2025 at the latest.

“It is an encouraging sign during the currently severe crisis in Europe that a policy in order to strengthen the Monetary Union is supported by the German financial industry, even if this would make an EU Treaty change necessary,” Professor Jan Pieter Krahnen, Director of the Center for Financial Studies and Academic Head of the survey, comments the results.

On 22 June, the five Presidents have published a plan for strengthening Europe's Economic and Monetary Union. For the further development of the EMU, the five Presidents propose specific measures that should be implemented in three different stages until 2025.

German financial industry critical of European deposit insurance scheme

As a part of the first stage, the report, inter alia, proposes to swiftly launch a European Deposit Insurance Scheme in the next years. More than half of the survey participants (55%) do not consider an isolated implementation efficient. Almost as many participants (53%) also reject an implementation of a European Deposit Insurance Scheme as part of a reform package which could include further measures towards a political and fiscal union in Europe.

Far-reaching reforms towards a fiscal and political union in Europe require a change of the EU Treaty which needs to be approved by national parliaments or voted for in a referendum in a number of member states. Nevertheless, 55% of survey participants are in favour of a far-reaching reform agenda that goes beyond the current Treaty. For fear of a failure of such a reform agenda that includes a change of the EU Treaty almost one third (29%) of survey participants believe that the reforms should be implemented within the current EU Treaty. 16% of participants are opposed to a Treaty change for implementing far-reaching reforms because they believe that more integration in Europe is not necessary.

According to the Presidents, their plan for strengthening Europe's Economic and Monetary Union should be implemented by 2025. Around 43% of survey participants consider this period appropriate. Roughly one quarter (27%) prefers to implement the proposed measures even earlier whereas around 30% believe that the period until 2025 will be too short.

The results are based on a quarterly survey, carried out by the Center for Financial Studies, among 400 decision makers in the German financial industry (return about 50% on average).

The Center for Financial Studies (CFS) conducts independent and internationally-oriented research in important areas of Financial and Monetary Economics, ranging from Monetary Policy and Financial Stability, Household Finance and Retail Banking to Corporate Finance and Financial Markets. CFS is also a contributor to policy debates and policy analyses, building upon relevant findings in its research areas. In providing a platform for research and policy advice, CFS relies on its international network among academics, the financial industry and central banks in Europe and beyond.

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For further information, please contact:

Sebastian Frontczak
Center for Financial Studies
House of Finance
Goethe University Frankfurt
email: frontczak@ifk-cfs.de
phone: +46 69 798-30043
www.ifk-cfs.de/cfs-index