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**Union of Savings and Investment:
AFG responds to the European Commission's consultation and presents its proposals
for a more competitive European union**

As the European Commission prepares to publish its proposal on the Union of Savings and Investment March 19, 2025, AFG has submitted its response to the consultation, presenting its key recommendations.

AFG highlights key principles aimed at enhancing the European Union's competitiveness and fostering greater citizen participation in financial markets to support the financing of European businesses, particularly SMEs and mid-sized enterprises (ETIs).

Philippe Setbon, President of AFG, stated:

"The Union of Savings and Investment envisions a system where European households invest more in long-term savings while ensuring that European Union businesses—especially SMEs and ETIs—receive adequate financing. One cannot thrive without the other. In this context, our asset management industry plays a key role, with two-thirds of its investments directed toward the EU. We are convinced that this is a major asset for the European Union."

AFG's Proposals

1. A holistic and coherent approach

Encouraging households to engage in long term savings while better financing the European economy are two interconnected objectives.

AFG proposes the creation of an **"INVEST-EU" label** for national long-term savings products that meet specific criteria, including a minimum investment threshold in EU businesses, particularly listed SMEs. These products could be supported by automatic contributions to foster good savings practices and mitigate market fluctuations. To enhance the attractiveness of this label, Member States could introduce tax incentives for these products.

2. SIU's success relies on competitive European asset managers

European asset managers are essential to financing the European economy. Their competitiveness is critical to the success of the Union of Savings and Investment. They allocate 15 percentage points more to the EU than their non-European counterparts, particularly in funding European SMEs, where local financial expertise is indispensable.



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In France, asset managers oversee nearly €5 trillion, with more than 70% invested in the EU—a record level¹.

3. Risks of a “low-cost” approach

A strategy focused exclusively on developing “low-cost” investment products will not achieve the desired objectives. To meet the SIU’s policy goals, AFG advocates for an approach that ensures product **diversification, quality, and value** for investors while simplifying **the client experience**. Achieving this requires streamlining existing regulations (MiFID, IDD, PRIIPS). In this regard, the RIS project must be reconsidered to ensure it meets its objectives without introducing unnecessary complexity and additional constraints. Costs and charges are one factor among other selection criteria: AFG recommends referring to the “fair price” rather than “low cost,” as the latter could be detrimental to the objective of directing financing flows towards the European economy.

4. Removing structural barriers in the ecosystem

Several key areas must be addressed by European institutions:

- **Access to affordable and reliable data** is essential for the competitiveness of European financial markets and the financing of the EU’s ESG transitions.
- Establishing a **competitive and efficient supervisory framework**. Cross-border barriers should be removed through enhanced application of EU law and by recognizing the concept of asset management groups at the EU level.
Eliminating existing tax barriers within the EU, such as withholding taxes, is crucial to facilitating capital movement and financing European priorities. These barriers create complexity, legal uncertainty, and ultimately discourage investment.



About AFG

For 60 years, the AFG has united asset management professionals, serving the actors of savings and the economy. It is the collective voice of its members, including portfolio management companies, entrepreneurial firms, and subsidiaries of banking or insurance groups, both French and international. In France, asset management involves over 700 management companies, with €4.7 trillion in assets under management.

The AFG is dedicated to the growth of asset management, contributing to the emergence of beneficial solutions for all ecosystem stakeholders, and committed to promoting the industry's influence in France, Europe, and beyond. The AFG is invested in the future.

¹ AFG Study: “Asset management fuels the European Economy” - 2025



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