

DEVELOPMENTS AND CHALLENGES REGARDING THE EUROPEAN CAPITAL MARKETS INTEGRATION PROJECT

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Abstract

The concept of a Capital Market Union exerts significant influence over debates within the European Union. Achieving a Capital Market Union is seen as a means of fostering deeper integration, promoting economic growth, and encouraging sustainable investments. This paper explores the status of the project regarding the Capital Market Union, focusing on key developments, challenges, and potential impacts on the financial system of the European Union. The evidence presented emphasize the role of the Capital Market Union in providing alternative financing channels, reducing fragmentation, and diversifying investment opportunities within the European Union. Although progress was made, the Capital Market Union faces a multitude of challenges that affect its efficiency and sustainability. These include regulatory barriers, divergent national practices, geopolitical uncertainties, and the impact of COVID-19 on market dynamics. Furthermore, the potential impact of a fully accomplished Capital Market Union is considered, including its effects on economic stability, risk management, and the global competitiveness of the European Union. The analysis also addresses implications for market participants, investors, regulatory authorities, and the broader socio-economic context within the European Union. Ultimately, the paper underscores the importance of the Capital Market Union as an accelerator for integration and financial resilience, while acknowledging the complexity and obstacles that require concerted efforts from political decision-makers, financial institutions, and market participants. Continued dialogue, proactive measures, and a shared vision are needed to navigate current crises and address issues related to the Capital Market Union, ultimately promoting a stronger and more interconnected European capital market.

Keywords

Capital Market Union, investments, financial system, financial risk, EU integration.

JEL Classification

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