

Securitisation is back on the agenda. The question is whether the EU will use it properly

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Brussels is no longer asking whether securitisation should return – that question has already been answered. The European Commission [tabled reform](#), the Council has [agreed its position](#), and the European Parliament is shaping its own. The real question now is whether the EU will use this moment to build a better market or settle for a technical clean-up of an underused one.

The timing isn't accidental. The revival of securitisation [sits at the heart](#) of the Savings and Investments Union (SIU), the EU's attempt to mobilise private capital at scale. The logic is straightforward: Europe doesn't lack savings. It lacks efficient channels to turn those savings into productive investment.

That gap is especially visible in credit markets, where the EU remains heavily dependent on bank balance sheets to finance households, small businesses and infrastructure. As capital requirements tighten, risks become more complex, and investment needs continue to rise, that model is coming under growing strain.



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This commentary is based on the CEPS-ECMI study [‘More credit, better risk sharing: why Europe needs securitisation’](#).

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Why this matters now

In this environment, securitisation is one of the few instruments that can address this constraint directly. Securitisation allows lenders to transfer part of their portfolio's credit risk to investors. When the transaction achieves recognised significant risk transfer, it can free up regulatory capital and support new lending without increasing overall risk concentration.

In other words, it allows the financial system to scale credit more efficiently.

This isn't a theoretical benefit. It has direct implications for several of the EU's policy priorities. In housing, securitisation can help attract long-term capital into mortgage markets and support investment in energy-efficient renovation. In SME finance, it can broaden the funding base beyond local banks and reduce the structural dependence of small firms on domestic credit conditions. In infrastructure, it can bridge the mismatch between long-term investment needs and the shorter horizons of bank funding.

The potential scale is not trivial. As a [recent CEPS-ECMI study argues](#), the effect comes not from 'using less capital' in the abstract, but from using it more efficiently. When banks securitise assets and achieve recognised risk transfer, the risk-weighted assets attached to those exposures fall. That releases part of the Tier 1 capital previously tied up against them, which can then be recycled into new lending. Under realistic scenarios, a stronger EU securitisation market could unlock EUR 16-32 billion in Tier 1 capital annually and support EUR 130-320 billion in new lending each year, adding up to more than EUR 1 trillion over five years. That isn't a marginal technical gain. It's material lending capacity at a time when Europe needs to finance housing, SMEs, infrastructure and the twin transition more effectively.

Yet the EU's securitisation market remains underdeveloped. This isn't because the instrument no longer works – it's because the framework surrounding it doesn't.

The problem with the current debate

The Commission's reform package does three main things: it cuts some of the burdens that have made EU securitisation costly to issue and hold, including through simpler disclosure and due-diligence rules; it recalibrates bank capital treatment so that lower-risk senior tranches aren't penalised as heavily as they are today; and it adjusts liquidity treatment to make qualifying securitisations more usable on bank balance sheets.

That's the right direction. Europe doesn't need a post-crisis rollback but a framework that's less blunt, more proportionate and better aligned with actual risk. The danger is that the debate stays too narrowly focused on technical fixes rather than on securitisation's strategic role in Europe's financial system.

The harder question is whether the package does enough on execution certainty, especially for significant risk transfer transactions. If supervisory treatment remains slow, complex or uneven across authorities, the reform may simplify the rulebook without materially changing market behaviour.

This is where the real test lies. If the EU wants securitisation to become a credible channel for financing growth and transition, the reform should be judged against three broader tests: does it improve execution certainty, does it more sensibly calibrate regulation and does it place securitisation within a clearer strategic vision for Europe's financial system?

The first is *execution certainty*. One of the most persistent barriers to securitisation in the EU isn't legal prohibition, but uncertainty – particularly around supervisory treatment. Transactions that aim to achieve significant risk transfer (SRT), and therefore capital relief, remain subject to complex and sometimes unpredictable approval processes. This creates execution risk, discourages issuance and limits market depth. If securitisation is to scale, this uncertainty needs to be reduced.

The second is *regulatory calibration*. EU securitisation frameworks still reflect a post-crisis mindset that tends to emphasise downside risk over performance. Yet evidence shows that European securitisations, particularly simple and well-structured ones, performed relatively well compared to their US counterparts during the financial crisis. The implication isn't that risks should be ignored, but that regulation should be more risk-sensitive. Overly conservative capital treatment, especially for senior tranches, limits investor participation and reduces the attractiveness of the asset class. A more evidence-based calibration would support market development without undermining financial stability.

The third is *strategic clarity*. Securitisation is still too often treated as a niche financial product rather than as part of a broader system of funding and risk transfer. This is a mistake. Securitisation doesn't compete with traditional bank lending, covered bonds or public guarantee schemes. It complements them. Its value lies precisely in its ability to connect these different elements – linking loan origination with capital markets, and private investment with public policy objectives.

What the EU should aim for

Securitisation is part of Europe's financial infrastructure, which has direct implications for designing policy. If securitisation is to support the SIU, it needs to be integrated into a wider ecosystem. This includes better data infrastructure, more standardised asset pools and continued use of public institutions such as the European Investment Bank and the European Investment Fund to catalyse early transactions and build market confidence.

It also requires a shift in political framing. For more than a decade, securitisation has been treated primarily through the lens of risk containment. That was understandable in the aftermath of the financial crisis. But it's no longer sufficient. The challenge facing the EU today is not excessive credit expansion. It's insufficient investment and the weak transmission of savings into productive uses. The costs of underusing securitisation may be as significant as the risks of misusing it.

None of this means that securitisation is a panacea. It cannot replace structural reforms, deepen capital markets on its own or resolve all financing gaps. But it is one of the few

instruments that can operate at scale, across sectors and across Member States. That makes it particularly relevant for an EU that continues to struggle with fragmentation.

More than a technical reform

The irony is that the EU has spent years trying to build a Capital Markets Union, and now the SIU, while leaving one of the most effective channels for market-based finance underdeveloped. The current reform offers a chance to correct that, but only if it's treated as more than a technical exercise.

The real test isn't whether the new framework will make securitisation slightly easier to issue or invest in. It's whether it will make securitisation a credible, scalable and policy-aligned channel for financing the EU's future. That requires a shift in mindset: from seeing securitisation as a legacy risk to recognising it as a strategic opportunity.

The EU has reopened the securitisation debate. The next step is to decide what it wants from it.