EU RegCORE Client Alert

Financial Services

September 2026

Dr. Michael Huertas
Tel: +49 160 97375760
michael.huertas@pwc.com

EU RegCORE Team
de_regcore@pwc.com

EU's State of the Union 2026 – key implications for financial markets

QuickTake

European independence requires financing, agreement on capital deployment, risk allocation and arrangements for when investment, markets or public finances come under pressure. Those questions connect the financial-services implications of Commission President Ursula von der Leyen's State of the European Union (**SOTEU**) speech of 16 September 2026.[1] A number of the materials released accompanying the speech bring banking competitiveness, market integration, industrial capacity, climate resilience and economic security into a single policy programme. The address is not a comprehensive new financial-services package. This Client Alert assesses the SOTEU speech, the companion documents, existing reform programme and cross-sector financing consequences, supplemented by political groups' responses. This Client Alert should be read in conjunction with our series covering the Savings and Investments Union (**SIU**), the Market Integration and Supervision Package (**MISP**) and EUInc.

Our earlier Client Alert on the 2025 SOTEU speech examined how competitiveness, security, sustainability and digitalisation were reshaping the operating environment.[2] The SOTEU 2026 materials warrant a more

---

[1] European Commission, State of the Union 2026: overview and proposed initiatives (16 September 2026); European Commission, State of the Union 2026: President von der Leyen's Letter of Intent (16 September 2026), especially p 2 on the sovereign safety-net panel and the annex of proposed initiatives. Details available here.

[2] PwC Legal, EU's State of the Union 2025 – key implications for financial markets.

transaction-specific question: *what must change for those objectives to become financeable, investable and operationally deliverable?*

Five points matter most for boards and transaction teams: (1) Q1 2027 banking reform could change how capital, liquidity, MREL and reporting are managed across groups; (2) the March 2027 sovereign-safety-net review reopens the question of crisis funding and loss allocation; (3) SIU/MISP delivery shifts attention towards market integration and more centralised supervision; (4) climate-resilience policy adds an explicit insurance and physical-risk dimension; and (5) public-financing, housing, energy, defence and AI measures can change the assumptions behind financed assets and investment strategies.

One announcement merits particular attention: the 2026 published "Letter of Intent", detailing the actions the European Commission intends to take for the legislative year, calls for recommendations on reforming Europe's sovereign safety-net architecture before the March 2027 Euro Summit. We read this, together with the banking package, as reopening questions about crisis financing, loss allocation and the use of capital across national and European arrangements. The mandate is for review; the institutional design and legal instruments remain to be agreed.[3]

A political commitment, a Commission proposal, an adopted measure and an applicable obligation are different things. The analysis distinguishes what sources report from our assessment of implications for financial services firms. Responses from European Parliamentary groupings add a delivery test: agreement on an objective does not establish agreement on its financing, conditions or legal instrument. Firms must distinguish political support for an objective from the approvals required to make a specific budget, tax, market-access or supervisory change usable in a transaction.

SOTEU 2026's key implications for financial markets and participants

From a financial services and markets perspective, SOTEU 2026 and its accompanying documents reinforce a wider 2025–26 reform programme rather than creating one self-contained package. The tables below therefore distinguish new SOTEU announcements from earlier proposals and implementation milestones, and state their development/status as at September 2026.

Banking Union and prudential architecture[4]

Thematic area	Development / status as at September 2026	Practical FS/markets significance in 2026/2027
1. Banking regulation	A new **Bank Competitiveness and Simplification Package** is now an explicit 2026–27 priority. Von der Leyen said Europe needs a banking system "built for growth – not just stability", with greater capacity for prudent risk-taking.	This is potentially a significant recalibration of the post-GFC EU banking debate. The detailed July Communication shows that "simplification" encompasses capital, liquidity, resolution, reporting, proportionality and cross-

[3] European Commission, State of the Union 2026 – President von der Leyen's Letter of Intent (16 September 2026), p. 2.
[4] Sources for rows 1–8: European Commission, Competitiveness of the Banking Sector and the Single Market in Banking, COM(2026) 615 final (17 July 2026), and accompanying SWD(2026) 615 final; European Commission, State of the Union 2026 – President von der Leyen's Letter of Intent (16 September 2026), pp. 2 and 5; Ursula von der Leyen, State of the Union Address (16 September 2026).

Thematic area	Development / status as at September 2026	Practical FS/markets significance in 2026/2027
		border integration—not merely deleting reporting fields. Legislative measures are due in **Q1 2027**.
2. Cross-border Banking Union	The Commission intends to make it easier for banking groups to allocate **capital and liquidity across borders**, align the treatment of domestic and EU intragroup exposures, and challenge unjustified national interference with cross-border bank M&A.	This potentially goes to the heart of the subsidiary/host-state model that has constrained Banking Union integration. The Commission cites estimates that restrictions on cross-border subsidiary liquidity immobilise about **€230bn of HQLA**. The direction is towards a more genuinely group-wide prudential model, balanced by safeguards for host states and depositors. The SRB emphasises that MREL calibration depends on supervisory and macroprudential requirements and access to industry safety nets—an integrated analysis must consider loss absorption and crisis funding alongside going-concern capital.
3. Deposit insurance, resolution and the safety net	The Commission plans to **replace the 2015 EDIS proposal**, better align DGS and resolution financing, improve liquidity-in-resolution backstops and make group resolution funding more predictable. Separately, the SOTEU Letter announces an expert panel on reforming the **“European sovereign safety net architecture”** before the March 2027 Euro Summit.	This is one of the least noticed but potentially most important SOTEU points. The precise perimeter of the “sovereign safety net” review is not yet defined, so it would be premature to treat it as a specific ESM/SRF/EDIS reform. **We read the review, together with the banking package, as reopening the architecture through which national and European resources interact in banking crises.** Scenario analysis should examine who could access a backstop, which body would decide, what collateral or conditions apply, how quickly resources could become available and who would bear losses.
4. Bank–sovereign nexus	The July blueprint also says the Commission will consider measures addressing **excessive concentrations of sovereign exposures** and encouraging diversification of banks' sovereign-bond portfolios.	That makes the package relevant not merely to bank regulation but potentially to **European government-bond markets and home bias**. There is not yet a proposal for sovereign risk weights or any particular mechanism, so the market effect will depend entirely on the eventual design.
5. Basel III / CRR	The package will revisit aspects of the output floor, unrated corporates, mortgages, specialised/project finance, trade finance, software assets and potentially remuneration, while monitoring international implementation of Basel standards.	The key point is not wholesale Basel retreat. It is a Commission willingness to ask whether EU implementation creates disproportionate effects relative to the structure of European finance and third-country implementation. That matters particularly for corporate lending, infrastructure/project finance and capital-markets businesses.
6. Pillar 2 / MREL	The Commission envisages more targeted Pillar 2 guidance, removal of Pillar 2 requirements linked to the leverage ratio, simplification of MREL/TLAC interaction, streamlined MREL liability-management approvals and less burdensome mature resolution planning.	This could materially affect capital-stack optimisation, MREL issuance programmes, resolution planning and liability-management transactions. It also brings prudential, macroprudential and resolution requirements into a single simplification exercise rather than treating them separately.

Thematic area	Development / status as at September 2026	Practical FS/markets significance in 2026/2027
7. Reporting / rule-making	Bank reporting costs are estimated by the Commission at **€11.2bn annually**; it says current and 2026 measures should halve data points and proposes integrated prudential/statistical/resolution reporting, greater data sharing and changes to the EBA's Level 2 architecture.	For firms, the bigger potential change is architectural: a common data dictionary, less duplicated reporting and greater scrutiny of Level 2/3 accretion. This mirrors some of the institutional ideas already visible on the ESMA side in the MISP– see our series of dedicated Client Alerts on relevant developments and wider coverage on the CMU and SIU.
8. Investment firms	Somewhat buried in the banking work, the Commission explicitly plans **targeted changes to the IFR/IFD prudential framework**, including thresholds, governance, remuneration and calibration of capital and liquidity.	This is a separate and important workstream for EU investment firms and groups containing them. In particular, it should be read together with MISP and with the wider debate about group structures and cross-border financial-sector consolidation.

Savings, capital markets and risk allocation[5]

Thematic area	Development / status as at September 2026	Practical FS/markets significance in 2026/2027
9. SIU / market integration	The SOTEU does not announce another wholesale capital-markets package. Instead it elevates **delivery of the existing Savings and Investments Union (SIU) agenda**. The Commission describes Europe as having 27 financial systems; households invest about €300bn abroad annually while more than €10tn remains in bank deposits. The One Europe, One Market roadmap targets key reforms by **end-2027**.	The change is from **legislative conception to implementation and institutional integration**. For firms, the live issues are therefore MISP, securitisation, pensions, retail investment, market infrastructure and supervisory architecture rather than yet another CMU strategy document.
10. MISP / ESMA	The December 2025 MISP proposal covers trading, post-trading, asset management, DLT and supervision across 18 legislative acts. Among other things, the Commission proposes simpler cross-border CSD/trading rules, a revised DLT Pilot regime and more centralised supervision.	Particularly significant is the proposed transfer to **ESMA of direct supervision of MiCA-authorised CASPs**, while certain financial entities operating under other EU authorisations would remain within their sectoral supervisory arrangements, including credit institutions. The package also proposes direct ESMA supervision for specified significant/cross-border trading and post-trading actors and stronger supervisory convergence in asset management. This means crypto is very much affected by SOTEU/SIU delivery even though MiCAR itself is not a headline in the speech.

[5] Sources for rows 9–16: European Commission, Market Integration and Supervision Package (4 December 2025), including the master regulation proposal and related MiCA supervisory amendments; European Parliament, Council and European Commission, One Europe, One Market Roadmap (2026); European Commission, Revitalising EU securitisation (27 June 2025); Ursula von der Leyen, State of the Union Address (16 September 2026), especially the Climate Insurance Alliance; European Commission, Affordable housing materials (2026).

Thematic area	Development / status as at September 2026	Practical FS/markets significance in 2026/2027
11. Securitisation	The SOTEU implicitly reinforces the existing securitisation reform as a financing-capacity tool. The Commission's pending package simplifies due diligence and transparency, proposes at least a **35% reduction in reporting fields**, and recalibrates prudential treatment.	Securitisation becomes part of the same policy proposition as bank-capital mobility and SIU: freeing balance sheets and connecting institutional capital with bank-originated assets while retaining prudential safeguards. This makes the bank/SIU agendas increasingly difficult to analyse separately.
12. Pensions / savings	SIU measures promote savings-and-investment accounts and supplementary pensions. The existing package includes PEPP and IORP II reforms, pension dashboards/tracking and encouragement of auto-enrolment.	For insurers, asset managers and pension providers, this is the **demand-side counterpart** to MISP and securitisation. The policy aim is not simply deeper wholesale markets but changing how European household savings reach equities, private markets and productive investment.
13. Climate insurance	This is a genuinely new FS initiative. Only about **25% of European catastrophe losses are privately insured**, according to the speech (ECB protection-gap analysis based on 1980–2023 loss data). The Commission will establish a **Climate Insurance Alliance**, alongside an October climate-resilience framework, work identifying Europe's **100 most vulnerable territories**, a **European Heatwave Plan** and **European Water Initiative**, and pursue further measures on agricultural insurance/risk management.	The SOTEU adds a much more explicit **physical-risk allocation and loss-absorption** dimension to the existing disclosure and transition-finance agenda. Previous Commission work on the protection gap has examined risk reduction, risk sharing, risk transfer and public-private insurance solutions. ECB and EIOPA proposed in 2024 a possible EU public-private reinsurance scheme and public disaster-financing fund—the new Alliance should not be mistaken for adoption of that particular model. That makes the Alliance important for insurers, reinsurers, banks exposed to climate-sensitive collateral, governments and potentially capital-markets risk-transfer solutions.
14. Housing finance	The accompanying report links the Affordable Housing Plan/Act to mobilising public and private investment, revised State-aid rules and measures addressing stressed housing markets. More than €43bn has already been mobilised for housing-related investment since 2021.	There are obvious consequences for mortgage lending, residential development finance, institutional real estate, collateral valuations and public/private financing structures. There is also an interesting crossover with the banking package, which expressly recognises that prudential calibration of residential real-estate exposures can affect housing finance and supply.
15. Strategic capital	The accompanying materials identify the **Scaleup Europe Fund, targeting approximately €5bn** in total size, and an InvestAI ambition to mobilise **€200bn of public and private investment**, alongside large-scale clean-tech, defence, infrastructure and critical-raw-material initiatives.	This reinforces a broader change in EU capital formation: EU budget/EIB/public tools increasingly operate as catalysts for institutional, PE/VC and bank financing of defined strategic sectors. The financial-regulatory agenda and EU industrial-policy financing agenda are becoming more closely connected.
16. Sanctions / financial crime	On Russia, the speech says the immediate emphasis is **not necessarily additional sanctions but stronger enforcement of existing measures and closing circumvention routes**.	For banks, CASPs, payment firms, trade-finance providers and commodity/shipping finance, that points towards continuing scrutiny of ownership/control, payment chains, intermediaries and third-country circumvention rather than merely screening against newly added names.

Cross-sector financing and operating dependencies[6]

Thematic area	Development / status as at September 2026	Practical FS/markets significance in 2026/2027
17. Simpli-fica-tion / EU Inc.	The SOTEU speech states that the Commission's **12 omnibus proposals are reducing administrative burdens by around €17bn a year**. EU Inc. proposal (18 March 2026), Public Procurement Act and European Innovation Act (9 September 2026). Proposed **pact against gold-plating** to curb additional national requirements when implementing EU legislation.	Cross-border groups should map EU minimum requirement vs national option vs supervisory practice vs internal overlay. EU Inc. is relevant to growth-company financing but is not a financial-services passport or complete answer to insolvency, security, tax and sector-specific questions. Reporting simplification should distinguish regulatory obligation from commercial/risk-management need for the same information.
18. Public and private capital	Commission **proposal for the 2028–2034 Multiannual Financial Framework of close to €2tn**, including a proposed €409bn competitiveness envelope (including Horizon Europe). The Global Green Bond Initiative Fund (April 2026) seeks to mobilise up to €20bn for sustainable infrastructure in partner countries.	Distinguish budget allocation from payment undertaking, sovereign loan from grant, public equity from first-loss protection, mobilisation target from committed cash. Resistance in national capitals to proposed new own resources makes the revenue side a separate dependency. Avoid double counting across programmes and aggregating announcements without reconciling amounts, timing and conditionality.
19. RRF closing timetable	The RRF milestone/target implementation deadline **passed on 31 August 2026**. Final payment requests are due by **30 September 2026** and Commission payments by **31 December 2026**. These dates concern the Facility's closing process, not the proposed next budget.	Immediate issue for exposures whose funding assumptions depend on final payment cycle. Some investments channelled through financial instruments can reach the economy after 2026—check instrument and contractual arrangements. Reconcile completion evidence, payment dependencies, bridging arrangements and alternatives if anticipated support is reduced or delayed.
20. Energy and industry	Energy affordability and security connected with grids, clean generation, industrial investment and permitting. Forward programme includes **review of heavy-duty vehicle CO2 standards** alongside transport simplification. These initiatives have different legal routes and should not be treated as a single change to transition policy.	Examine dependencies outside the asset being financed: grid capacity, water availability, qualifying supplier, public procurement award. Test alignment between construction schedules, permits, supply contracts, offtake arrangements, hedging and access to public support. Proposed changes to sector-specific standards should be assessed against fleet-financing assumptions, residual values and contractual commitments.
21. Care and skills	The wider social programme includes the **European Care Deal, Skills Guarantees and European University Alliances 2.0**, while a **Quality Jobs Act** is promised before end-2026.	For banks, insurers and long-term capital providers, care-related investment requires connecting policy objectives with operating economics, including staffing, reimbursement, property requirements and demand risk. For financial firms as employers, the wider social agenda is also relevant to workforce planning, skills and customer vulnerability.

[6] Sources for rows 17–21: Ursula von der Leyen, State of the Union Address (16 September 2026), including the 12 omnibus proposals and the pact against gold-plating; European Commission, proposal for the 2028–2034 Multiannual Financial Framework; European Commission, NextGenerationEU – The road to 2026, COM(2025) 310 final (4 June 2025); European Commission, Affordable housing materials and State of the Union 2026 main initiatives.

Digital, defence and external-security dependencies[7]

Thematic area	Development / status as at September 2026	Practical FS/markets significance in 2026/2027
22. AI and digital sovereignty	Engagement with frontier AI laboratories proposed. **Industrial-AI initiatives for November 2026** across health, transport, agri-food, advanced manufacturing, and defence and space. **Cloud and AI Development Act** includes sovereignty-assurance framework for public-sector bodies. **EU Kids Act** (17 September 2026) and **Digital Fairness Act** (autumn 2026) announced.	AI Act obligations are use-case and role specific; not every financial-sector use is high-risk. DORA adds separate framework for ICT risk, testing, incident reporting and third-party dependencies. Cloud Act application to financial institutions requires separate scope assessment. Boards should ask whether the institution can understand material model changes, obtain necessary information, exercise contractual rights and sustain critical activities during an outage or withdrawal. Exit plans should be tested against actual availability of substitute capacity. Banks, payment firms and investment providers should assess digital distribution implications for advertising, embedded services and youth-facing customer journeys.
23. Defence / security	**SAFE** (Council Regulation (EU) 2025/1106) described as up to **EUR 150 billion in loans to Member States**. Articles 5–8 provide existing routes; Article 8(7) permits further call for expressions of interest by 31 December 2026 where amounts remain available. Proposed use of remaining SAFE funds for **joint projects with Ukrainian companies**. **European Security Council** (leaders' format with partners including Canada, Norway, Ukraine and UK) and **Emergency Security Protocol** (coordinated responses to threats below armed-attack threshold, compared to NATO Article 4 consultation) proposed. European Emergency Response Framework concerns border and migration emergencies—distinct from the Security Protocol.	For financed contractors or joint ventures, identify who borrows, who places the order, how the project is included in the relevant plan, and when a payment obligation becomes enforceable. Origin, control, procurement and supply-chain conditions must be checked against applicable SAFE rules. A strategic-security initiative does not itself provide a contractual right to priority access to energy, communications, transport or replacement capacity.
24. Trade / sanctions	**DiversifyEU** and **European Corporation on Critical Raw Materials**. Up to **EUR 12 billion mobilisation** for Middle Corridor connectivity. Exploring deeper relationship with Canada including **associate status**. Concern about China trade imbalances and critical-material dependencies. **EBA restrictive-measures guidelines** applicable from 30 December 2025.	Legal stage matters: political announcement, negotiation, signature, provisional application and entry into force are different events. Canada: the SOTEU proposes an Alliance for the Future and opening the door to associate membership; the legal form, rights and institutional consequences remain to be negotiated under the Treaties. China: a policy warning is not a new transaction prohibition. Sanctions governance: assess substance, ownership/control and the commercial logic of changed arrangements rather than rely on name screening alone. Treatment of associated revenues and conflicting third-country requirements remain separate legal questions.

[7] Sources for rows 22–24: Ursula von der Leyen, State of the Union Address (16 September 2026), including AI, the Middle Corridor, Canada and security initiatives; Council Regulation (EU) 2025/1106 establishing the Security Action for Europe (SAFE) instrument, especially Article 8(7); European Banking Authority, Guidelines on internal policies, procedures and controls to ensure implementation of Union and national restrictive measures, applicable from 30 December 2025; European Commission, State of the Union 2026 main initiatives.

Making sense of the key changes

In our view, the most important conceptual change is in banking. The Commission is no longer presenting the tension as simply *competitiveness versus regulation*. Its July paper and the SOTEU instead argue that the architecture of the regulation itself — national ring-fencing, capital stacks, overlapping prudential/resolution requirements, fragmented deposit insurance, reporting duplication and uneven international implementation — can impede the Single Market and the transmission of European savings into investment. At the same time, the Commission expressly says resilience remains a constraint on any recalibration.

That connects banking and capital markets in a way that previous CMU iterations often did not. The policy chain now looks roughly like:

> household savings → pensions/SIAs → integrated markets/MISP → securitisation → more mobile bank capital and liquidity → scale-up/project/strategic finance.

The Commission itself effectively describes the problem in those terms: Europe has abundant savings, but fragmented financial systems prevent those savings from being channelled efficiently into investment.

There is also a supervisory-institutional dimension that is easy to miss. MISP moves towards stronger ESMA-level supervision; the bank package contemplates changes to EBA rulemaking, more Commission oversight of how banking rules are implemented, stronger coordination between microprudential, macroprudential and resolution authorities, and greater Banking Union-level treatment of cross-border groups. So the Single Market agenda is becoming as much about who supervises and how rules are applied as about rewriting the Level 1 rulebook.

Three things the SOTEU does not do

Importantly, the 2026 SOTEU does not launch a new standalone MiCAR, digital-euro, payments, DORA or AML legislative agenda. Those files continue, but they are not the headline financial-services initiatives in the SOTEU Letter of Intent, whose new FS measures are the banking package and Climate Insurance Alliance. Digital finance nevertheless re-enters indirectly through MISP, tokenisation/DLT, CASP supervision and the bank-competitiveness discussion of digitalisation.

SOTEU 2026 measures also do not amount simply to deregulation. The banking Communication repeatedly couples simplification and greater risk-taking capacity with financial-stability safeguards, and explicitly preserves the need for adequate risk-based requirements.

Finally, this particular SOTEU package adds a much more explicit physical-risk allocation, adaptation and loss-absorption dimension to the existing sustainable-finance agenda. The Climate Insurance Alliance is the clearest manifestation of that shift.

The dates we consider important in the FS regulatory calendar

The immediate sequence of announced milestones is important. It includes:

- **October 2026** for the climate-resilience framework;
- **Q1 2027** for the Commission's banking measures;
- **before the March 2027 Euro Summit** for the sovereign-safety-net recommendations; and
- **end-2027** as the One Europe, One Market target for moving the core Single Market/SIU reforms forward.

Ultimately, the 2026 SOTEU begins to connect Banking Union, SIU, crisis management, market supervision, insurance resilience and strategic finance into a more connected European financing architecture.

Strategic and operational considerations for financial markets

Firms should bring the agenda into existing strategy, capital planning, regulatory-change and risk-governance processes. The following are suggested management responses; they are not obligations created by the address.

- **Establish a legal-status and dependency register.** For each material initiative, record responsible institution, current legal stage, decision still required, expected timing and dependency in the firm's business plan. Keep targets for political agreement separate from entry into force, application and institution-specific permissions.

- **Reconcile funding assumptions.** Distinguish grants, public loans, guarantees, fund equity, existing-budget reallocations and mobilisation targets. Identify actual recipient and obligor. Prevent double counting across programmes and test whether support remains available through the transaction's expected life.

- **Connect origination with resilience.** Assess insurance availability, housing-use assumptions, energy and water dependencies, procurement conditions and technology concentration within underwriting and portfolio review. Financing opportunity and associated risk should be considered by the same decision-makers.

- **Test execution under shared stress.** For an assumed intragroup transfer, insurance recovery, collateral mobilisation, public payment or technology substitution, identify decision authority, prerequisites, execution time and dependence on third parties. Then test whether it remains realistic when peers seek the same resources.

- **Use concrete evidence in reform engagement.** A documented instance of duplicated reporting, inconsistent cross-border treatment or stalled transaction is more useful for assessing a proposal than general assertion about regulatory burden. Identify alternative arrangement and safeguard needed to make it workable.

- **Add a national-implementation layer**. Map source and purpose of material additional requirements before estimating benefits from the proposed gold-plating pact. For each claimed simplification saving, identify legislative, administrative or internal decision needed to realise it. Keep this exercise separate from assumptions about future prudential calibration.

- **Track instrument, not simply endorsement.** Link relevant party statements to published amendments, committee reports, negotiating mandates and Council positions. Record separately proposed amount of support, source, allocation and conditions. Keep alternative transition and tax scenarios in the business case without treating a political demand as either an enacted obligation or an available subsidy.

Political responses: three delivery fault lines

The reactions below concern the 16 September 2026 debate and contemporaneous group or speaker statements, as available on 21 September 2026. Rather than reproduce every intervention, the table groups them into three delivery fault lines relevant to financial services. Positions are attributed to the named groups or speakers and do not bind every member or national government; financial-services implications are our analysis.

Delivery fault line	Positions expressed and financial-services significance
Simplification vs safeguards	EPP and ECR speakers emphasised competitiveness, faster delivery and lower regulatory burdens; Renew supported Single Market delivery alongside climate-resilience and enforcement measures; S&D, Greens/EFA and The Left warned against weakening social, climate or regulatory safeguards in the name of competitiveness. Patriots for Europe and ESN interventions also stressed regulatory costs and national discretion but did not set out detailed banking or market-supervision alternatives. For firms, the practical divide is therefore over the safeguards and conditions accompanying simplification, not simply over whether Europe should finance growth.
Common financing and risk allocation	S&D, Greens/EFA and The Left called, in different forms, for stronger social or climate funding and additional contributions from profitable sectors or higher-income groups; EPP and Renew speakers stressed investment, competitiveness and European capacity; ECR and Patriots for Europe were more sceptical of additional centralisation or common fiscal instruments. For clients, political support for an objective must be distinguished from agreement on the funding source, conditionality and ultimate allocation of losses.
Integration, supervision and external partnerships	Renew and EPP speakers generally supported deeper Single Market delivery and closer cooperation with Canada. ECR criticised the incomplete state of CMU and Banking Union but did not set out a common position on shared supervision, deposit insurance or fiscal risk sharing. Groups also diverged on Canada, defence and industrial preferences. These positions indicate negotiating constraints; they are not binding Parliament or Council positions on any specific financial-services file.

Key distinctions for monitoring. Member State reactions should be kept separate from political-group responses. Questions about Canada and national resistance over own resources concern a different decision-making forum. Neither an individual minister's openness nor anonymous diplomatic objections establish a Council negotiating position. Parliamentary group statements should not be treated as binding instructions to national governments.[8]

[8] European Parliament, SOTEU debate (16 September 2026); EPP Group, Reinhold Lopatka statement (16 September 2026; identified by the source as a national-delegation view); S&D, SOTEU president's speech (16 September 2026); Renew Europe, Plenary priorities (14 September 2026); Greens/EFA, SOTEU response (16 September 2026); ECR Group, Patryk Jaki statement (16 September 2026); The Left, SOTEU response (16 September 2026). Patriots for Europe and ESN: plenary interventions; where no contemporaneous group publication was identified, no more specific financial-services position is attributed.

Outlook

The financial-services significance of SOTEU 2026 lies in the interaction between market integration, public investment and risk allocation. The speech and accompanying programme do not make those elements legally or operationally interchangeable. Commercial effect will depend on measures ultimately agreed, their implementation and terms on which firms can participate.

A comparison of State of the Union speeches from 2015 to 2026 provides context for the change in emphasis: debt and migration in the earlier period; the Green Deal and recovery in the first von der Leyen address; and subsequently Russia, Ukraine, energy, climate, security and defence. The 2026 address also gives AI a prominent place. This is analysis of language chosen for official speeches. It does not constitute a survey of public opinion, measure of legislative progress or evidence of a settled parliamentary majority.[9]

For financial services, the analytical implication is to connect investment strategy with preparedness. Projects, counterparties and institutions should be assessed for ability to attract capital in ordinary conditions and for dependence on insurance, energy, technology, public support and legally executable management actions when conditions deteriorate. That is our financial-services assessment; word frequency alone does not establish the claim.

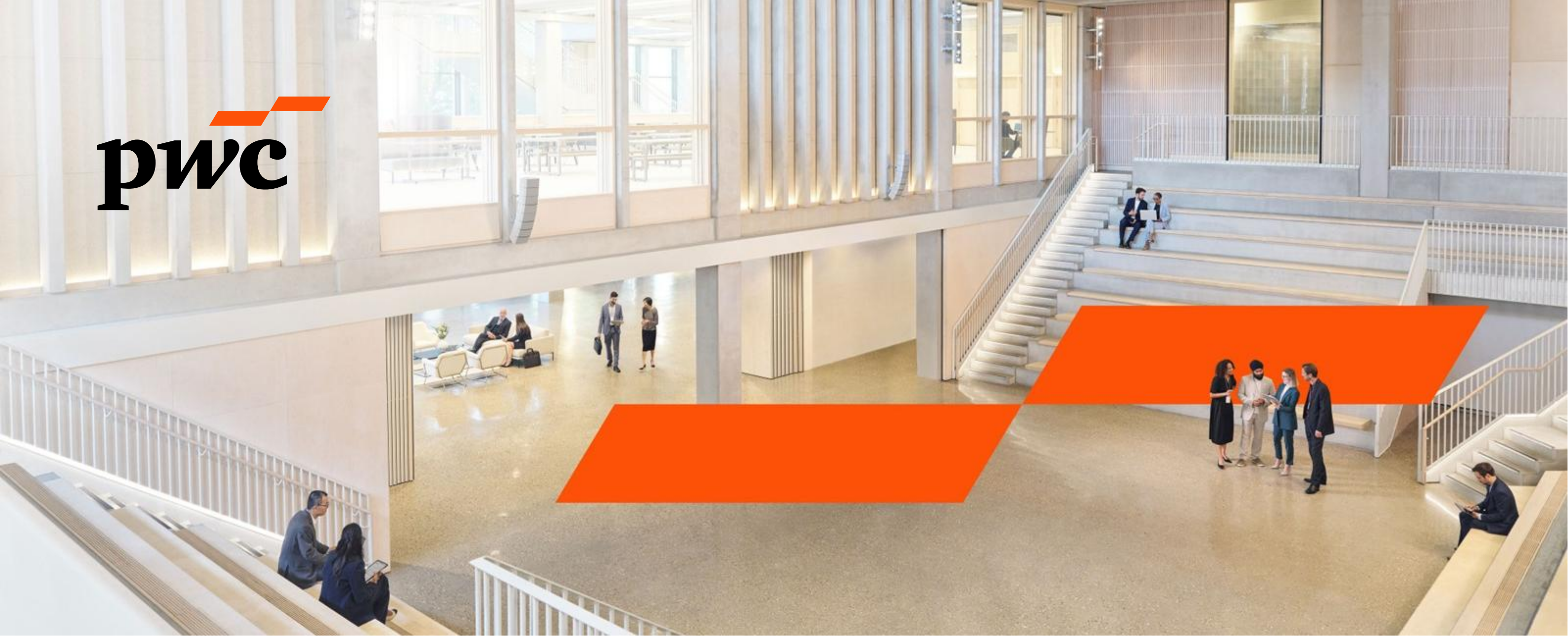
Relevant planning horizons also differ. The RRF's closing process requires immediate attention; existing SIU proposals have their own legislative timetable; banking reform and the sovereign safety-net review point into 2027; and the next budget concerns programmes from 2028. Firms should not combine these into a single assumption that financing conditions will improve at one common date.[10]

For boards and management teams, the task is to identify which developments could remove a genuine financing constraint, which could redistribute risk and which would require a different operating model. Preparing for an opportunity does not require assuming its political or legislative outcome.

Parliamentary responses sharpen that assessment without resolving it. Firms should distinguish support for an objective from agreement on means, and both from legal availability. The practical consequence is to track each reform against permissions, funding commitments and operational conditions on which the proposed transaction or operating model depends. Financing European independence requires more than additional capital. It requires clarity about who can deploy it, credible arrangements for who bears losses and the capacity to execute when conditions change.

---

[9] Author's analysis of State of the Union addresses 2015-2026.
[10] European Commission, COM(2025) 310 final; European Parliament, Council and European Commission, One Europe, One Market Roadmap (2026); European Commission, COM(2026) 615 final; European Commission, State of the Union 2026 – President von der Leyen's Letter of Intent.



About us

PwC Legal is assisting financial services firms and market participants in forward planning for relevant developments. We have assembled a multi-disciplinary and multijurisdictional team of sector experts to support clients in addressing challenges and opportunities and to engage with their market stakeholders and regulators.

Moreover, we use a number of RegTech and SupTech tools for supervised firms, including the Rule Scanner technology within a trusted set of managed solutions from PwC Legal Business Solutions. These solutions support horizon scanning and risk mapping of legislative and regulatory developments, sanctions and fines from thousands of legislative and regulatory policymakers and other industry voices across more than 170 jurisdictions impacting financial services firms and their business.

Equally, in leveraging Rule Scanner technology within those managed solutions, we offer clients a further solution to digitise financial services firms' internal policies and procedures, create a comprehensive documentation inventory with an established hierarchy and embedded glossary, maintain version control across a defined backward- and forward-looking timeline, map critical-path dependencies and flag legislative and regulatory developments that may require corresponding changes across related policies and procedures.

The PwC Legal team's Rule Scanner-enabled work has received ALM Law.com's "2024 Disruptive Technology of the Year Award" and the "2025 Regulatory, Governance and Compliance Technology Award".

If you would like to discuss any of the developments mentioned above, or how they may affect your business more generally, please contact any of our key contacts or PwC Legal's RegCORE Team via de_regcore@pwc.com or our website.

Contact

Dr. Michael Huertas
Tel: +49 160 97375760
michael.huertas@pwc.com

EU RegCORE Team
de_regcore@pwc.com

www.pwc.de