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Reykjavík Conference Highlights Need for Fairer Taxation to Protect Savers and Strengthen Retail Investment in Europe

On Thursday 18 June, policymakers, economists, investor representatives and market experts gathered at Harpa Conference Centre in Reykjavík for BETTER FINANCE's international conference *Protecting Purchasing Power: Taxation, Inflation and Investments in EU Capital Markets*, to examine how tax policies affect household savings, long-term investment and investor confidence across Europe.

The conference brought together leading speakers and panellists including Bolli Héðinsson, Chairman of the Icelandic Savers Association and Chairman of the Supervisory Board of the Central Bank of Iceland; Vilhjálmur Bjarnason, Economist and Associate Professor Emeritus at the University of Iceland; Aleksandra Mączyńska, Managing Director of BETTER FINANCE; Nicolas Pinaud, Deputy Director for Financial and Enterprise Affairs at the OECD; Daði Már Kristófersson, Iceland's Minister of Finance and Economic Affairs; Magnús Harðarson, CEO of Nasdaq Iceland; and Guillaume Prache, President of BETTER FINANCE.

A central theme of the conference was the impact of inflation on taxation. Speakers highlighted how taxing nominal rather than real returns can significantly erode purchasing power and weaken incentives for long-term saving.

Daði Már Kristófersson noted: *"For a country prone to long periods of high inflation, distinguishing between real and nominal returns and taxing only real returns would be a very important step forward."*

The event presented forthcoming BETTER FINANCE research on taxation and retail investment in European capital markets, mapping key investor-facing tax distortions across standard brokerage accounts and dedicated savings and investment account structures in Europe. The findings highlight the benefits of tax deferral mechanisms in supporting compounding and partially mitigating the risks of taxing nominal returns, alongside the need for simpler, more neutral and transparent tax frameworks that build trust and predictability rather than discouraging household investment in capital markets.

Participants also discussed barriers to cross-border investment, including withholding tax procedures, double taxation issues and fragmented national rules.

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Speakers stressed that removing these obstacles would help mobilise household savings, improve capital markets integration and strengthen Europe's long-term economic competitiveness.

The high-level panel debate explored whether current tax systems support or undermine retail investors, focusing on the role of taxation in encouraging savings, the challenges posed by inflation, and the need for reforms that strengthen investor confidence and long-term participation in capital markets.

Closing the conference, BETTER FINANCE President Guillaume Prache emphasised the importance of ensuring European savers are not penalised for investing and called for reforms aligned with the objectives of the Savings and Investments Union.

Prache commented: *"When inflation is higher than nominal income, real losses are taxed, increasing the erosion of purchasing power."*