

# Summary of FSUG Opinion on Value for Money (VfM) in Retail Investments

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With the ongoing legislative and supervisory works aiming to improve the 'Value for Money' (VfM) that retail investors obtain from their packaged retail and insurance-based investment products (PRIIPs), the FSUG wishes to highlight its support for the Commission proposal to **strengthen the VfM regime** - while acknowledging the **urgent need for a clearly constructed and enforceable benchmarking requirements**.

- a) We believe that systematically comparing a product's mix of costs and performance to an **external benchmark** can greatly contribute to identifying problematic cases, starting with products that are poorly designed that they cannot bring any **value to consumers**.
- b) The FSUG also considers appropriate the approach consisting of establishing a **benchmark per category of products** sharing similar characteristics, which allows to compare a product to its 'peers' on the market.
- c) We strongly support the proposal to create **benchmarks** that will **combine indicators on costs and on performance**, considering that high costs are only an issue when they come with poor performance.
- d) The FSUG supports the view that the results of all the steps in the **product approval and pricing processes** – including comparisons to relevant benchmarks – should be made **available** to competent authorities, but also to the **general public**.

The FSUG believes that any value for money regulation and supervision system should pursue three main objectives:

- 1) Ensuring that the **features of each product match the characteristics** of its identified target market and that each product is **distributed** exclusively to its **target market**.
- 2) **Prevent** product manufacturers from charging **undue costs**, which by definition constitute an illegitimate and unlawful transfer of wealth from investors to financial intermediaries.
- 3) **Eliminating** products involving unjustified or **disproportionate costs** for the investor, which by design reduce or even nullify the value that investors can expect to derive from their investments in terms of future purchasing power.

Finally, the requirement for product manufacturers to assess the Value for Money offer of their products should therefore be implemented in a **horizontal, harmonised, retail investor-centric manner across all relevant pieces of EU legislation**, including MiFID and IDD, as proposed by the European Commission.

All firms that intend to market retail investment products to consumers should be **held equally accountable** for the **quality** of these **products**.

Alin Iacob

FSUG Chairperson



## About FSUG

The Financial Services User Group (FSUG) was set up by the Commission in order to involve users of financial services in policy-making. Composed of 20 members, the FSUG represents the interests of consumers, retail investors, and micro-enterprises on national and EU levels. More details you can find at: [Financial Services User Group \(FSUG\) - European Commission \(europa.eu\)](https://ec.europa.eu/fsug/)