CMU KPI Report
Measuring Progress and Preparing for Success

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Association for Financial Markets in Europe
www.afme.eu
CMU: Measuring progress and planning for success

• Third anniversary of CMU: timely opportunity to review the progress on achieving the CMU’s vital aims

• Produced by AFME with the support of nine trade associations and international organisations representing various Global and European capital markets stakeholders
Seven Key Performance Indicators

- Seven KPIs to assess progress at the EU and Member State level across the seven political priorities of the CMU Action Plan

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Key EU findings

• The availability of pools of capital for investment has shown encouraging improvements. The amount of EU household savings in capital markets instruments has increased from 114% of GDP in the period 2012-16 to 118.2% of GDP in 2017.

• EU companies continue to over rely on bank lending compared to market-based instruments. 14% of new external funding by EU NFCs in 2017 was through bonds or public equity, with the remainder funded through bank lending. 13% on average during 2012-16 and 7% in 2007.

• Europe is a global leader in sustainable finance. Over 2% of the EU’s bonds issued in 2017 were labelled sustainable, from 0% 5 years ago and compared with 1% in the US in 2017.

• The annual amount of pre-IPO risk capital invested into SMEs has more than doubled in the EU from €10.6bn in 2013 (1.4% of new external SME funding) to €22.7bn (2.5% of new external SME funding) in 2017. Risk capital investments remain low relative to GDP and a significant gap continues vs US (0.8% of GDP in the US vs 0.15% of GDP in EU).

• EU capital markets have shown an encouraging trend towards greater integration since the aftermath of the financial crisis, but integration continues below pre-crisis levels. EU capital markets integration with the rest of the world has been more limited.

• Recent years have shown a decline in the transformation of loans into tradeable securities. In 2017, 5.2% of the stock of EU bank loans were securitised, sold to investors through loan portfolio transactions or pooled in covered bond instruments. 5.6% on average in the 2012-16 period.

• Capital markets in CEE are converging with those of the rest of Europe, but at a slow pace.
Key Italy findings

- **Italy**, Spain, Ireland, Greece, and Portugal (countries with high levels of non-performing loans) are in the top seven EU nations in the loan transfer indicator in 2017, suggesting an encouraging trend to use market instruments to dispose of distressed assets.

- **Italy** slightly behind other EU countries in the amount of sustainable bonds issued on markets. 0.9% of total amount of Italian bonds issued in 2017 were labelled sustainable compared with 2.1% in the EU.

- **Italy** ranks 28th among the EU28 nations in the availability of risk capital for SMEs. Italian SMEs over rely on bank lending to finance growth. 0.2% of total SME funding in 2017 was in the form of risk capital (VC, PE investments from growth funds, Business Angels, equity crowdfunding) compared with 2.5% in the EU.
Country rankings

- Country rankings to facilitate comparison against peers and recent years