





SECURITISATION AND GROWTH

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19 March 2013

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Which measures to foster European growth?



- ❖ The Multiannual Financial Framework sets the European budget for the period 2014-2020: almost 1,000 bn available
- ❖ Main heading: Research and Innovation (80), Cohesion (376), Connecting Europe (50), Agriculture Policy (285), Human Capital (16.8), Migration (8..2), External lending (100)
- ❖ Reinforcement of the use of financial instruments and reduction of grants

Doing more with less

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|| Which role for EIB?

- ❖ Reinforcement of the capital of the Bank => 10 bn paid-in
- ❖ Growth Action Facility => increase in lending targets by 20 bn a year for the next three years
- ❖ Use of Financial Instruments capitalizing from the experience of RSSF and LGTT => PBI and more

**Catalytic effect mobilising private sector
resources reducing the systemic risk**

|| The role of securitisation

- ❖ Securitisation can facilitate the distribution of credit risk across the economy reducing systemic risk and hence represents an important vehicle to foster growth
- ❖ Securitisation is supported by:
 - ❖ Market initiatives (Prime Collateralised Securities) to revitalise the securitisation market
 - ❖ ECB eligibility criteria which allows securitisation deals to be used as collateral for Eurosystem operations
- ❖ Investors: banks, insurance companies, retail investors, funds

An essential instrument to originate new lending

Regulation

- Progressive tightening of regulations following the financial crisis,
- Increased capital charges:
 - Basel III (consultative paper)
 - CRD IV (LCR/HQLA)
 - Solvency II

**Regulation shall prevent misbehaviors being neutral on
available financial instruments when properly used**