Finansinspektionen
Box 7821
103 97 Stockholm
Tel +46 8 408 980 00
finansinspektionen@fi.se
www.fi.se

Date September 2026
Author Jimmy Kvarnström, Executive Director of Markets

Building better markets — Europe should scale what works

As a lawyer, I may be primed to overrate what regulation can achieve. Yet my experience across market infrastructure, surveillance, banking and supervision — in a market that has grown remarkably over my career — has taught me that regulation alone cannot drive the market development Europe needs. Trust, investor participation, active issuers and credible institutions matter just as much. The next phase of the Savings and Investments Union should therefore strengthen these foundations.

Capital markets differ across Europe. A few have deep public equity markets with active retail participation; others rely more on bank financing. These differences reflect decades of institutional development and investor behaviour, and should anchor the debate.

The Nordic markets are increasingly cited in this debate. They can serve as a reference but not be exported in full. Policy is more easily copied than the conditions that make it work. Sweden has over 900 listed companies — among the largest in the EU by capitalisation and the largest by number of listings. Over the past decade Stockholm has been among Europe's most active IPO venues by number of listings and, recently, by capital raised.

A first indicator is growth markets. Since 2014, nearly 80% of new Swedish listings have been on multilateral trading facilities. As firms scale, growth markets offer a route to the main market. Almost half of Swedish main-market listings between 2013 and 2025 were companies uplisting from MTFs. Investor protection challenges are real, but public equity markets serve more than the largest issuers.

A second indicator is investor participation. The investment savings account, from 2012, made equity investing simple and tax transparent.

Around seven in ten Swedes hold private fund savings; including pension savings, virtually all are fund savers with equity market exposure. Broad participation supports liquidity, market awareness and political attention.

A third indicator is active ownership. The Swedish model combines strong shareholder rights with active institutional ownership and self-regulation in governance and takeovers. While self-regulation requires legitimacy and oversight, it can deliver predictable, timely handling of key market processes. Speed can matter as much as getting the answer precisely right — companies and investors can handle risk, but not prolonged uncertainty, which erodes trust in the institutions themselves.

To make EU capital markets more attractive, policy should start from how markets function — why firms list, why investors participate, and why some markets better connect savings with investment. The SIU should combine EU-level action with Member State responsibility. Harmonised EU rules have built a common regulatory foundation but have not by themselves converged market outcomes. Key drivers — investor culture, pension systems, ownership traditions — change over generations, not legislative cycles. EU policy can remove barriers, improve consistency and support scale but cannot by itself create the investment culture, issuer base or participation that deeper markets require.

More integration is valuable where it lowers barriers to cross-border investment, improves access to comparable data, supports common infrastructure and cuts costs. As markets grow more interconnected, the need for supervisory convergence grows too. But effective supervision and enforcement still depend on proximity, speed, local knowledge and national expertise. The objective is better supervision, with centralisation where it adds value and clear, proportional responsibilities between EU and national authorities. The EMIR supervisory colleges show how European coordination can be combined with distributed expertise close to the market.

Digitalisation and AI are themselves tools for coordination between authorities and for integration. Many practical barriers — to cross-border activity and convergent supervision alike — lie in inconsistent data, reporting and post-trade processes, and missing channels for knowledge exchange. Common data standards, machine-readable reporting, interoperable infrastructure and supervisory benchmarking can reduce friction for firms and give supervisors stronger analytical capabilities.

The direction follows from experience. Proportionate rules gave smaller firms access to public markets; simple, tax-transparent savings vehicles brought households in. Competitiveness, investor protection and resilience are not competing objectives. A market without integrity attracts no long-term capital; an overburdened one, no issuers; a fragmented one, no scale.

Europe does not need one single capital market model. It needs a framework that removes real barriers, strengthens the centre where scale adds value, and preserves the trusted institutions and practices that make markets work. Success should be measured not by how uniform Europe's markets become but by whether they become deeper, more trusted and better at turning European savings into growth.

The objective is better supervision, with centralisation where it adds value.

Originally published in Views, The Eurofi Magazine, September2026