Europe needs an expanded securitisation market, says AFME chief executive

An expanded and stronger securitisation market will be critical to Europe’s recovery from recession, the head of the body representing the continent’s wholesale financial sector will tell an industry conference today.

Opening the annual Global ABS (asset-backed securities) Conference, taking place in Brussels, Simon Lewis, chief executive of the Association for Financial Markets in Europe will tell delegates:

“Europe’s funding needs in the coming years will be considerable – the ECB estimates that Eur1,000 billion of debt is due for refinancing over the next two years - so it is crucial that a stronger and reinforced securitisation market plays its part in this, alongside other funding tools such as bank lending, covered bonds and retail deposits. We believe strongly that no single type of borrowing can provide a complete solution to Europe’s funding needs; all have their part to play in a balanced funding strategy.

“Rebuilding the confidence of investors and regulators in the securitisation market is critical not just for the recovery of our market but also for Europe’s recovery from recession.”

Mr Lewis will also highlight the performance of European securitisations during and since the financial crisis, telling the conference:

“Four years after the onset of the crisis, European securitisation has shown that it has withstood the crisis well in credit terms. Asset performance for mainstream, “real economy” assets such as residential mortgages, car and consumer loans and credit card securitisations has been very strong, and well within expectations. For example, the cumulative defaults incurred by European mortgage backed securities in mid-2007 – at the height of the “boom” – through to today amounts to only 0.07 per cent.”

The two-day Global ABS Conference is the largest gathering of securitisation experts in Europe, attracting over 3,000 delegates, including more than 1,100 investors and issuers, as well as central bankers, regulators, government officials and private sector participants.

This year, the conference will examine the European ABS market in 2011 and beyond. Key regulatory issues will include the impact of new prudential regulation on the securitisation market, as well as new European Central Bank loan level data and disclosure requirements and the Dodd Frank legislation in the US.

Keynote speakers include: Elemer Terták, Principal Advisor, Financial Institutions, DG Internal Markets & Services, European Commission; Thomas Huertas, Alternate Chair, European Banking Authority and Director of the UK Financial Services Authority’s International division; Francesco Papadia, Director General Market Operations, European Central Bank; and Vicky Ford, MEP and Conservative spokesperson on Economic and Monetary Affairs, European Parliament.

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Notes:

1. The Association for Financial Markets in Europe (AFME) advocates stable, competitive and sustainable European financial markets that support economic growth and benefit society.

2. AFME promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association through the GFMA (Global Financial Markets Association). For more information please visit the AFME website, [afme.eu](http://afme.eu).

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