**Unraveling Finance:**

**Explaining Preferences towards the Capital Markets Union**

The EU is targeting its next big leap in economic integration by creating a Capital Markets Union (CMU). While the CMU is still a work-in-progress, it has created renewed interest in the debate between nationalist and globalist interpretation of the Political Economy of EU Finance. Internationalists perceive financial actors as a single unit and explain economic outcomes by the lobbying strength of those actors vis-à-vis other non-financial groups. Nationalist interpretations, in contrast, focus on distinct institutional characteristics of national Varieties of Capitalism as an explanation for different economic preferences on the EU level. Both approaches tend to contrast “capital” to “labor” without placing much emphasis on internal fractions among financial actors. This paper tries to contribute to the debate by unraveling the black box of finance. It asks the question: What are the conditions that can explain support for a Capital Markets Union among distinct financial actors? The main argument is that the CMU creates a group of winners and losers within finance and membership in it can already be anticipate by financial actors, i.e., banks and investors. Thus, analyzing the most vocal supporters/opponents of a CMU offers a possibility to understand divergent preferences among banks and investors from different EU member states. This paper will apply fuzzy-set qualitative comparative analysis (fsQCA) to test what conditions, or combination of conditions, can explain such support or opposition. Most generally, fsQCA is a case-based comparative method that can provide a causal explanation for the occurrence as well as the non-occurrence of an outcome based on conjunctural causation, asymmetry and equifinality. The paper will rely on an unique dataset that includes the responses of the European Commission’s public consultation on Capital Markets Union to determine the outcome values for the analysis. For determining possible conditions of those preferences, both internationalist and national-level explanations will be incorporated.

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