



New Bruegel Policy Brief

'Financing Europe's Fast Movers'

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Bruegel's recently published policy brief *'Financing Europe's Fast Movers'* deals with the link between finance and company growth. The discussions about structural reform in Europe, including the EU's Lisbon strategy, put a legitimate emphasis on labour and product market reforms, but often overlook the role of the financial system in fostering innovation and growth. The financial sector is important to unlock Europe's growth potential since corporate finance is crucial for the emergence of new companies.

The policy brief points to the fact that new firms started in Europe grow less briskly than those in the US. One reason is the relative underdevelopment of financial services adapted to emerging firms in Europe. Access to tailored financing solutions is essential for a company to grow and develop. In a knowledge economy where companies rely less on physical investment, traditional bank loans are insufficient. While Europe has a world-class financial system for established companies, new instruments adapted to emerging firms remain underdeveloped in most EU countries.

The authors suggests that the orientation of the financial system towards growth, with an ability to offer optimal financial solutions to emerging firms, should be elevated to a top-level priority of financial policy in the European Union and its member states, alongside the existing policy objectives of financial integration and stability. The policy brief outlines options for a substantial reform programme that would encompass legislative and regulatory areas which have a major impact on corporate finance, such as competition among intermediaries, securities regulation, insolvency legislation, taxes, and prudential rules.

The full report can be downloaded by clicking on [this link](#).

A short Q&A media memo about the report can be downloaded in [English](#), [French](#), [German](#)

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