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### Preserving access to qualified financial advice for retail investors is key for the success of CMU !

Covid-19 crisis has led to an unprecedented increase in European households' savings, especially in cash and deposits. According to estimates made by the European Central Bank, the total of Eurozone household financial assets flows was more than 700 billion euros at the end of 2020, against 570 billion euros a year before. For France only, 220 billion euros were saved in 2020, 60 billion higher than last year[1].

Still, nothing guarantees that this idle money will be invested in the economy, notably in a context where citizens are mostly (64%) pessimistic about the European post-covid-19 recovery[2]. Recent ESMA's analysis[3] showed that while equity UCITS have delivered a nearly 9% net performance during the last decade, only 10% of European households invest in mutual funds.

Therefore, initiatives that aimed at increasing retail investors' participation in financial markets are key. And one can only fully support the new action plan of the European Commission on Capital Markets Union published in September 2020 which sets out the objective "to make the EU an even safer place for individuals to save and invest long-term". Among the new measures which are supposed to support these objectives - the review of ELTIF Regulation together with the promotion of long-term investment, in particular through the promotion of employee share ownership - should be engaged in priority.

However, these measures will prove to be effective only if there are not counterbalanced by others. Indeed, among the 16 actions of the new action plan, one that could potentially have unintended consequences pertain to the announced assessment of rules applicable to the remuneration of distributors, with possible amendments of the related provisions in MiFID II. While any initiative that goes towards more transparency should be welcomed, it is nevertheless essential to avoid adopting radical measures that would in the end go against the interests of retail investors, and their ability to access to qualified financial advice, whatever their investment capacity.

In this respect, retrocessions of management fees play a key role in remunerating the cost of advice. Conversely, in countries where a ban of these so-called 'inducements' has been adopted (UK, NL), access to financial advice has since then revealed to be particularly challenging. As provided

in a study dedicated to the Dutch market[4], "some groups of consumers are struggling to pay directly for financial advice". And as regards the UK, recent figures published by the FCA (2020) show that the global cost of ownership for the investors (including the cost of advice) remains high - leading to exclude the less worthy part of retail investors (with financial assets below 200 000 £).

[1] Stat BdF: <https://www.banque-france.fr/presentation-trimestrielle-de-lepargne-des-menages>  
<https://www.banque-france.fr/statistiques/epargne-des-menages-2020t2>

[2] [https://ec.europa.eu/commission/presscorner/detail/fr/ip\\_20\\_1975](https://ec.europa.eu/commission/presscorner/detail/fr/ip_20_1975)

[3] [https://www.esma.europa.eu/sites/default/files/library/esma50-165-1106-asr-performance\\_and\\_costs.pdf](https://www.esma.europa.eu/sites/default/files/library/esma50-165-1106-asr-performance_and_costs.pdf)

[4] A commission ban for financial advice : Lessons learned from the Netherlands, Fred de Jong, University of Amsterdam, 2017