EMPOWERING RETAIL INVESTORS

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Unlocking the potential of the retail investment strategy

Increasing retail investor participation across the EU is essential for building a more dynamic, inclusive, and future-proof Savings and Investments Union (SIU). Empowering households to invest with greater confidence, understanding, and security is not only a matter of market efficiency; it is a question of economic resilience, fairness, and societal inclusion. As Europe seeks to deepen its capital markets and strengthen its financial sovereignty, the role of the individual investor must not be underestimated.

Yet despite the scale of private wealth across the EU, retail participation in capital markets remains comparatively low. This underutilisation points to deep structural and cultural barriers that need to be addressed with ambition, coordination and pragmatism.

It is vital to recognise that strengthening retail investor participation is not a quick fix, but a long-term structural reform. It demands sustained political commitment and coordinated policy efforts. Success will require a concerted effort at both a national and EU level, from regulators, industry, and civil society alike, grounded in a shared understanding of the challenge and a common vision for progress.

Changing the culture of household finance in Europe requires more than regulatory adjustments: it requires building trust in the financial system, addressing knowledge gaps and demystifying financial products. This transformation must be outcome-driven; it is crucial to ensure any changes lead to real-world outcomes, not just procedural outputs.

At present, too many retail investors face an opaque landscape marked by complex product disclosures, unclear fees, and inconsistent advice. Cutting through this complexity is critical. Simplifying disclosures, streamlining investor journeys, and improving access to high-quality advice are necessary steps — but they are not sufficient in isolation. What matters most is that reforms translate into real-world outcomes; the number of documents produced, or compliance boxes ticked is not a meaningful measure of success. Success lies in whether retail investors feel more confident, better informed, and more included.

The EU's Retail Investment Strategy (RIS) has the potential to be transformative in contributing to the broader goals of boosting retail investment, and the objectives of the SIU in general – if it is done right. The RIS' stated aims – to encourage more individuals to invest, to empower and protect them, and to build their trust in financial markets – are broadly supported by stakeholders, as currently drafted. However, some of the compromises reached may inadvertently hinder these very goals. For example, proposed measures on the Value for Money and the design of the investor journey, while well-intentioned, risk becoming overly complicated and burdensome. If not calibrated correctly, they may increase compliance costs and disincentivise providers from offering simple, accessible products — or even reduce product availability altogether. In such cases, regulation risks undermining the very inclusivity it seeks to foster.

This is why we welcome the ongoing trilogue negotiations and commend the European Commission and co-legislators for taking the time to get the RIS right – by refining proposals, in the name of simplification and burden reduction.

A willingness to improve the RIS reflects a healthy recognition that meaningful, lasting reform must be evidence-based, proportionate, and oriented around users' real needs. Retail investors are not a monolith — their needs, experience, and risk appetites vary widely. It is crucial that the final legislative outcomes reflect this diversity, offering flexibility and avoiding a one-size-fits-all approach.

The destination must remain clear: delivering better outcomes for people, not just more rules.

Moreover, the RIS does not operate in a vacuum, but is part of a broader ecosystem of financial and regulatory reform. Its success will depend on how well it connects with parallel efforts in financial literacy, digital finance, product design, and consumer protection — at both EU and national levels.

In this light, we remain strongly supportive of the RIS as a cornerstone of the EU's long-term financial architecture. It is a project of strategic importance — and one that is well worth getting right. By taking the time to consult, align, and deliver meaningful reform, the EU has a unique opportunity to reshape retail finance in a way that genuinely benefits citizens. The destination must remain clear: delivering better outcomes for people, not just more rules. A truly successful RIS will be measured not by the complexity of its framework, but by the simplicity, clarity, and fairness it brings to the financial lives of our citizens.

MARIANA KÜHNEL

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Empowering retail investors through feasible regulation and financial literacy

The Retail Investment Strategy represents a significant step towards greater clarity, enhanced investor protection and improved financial literacy. This progress is driven by updated disclosure requirements, increased accountability of intermediaries in marketing, measures to address conflicts of interest and more effective supervision. Simplification is emerging as a key goal in the ongoing negotiation process that will add significant value to the outcome.

From my point of view a strong capital market requires clear rules, informed investors and supervision that keeps pace with change.

Feasibility in capital market regulation

When it comes to clear rules, simplification measures should lead to a reduction in information overload for retail clients, while also reducing regulatory complexity for both supervised entities and supervisors to enhance feasibility. Therefore, future efforts should concentrate on streamlining and reducing existing regulations rather than introducing additional layers of regulation.

At the same time, proportionality remains a key principle in capital market regulation. This is especially relevant for markets such as the Austrian one, which is characterized by a large number of banks and small investment firms. However, the focus should not be limited to assessing whether rules are proportionate. The rules need to be implementable and feasible for the market, customers, and supervisory authorities.

Regarding potential improvements, ESMA has proposed several amendments and adjustments to the proposed RIS framework, which should definitely be considered in the ongoing negotiations — such as the legal anchoring of the PRIIPs online comparison tool. Moreover, in light of increasing digitalization in the retail investor market, the RIS could however be strengthened in the area of digital advice. A particular focus could be placed on simplifying the "investor journey," including the onboarding process for retail investors and the effectiveness of regulatory disclosures. In this regard, ESMA published a call for evidence in May 2025, which received a high number of responses.

Financial literacy as a cornerstone of investor empowerment

I believe that, in addition to feasible regulation and clear rules, financial literacy plays a crucial role in effectively empowering retail investors and removing – at least perceived – barriers to capital markets.

Since regulation alone cannot meet all investor needs, individuals must be equipped with basic financial knowledge to make informed decisions. Understanding risks, opportunities, and economic interrelations — as well as key concepts like returns and interest — is essential to navigate through taking investment decisions confidently. At the same time, as financial services are increasingly offered online, digital literacy becomes equally important: investors must be able to navigate platforms, critically assess online financial information and protect themselves from digital fraud.

However, financial and digital literacy must be addressed at a broad policy level, well beyond the scope of financial supervision. Financial education should be firmly embedded in school curricula. Furthermore, a diverse network of authorities, media and companies is needed to jointly strengthen financial education across all age groups including pensioners, who are often particularly vulnerable to digital manipulation and financial scams. Current priorities should tackle current trends and should include raising awareness about the influence of social media, financial influencers, artificial intelligence and marketing strategies. In this context, the European Commission's initiative to establish the European Financial Literacy Strategy represents an important step forward.

A strong capital market needs clear rules, informed investors & supervision keeping pace with change.

Digitalization and the rise of young investors

In parallel, supervisory authorities must monitor, follow and adapt to recent developments. One such development is the emergence of "young investors". Over the past five years the number of investors in Austria aged 18 to 24 has increased more than sixfold. Their trading behaviour differs significantly from that of older demographic groups, introducing new players and products into the market. Younger investors increasingly trade via neo-brokers and no longer seek investment advice, which makes the information provided on investment products and the way the information is presented in apps and on websites particularly important. Given its significance for consumer protection, the Austrian FMA has accordingly made this topic a supervisory priority for several years.

Ultimately, the key to empowering retail investors lies in comprehensive financial literacy efforts, while supervisory authorities must ensure that information on investment products is clear, and not misleading. This enables investors to make rational investment decisions based on sufficient information.

ALISON MARTIN
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Empowering retail investors and investing in Europe's future

Negotiations of the proposed Retail Investment Strategy (RIS) are in the last mile. Published by the European Commission (EC) on 24 May 2023 as part of what became the Savings and Investments Union Action Plan, RIS seeks to address the historical gap in investment between European retail investors and their global counterparts while further enhancing consumer protection and the competitiveness of EU financial markets.

Since May 2023, there have been many complex debates about RIS, but now there is an opportunity to achieve an outcome that works for citizens and EU capital markets. By agreeing a regulatory framework that is both simple and competitive, we can ensure easy access to investment, protection and advice for all.

This matters because people in the EU are underinvesting compared to the US, which in turn impacts Europe's economic growth. The first step to changing EU citizens' attitude to investment has to be building their confidence that their interests will be served and protected. In line with the EC's principles of simplification, RIS must achieve this by reducing rather than adding to the current information overload and complicated sales processes that discourage EU citizens from investing.

This means improving disclosure, allowing for transparency to prospective customers on cost structures, and fully utilizing the scope of digitization to simplify and streamline sales processes. Finetuning RIS is also an opportunity to achieve smarter, more harmonized legislation. I believe simplification should begin at the earliest stages of the EU legislative process as each legislative mandate has real-life impacts on our industry but also supervisory responsibilities. Avoiding excessive details in technical implementing measures (level 2) would reduce legal uncertainty and improve technical input by consultative bodies.

Finally, retail investors have to be confident that they are getting fair value from their investments. This can be achieved through smart use of benchmarking by national supervisors to identify (and address) outliers in the market, without further complicating Product Oversight and Governance processes for firms or opening the door to potential price regulation.

Integrating Europe's capital markets to better channel high household savings towards productive investments in the EU will be essential for future competitiveness and growth. A strong RIS framework is essential for building the Savings and Investments Union (SIU), but we should also focus on other important building blocks. For retail investors, it will be decisive that the new savings and investments accounts - a flagship deliverable of the SIU – benefit from inclusion of insurance-based investment products (IBIPs). IBIPs already represent the majority of retail investment in Europe and offer not just investment returns, but also critical protection such as disability cover—benefits that provide valuable protection for our customers. As such, IBIPs are well placed to help achieve an SIU which is "designed to be more inclusive and citizen-focused".[1]

How can we advance inclusion and focus on citizens' interests? Access to new savings and investment accounts should not depend solely on employers. Many people, particularly women and those with non-traditional employment, need flexible ways to invest—through banks, advisors, or directly with insurers.

Also, our experience shows that tax incentives are the single most effective way to encourage people to start saving and investing. Where these incentives exist, we see much higher uptake—and this is helping close the pensions gap and strengthen financial security.

An often-mentioned criterion in building the new savings and investments accounts is the presence of a minimum amount of EU investment. In practical terms we are confident that we are able to manufacture IBIPs that have a significant (or even 90% or 100%) share of EU investment. In this respect, a practical approach is to leverage existing products: Zurich already offers IBIPs in certain EU countries that are predominantly EU focused. However, it is important to keep in mind the need to balance customers' specific expectations (most of all a reasonable return on investment) and the benefit to the EU economy. If products do not offer customers an attractive return on investment, then ultimately, they will not be successful. Broadening the geographical scope of EU investments to include the extended single market with EEA EFTA States could help in this respect.

A strong RIS framework is essential for building the SIU.

Finally, let us not forget that investing can feel daunting, especially for those who have no experience of financial markets. We must combine new regulatory frameworks and national measures such as tax incentives with clear, targeted financial education — empowering everyone to ask the right questions and make informed choices.

1. *See EC Q&A Questions and answers on the Savings and Investments Union, 19 March 2025*

TIMO TOENGES

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The next frontier for EU retail investors: digital advice made simple

Retail investor participation remains low, despite a promising 11% increase in investors since 2022, as highlighted in our People & Money Survey. This growth has been largely driven by the rise of digital platforms offering accessible and easy-to-understand investment solutions, empowering millions of European savers to start investing.

While many of these new investors begin their journey through self-directed investing, they often encounter barriers as they seek to deepen their investments. Europe's current regulatory framework for investment product distribution is barbelled—offering either full financial advice or execution-only services, with little in between. As a result, many individuals fall through the cracks: overwhelmed by the complexity of financial products or deterred by high upfront advice costs.

This highlights a growing need for accessible and trustworthy financial guidance. Simplified advice emerges as a compelling bridge—offering a middle ground between full-service advice and self-directed investing. With digital innovation as a key enabler, there is a unique opportunity to scale this model and better guide investors on their wealth journey.

Simplified advice is streamlined, targeted advice that helps individuals make decisions on specific financial needs— saving for retirement or building an emergency fund. Unlike holistic financial planning, it focuses on a single goal and a limited range of non-complex products making investing more digestible and cost-effective.

Simplified advice could benefit investors without the need for extensive analysis and detailed recommendations typical of full advice, reducing the scope of the current suitability assessment. By lowering barriers to entry, simplified advice can democratise access to targeted insights and empower more citizens to take control of their financial futures.

Despite the opportunity, hurdles remain. Complex financial products and regulatory disclosures can deter even motivated individuals. Low financial literacy and limited trust in financial institutions further undermine engagement. Many digital experiences are fragmented, unintuitive, and lack personalisation.

Therefore, to succeed, a simplified advice proposition must be built digitally around the individual investor's needs. A successful solution would include:

- A user-centred design: interfaces should be intuitive, mobile-friendly, and plain-spoken. Visual tools like sliders and progress bars can help users understand trade-offs and outcomes.
- Modular advice journeys: rather than overwhelming users with lengthy forms, advice should be broken into bite-sized steps. For example, "help me invest €5,000 for 5 years" becomes a guided journey with clear milestones.
- Smart onboarding: "nudges" and dynamic questioning can tailor the experience in real time, making it feel personal and relevant.
- Embedded compliance: suitability checks, disclosures, and audit trails must be seamlessly integrated into the user flow—ensuring regulatory alignment without disrupting the experience.

Trust is earned through transparency and support. Clear, upfront fee structures and realistic projections help investors feel in control. Offering human fallback options—chat, phone, or in-branch—can reassure individuals who need extra guidance. Ongoing nudges, reminders, and progress tracking can keep users engaged and motivated over time.

Several platforms across the EU are already exploring this opportunity. Most FinTechs offer easy to use investing journeys based on users' goals. Meanwhile, traditional banks are piloting digital tools that blend digital advice with human support—extending reach to a broader audience.

To fully unlock these opportunities and empower retail investors, simplified advice should be recognised in regulation. The MiFID framework should introduce this concept, accompanied by proportionate requirements that reflect its limited scope. Information and advice rules should prioritise clarity, relevance, and delivery format—especially for digital channels. Equally important is reforming the current suitability test, which assumes investors have a single, uniform risk appetite. Therefore, overlooking the reality that different goals—such as emergency savings versus retirement—carry different risk tolerances. This one-size-fits-all approach often leads to overly cautious choices, particularly as many struggle to grasp the risk-return trade-off over long investment horizons. The Retail Investment Strategy now under negotiation offers a unique opportunity to adapt the regulatory framework and support the roll out of simplified advice propositions.

Simplified advice can democratise access to targeted insights and empower citizens.

Simplified advice, delivered through well-designed digital propositions within a clear regulatory framework, has the potential to unlock a new wave of retail investors across the EU. But success will require collaboration—between regulators, fintech innovators, and banking institutions—to ensure solutions are compliant, scalable, and genuinely helpful to those they aim to serve.

COSIMO PACCIANI

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Revamping the RIS, or the pursuit of knowledge

The current proposal from the European Commission, alongside the ongoing trilogue, focuses mostly about the concept of clarity and simplification of investment options, hoping this will support the retail investors on their decision making and introducing benchmark and peer comparisons' concepts. The same Value for Money (VfM) framework seems to address the need for a clearer and easier to approach set of financial products (as also well represented by Fausto Parente in the Eurofi's magazine for the April's session in Warsaw[1]).

These negotiations happen in a crucial moment where a potential retail investor has new solutions and 'nearly-liquid' products to invest, like the growing crypto-stable coin markets and within a proliferation of financial advice, also through non-orthodox channels (e.g. social media). We are witnessing an acceleration-proliferation of new opportunities, though often titillating short-term volatility vs. long-term and annuity style investments.

Recent documents, like the Letta Report and Bruegel's research[2] highlight well how the European market is still concentrated in deposits or life products, with a little variety if compared to other geographies like the UK and the US and a growing demographic split int terms of retail investment decisions. Therefore, there is a sense of appetite for investment variety and, as so far as Bruegel recommends, the creation of paneuropan, portable and risk-differentiated products (e.g. the Deep Tech fund advocated also by Letta).

Insofar the EU's proposal goes are focused on improving transparency, reducing complexity, and facilitating product comparability — crucial elements for retail investors who face a maze of financial jargon and complex disclosures – there is a growing need for financial knowledge and education as well.

In addition to these key elements, there is also a growing need to channel and address the ESG risks, long-term impacts, and the real environmental or social effects of investments – whenever the investor may opt for sustainable finance options. There is also a growing requirement for protection against false or misleading sustainability claims. The lack of uniform standards and definitions increases the danger of greenwashing, impairing investor confidence and potentially misleading those seeking genuine sustainability investments.

The current proposals primarily emphasize technical disclosures and standardized labels, yet there is a need to tackle more behavioral biases, misinformation, and varying levels of financial and sustainability literacy among retail investors. Without a strong emphasis on education, even the best-designed regulations risk being ineffective if investors cannot interpret or trust the information provided.

Some ideas on how to empower more European small savers, more comprehensive policies are needed alongside EU proposals, or how to match the demand for returns with the corresponding "pursuit of knowledge":

1. Financial and Sustainability Literacy Campaigns - Education must be prioritized to bridge knowledge gaps. Public campaigns, tailored educational programs, and digital tools should educate small investors on fundamental investment principles, ESG concepts, and how to evaluate sustainability claims. Those campaigns may be addressing different demographic and social needs, with the capacity to address different needs in each stage of life or the individual's preference for sustainable products.

2. Standardization and Simplification of Information - The EU should push for clear, standardized labels, summaries, and scores that allow savers to quickly understand the sustainability profile, risks, and costs of products. Simplified, accessible language is especially vital for small savers, many of whom prefer straightforward solutions and risk-averse approaches.

3. Enhancing Advice and Consumer Protection - Trusted, transparent, and ethical advice—whether from human advisors or digital platforms—is key. Financial advisors should be required to incorporate investment considerations transparently and avoid misleading claims.

4. **Leveraging Digital Innovation** - Digital tools - robo-advisors, apps, and online platforms - can democratize access to sustainable investing. These solutions must incorporate also detailed ESG analytics and clear explanations to build trust. Policy should promote innovation that aligns with high standards of transparency and consumer safety.

5. **Continuous Monitoring and Feedback** - The investment landscape evolves quickly. Regular review mechanisms, incorporating feedback from small savers and consumer associations, are vital. This ongoing oversight ensures policies adapt and sustain relevance, addressing emerging challenges in sustainability and financial literacy.

While the EU's current proposals and trilogue discussions mark significant progress, they are only part of a larger puzzle. For Europe's millions of small savers to truly benefit from sustainable finance, policy responses must go beyond regulation—investing in education, simplifying information, strengthening advice and fostering digital innovation.

Empowering small savers isn't just about creating better rules; it's about cultivating a financial culture rooted in knowledge, trust, and clarity. By prioritizing these areas, the EU can ensure that the development of a stronger European capital market includes everyone, from the largest institutions to the smallest individual investors, safeguarding their financial futures and reducing the risks of 'shallow' and short-termed investment trends.

1. *RIS Value for Money benchmarks and simplification – boosting consumer outcomes - EIOPA*
2. *EU savers need a single-market place to invest*

KAROLIN SCHRIEVER

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The RIS at a crossroads: A plea for more courage in cutting red tape

In an international comparison, Europe – including Germany – has a lot of catching up to do when it comes to establishing an investment culture that sees investing in securities as a natural part of asset formation. In 2021, for example, only around 17% of private household assets in the EU-27 were held in the form of financial instruments, while private households in the USA held around 43% (!) of their assets in securities.[1] The (few) investors who are already active on the capital markets are largely dissatisfied with the excessive bureaucracy that makes access to securities more difficult.[2]

The EU Commission has recognized the urgent need for action and has presented a comprehensive legislative package with its proposal for a Retail Investment Strategy (RIS) in 2023, which is intended to introduce more retail investors to the capital markets. Unfortunately, many of the proposals presented with the RIS are not suitable for achieving this fine goal. This is because many of the envisaged measures provide for a considerable increase in bureaucracy in the securities business, which is likely to deter clients.

It is therefore very positive that the discussions about avoiding new bureaucracy and cutting existing bureaucracy have also reached the RIS: The EU Commission's simplification paper of 2 May 2025 is a first step in the right direc-tion. However, the simplification proposals do not go far enough. It is particularly critical that the EU Commission is only proposing modifications to details. On the other hand, core elements of the RIS proposal that entail particu-larly high implementation costs and whose benefits for investors are questionable (such as, in particular, induce-ment test, best interest test, extension of the appropriateness test and the implementation period) are not recon-sidered.

Clearly, avoiding unnecessary bureaucracy in advance is better than reducing it afterwards. We would like to see bolder steps in this regard. Even a possible withdrawal or postponement of the RIS should not be taboo. Rather, it must be ensured that adjustments to the securities business, which in practice have a major impact on clients and institutions as well as the central political objectives of the EU, are thoroughly thought through.

Avoiding bureaucracy in advance is better than having to cut it afterwards.

Instead of rushing the RIS, it could, for example, be part of a more fundamental review of the requirements for the securities business within the framework of the Savings and Investment Union (SIU). In this context, other topics – which have so far been excluded from the RIS – should be addressed in addition to the (simplification) proposals discussed at European level. These include the urgently needed reduction of information requirements, which is one of the main drivers of client dissatisfaction. In representative surveys, 77.3% of clients stated that the extensive information was not helpful; 62.3% even felt overwhelmed by the amount of information. It would be in the interests of investor protection to reduce the mass of information to a level that makes sense for clients and not – as envisaged in the RIS proposal – to significantly expand it again. ESMA's recent, wide-ranging consultation on the retail investor journey should also be taken into account. It addresses many important areas not covered by the RIS. These include facilitating investment advice, reviewing existing information requirements, and improv-ing PRIIPs KIDs. Another important point is the abandonment of voice recording, to which many clients object.

Promoting financial literacy is another key pillar for strengthening retail investor participation on the capital mar-kets. A successful EU financial literacy strategy should enable lifelong learning, foster coordination of national initiatives and spread proven best practices. One example is the 'Stock Market Learning' powered by the German Savings Banks Association, which is Europe's largest simulation game about the stock market with already 5 Eu-ropean countries participating. Strong partnerships, involving national ministries, central banks, consumer organ-izations, charities, and the financial sector, are essential for advancing financial education. Especially financial institutions with a public mandate or a strong commitment to the common good can play a key role and should be actively involved. Only joint efforts can build lasting financial confidence and resilience across Europe – which is a key factor for the capital market readiness of private households with small and medium incomes.

1. *Proposal for a Directive of the European Parliament and of the Council amending Directives (EU) 2009/65/EC, 2009/138/EC, 2011/61/EU, 2014/65/EU and (EU) 2016/97 as regards Union rules on the protection of retail investors of 24 May 2023.*
2. *MiFID II/MiFIR/PRIIPs Regulation Impact Study: Effectiveness and Efficiency of New Regulations in the Con-text of Investor and Consumer Protection, A qualitative/empirical analysis, Final Report, February 2019.*