

Investors deserve better

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Lobby group says regulator is ignoring interests of retail shareholders

Better Finance – a body which represents European individual shareholders and which counts the UK Individual Shareholders Society and the UK Shareholders Association (UKSA) among its members – has launched a broadside at the European financial regulator ESMA (European Securities & Markets Authority) for its failure to adequately protect retail investors.

Although it welcomes the new ‘Trends, Risks and Vulnerabilities’ report from ESMA (4 Sep) it notes there is no mention about the mounting losses suffered by European savers and individual investors due to ‘financial repression and imposed fees’.

Better Finance makes a number of key points:

- ‘Most bank savings accounts now deliver negative real (after inflation) returns and in some cases even nominal negative returns when banking fees and commissions are taken into account. Bank savings accounts are the number one financial saving products used by EU citizens.’

- ‘Real returns for the second most popular saving product in Europe – life insurance – are also falling and are often negative, even before tax.’

- ‘As will be shown in the 2014 Better Finance Research Report on the real return of pension savings – to be released on 29 September – long-term real returns for pension savings are often poor, with future trends more worrying still.’

- ‘Although we could not find adequate data on returns for investment funds, recent reports demonstrate that the majority are still underperforming their benchmarks over the mid-long term, and that most money market funds are also delivering negative real returns.’

- ‘As for shares, bonds and low cost index ETFs (exchange traded funds), it is important to point out that EU (European Union) citizens hold them less and less directly, due in part to the persisting lack of a level playing field for the retail distribution of these investment products.’

The organisation stresses an ‘urgent need for the European financial supervisors to better comply with their legal obligation to collect, analyse and report on consumer trends.’