

PRESS RELEASE

Commissioner McGuinness: “Putting people at the heart of the financial system is part of my vision”

26 April 2021 – On 22 April at the BETTER FINANCE’s international conference, high-level speakers and over 350 registered participants debated “How to make the EU Capital Markets Union (‘CMU’) work for people?”.

For the CMU to succeed, putting equities back at the heart of the EU economy funding and reducing the reliance on bank funding, European citizens and households as long-term savers and individual investors need to be at its heart. As the main source of long-term capital, EU households have a key role to play. But inviting EU savers to participate more directly in capital markets comes with a certain responsibility: investing in the EU’s CMU must be safe, fair, and trustworthy.

Mairead McGuinness, EU Commissioner for Financial Services, Financial Stability and Capital Markets, rightly drew the attention to the last decade returns of plus 9% per year for equity UCITS funds and the near zero or negative returns of bank savings and announced several future actions that would help retail investors get a fairer deal and better trust capital markets and investment providers, advisors and distributors. She assured that *“we [the EC] are working towards our retail investment strategy, early next year, and this will put retail investors at the centre of our policies”*.

If we want investors to receive fair advice, we need to take a closer look at recent scandals involving retail equity trading that revealed an additional source of conflicts of interest affecting non-professional investors. During her keynote speech, MEP Irene Tinagli, Chair of the European Parliament’s Committee on Economic and Monetary Affairs (ECON), stressed that *“we should address potential problems of conflicts of interests, which are still worrisome for many retail investors”*. BETTER FINANCE supports the views of MEP Tinagli and MEP Benjuema, for whom transparency and limitations of conflicts of interests are essential to provide European citizens with fair and impartial advice and, therefore, trustworthy financial education for adults. In this context, BETTER FINANCE also welcomes that the EC will further investigate the “Payment For Order Flow” practice. As financial education can work only with **access to fair and clear information**, individual investors commended the 6 months grace period granted to UCITS managers to have to switch from the robust no-nonsense UCITS KIID to the obscure and misleading PRIIPS KID.

BETTER FINANCE Managing Director, Guillaume Prache, welcomed both the Commissioner’s commitment towards European citizens as retail investors and the strong support expressed by several speakers to **further promote Employee Share Ownership (“ESO”)**. If ESO in the EU matched the US level, it would be multiplied by 6 in the EU, adding €2 trillion in equity market capitalisation of the EU economy. BETTER FINANCE has been promoting ESO as an essential step to re-equitise the EU economy and rebuild the EU equity investment culture as a pillar for independent adult financial education (workplace education). Guillaume Prache welcomed the idea to include ESO in the “G” part of ESG reporting rules as ESO has proven to significantly improve social resilience and sustainability issues of companies. BETTER FINANCE, like the European Parliament, would like to see ESO as part of the heralded 2022 Retail Investment Strategy.

When discussing the MiFID II review, MEP Markus Ferber reminded about further obstacles that need to be overcome to achieve a real CMU, such as national taxation, consumer protection and insolvency rules. Speakers were aligned on the need to **improve transparency and access to market data** for individual investors which—as shown by recent [BETTER FINANCE's research](#)—has been seriously reduced since the implementation of MiFID I and II to the benefit of far less transparent venues. Moreover, Guillaume Prache, in line with EC Director Ugo Bassi and Este Foundation Chairman Andreas Treichl, highlighted the need “to address supervision inconsistencies across Member States. A single capital markets supervisor would be a prerequisite for a real CMU”.

Please [click here](#) to access conference replay – or consult the [conference webpage](#) for more information.

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