

PRESS RELEASE

BETTER FINANCE WELCOMES THE CAPITAL MARKETS UNION MID-TERM REVIEW REPORT AND URGES THE COMMISSION TO MAKE PROGRESS ON FOSTERING RETAIL INVESTMENT IN CAPITAL MARKETS

08 June 2017 – There is an abundance of investable private capital in Europe, with households desperately looking for positive real returns on their long-term savings in an ongoing climate of low interest rates, high fees, high complexity of investment products and financial repression. BETTER FINANCE fully supports the CMU initiative as it places EU citizens as savers and individual investors at its heart and is aimed at strengthening the link between their savings and the real assets into which their funds are deployed, as well as providing better returns.

With this in mind, BETTER FINANCE especially welcomes the crucial upcoming EU Regulation on a Pan-European Personal Pension (PEPP), which could dramatically improve “value for money” for pension savings thanks to economies of scale, improved long-term asset allocation and a simple and safe default investment option for which the purchasing power of a lifetime’s savings is preserved at and throughout retirement.

BETTER FINANCE also stresses the importance of the development of sustainable finance and of responsible investments as key for the future wellbeing of EU citizens. In this respect BETTER FINANCE hopes that the upcoming report of the High Level Expert Group on Sustainable Finance will ensure that investment products labelled as “SRI” or “ESG” or “Green” are trustworthy and therefore exemplary in terms of compliance with EU rules on investor information, since those are currently not properly enforced.

To ensure the success of the CMU, BETTER FINANCE would like to see more ambition on behalf of the EC with regards to a critical CMU action aimed at restoring confidence in capital markets and investment products. Whereas the EC declared that *“to further promote transparency in retail products, the Commission will ask the European Supervisory Authorities (ESAs) to work on the transparency of long term retail and pension products and an analysis of the actual net performance and fees”*, this action has still not really gotten started despite the fact that in November 2016 Olivier Guersent - Director General of DG FISMA (EC) – declared that the *“[EC agrees] that information on past performance is of great importance to form reasonable expectations on possible future outcomes – in particular if measured in a standardized and comparable manner”*.

As long as it doesn’t lose sight of the importance to foster an EU-wide equity culture, addressing excessive and often conflicted intermediation and promoting direct retail investments and employee share ownership, the CMU should succeed in what it set out to accomplish.

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