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CINCO DÍAS

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I would like to thank Cinco Días and the organisers for inviting me to speak at the event and for including securities markets among the insights to be discussed today. After all, our capital markets, both stock and bond markets, bring together the interests and concerns of all the economic sectors, which will be discussed at this event.

The European economy is facing a major milestone. We have an obligation to decarbonise our economy, make progress in digitalisation and, given the geopolitical situation, Europe must also advance in defence. Such challenges that we have ahead require substantial investment. Excluding defence, the European Commission has estimated that the investment required would be close to 600 billion euros per year for each year of the current decade, which means, in the case of Spain, around 50 billion euros more each year.

Given the high amounts, such investments cannot be funded solely with public funds or bank financing. It requires a large percentage of private equity. Capital markets can provide the necessary funding and promote companies to raise the necessary equity, through capital increases, at a much faster speed than that defined by their own annual profit generation. We have been witnessing more companies going public this year, which is worth celebrating after several years of no such activity.

This does not only benefit companies. Throughout the process, increased equity and access to more stable funding will also lead to corporate balance sheets and financing structures that are less sensitive to macroeconomic effects at any given time and less dependent on the banking system's credit appetite. This is positive for the overall economy, as well as companies. A better financial structure and healthier balance sheets can positively affect growth, job creation and maintenance, inflation, tax revenues, pensions and, in general, the well-being of society itself, which is why it is important to attract more issuers to the markets.

Nonetheless, focusing exclusively on increasing the attractiveness of stock markets for companies would only pay attention to one side of the issue, that being the supply side. Action is also required in the demand side.

It is safe to say that there is room for improvement in the way in which investments are made in Spain and in Europe, considering our lack of long-term vision. Equity investment is, by definition, a long-term investment, which aligns well with the anticipated needs, also in the long term, of an ageing population and where savings can be a complement to expected retirement. However, a huge proportion of our savings can be found in bank deposits (35%-40%) and the presence of debt and listed shares in the asset portfolios of households of the Eurozone represents only 7.5% of the total. Of all the assets held by Spanish investment funds, equities account for less than 30%, while 64% of the equity is invested in fixed income, mainly public debt. This goes to show that there is still a long way to go to align investments with citizens' needs.

Measures aimed at savers and the necessary expansion of the investor base fall within the scope of the EU's so-called Retail Investment Strategy. Some of the aspects it aims to promote have been highly controversial, particularly in the scope of the prohibition of fee rebate or the concept of "value for money", while also including other very interesting proposals aimed at transforming clients' financial services experience. Client data continues to be provided in paper when we are all living in the digital age. The investor protection and information scheme can be made to be much more effective with the use of audiovisual tools and interactive channels. A two-minute video can be more informative than a 50-page document. Even the integration of artificial intelligence can entail a leverage on advice services and substantially improve the quality and efficiency of customer service.

The term "open finance" is also introduced as a first step to facilitate "user experience" in the field of retail investors. With this, looking towards a digital ecosystem, the goal is to push financial clients to be able to compare offers, join different suppliers or even changing financial services supplier at a lower cost. Marketing of investment services is probably one of the most regulated in Europe (only following weapons and pharmaceuticals, if I am not mistaken). An advance would be for a client to be able to request advice from different suppliers or collect comparative information at a lower cost in time and in the amount of questions a supplier needs to make. An example of this would be the digital portability of the client profile (in terms of portfolio, investment experience and knowledge). This promotes transforming the current marketing system to a more open one, thereby benefiting real competition and bringing financial assets closer to new investors.

However, such initiative is in standby until the next European parliamentary term is relaunched.

I would like to mention another extremely important issue before I conclude: the presence of women in executive positions of our companies. Since 2009 (point at which only 12% of women were board members), the CNMV has been recommending talent attraction policies in listed companies that lead to a greater presence of women on boards and senior management, and, since 2015, the CNMV has posed quantitative recommendations. Staring at 30%, increasing in 2020 to 40% for the 2022 financial year. A year later, towards the end of 2023, the presence of female board members in IBEX companies has exceeded the recommended level of 40%, according to the data we published last week. Likewise, in the market as a whole, the presence of women in governing bodies increased by two and a half points, to 34.5%. There is no doubt that this is positive and much-needed information, bringing us closer to meeting the minimum requirements set in the draft Spanish Organic Law on parity, transposing the European Directives.

However, although the presence of women in top management positions of our companies continues to grow, it is not doing so fast enough. In 2023, women in executive positions made up for 23%, just 1.3% more than in 2022. The situation is similar in companies with higher capitalisation, where only 24.7% of senior management positions are occupied by women, compared to 23.2% the previous year.

It is not only a question of gender parity and diversity, but also of being able to take full advantage of the talent available. There is still much to improve in this area, along with many others aspects.

Thank you very much.