

PRESS RELEASE

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BETTER FINANCE Urges a Genuine Reform of the Dysfunctional European Retail Investment Market in Support of EC's Strategy

BETTER FINANCE, the European Federation of Investors and Financial Services Users, has published a position paper on the European Commission's Retail Investment Strategy (RIS) proposals. The organisation fully supports the EC's RIS objectives: consistent rules, enhanced retail investor protection, unbiased advice, competitive financial markets, and transparent and comparable product information.

The RIS constitutes a once-in-a-lifetime opportunity to reshape the highly dysfunctional European retail investment market: widespread conflicts of interest, inconsistent rules, and inadequate key product information are endemic. As a result, just one-third of EU citizens trust advice from financial distributors.

Aleksandra Mączyńska, Acting Managing Director of BETTER FINANCE, stresses that *"despite significant and regrettable opposition from large parts of the financial industry, the European Commission (EC) managed to incorporate elements in the Retail Investor Strategy Proposal that hold the potential to finally improve the situation for consumers. We sincerely hope that the co-legislators will prioritise the interests of consumers and support crucial steps in the right direction, such as the 'value for money' framework and the very limited ban on kickbacks for non-advised - "execution-only" - sales. It is clear that in order to encourage consumers to invest and participate more in capital markets, we cannot continue with the status quo, which has so far served individual investors very poorly."*

The key positions outlined in [BETTER FINANCE's position paper](#) include:

1. Enhancing Investment Advice Quality:

- BETTER FINANCE applauds the ban on 'inducements' for unadvised retail investment product sales,
- supports the introduction of the 'independent advice' concept for insurance distributors,
- expresses concerns about inconsistent application of the inducement ban,
- advocates for calling a cat a cat and not using the words 'advice' or 'advisor' to describe an activity and a professional who is primarily compensated, either directly or indirectly, through sales commissions,
- supports enforcing the 'best interest of the client' test,
- and strongly endorses requirements to enhance financial advisors' knowledge and competence.

2. Improving Value for Retail Investors:

- BETTER FINANCE welcomes initiatives aimed at clarifying fund costs and, ultimately, enforcing the existing prohibition of 'undue costs',
- backs the requirement for product manufacturers and distributors to benchmark performance,
- and calls for the results of these pricing and benchmarking exercises to be made publicly available.

3. Transparency and Clarity in Product Information:

- BETTER FINANCE regrets the lack of content improvements in the PRIIPs KID and calls for a comprehensive overhaul of this document, which is currently unclear, incorrect, misleading, and lacks comparability, particularly in terms of cost and performance disclosures,

- applauds the digitisation of the KID,
- emphasises the need for user-friendly interactive tools and clear guidance,
- supports risk warnings for 'high-risk' retail products,
- advocates for consistent disclosure standards across MiFID and IDD.

BETTER FINANCE remains committed to collaborating with policymakers to strengthen the Omnibus Directive and PRIIPs Regulation, ensuring the Retail Investment Strategy's success.

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