



The Broken Investor Journey: **What BETTER FINANCE Wants ESMA to Fix**

BETTER FINANCE has identified key challenges that individual investors in Europe face when engaging with capital markets.



Fixing the retail investor journey requires more than minor adjustments.

BETTER FINANCE recommends a series of reforms to put citizens back at the centre.

Misaligned advice

01

Too often, what is presented as financial “advice” is in practice a sales process shaped by inducements and commissions.

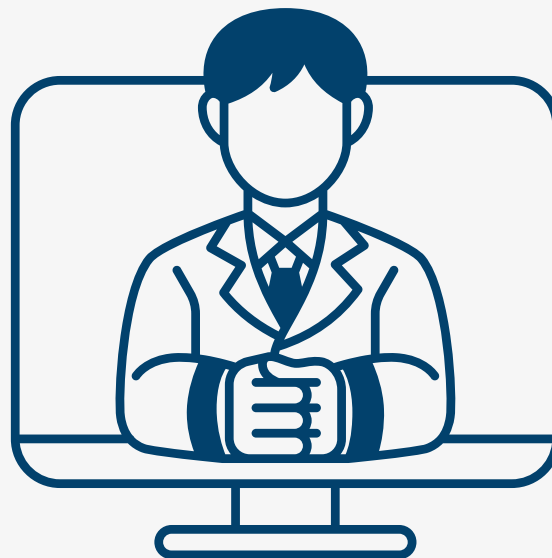


This fuels mistrust and drives many towards unregulated online sources such as social media or “finfluencers”

Recommendation: **Fairer advice and distribution**

To restore trust, BETTER FINANCE calls for a reinforced duty of care for all providers alongside a clear and visible distinction between

Independent advisors

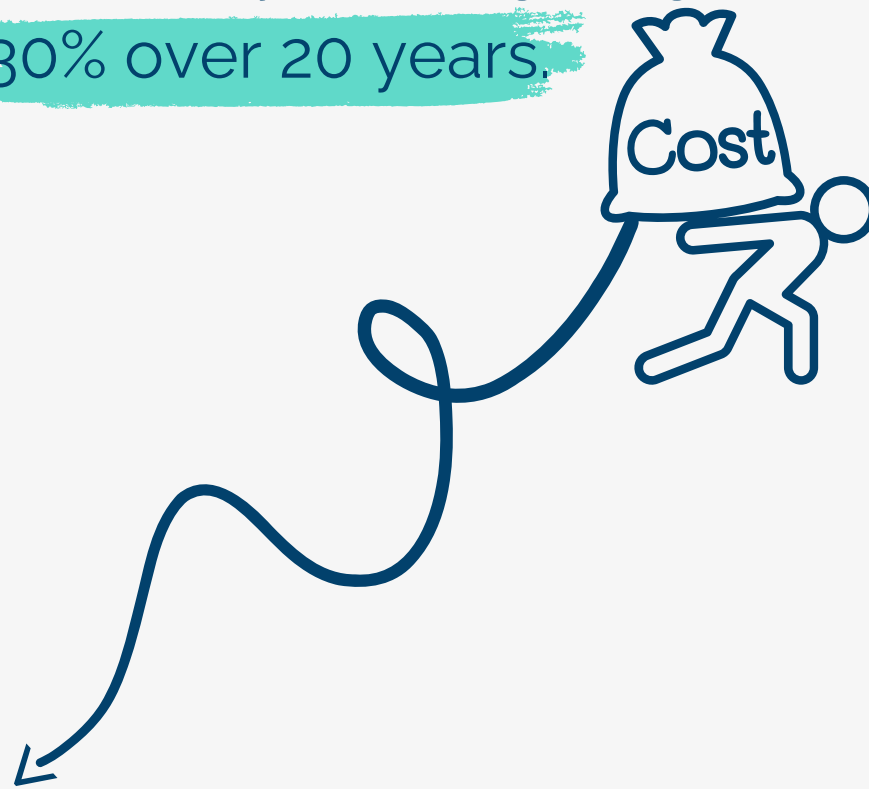


Tied product sellers

Hidden costs and fees

02

Products like insurance-based investment products (IBIPs) and actively managed funds often exceed 3% in annual costs, silently eroding long-term returns by more than 30% over 20 years.



Rarely transparent at the point of sale, while ex-post cost disclosures are often buried or poorly timed.

Recommendation: **Simple, cost-effective products**

02



Low-costs
ETFs



Index
funds



Transparent
securities



EU-wide
total market
index fund



PEPP labelling
& harmonised
tax treatment



Complex & high-fee instruments
should be restricted to a new
class of qualified retail investors

Lack of transparency

03



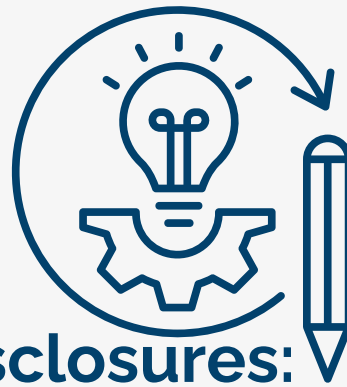
Key documents fail to answer simple questions:



KID failure = Discouraged retail investors

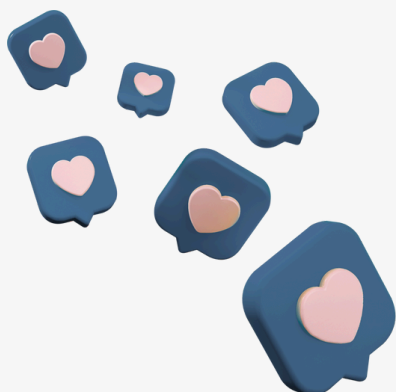
Recommendation: **Smarter Disclosures**

03



Redesign of disclosures:

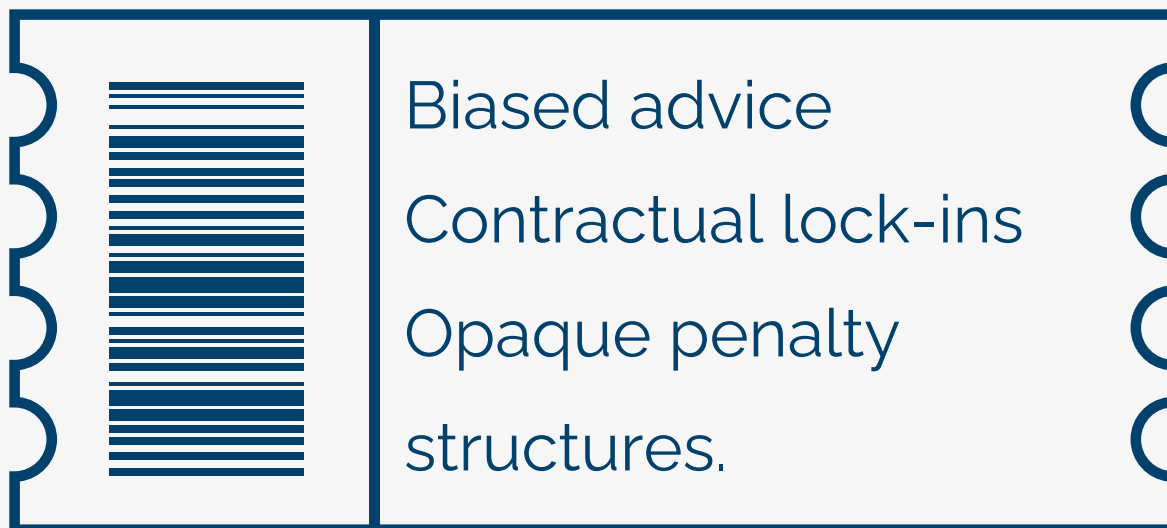
- ✓ Layered
- ✓ Digital-first
- ✓ Tested for user comprehension
- ✓ Key indicators must be made central



KID-like fact sheets for listed shares and bonds, and aligning disclosures across sectors, including pensions & PEPP.

Weak redress mechanism

European investors have frequently reported



However, complaint and redress channels are slow, fragmented, or ineffective.



The removal of the EU's Online Dispute Resolution platform and the patchy application of ADR schemes across Member States have left many citizens with little confidence in remedies.

Recommendation:

Stronger redress and enforcement

04



Establish a single **EU complaints portal and mandatory participation** of all providers in Alternative Dispute Resolution schemes.

Collective redress with **opt-out class actions** and broader standing for consumer organisations, while shareholders must have the ability to pursue **cross-border representative actions**.

Misleading nudges

05




A nudge to invest!

Gamification, push notifications, “trending product” lists, and hybrid models blur the lines between saving, investing, and payments.

Complex risk disclosures are hidden or delayed, and influencers frequently promote products without transparency or accountability.

Recommendation: **Digital protection**

05



Online platforms should operate under a binding duty of care, preventing manipulative design.

Hybrid payment-investment services must be clearly brought within the protections of MiFID II and PSD2/PSR.

Risk warnings for complex products must appear at the moment of execution.

Promotional content by influencers should also fall under enforceable obligations to ensure transparency.

Cross-border barriers

06



Recommendation:
EU-wide initiatives and comparability tools



EU product comparison tool, built on standardised metrics to allow side-by-side comparison of options,



Standardised execution-time warnings so that risks are understood at the moment of decision



**For more, read
the article on
our website!**

