

## **Financial Integration in EMU: Where Do We Stand?**

by K. SMEDTS \*



Kristien Smedts  
KULeuven, Department of AFI, Leuven

### **ABSTRACT**

This paper reviews the empirical literature on the degree of financial integration in EMU and analyzes whether the process of integration accelerated with the introduction of the Euro. If the launch of EMU expedited financial integration, this affected pricing of assets and optimal portfolio allocation. We focus on the Euro area sovereign bond market, the money market and the stock markets and review whether the pricing of assets converged to a mechanism of EMU-pricing. Furthermore, we discuss the impact of EMU on portfolio adjustments. Finally, we look at the evolution of the cost of capital and the risk sharing capacity of the EMU market.

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