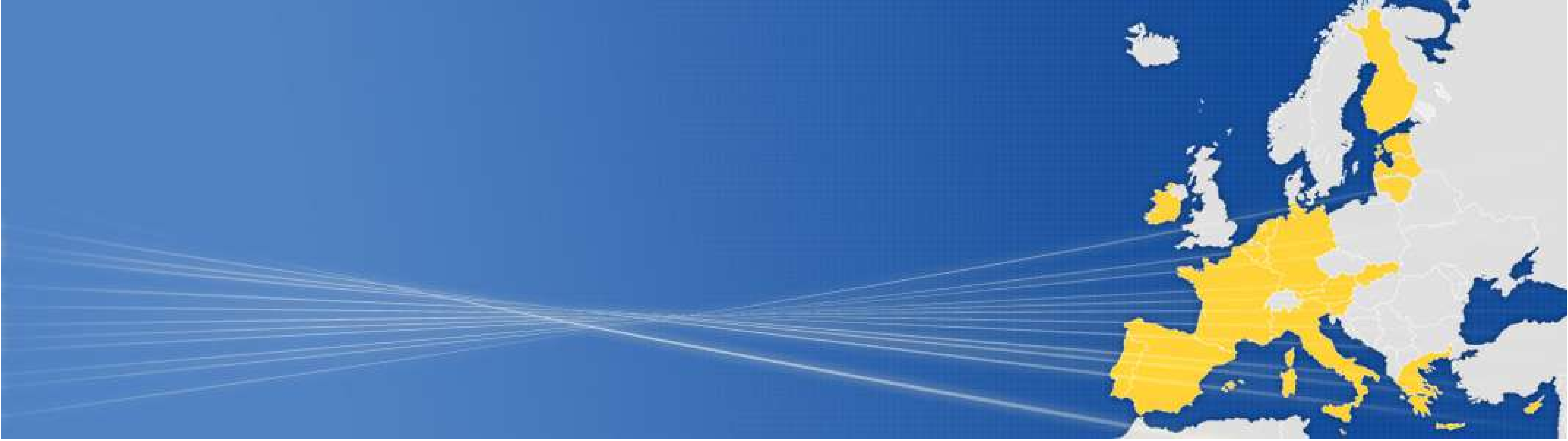


“The Next Steps to Make Monetary Union More Robust”

Klaus Regling, Managing Director, ESM

Vienna, 24 November 2016

European Stability Mechanism

Firewalls against the crisis: ESM and EFSF

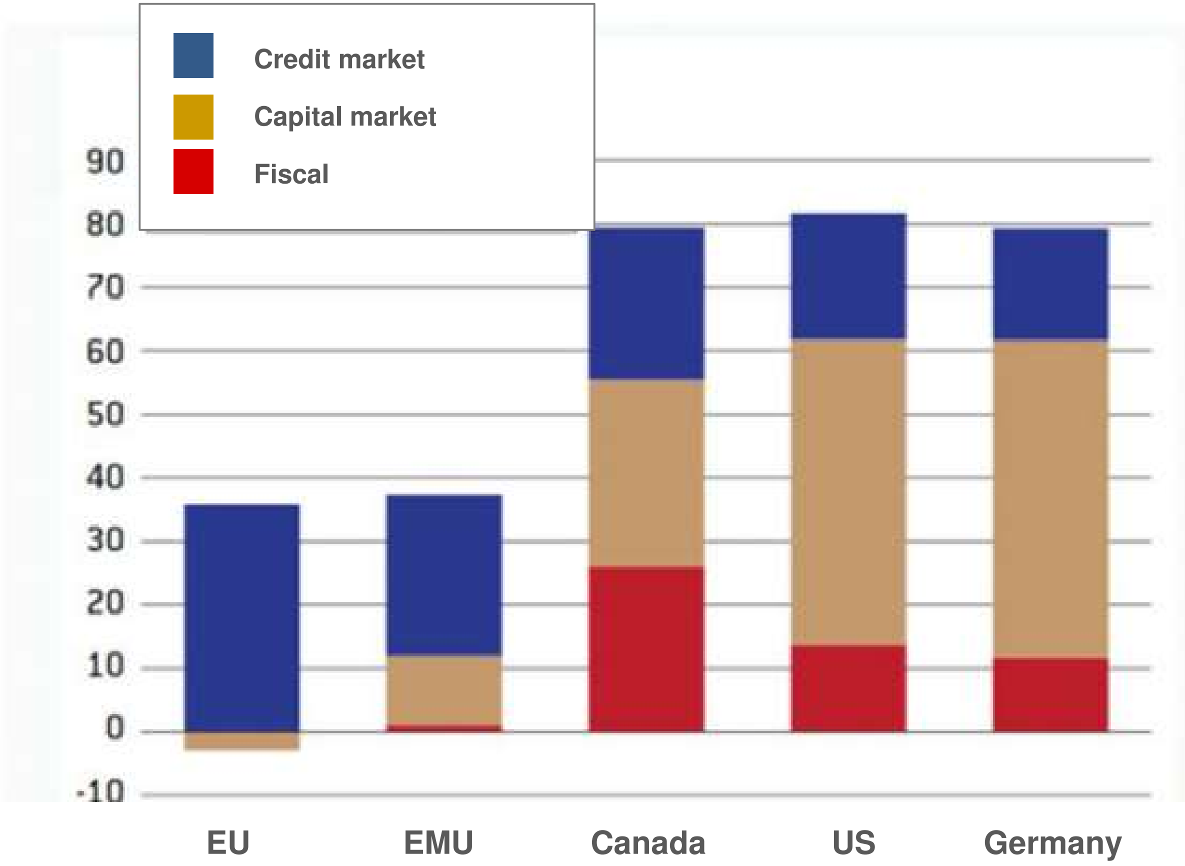
- Maximum lending capacity of €700 bn
  - Total disbursed to five countries so far: €262 bn
  - Ireland, Portugal, Spain, Cyprus, Greece

- Four success stories:
  - Ireland, Portugal, Spain and Cyprus have exited programmes
  - Greece is a special case
  - It entered a new programme of up to €86 bn last year

- Benefits:
  - Promote reforms
  - Help to return to debt sustainability

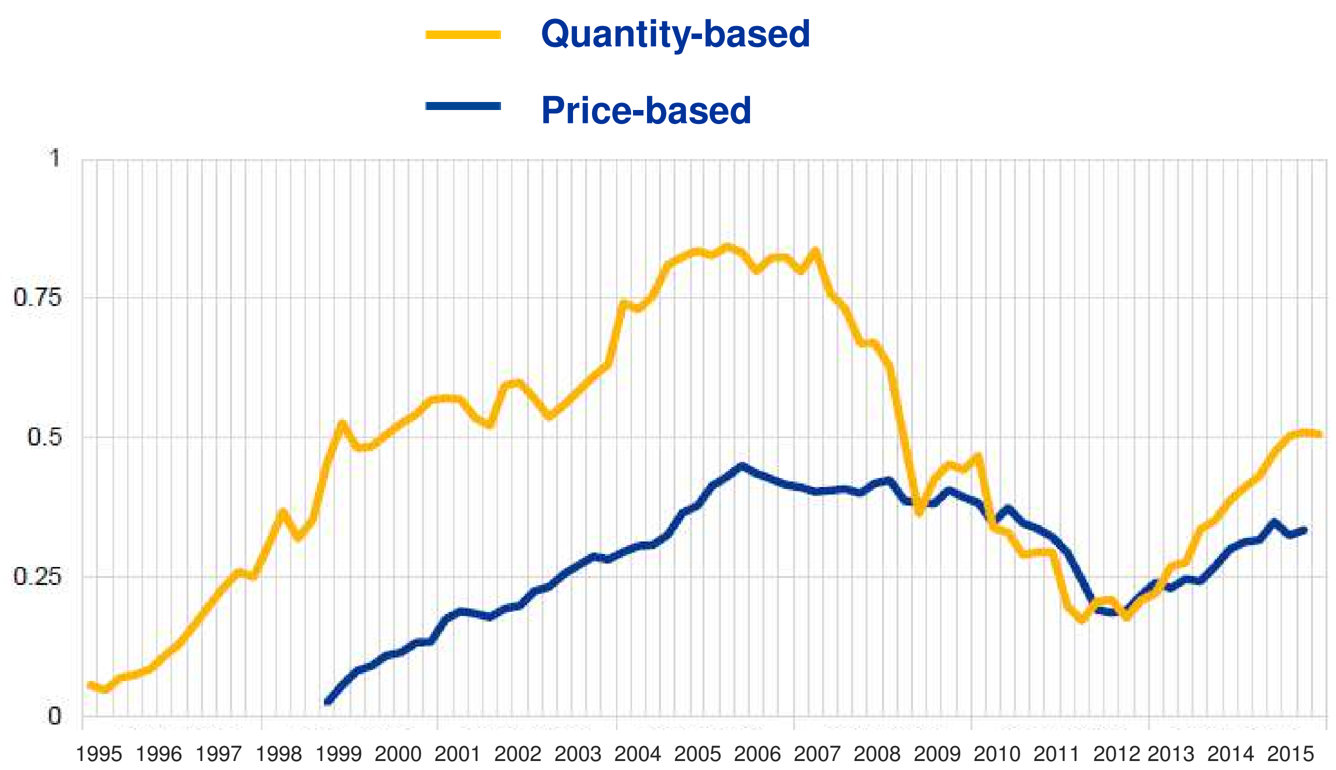
Insurance against income shocks in EMU remains low

Percentage of shock smoothed by different channels



Source: Bruegel and IMF

ECB indicators of financial integration in euro area



Note: The price-based indicator aggregates ten measures covering the main market segments such as money, bonds, equities and banking. The input series relate to price dispersion in EA countries. The quantity-based indicator aggregates five measures, covering intra-EA cross border holdings expressed as a % of EA total holdings. Both indicators are bounded between zero (full fragmentation) and one (full integration). Increases in the indicators signal higher financial integration. Source: ECB

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