



PRESS RELEASE

ESBG's official statement on the recently issued Retail Investment Strategy package

BRUSSELS, 1 June 2023 – ESBG is fully committed to actively support the development of retail investment in the EU. While we welcome the ultimate purpose of the Retail Investment Strategy to “enhance retail investors’ trust and confidence to safely invest in their future and take full advantage of the EU’s Capital Markets Union”, we believe careful attention should be paid to several aspects of the proposal.

We appreciate that the European Commission has decided not to fully prohibit inducements for the distribution of financial products. In the proposal itself it is recognised that such a move would have a “potential disruptive impact” for the European financial sector. However, we believe that the ban on inducements for advice free transactions remains a problematic topic, which needs to be reconsidered.

We oppose an undifferentiated ban on inducements for all advice-free transactions. A ban on inducements for non-advisory transactions together with the extension of the obligations for such transactions is too far-reaching and not proportionate. Except for the suitability test the regulatory obligations are nearly the same for advised transactions and for non-advised transactions. It therefore needs to be clarified that non-advisory transactions for which an appropriateness test is mandatory are not covered by the inducement ban but only Execution-Only-Transactions where no obligations for exploration exist (ESMA also differentiates between execution only transaction and transactions without advice in its guidelines).

We would further like to express our deep concerns regarding the proposed “Value for Money” approach, as the proposed pricing processes and the development of benchmarks through additional reporting requirements would distort competition and hinder innovation; the mentioned benchmarks are not the right way to assess the quality of investment products and the real added value they provide to customers and investors.

Overall, the proposal does not seem to reach the right balance in terms of consumer protection enhancement and of the increase of trust, confidence, and participation of retail investors in capital markets. In our view, given the impressive number of new processes, policies, organisational arrangements and obligations, it departs from the goals of reducing information overload to clients and making financial services more approachable.

More regulation and disclosure requirements will for sure result in increased costs for all participants in the retail investment market and not necessarily lead



to more protection for the consumer nor to more participation as adding complexity is rarely productive in this context.

ESBG will provide constructive feedback on the proposal in the open consultation and looks forward to achieving a balanced framework.

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