



DON'T BE MISLED:

THE VALUE OF INDEPENDENT FINANCIAL ADVICE



Only about

17%

of Europeans invest in equities, despite their potential to outperform less direct, packaged investments over the long term.



Why?

EU citizens mistrust capital markets and financial service providers. This lack of trust is further compounded by limited access to independent financial advice.



45%

of Europeans are not confident that financial advice is in their best interest.



Financial Adviser = Salesperson?



Financial Advisers in Europe are remunerated through commissions or kickbacks.

Commission

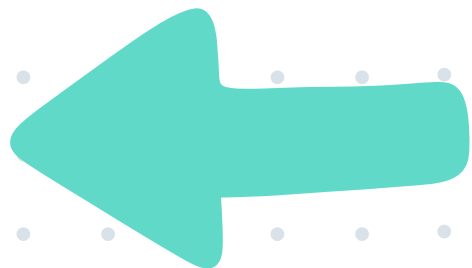
Distributors receive commissions from product manufacturers for the products they recommend to their retail clients.

Inducements

Any kind of payment or non-monetary benefit that distributors receive from anyone other than their retail clients.

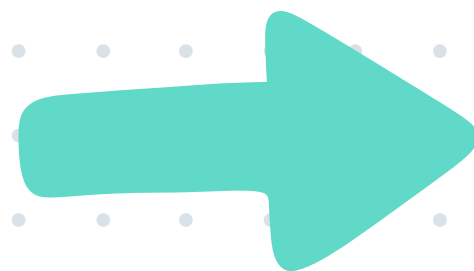


The bias of earning the highest commission push advisers:



Away from the most suitable products for their clients.

Towards high-fee products that increase their commission.



**Adding to this distrust,
investors often do not
achieve the best returns.**



In 2021, retail clients faced **double the charges** (40%) compared to institutional investors.



Enter: Retail Investment Strategy (RIS)

Among other things, the RIS's "best interest of the client" test aims to enhance the quality of financial advice by requiring advisers to:

- Base their recommendations on a broad range of products.
- Recommend the most cost-efficient financial products.
- Offer at least one product without unnecessary features and costs.





The European Federation of Investors and Financial Services Users
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