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## Finance Norway and the creation of the Savings and Investment Union

*Further development of financial services and capital markets is essential for increasing the efficiency of the EU's internal market. Any EU initiatives should build on the national financial ecosystems that have developed over time and in tandem with the business they cater to. Finance Norway therefore believes policymakers should facilitated a bottom-up approach. Making best practices available and developing efficient infrastructure for the efficient dissemination of comparable material information is key. Norway is an integrated part of the internal market through the EEA Agreement. This integration is very important to Norwegian financial institutions. Participation in development towards enhancing European competitiveness is therefore central to Finance Norway and the Norwegian financial industry.*

### **The EEA Agreement**

The EEA Agreement ensures that Norway remains an integral part of the EU's internal market, allowing for seamless integration and cooperation in financial services. This integration is crucial for ensuring the supply of efficient, innovative and modern financial services in Norway, the Nordics and the internal market. Finance Norway is therefore concerned that all parties to the agreement continues their engagement and prioritisation of working with the agreement going forward.

### **Increase in Equity Financing**

Material information for analysing risk characteristics and risk-rewards is necessary to make informed investment decisions. So is knowledge of the relevant tax environment. The ESAP is an important infrastructure for efficient dissemination of material information. The Commissions simplification agenda rightly addresses the need to streamline the information going into this. In addition to eliminating double reporting, lack of alignment in definitions and simplifying reporting operations, Finance Norway is eager to participate in the discussion on how to balance the demand for information with businesses' compliance costs in order to achieve materiality.

The same thinking should be applied to the identification, valuation and pricing of climate risks. Finance Norway will address the proposed simplification measures in due course.

Financing of SME activity and ownership is dominated by home bias, and local savings banks play a crucial part in these activities. A diversification is, however, welcome in several dimensions: type of investment vehicle, duration, venture experience, regional and national diversification etc. Based on the principle of proportionality, voluntary reporting should be possible for these companies.

The bottom-up approach is also needed to taxation. Tax incentives to promotion of increases longevity in savings and changes in risk appetite is a proven method, belonging to the national domain.

However, in certain instances, risk sharing can be a valuable addition. Instruments like InvestEU can play a significant role in risk-sharing, particularly in the venture or seed stages of financing new enterprises.

### **Securitisation and Risk Management**

Securitisation is a useful part of the risk management and funding toolbox in financial markets aimed at enabling hypothecation of risks to increase the efficiency in use of bank regulatory capital as well as a funding tool. It should not be seen as a replacement for efficient funding instruments that already operate fully functioning markets.

As the securitisation framework has not entered into force, due to delays of the inclusion into the EEA-agreement, there is little evidence and experience to build on in the Norwegian market. However, Finance Norway welcomes the initiation of measures to simplify and increase the usefulness of these instruments.

### **Investment, Savings, and Pensions**

A robust investment and savings culture is crucial for the development of the internal market. The reform of the pensions system and the allocation of financial choices and choice of supplier to the individual customer has exposed them to investment choices and increased financial literacy. Individual choice has increased the competitive pressure on the supplier. The easy access to pension information has informed investment decisions for retail customers and incentivised savings in addition to the first and second pillar pensions. The taxation of these savings products is instrumental in incentivising saving.

Modernisation and funding of pensions systems is a complex political task, that clearly belongs to the national domain. The EU should showcase best practices on pensions and taxation both, and aid in national reform, and focus on improving financial literacy to empower citizens to make informed investment decisions.

Yours sincerely

**Finance Norway**



Ellen Bramness Arvidsson  
Executive Director International Affairs

Finance Norway is the trade and employers' association for the financial industry in Norway. We represent 260 financial companies with 50,000 employees. We are associated with Norway's largest employers' organisation; the NHO (The Confederation of Norwegian Enterprise). Finance Norway is a non-profit, non-party political organisation funded by the membership fee paid by the member companies. We organize primarily banks, insurance companies, pension companies and debt collection companies. We advocate the views of the industry towards politicians, government, consumer authorities, international collaborators and decision makers and consumers.