

**PRESS RELEASE**

## **Stakeholders and authorities show faith in European Personal Pension (PEPP)**

### **PEPP only called into question by finance industry due to high costs for intermediaries**

**22 September 2020** - The latest draft of the Pan-European Personal Pension (PEPP) delegated (level 2) regulation was up for discussion last Friday during a broad and well-attended conference on the issue of PEPP and Financial Repression organised by consumer organisations Bund der Versicherten e. V. (BdV) and BETTER FINANCE and, attended by more than 200 participants. Gabriel Bernardino, Chair of the European Authority EIOPA, Dragoş Pîslaru, Member of the European Parliament and the rapporteur for PEPP, and many other important experts representing different stakeholders discussed the opportunities and challenges presented by PEPP. Axel Kleinlein, Managing Director of BdV and President of BETTER FINANCE, summarises the discussion: “Nearly all stakeholders are optimistic about the future success of a PEPP. But some lobbyists of the financial industry want more money for their intermediaries for selling the PEPP”. Guillaume Prache, Managing Director of BETTER FINANCE who started the conference with a speech about financial repression adds: “In this very challenging economic situation of financial repression, the PEPP could be the solution for more value for money and a chance to ensure a decent retirement provision”.

At the beginning of the conference, following a warm welcome from Edda Castello, Head of the Board of BdV, Prache explained the meaning of financial repression. “Financial repression is a combination of public policies that result in saver’s earning returns below the rate of inflation in order to provide low interest or even negative yielding loans to governments and banks. And financial repression has today reached an unprecedented high”. This affects retirement provision vehicles like PEPP. Jan Šebo, Professor and Vice-Dean at Matej Bel University’s Faculty of Economics and member of the Scientific Council of BETTER FINANCE, illustrated the problematic impact of the PEPP regulation on the Benefit Statement of a PEPP and the advantages of an online approach during his speech. Reflecting on the cross-border rules Šebo also pointed out that “PEPP is a product that could make us Europeans.”

The panel discussion with Bernardino and Pîslaru, led by Kleinlein, started with a political evaluation of the PEPP-project. Bernardino sees PEPP as an example of “successful collaboration of all economic stakeholders”. Pîslaru has hope that PEPP will foster the cross-border distribution of an “affordable product for all citizens”. Later in the **exchange** Bernardino made a plea for “Strong Capital Market Supervision”. Pîslaru pointed out that “the Green Deal has to deliver good ESG-products to invest in”.

In the second panel, Dr. Christian Gülich, EU Policy Officer at BdV, discussed the draft EIOPA r regulation for PEPP with several experts. For the finance industry, Bernard Delbecque of EFAMA (the investment industry) and Olav Jones of Insurance Europe, expressed their doubts about the 1% cost cap for the Basic PEPP. To provide “full advice” the cost cap is too low, explained Delbecque. Jones pointed out, that “human experts who provide advice” could not be financed with such a cost cap. Til Klein, head of the fintech Vantik stressed the fact that PEPP represents a big opportunity for digital and online distribution. Together with the lobbyists he agreed that tax incentives should be put in place for PEPP, the same way it was done for other products. The fourth panellist, Hans van Meerten, professor at the University of Utrecht, was not worried about that tax issue, being convinced that those incentives will be given to PEPP in any case someday. He expressed concerns about the lack of a

proper definition of capital guarantees, explaining, that even insurers can only provide a return guarantee of 99,5 % under Solvency II.

After the conference, BdV and BETTER FINANCE made a positive summary of the event. “BETTER FINANCE and Bund der Versicherten stress the importance of PEPP and the need for an expert discussion around retirement provision in times of financial repression”, Prache explained. “We hope to host a follow-up conference in Hamburg next year when PEPP is launched, hopefully without Corona-restrictions”, Kleinlein concluded while donning his mask in the colours of the EU-flag.

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In case you were not able to attend the conference, or you would like to watch a particular exchange again, the [video of the entire conference is available online](#).

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