

**BETTER FINANCE PRESS RELEASE**

## European Financial Regulator fails to recognise the mounting losses hitting European savers and investors

**Brussels, 4 September 2014** - Better Finance welcomes the new "Trends, Risks and Vulnerabilities" report released today by the European Securities & Markets Authority (ESMA).

But the ESMA press release does not say a word about individual investors' trends and risks.

Moreover, and of additional concern, the new report itself fails to identify and underline the mounting losses suffered by European savers and individual investors due to financial repression and imposed fees:

- Most bank savings accounts now deliver negative real (after inflation) returns and in some cases even nominal negative returns when banking fees and commissions are taken into account. Bank savings accounts are the number one financial saving products used by EU citizens.
- Real returns for the second most popular saving product in Europe - life insurance - are also falling and are often negative, even before tax.
- As will be shown in the 2014 Better Finance Research Report on the real return of pension savings - to be released on 29 September - long term real returns for pension savings are often poor, with future trends more worrying still.
- Although we could not find adequate data on returns for investment funds, recent reports demonstrate that the majority are still underperforming their benchmarks over the mid-long term, and that most money market funds are also delivering negative real returns.
- As for shares, bonds and low cost index ETFs, it is important to point out that EU citizens hold them less and less directly, due in part to the persisting lack of a level playing field for the retail distribution of these investment products.

Better Finance again stresses the urgent need for the European financial supervisors to better comply with their legal obligation to collect, analyse and report on consumer trends.

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