

RETAIL PARTICIPATION IN EU CAPITAL MARKETS



MICHAEL J. MCGRATH

Assistant Secretary, Financial
Services Division – Department
of Finance, Ireland

A financial system that is more competitive and accessible

Retail investment is one of the cornerstones of the Savings and Investments Union (SIU) and it is presently a key focus of European policy makers to ensure our capital markets support broader financial inclusion and better investor outcomes. At its core, this is about making our financial system more competitive, more accessible, and better able to serve the needs of our citizens and businesses of Europe. According to the Central Bank of Ireland analysis Irish households hold just 2.3% of their financial assets in direct investments such as listed equity and debt securities, compared to the EU average of 7.5%.

There are several factors any consumer considers when thinking about whether to invest. Recent research by the Central Bank of Ireland indicated that the top three reasons for not investing is a fear of losing money, perception of

insufficient money to invest, and a lack of knowledge about investment options. By enhancing trust, improving financial literacy and deepening our capital markets we can address each of these considerations, whilst providing a tail wind for the European economy.

In the EU capital markets, low retail participation can be linked to a combination of structural, regulatory and cultural factors including a higher risk-aversion amongst Europeans. Many Europeans favour bank deposits which are regarded as a safer option even if they offer little to no returns. Many potential investors struggle to understand risk-reward relation, often associating investing solely with the risk of losing money rather than the opportunity to earn higher returns over time. A lack of financial knowledge and skills to navigate through various investment choices also pose an obstacle for a retail investor in making decisions. The negative impact of inflation on cash deposits is also often overlooked.

Financial literacy is an essential life skill and important component of consumer protection. The aim of financial literacy is to empower citizens, raise awareness, and increase participation in capital markets. Meeting these aims will allow us to create a culture of investment.

A 2023 EU Research report which examined the level of financial literacy across the EU, identified that only 18% of EU citizens have high level of Financial Literacy. Ireland ranks slightly above the EU average with 19% of the population having a high level financial literacy. In February 2025 we published a National Financial Literacy Strategy which seeks to improve the level of financial literacy in Ireland through a vibrant financial literacy ecosystem leading to increased cooperation, coordination and cohesion. Along with the strategy, a set of guidelines called “Financial Education in Schools – Guidelines for the Financial Services Industry” was developed to encourage coordination and best practices to schools and industry on the expectation for financial education initiatives being delivered. Although these strategies will not change investor participation on their own, having the information easily accessible is building greater knowledge and understanding of investing will evolve the market.

Digital platforms may also drive retail participation as individuals have ease of

access and additional financial insights personalised to them (budgeting tools and savings goals). The innovation and integration that digital platforms offer allow for a seamless ecosystem for investors. However, there are also risks associated with utilising digital platforms and this is why due diligence is needed. Investors should be able to have the financial literacy, skills and information easily accessible to make informed decisions.

One development attracting particular interest across the EU is the Commission’s Recommendation on Savings and Investment Accounts (SIA) which was published on the 30 September 2025. SIAs are most effective when they offer investors flexibility and simplicity to use the account as they see fit, to match their investing needs and simplified tax reporting. To democratise investment, we need to both raise investors financial literacy and help to simplify their investor journey. As with the SIU in general, the best approach is a combination of bottom-up and top-down policies.

Many Europeans favour
bank deposits which
are regarded as a safer
option even if they offer
little to no returns.

The Market Integration and Supervision Package (MISP) is a substantive legislative proposal. We recognise the opportunities in the package and Ireland’s responsibility in coordinating with other member States, the European Parliament and other stakeholders to advance legislative files where progress is readily achievable. The MISP has the potential to deepen EU capital markets, broaden the funding sources for European firms and improve financial outcomes for EU citizens while providing for a convergent, robust regulatory regime.



MARIANA KÜHNEL

Executive Director, FMA –
Austrian Financial Market
Authority (FMA)

Simpler, smarter, safer: SIU initiatives enhance retail entry to capital markets

Despite high household savings, retail engagement in EU capital markets remains limited, due to persistent structural frictions related to complexity, trust and usability, rather than a lack of interest. The Savings and Investment Union (SIU) seeks to address these frictions by improving the conditions for retail investors participation in capital markets, while preserving a high and consistent level of investor protection across Member States.

In this context, SIU-related initiatives can significantly strengthen retail participation by addressing three closely linked drivers: transparency, financial literacy, and simple access to investment products. For example, the Retail Investment Strategy (RIS) targets enhanced transparency by modernising and simplifying investor protection rules. Such measures build trust and reduce barriers especially for first-time investors. The RIS directly supports the EU's Savings and Investment Union objectives by broadening access to efficient investment opportunities.

Financial literacy as a cornerstone of the SIU

Financial literacy is a key component of the SIU in helping to bridge the gap between high household savings and low capital market participation. Levels of financial knowledge continue to vary widely across countries and social groups: women, young people and older adults often display lower knowledge levels. Limited understanding of risk, diversification and long-term returns discourages investment, even where sustained market participation would improve wealth outcomes.

A recent study in Austria has shown that although general financial knowledge is strong by international standards, specific knowledge about securities remains weak. It also reveals major misconceptions: a third believe dividends are guaranteed, almost half see the stock market purely as a form of gambling, and 44% think investing small monthly amounts is not useful. Additionally, the study shows a gap between actual and perceived knowledge, reinforced by scepticism and myths, which is also a factor for cautious investment culture. By strengthening skills, confidence and trust in capital markets, household savings can be mobilised more effectively for economic growth. I strongly believe that, alongside feasible regulation and clear rules, financial literacy is a cornerstone to effectively empower retail investors and for removing perceived barriers to capital markets.

Digital access to investments: opportunities and supervisory challenges

The SIU also addresses the digitalisation of retail investing in a substantial, albeit not yet fully comprehensive, manner. Its objective of EU-wide, easy-to-use savings and investment accounts, supported by digital interfaces, simplified provider switching and tax incentives, form a solid foundation for expanding digital retail investment solutions.

At the same time, retail market developments show a clear shift towards younger, more digitally oriented investors. A recent FMA study highlights this trend: in Austria, the number of investors aged 18 to 24 has more than quadrupled, and those aged 25 to 39 have more than doubled. Over the same period, ETF volumes have tripled and their share of investment funds has increased from 3% to 15%. This evolution is reshaping investment behaviour, both in terms of products, with a strong move towards funds and especially ETFs, and in how investments are accessed, increasingly via digital channels.

As a result, investor protection is shifting its focus towards usability and the digital investor journey. App design, in-app information, onboarding processes, suitability assessments and ongoing prompts have become central elements influencing investment decisions. It is precisely at this interface that supervisory and industry perspectives call for greater specificity. Digital advice, including AI-supported recommendation systems, requires careful assessment by both firms and supervisors. Onboarding processes must be streamlined while ensuring that information is actually understood and that investor behaviour is guided responsibly. In addition, new digital actors such as finfluencers play a growing role, while the behavioural impact of app features like gamification and nudging call for more targeted regulatory attention.

**Financial literacy and
simple digital access
are key to unlocking
retail investment.**

Conclusion

The structural disconnect between savers and capital markets provides Europe with a larger challenge than a shortage of savings. The SIU plays a central role in addressing this gap by strengthening financial literacy and facilitating digital access to investments while maintaining high investor protection standards. From a supervisory perspective, success will depend on whether these initiatives translate into clear, usable and proportionate frameworks that genuinely improve investor outcomes. In particular, digitalisation will require more specific guidance to ensure that innovation enhances trust, market integrity and sustainable retail participation.



SÉBASTIEN RASPILLER

Secretary General – Autorité des Marchés Financiers (AMF)

Increasing participation in capital markets: time to empower retail investors

EU households' savings constitute a massive source of potential funding. EU households keep one third of their assets in bank deposits, which amounts to close to twice the EU GDP. Channeling them to the EU's real economy and strategic objectives is one of the core ambitions of the Savings and Investment Union (SIU) strategy of the European Commission. Indeed, increasing retail investment in capital markets would offer better returns for EU citizens, while financing the EU's engines of long-term growth, at a time when the recent Draghi and Letta reports have pointed at the considerable investment needs of the EU to finance defence, innovation and the digital and green transitions.

Such ambition is now setting the tone for reforms to the EU body of financial services rules. Over recent years, legislative reforms have sought to enable retail investors to gain exposure to more diversified investment strategies, whilst maintaining appropriate safeguards. Emblematic of such mindset is the removal of the investment ceilings applying to retail investors in ELTIF in the ELTIF 2.0 framework: the intention was to increase retail participation in

long-term and illiquid assets, without relinquishing investor protection (a suitability assessment is still required). Since the reform, ELTIFs have proven highly popular in France, reaching EUR 4.9 billion in assets under management at the end of 2025, with EUR 1.4 billion in net subscriptions during 2025 alone.

In the same vein, **the Retail Investment Strategy (RIS)**, which reaches the final stages of its legislative marathon, signals a perceivable move towards simplification of retail journey and **openness to risk-taking**. To illustrate such a mindset, one may mention several examples: the decision to abandon the alert due by portfolio managers to their clients in case of a portfolio depreciation of 10%, the easing of the criteria for a retail investor to be treated as a professional investor, or the new simplified advice regime, whereby advisors providing recommendations to consumers on diversified, non-complex and cost-efficient instruments will be allowed to perform a simplified suitability assessment. In addition to those alleviations, the **conditions for investor's trust** will be enhanced by new measures aimed at encouraging producers and distributors of retail products to keep their costs under tight scrutiny. Product governance will include **'Value for Money' checks** whereby all costs will have to be identified and quantified, with a view to ensuring that they are justified and proportionate in view of the products characteristics. Such a pricing process is set to bring more discipline and transparency to the retail products space, paving the way for renewed EU retail participation in financial markets.

The Commission's **Blueprint for Savings and Investment Accounts (SIAs)** published in September 2025 encouraged Member States to set up savings and investment schemes incorporating certain best practices observed in the EU. One of them is to allow retail investors to channel their investments into the EU economy to contribute to strategic EU priorities. Coherent with this direction, the **'Finance Europe'** label launched in June 2025 by the finance ministers of 7 Member States is a clear commitment to deliver, under a form of cooperation and mutual recognition, an investment wrapper combining tax incentives with a minimum quota (70%) of investments in EU companies, inspired by successful national experiences (e.g., PEA in France). It is commonly recognized that favorable tax treatment significantly influences investors' choices, affecting their asset allocation, investment horizon, and choice of products. Combining domestic tax policy with an EU label should be instrumental

in incentivising retail investors to participate in capital markets.

Developing financial education is another lever to empower EU citizens into making more informed investment decisions. To be impactful, financial literacy initiatives need to take into consideration the new investment behaviours of retail investors, especially younger generations who favour access through apps and social media but may often be lured by simplistic promises. Financial education must deliver simple, actionable messages on the risk/return trade-off, the impact of fees over time, and the benefits of diversification and long-term investing, using the channels that investors actually use. It should be anchored in a broader EU-wide effort, under the RIS and SIU strategy, to provide better quality disclosures and genuinely user-friendly digital journeys.

Regulation can never be a substitute for investors' judgment, but it can create the conditions for trust.

Of course, regulation can never be a substitute for investors' judgment, but it can create the conditions for trust and help consumers navigate their financial lives with well-regulated and efficient products. This requires acknowledging that risk is inherent to investment and may be embraced by educated investors as long as high-quality advice is available.



PANAYIOTA KARAMANOU

Director General Financial
Stability and Resolution –
Central Bank of Cyprus

Building investor confidence: the missing link in the SIU vision

The Savings and Investment Union (SIU) seeks to mobilise Europe's abundant savings and channel them toward productive investment. The Financial Literacy Strategy aims at increasing citizens' knowledge to make informed decisions and build long-term financial resilience. However, earlier financial literacy initiatives across Member States have done little to increase retail participation. This suggests that the challenge facing the SIU is not only educational, but also behavioural.

Survey evidence illustrates this point. Eurobarometer 2023 data reveal only a weak relationship between financial knowledge and ownership of investment products. The Netherlands, the highest scoring country in financial knowledge, reports investment holdings of roughly one fifth of respondents, while Malta, with a mid-range knowledge ranking, records ownership closer to one third. The implication is straightforward; understanding financial products by citizens does not automatically lead to their use for investing. Rather, *to turn SIU awareness into action, we need trust, fairness and meaningful incentives.*

Trust appears to be the missing transmission channel. Around 45% of Europeans are not confident that investment advice is provided in their best interest, a figure that is even lower in crisis-affected Member States such as Cyprus and Greece, where only around 20% express confidence. This finding is not new. The Commission had recognised in 2020, through Action 8 of the Capital Markets Union Action Plan, that lack of trust was the main obstacle to retail market participation and translated that diagnosis into the Retail Investment Strategy (RIS) proposal in 2023. The RIS emphasises transparency and comparability, but its broader significance is behavioural. It aims to empower retail investors and make investing safer, fairer, and more transparent, by building trust and confidence in the EU market.

Financial conduct supervision plays a central role in converting knowledge into action. When advice is demonstrably aligned with clients' interests, costs are transparent and outcomes comparable, confidence increases. Conversely, even well-informed consumers avoid markets when experiences appear inconsistent. Consistent conduct standards across the EU can therefore act as a consumer protection tool and enhance retail participation.

Visibility of outcomes matters as well. Monitoring retail participation through common indicators, such as complaint ratios, suitability assessments and realised net returns, could make fairness observable. Confidence increases when savers can see that similar investors receive comparable outcomes across intermediaries and jurisdictions.

**To turn SIU awareness
into action, we need
trust, fairness and
meaningful incentives.**

Participation also depends on the availability of investable opportunities. Financial literacy initiatives mainly target households, yet many SMEs remain unfamiliar with equity financing, investor engagement, and EU investment vehicles. Strengthening financial capability among SMEs would widen the pool of investable firms and support retail participation simultaneously. Capital markets require both confident investors and investment-ready companies.

Financial literacy and trust-building efforts across Europe must be

coherent and consistently delivered across Member States, rather than fragmented across institutions. Today, multiple institutions, including the EC, the OECD, the ESAs, and national committees, run parallel campaigns, while the RIS introduces additional measures. The result is a dense and dispersed landscape, with overlapping objectives but limited coordination, thus reducing the overall effectiveness of financial education as a lever for increased participation.

Incentives should reinforce these efforts. Divergent national tax treatments continue to fragment participation and discourage cross-border investment. Greater comparability and portability of long-term investment incentives, even without full harmonization, would strengthen the single market dimension and ensure more equal participation conditions across the Union.

Digitalisation can scale these effects. Platforms can simplify access, embed guidance, and make comparisons clearer, turning capability into practical action. Yet digital distribution amplifies mistrust if conduct standards differ. Aligning digital practices with consistent conduct rules is therefore essential so that the use of technology reinforces confidence.

The transition from financial literacy to participation requires a broader ecosystem. Knowledge is the starting point, but trust, fair conduct, consistent incentives, coordinated and mutually reinforcing measures across the Union and accessible markets boost citizens' confidence to invest. The SIU will succeed not when Europeans simply understand investment, but when participation becomes stronger, consistent, comparable and a genuinely worthwhile experience across the Union.



CHLOE BARZ

Senior Director of International Government and External Affairs – Robinhood

Democratising access to investment opportunities in the EU

The EU has rightly prioritised deeper retail participation through the Savings and Investments Union (SIU). While households hold substantial savings, equity ownership remains uneven and far below other major economies. This imbalance widens wealth disparities and undermines the EU's competitiveness.

There is now a unique opportunity to narrow that gap. The EU is entering the largest intergenerational wealth transfer in its history, and younger cohorts are investing earlier: 45% of Gen Z and Millennials began in early adulthood, compared with 15% of older generations. Digital access, lower entry thresholds, and embedded education are reshaping participation. Yet whether these gains reach households at scale largely depends on regulatory design.

What should policymakers prioritise to translate this moment into lasting participation?

First, fix structural access. Fear of loss and uncertainty remain major barriers. Clear, stable tax treatment through simple, widely available investment wrappers would strengthen confidence.

Today's landscape is fragmented: tax-advantaged equity accounts are not universal, and legacy rules (including whole-share requirements) limit diversification and tools such as fractional investing.

In light of developments in other major jurisdictions, the EU could encourage wider adoption of effective national tax wrappers while also revisiting the case for a simple, portable European Savings and Investment Account, potentially including account opening at birth with a modest seed. Research from the German Council of Economic Experts indicates indeed that even small early seed contributions can materially increase participation and long-term savings outcomes. If unanimity proves unattainable, discussions within the newly formed E6 could serve as a starting point, with enhanced cooperation providing a pragmatic pathway for willing Member States.

Second, safeguard affordability. For first-time investors committing modest sums, even marginal cost rises can deter entry. International experience shows that lower trading costs and reduced minimum investment thresholds are associated with higher retail participation, with roughly 62% of US adults now invested in markets. Pricing and market design therefore matter. As recent market structure reforms are implemented, the EU should monitor their cumulative impact on retail execution outcomes to ensure that well-intentioned protections do not inadvertently raise barriers to participation. A retail-focused SIU must balance investor protection with accessibility and cost-efficiency.

Compounding builds wealth, but exclusion compounds inequality.

Third, broaden access to growth. Companies stay private longer, and much value creation occurs before listing, leaving retail investors excluded. Compounding builds wealth, but exclusion compounds inequality. While the Retail Investment Strategy improves client categorisation, elective professional status will remain largely limited to affluent investors. Broader participation requires structural solutions. Tokenization is a major structural opportunity: it can lower entry thresholds, enable fractional ownership and facilitate regulated liquidity for assets that have traditionally

been illiquid, while preserving investor protections. With MiCA the EU has laid the groundwork. The Market Integration Package is now an opportunity to move from experimentation with EU DLT Pilot Regime to a permanent and scalable framework.

To do so, three practical frictions should be addressed. First, disclosure rules designed for traditional IPOs can be disproportionate for tokenised private assets; a simplified, passportable disclosure regime tailored to their risk profile would improve viability without weakening protection. Second, standardised instruments that provide fully backed, linear exposure to listed shares should not be treated as complex solely because of their legal form; classification should reflect economic substance and actual risks. Third, tokenised financial instruments need access to durable, multilateral liquidity rather than being confined to a time-limited pilot framework. Allowing them to trade on regulated crypto-asset platforms, subject to consistent investor protection and transparency standards, would support price discovery while maintaining oversight.

A retail-first Savings and Investments Union requires simple access, modern wrappers, competitive market structure and proportionate rules aligned with how capital forms today. If the EU succeeds, it will deepen its markets and expand opportunities for the next generation.



CARLA SLOAD

Head of Ireland and Head of European Product Delivery – Fidelity International

Bridging Europe's savers and capital markets

Europe's capital markets offer significant potential for retail savers, yet participation remains limited. Vast sums remain in low-yield deposits, despite a mature asset management industry offering diversified funds with higher return potential. These funds offer retail investors access to equities and fixed income via pooled expertise and diversification.

The challenge lies in encouraging more households to engage while maintaining the trust essential to sustained participation. This has become a priority under the EU's Capital Markets Union agenda.

Broader retail investment would not only help citizens build wealth but also provide the economy with more stable funding.

The EU's Savings and Investments Union (SIU) agenda addresses the retail investment challenge through a suite of initiatives. One key element, the Retail Investment Strategy, sets out to reinforce investor protection and better align advice with clients' interests. While its full implications are yet to materialise, the ongoing technical discussions provide a window to shape its implementation in a way that supports retail engagement. At the same time, the Market Integration

Package (MISP) is modernising the infrastructure underpinning capital markets – essentially upgrading the financial “plumbing”. By introducing a consolidated tape and moving towards T+1 settlement, MISP enhances transparency and efficiency, reducing fragmentation and operational friction. These improvements are vital to ensure that when more retail money starts flowing, the pipes can handle it smoothly. For asset managers, easier cross-border distribution and better market data under MISP should lower costs and expand offerings for retail clients.

However, infrastructure alone is insufficient. To convert more savings into investment, citizens also need accessible and attractive entry points. The SIU is championing European tax-incentivised savings and investment accounts as a straightforward way to turn bank savers into capital market investors. These accounts, inspired by successful national models, could offer a simple, tax-efficient way for households to invest. If implemented effectively, they could help normalise investing as a routine financial behaviour. In several Member States where such accounts are already in place, retail participation has shown encouraging signs of growth – benefiting, in part, from design features that offer flexibility in investment choices, including the absence of rigid geographic mandates. The SIU's goal should be to build on these experiences to support broader uptake across the Union.

Funds and efficient markets can turn Europe's savers into investors – if trust endures.

Equally, strengthening private pension frameworks is essential. Member States with broad occupational and personal pension coverage – often underpinned by auto-enrolment – exhibit much higher levels of retail investment, primarily through default participation in long-term savings vehicles. Encouraging reforms to widen pension participation and improve product appeal will be key to building a stable base of long-term capital. Notably, where pension systems are strongest (for example, in the Netherlands or Denmark), a large share of household wealth is invested in capital markets via pension funds, underscoring the importance of this channel.

Taken together, these measures represent a coherent strategy to support asset managers in broadening retail

participation. They address the principal barriers – confidence, access, and cost – without compromising investor protection. In essence, the approach tackles both sides: boosting investors' willingness and ability to invest (through trust and incentives) while improving the market environment (through efficiency and integration). Trust is reinforced through transparency, product simplicity, and regulatory safeguards that underpin both savings accounts and pension frameworks. The emphasis on client-centric advice and supervisory convergence provide a sound foundation for growth. The asset management sector should welcome this, benefiting from a larger, more engaged retail client base.

Nonetheless, success will depend on coordinated implementation. Member States must act decisively – rolling out the new savings accounts, advancing pension reforms, and addressing the siloed national tax and administrative regimes that continue to complicate investment. They should also support timely implementation of MISP's integration measures to ensure the ‘plumbing’ upgrades take effect.

Maintaining high standards as participation expands will depend on effective coordination among national supervisors, underpinned by consistent application of rules across jurisdictions.

The SIU and MISP initiatives offer a timely opportunity to deepen Europe's capital markets and foster more inclusive growth. If executed with ambition and care, they can help transform Europe's savers into investors – strengthening the financial system and allowing more citizens to share in the continent's economic progress, all while keeping the investor at the centre, protected and confident.



JULIA KOLBE

Head of Capital Markets Policy
& UK, Government & Public
Affairs – Deutsche Bank AG

Bridging the gap: from savings to investments and beyond

There is renewed political and geostrategic urgency to create deeper, more integrated EU capital markets. Retail investment is central to this ambition.

EU citizens invest less than global peers; generally preferring to hold their money in cash savings. On average, US households invest 40% more of their assets in financial markets than those in the EU, with the gap between the US and Germany even wider¹.

Saving is crucial – bank deposits offer security and certainty, and underpin lending capacity. But overreliance on a single-track approach to saving incurs opportunity costs, acting as a structural drag on wealth creation (with interest rates often negated by inflation) and on the EU's ability to finance innovation, defence, and the energy transition.

Capital markets enable individuals to augment their savings approach. A broad range of products offers greater flexibility for citizens to ensure financial resilience and respond to differing needs throughout their lives: funding education, buying a house, starting a business, or retirement.

Bridging the gap between savers and markets is as much a cultural issue as a regulatory one. Moving the dial on EU retail investment will require incentivisation, simplification, and a commitment to education that transcends political agendas.

Accessible routes to market participation

The Commission's blueprint² for EU savings and investment accounts (SIAs) draws on successful examples like Sweden, where strong retail investment culture has translated into broader economic benefits.

For SIAs to be effective, several features matter: simplicity (few restrictions and integrated tax processes), flexibility (wide range of eligible products), and portability (easy switching across providers and borders). Favourable tax treatment and intuitive onboarding will also be crucial drivers of investor participation and banks' willingness to offer these products.

Debate continues over whether SIAs should impose EU-focused asset allocations, given Europe's financing needs. However, research³ shows geographically mandated products typically perform less well, and EU investors already exhibit a natural home-bias without regulatory intervention.

Setting the right regulatory conditions

The regulatory regimes that form the "investor journey" need careful calibration. Rules must balance crucial consumer protections without overburdening customers or discouraging investment.

Bridging the gap between savers and markets is as much a cultural issue as a regulatory one.

Regulatory complexity and burden placed on firms who manufacture and distribute financial products can translate into higher costs, narrower product ranges, and discourage their ability to serve a wide range of customers.

The recently agreed Retail Investment Strategy (RIS) will introduce changes including a framework for assessing value for money and addressing conflicts of interest, with new requirements (benchmarking, peer group comparisons) for firms to navigate. As the RIS is

implemented, it will become clear if policymakers have found the right balance.

It is right that these rules focus on preventing harm, but overprotection and dis-incentivisation are also sources of consumer detriment. For some, the cost of not investing could be significant over a lifetime. This should be a personal choice, not a regulatory outcome.

Education can drive culture shift

Better regulation can plug information gaps, but doesn't solve for an underlying lack of understanding. According to the Commission's recent Financial Literacy Strategy⁴, only 18% of EU citizens are considered highly financially literate.

The Strategy identifies sensible policy levers – including coordinated national programmes and learning benchmarks – which could meaningfully shift consumer behaviour and support informed risk-taking. These measures must be advanced and embedded swiftly at the national level.

Conclusion

There is no silver-bullet solution to get Europe investing. It requires the right policy levers, delivered at pace, within an enabling political environment but the potential benefits cannot be ignored.

The think tank New Financial estimates an annual one percentage point shift in EU household assets from deposits into capital markets could unlock over €3tn after a decade. Even then, average EU household cash savings would remain significant at 23%, higher than in Member States like Denmark or Sweden⁵.

The end goal should be a Europe where citizens understand the role of capital markets in their financial lives: what they do, how and when to access them, and how to balance risk with resilience. Getting this right is a strategic necessity.

1. *A focus on market outcomes: Reforming EU financial regulation (New Financial, Oct 2025)*
2. *Recommendation on Savings and Investment Accounts (European Commission, Sep 2025)*
3. *Designing savings and investment accounts in EU (New Financial, May 2025)*
4. *Communication on a Financial Literacy Strategy for the EU (European Commission, Sep 2025)*
5. *Designing savings and investment accounts in EU (New Financial, May 2025)*