

EFPA Reply to the European Commission public consultation on the Communication on the Savings and Investment Union

1. Introduction

The **European Financial Planning Association (EFPA)** is the leading professional standards-setting body for financial advisors and planners across Europe. With a community of over **100,000 certified professionals**, EFPA is committed to enhancing trust and confidence in financial advice by promoting high standards of **knowledge, skills, lifelong learning, professional behavior, and ethics** among its members. Operating in **13 countries**, EFPA collaborates with over **100 corporate partners** and accredits more than **170 universities and training centers** to ensure high-quality education and certification in financial planning.

The **Commission's upcoming Communication on the Savings and Investment Union (SIU)** is a crucial initiative for the financial sector, as it aims to **enhance retail investor participation, improve financial literacy, and strengthen the overall investment framework across Europe**. Given its core mission, EFPA strongly supports efforts that contribute to a **more transparent, efficient, and inclusive financial ecosystem**, particularly for retail investors and financial professionals.

EFPA believes that for the SIU, it must **ensure professional excellence in financial advice, fostering a regulatory environment that encourages responsible investment practices** and focusing on increasing scale, standards and practical orientation of **financial education for citizens**. Our response aims to provide constructive feedback and concrete recommendations to ensure that the proposed framework **effectively addresses the needs of European citizens served by professional financial advisors**, ultimately contributing to a **stronger and more resilient investment landscape in the EU**.

We look forward to engaging with the Commission and other stakeholders in shaping policies that will drive financial well-being and sustainable economic growth across Europe.

2. General Comments

The **SIU** is a key initiative to improve capital market efficiency, mobilize private savings, and enhance investment opportunities across the EU. EFPA supports this vision and emphasizes that its success depends on a well harmonised system that synergises **financial education for EU citizens, high professional standards for financial advisors, and a more harmonized regulatory framework which supports much needed culture of active savings and investments**. What we need is transparent and rewarding financial products, professional and affordable financial advice, supported by effective financial education, leading to rebuild trust and scale of using financial services. A well-structured SIU must ensure **greater retail investor participation, better access to finance for businesses, and a balanced approach between innovation and investor protection**.

This section provides a brief analysis of the context and necessity of the SIU, an assessment of the Commission's approach, and an outline of key guiding principles that EFPA considers essential to achieving the Union's objectives.

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- **Analysis of the context and the need for a SIU**

The European Union faces a **structural imbalance between savings and investments**, with household wealth largely held in **low-yield deposits**, while **young and innovative firms struggle to secure funding**. As highlighted in the Draghi and Letta reports, **EU capital markets lack the depth and scale needed to efficiently mobilize private savings**, limiting economic growth, innovation, and financial security.

The European Commission's proposed **SIU** builds on past initiatives, particularly the **Capital Markets Union (CMU) and the Banking Union**, aiming to create a **more integrated, efficient, and resilient financial system**. Given the current **geopolitical and economic context**, there is a **pressing need for harmonization and integration** within savings and investment markets to **strengthen Europe's financial resilience**. Greater market cohesion would **facilitate cross-border investment, promote private equity and venture capital growth, and diversify funding sources**, particularly for high-risk, emerging industries that are **less suited to traditional bank financing**. Compared to the **US and UK models, European markets remain more bank-dependent**, underscoring the urgency of **developing a stronger equity and venture capital ecosystem** to support long-term economic sustainability.

- **Assessment of the approach taken by the Commission**

EFPA welcomes the Commission's **comprehensive vision for the SIU**, which recognizes the role of both **regulatory measures and market-driven solutions**. However, for the SIU to succeed, it is **crucial to ensure that the framework prioritizes professional standards for financial advisors, financial literacy, and investor protection**. A well-functioning SIU should **not only facilitate access to investment opportunities but also equip citizens with the knowledge, confidence and professional help to make informed financial decisions**.

Furthermore, while **deepening capital markets is essential**, EFPA emphasizes the importance of **striking a balance between fostering market integration and maintaining competitiveness, especially vis-à-vis the need for constructive deregulation**. The approach should ensure that the regulatory burden on financial institutions and professionals **remains proportionate** and that new measures **do not create unintended barriers for financial advisors who act as key enablers of retail investor participation in the capital market**.

- **Key guiding principles which are essential for EFPA**

To maximize the impact of the SIU, EFPA highlights the following key priorities:

1. **Ensuring high professional standards for financial advisors and increased access to professional and affordable financial advice** - Financial advisors and planners play a **key role as the main bridge between retail investors and financial markets**, enabling access to a **wide range of financial products, including more complex investment solutions**. Ensuring **broad access to professional advisory services** is essential to **protect investors, enhance financial well-being, and foster confidence in capital markets**. To achieve the objectives of the SIU, it is crucial to establish **harmonized certification standards across the EU**, guaranteeing that

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financial professionals provide **high-quality, ethical, and transparent advice**, equipping investors to make informed decisions with confidence.

2. **Enhancing financial literacy and investor education** - A successful SIU depends on a **well-informed investor base**. The Commission should promote **EU-wide financial education initiatives**, leveraging existing national programs to **empower citizens in making better financial and investment choices**. Education must be **tailored to different social and age groups, practical, and continuously updated** to instill strong financial habits. Furthermore, **robust consumer protection measures**, including **clear disclosure requirements and transparency in financial products**, are essential to **safeguarding retail investors, maintaining market integrity, and ensuring trust in financial institutions**.
3. **Promoting accessible and simple investment products** - Retail investors require **cost-effective, transparent, and easy-to-understand investment options**. EFPA encourages the **development of standardized, well-regulated investment products** that cater to different investor profiles, ensuring **long-term savings solutions, particularly for retirement needs**. Improving **pension portability** is also crucial in the context of the SIU. Given the mobility of workers across the EU, greater **harmonization of pension transfer rules, recognition of entitlements across countries, and support for cross-border pension schemes** would **facilitate workforce mobility and strengthen social cohesion**.
4. **Encouraging cross-border investment and regulatory harmonization** - Fragmentation in **regulatory frameworks, taxation, and administrative procedures** continues to hinder **cross-border investments** within the EU. Addressing **tax barriers through harmonization** would **streamline procedures, reduce compliance costs for businesses, and enhance market efficiency**, ultimately creating a **more attractive investment environment** that facilitates capital flows.
5. **Balancing innovation with investor protection** - Digital finance and **financial technology** present opportunities to expand investment access, but **strong safeguards are needed** to protect investors from **misinformation, fraud, and overly complex financial products**. Regulation should **balance innovation with financial security**, ensuring **retail and institutional investors can engage with new financial tools confidently**.
6. **Strengthening private equity and venture capital sectors to drive innovation** - Supporting the **development and growth of private equity and venture capital** in Europe is essential for **encouraging innovation, financing startups, and advancing key sectors such as artificial intelligence (AI) and sustainable technologies**. These investment channels provide **critical funding for high-risk and high-potential businesses** that are often underserved by traditional banking. However, further efforts are needed to **create a regulatory and financial environment that attracts private capital, reduces administrative barriers, and fosters long-term investment in emerging industries**. Strengthening coordination and advocacy for investment firms at the European level will be key to **enhancing competitiveness, promoting best practices, and ensuring a sustainable and innovation-driven financial ecosystem**.

EFPA remains committed to supporting the development of the SIU and looks forward to collaborating with policymakers to ensure that **the final framework effectively strengthens financial markets while prioritizing consumer protection, access to professional advice and financial education.**

3. Other suggestions

EFPA advocates for the introduction of a **pan-European label** that unifies various certification standards for financial advisors under a common framework. To ensure **consistency and credibility**, this label should encompass qualifications that meet rigorous assessment criteria, demonstrating that professionals have attained specific learning outcomes and competencies. Specifically, EFPA suggests that a qualification should:

- Be a **formal outcome** (*certificate, diploma, or title*) awarded upon assessment by a **competent body**, confirming that an individual has achieved **predefined learning outcomes** and possesses the necessary competence for a specific role.
- Be measured against **standardized learning outcomes**, covering **knowledge, skills, and competences**.
- Include a defined **level of complexity**, such as those outlined in the **European Qualifications Framework (EQF)**.
- Have **clear validation rules** to verify that the required learning outcomes have been achieved.
- Contain **professional ethics standards** to uphold **integrity and trust** in financial advisory services.
- Require **continuous professional development**, specifying **training volume, reporting formats, and compliance timeframes**.

By fostering a **harmonized and reliable certification system**, EFPA aims to enhance **trust in financial advisory services** and support a **more integrated European financial market**.

4. Recommendations and Conclusions

The European Commission's **SIU** presents a key opportunity to **mobilize private savings, enhance access to finance, and strengthen EU capital markets**. EFPA fully supports this initiative and stresses that its success depends on **high-quality financial advice, trained professionals, and a harmonized regulatory framework**.

Financial education is essential but **not sufficient** to increase retail investor participation. Given the complexity of financial markets, **affordable and reliable professional advice is crucial** to guide EU citizens in making informed decisions. EFPA advocates for **harmonized certification standards for financial advisors**, ensuring **consistent, ethical, and high-quality guidance**. In this regard, a **pan-European label for financial qualifications** would help build trust and facilitate cross-border advisory services.

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Additionally, EFPA supports **reducing regulatory and tax barriers, simplifying compliance while maintaining investor protection, and harmonizing EU and national regulations** to create a **more integrated and efficient financial environment**.

Recently there has been mention in the public domain while discussing the new SIU, that a CMU has not yet been achieved and indeed we are far from it. EFPA supports the view that the EU, in building its internal strength and competitiveness, needs to place a greater emphasis on being more integrationist to build scale. EFPA's experience in professionalising financial advice and financial planning by adopting a unified standard across European countries is an example and proof that more harmonisation in financial services is possible and beneficial.

EFPA welcomes the Commission's leadership on the SIU and looks forward to continued dialogue. **We hope this contribution helps shape a robust framework and remain available for further discussions.**