NEW RETAIL INVESTMENT MODELS

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AI, digital platforms and the future of insurance distribution

From an insurance perspective, the emergence of digital investment platforms and AI-enabled investment journeys raises an important question: is the EU regulatory framework still organised around the way consumers invest today, or around the legal labels attached to products? Increasingly, similar customer journeys can fall under different regulatory regimes depending on whether they involve an insurance wrapper, a financial instrument or a crypto-asset, even though consumers may expect equivalent protection.

Digital platforms illustrate this challenge well. A platform may begin by offering ETF savings plans or investment accounts, but later integrate life insurance, retirement products or protection features. At that point, the Insurance Distribution Directive (IDD) becomes relevant, raising questions about when a digital platform or algorithm is carrying out insurance distribution, whether personalised recommendations amount to advice, who is responsible for suitability or demands-and-needs assessments, and how product governance obligations apply where insurers, technology providers and platforms all play different roles. Looking further ahead, another significant development is the emergence of agentic AI, with AI agents increasingly acting autonomously at the behest of customers to support decision-making and execute actions.

As retail investment models become increasingly digital and embedded, supervisory attention is likely to shift from individual firms towards the governance of the entire customer journey. Digital platforms and AI present similar opportunities and challenges. Digital advice and automated investment journeys can make financial services more accessible and affordable, but insurance products often require considerations that go beyond investment risk alone.

Recent market developments already illustrate how distribution models are evolving. Some digital insurers are moving insurance distribution into AI-driven customer journeys, allowing consumers to obtain personalised insurance quotes through conversational AI rather than traditional websites or intermediaries. This represents a shift from consumers actively searching for products towards insurance being offered at the point of digital discovery, with AI acting as the interface between customers and regulated insurers.

While such models have the potential to significantly reduce friction and improve accessibility, they also raise important regulatory questions about when AI platforms are carrying out insurance distribution, who is responsible for complying with the IDD, and how supervisory responsibilities should be allocated across insurers, technology providers and digital platforms.

In addition, questions have been raised to EIOPA about whether AI chatbots that collect personal data, filter products or provide recommendations are carrying out an insurance distribution activity under the IDD. If so, the entity deploying or providing the chatbot may need to meet IDD rules, including registration, information obligations and conduct rules. The distinction between information and distribution is therefore essential. While chatbots providing general explanations may fall outside the scope of the IDD, those assisting consumers with personalised product choices may trigger its rules.

More broadly, new digital investment models challenge existing approaches to fair, clear and not misleading communication and product governance. Online platforms increasingly use behavioural design to influence consumer decisions. While these technologies can improve customer experience, they also create risks if they embed "dark patterns" and steer consumers towards products that generate higher remuneration or are not aligned with their long-term objectives. The existing IDD "best interests" requirement and product governance framework, including value for money assessments, provide a strong foundation, but it will need to evolve so that supervision focuses not only on the insurance product itself, but also on the digital customer journey.

Supervisory focus may need to expand from individual products to entire customer journeys.

Overall, the EU framework remains broadly capable of accommodating innovation because its core principles – consumer protection, suitability, product governance, operational resilience and disclosure – are largely technology-neutral. The greater challenge lies in ensuring that these principles are applied consistently across different distribution models and technologies. As investment journeys increasingly span insurance, investment and digital services, the regulatory framework may need to evolve to allow the supervisory focus to shift from individual products to customer journeys, ensuring consistent consumer protection regardless of the distribution channel or product wrapper.

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Retail investment innovation in France and Europe: a regulatory perspective

Retail investment in France, and in Europe, is evolving rapidly, driven by demographic changes, digital distribution channels, innovative financial products and technological change. Retail investors are younger and more digitally connected, but they are also increasingly aware of the need to invest for their future retirement. While technological developments broaden investment opportunities and strategies, they also create new vulnerabilities, and challenge traditional regulatory frameworks. It is not always easy to stick to the traditional "technology neutral" approach, since in some cases, new technologies create specific risks and/or need regulatory adaptations.

In response, both the French Autorité des Marchés Financiers (AMF) and the European Securities and Markets Authority (ESMA) have adopted a pragmatic approach: encouraging innovation while ensuring that investor protection and market integrity remain at the core of regulation.

ELTIFs (European Long-Term Investment Funds) illustrate this trend. ELTIF is a label accessible to Alternative Investment Funds (AIFs) that aims to channel European savings into the real economy. The label also allows AIFs for benefiting from the European marketing passport. This label was first introduced in 2015 and was reviewed in 2023 (ELTIF 2) in order to favor retail participation by relaxing ELTIF rules without compromising investor protection (e.g. enhanced liquidity management). Fractional shares also help democratize access to capital markets by allowing retail investors to invest small amounts, although it is essential that investors clearly understand the nature of what they own and the rights and limitations associated with holding fractional shares.

The evolution of the French approach to crypto-asset-linked products also shows this regulatory philosophy. Following the entry into force of the Markets in Crypto-Assets Regulation (MiCA), the AMF has updated its position considering cryptos as "unusual assets", to allow the marketing to retail investors of certain crypto ETNs. Such ETNs must be based on the most established crypto-assets under specific conditions, such as delta-one exposure and physical backing. At the same time, the crypto-asset ecosystem is not only expanding through traditional financial instruments such as ETN. Tokenisation of assets is also creating a new way to trade financial instruments. It could notably enable faster, or even near-instant, settlement, disintermediation and simplification of the market value chain, as well as the automation of operations through smart contracts.

Retail investment is increasingly shaped by digital technologies as well. Digital platforms, distributed ledger technologies and artificial intelligence are transforming the retail investment ecosystem by improving accessibility and reducing transaction costs. At the same time, they increase risks of scams and frauds. This technological transformation raises challenges extending well beyond product regulation as it also offers an opportunity to foster competition in the distribution space and to streamline regulatory requirements in this area as part of the simplification and burden reduction effort.

Artificial Intelligence (AI) further illustrates this evolution. AI is increasingly used by retail investors to obtain information, understand products and prepare investment decisions. AI recent survey[1] conducted by the AMF shows that 11% of French investors are using it already, in a manner that somewhat resembles its use in the health area: they tend to gather information before they go to a traditional financial advisor. However, there is a clear generational divide (people under 35 are significantly more likely to use AI (19% vs. 4% among those aged over 55)). Regulators, particularly the ESMA, therefore promote a risk-based approach, by which investment firms remain responsible for AI-assisted services. Beyond conduct issues, AI also raises operational and cybersecurity concerns, suggesting that future regulatory discussions may increasingly focus on governance frameworks comparable to those already developed under the Digital Operational Resilience Act (DORA).

... to foster competition in the distribution space and to streamline regulatory requirements...

The challenge ahead will be to maintain a proportionate framework that supports innovation and facilitates investor journey without compromising investor protection, market integrity or operational resilience. Whether addressing crypto-assets, prediction markets or AI-enabled investment services, the common objective remains the same: fostering confidence as the foundation for deeper retail participation in European capital markets.

1. *https://www.amf-france.org/sites/institutionnel/files/private/2026-06/Investissement%20et%20intelligence%20artificielle%20tendances%20usages%20et%20perceptions_0.pdf*

LUÍS LAGINHA DE SOUSA

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Calibrating regulation for innovation and competitiveness

Digitalisation and the cross-border nature of financial activity are eroding traditional regulatory and geographical boundaries, challenging the suitability of existing regulatory frameworks.

When assessing whether financial regulation remains fit for purpose, it is important to recognise that European and national policymakers are increasingly focused on competitiveness.

Ensuring that financial markets fulfil this role amid rapid transformation is both strategic and complex. While innovation has always shaped capital markets, digitalisation is accelerating change, requiring regulators and market participants alike to understand new technologies, emerging practices and the risks they may create.

Portugal is seeing significant developments, including the growth of pan-European digital brokers and neobanks offering low-minimum ETF investment plans. These models may contribute to the democratisation of capital markets, but they also blur distinctions between products, services and market participants.

Automated model portfolios and robo-advisory services may provide an attractive alternative to traditional portfolio management and investment advice, but investors may not always understand the nature of the service provided.

AI and tokenisation are also reshaping investment services, operations and investor decision-making. These developments may also shift economic and informational power towards new actors that fall partially or entirely outside the traditional regulatory perimeter, potentially increasing opacity.

A further layer of complexity stems from social media platforms and the growing role of finfluencers.

A defining feature of this evolution is the blurring of boundaries between simple and complex products, regulated and unregulated products, financial services and social media content, and investment and gamified behaviours.

Many of these business models are designed to increase participation in capital markets, particularly among younger investors, by lowering entry barriers. New investors mean more savings potentially flowing into the productive sector. However, if inexperienced investors are nudged towards complex, high-risk products through behavioural biases and limited financial literacy, participation may rise while outcomes and confidence deteriorate.

Regulation and supervision must keep pace with innovation, supporting competitiveness and investor protection.

In some cases, the existence of regulation may even create a false sense of security. MiCAR undoubtedly expands the regulatory perimeter, but it does not place crypto-assets on an equal footing with financial instruments regulated under MiFID, either in terms of their role in financing the economy or the level of investor protection attached to them.

These developments also give rise to operational resilience and market integrity risks, including cybersecurity threats, outages, third-party dependencies, manipulation, misleading recommendations and new forms of market abuse.

Europe's regulatory framework is built on a comprehensive set of regimes and the principle that firms must act in the best interests of their clients. The challenge is to ensure that simplified regulation addresses emerging risks while promoting innovation, competitiveness and efficiency.

In addition, three specific challenges deserve particular attention.

First, investors increasingly encounter ETFs, crypto-assets, tokenised assets, fractional shares, structured products and turbo certificates through the same digital interfaces, despite the different regulatory frameworks and levels of protection that apply to each. Ensuring access to clear and reliable information is therefore essential, as is equipping investors with the skills needed to assess it critically.

Second, the increasingly cross-border nature of distribution reinforces the need for supervisory convergence. It also raises questions about the ability of smaller market participants to compete effectively, particularly those outside larger groups.

Third, investor protection tools may prove insufficient if digital interfaces nudge investors towards riskier behaviour or if AI-generated explanations foster unwarranted confidence. Ensuring that AI systems and interface designs are properly tested and monitored is therefore becoming a supervisory priority.

Our role is not only to ensure that markets remain fair, transparent and orderly, but also to foster an environment in which responsible innovation can flourish while supporting investor confidence and efficient capital markets.

Achieving this outcome requires regulation and supervision to be appropriately calibrated. This, in turn, demands a common understanding of the applicable frameworks, continuous monitoring of their implementation, effective information sharing among supervisors and policymakers, and ongoing dialogue with market participants.

Such calibration should ultimately support deeper integration of European capital markets, enabling them to finance innovative and globally competitive companies while offering investors attractive opportunities for long-term wealth creation.

CHLOE BARZ
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Unlock investing through innovation

Robinhood exists to make investing more accessible. That mission is moving up the EU's political agenda, and rightly so: pension gaps are widening, and AI is reshaping the balance between labour and capital. In that world, access to investment cannot remain a privilege of the few. Broader participation is part of the new social contract.

Good policy should therefore do one thing above all: help people start earlier, with better tools, and fewer unnecessary barriers. The biggest mistake policymakers can make is to treat time as neutral. It is not: every single year spent out of markets is a year of lost compounding that no downside protection can restore.

That is why the EU's retail investment debate should begin with a practical question: what stops potential investors from actually starting to invest? The answer is not abstract: cost, price, and access.

Recent Robinhood research across 6,811 people in 14 EU member states found that 60% of current investors have wanted to buy a share but found the price unaffordable, 47% have abandoned a trade because of fees, and 48% have been unable to trade because the exchange was closed. The same research also shows what would help: 40% cite fractional investing, 45% lower fees, and 49% the ability to trade at any time. In other words, people are held back by market design, not lack of interest.

That is where tokenisation can expand participation. In simple terms, tokenisation means turning financial instruments into digital tokens exchanged more efficiently on blockchain infrastructure. Done well, it addresses each of these barriers directly: fractionalisation lowers the entry price, on-chain settlement can cut trading costs, and always-on markets remove the exchange-hours constraint.The EU deserves credit here: it is among the first major jurisdictions to allow tokenised equities through a licensed, regulated structure.

The next step is straightforward: make that framework usable at scale. Today, the legal basis exists, but practical frictions still blunt the benefit. The clearest example is MiFID's appropriateness test: it treats a fully backed, non-leveraged stock token like a complex product because of its legal wrapper rather than its actual risk, recreating the barrier tokenisation is meant to remove. That approach should be reviewed for products backed 1:1 by traditional listed equities that give investors recourse to those shares.

Tokenisation is not just a technical upgrade. It also widens access to investment opportunities that have historically been out of reach for ordinary retail investors.

> **Tokenisation can create more accessible and frictionless financial services for all.**

Robinhood's SpaceX Stock Token giveaway shows how tokenisation can open earlier access to assets that have historically been limited to a wealthy few. In June 2025, Robinhood gave eligible EU customers a small promotional Stock Token tracking SpaceX's value before listing, at a reported $425 billion valuation. When it listed in June 2026 at roughly $1.75 trillion, those customers had already accrued much of that increase in value, growth they would otherwise have had no way to access. That is the point of tokenisation: creating more accessible and frictionless financial services for all.

But reform should not stop with tokenisation. The EU should also make room for better tools to help people participate once access exists. That is where agentic investing matters.

For many people, the barrier is not willingness but confidence, time, and financial fluency. Agentic investing, where AI agents can act within investor-set guardrails or a specific strategy, has the potential to close that gap. It could help more people move from intention to action, especially those who are intimidated by complexity or do not have the time to manage their portfolios without assistance.

If the EU wants innovation that helps more people invest, it needs regulatory clarity: a route to authorisation for automated guidance and execution, a clear liability framework when an agent acts within investor-set limits, and disclosure standards designed for how agentic systems communicate.

Another important lever is tax, and over time it may be the most powerful of all. If compounding is the engine of long-term wealth creation, policy should help people start that engine as early as possible. A children's tax-efficient wrapper, or better still, a newborn investment account, would do exactly that.

The effect of timing is not marginal: it is decisive. Invest €1,000 at the start, add €1,000 each year at a 7% return, and the outcome at 18 (EU legal age) depends overwhelmingly on when investing begins: about €37,400 from birth, €17,900 from age 7, €5,750 from age 14. Same habit, same return, radically different results.

None of this requires the EU to reinvent retail investment policy from scratch. The building blocks already exist. What is missing is the willingness to use them with more urgency and practical focus.

MARC ROBERTS
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Making the Savings and Investment Union real for retail savers

Europe does not have a savings problem. Households hold more than EUR 9 trillion in bank deposits, much of it earning little or nothing in real terms. What Europe has is an intermediation problem: too much of that capital stays trapped in low-yielding accounts at a single domestic bank, and too little of it reaches the investments – and the returns – that could fund both retirement and the EU's competitiveness agenda. The Savings and Investment Union (SIU) is the right diagnosis. The question is whether the regulatory framework will let new distribution models deliver on it.

Cross-border savings marketplaces already allow a saver in one Member State to open, in minutes and fully digitally, a deposit or investment account with an institution in another. At Raisin we connect savers with banks and asset managers across Europe; the client keeps one interface while capital flows to wherever it is best remunerated. This model is mainstream in the making because it solves a concrete problem: it raises returns for savers and channels idle deposits into productive use.

Consider a practical example. A saver in Dublin should be able to place funds with a well-capitalised bank in another Member State as easily as with a local one, confident that the same deposit protection and disclosure rules apply. Today that experience is possible, but only because platforms absorb the legal complexity that fragmentation creates. Reducing that complexity, rather than adding to it, is the surest test of whether the framework truly serves savers.

ETF savings plans deserve particular mention. By turning investing into a small, automatic monthly habit, they have become the most effective on-ramp yet for first-time retail investors - low-cost, diversified and easy to understand. They are also increasingly tax-favoured: Germany's recent pension reform steers incentives towards exactly this kind of long-term, fund-based saving. Extending comparable, portable tax treatment EU-wide would be a welcome lever for broader participation.

Tokenised investing and crypto-asset-linked products attract more attention, and MiCA Regulation has given the EU a genuine first-mover framework. But for the median retail saver, tokenisation is today a promise about market plumbing – settlement, fractionalisation, custody – rather than a mass-market product. It will matter, but the near-term gains in retail participation will come from making conventional, well-regulated deposits and funds frictionlessly available across borders.

> Harmonised rules will turn dormant European deposits into yield.

Prediction markets are the newest arrival, and they test the framework's coherence directly. A contract that pays out on a real-world event can be read as a derivative, as gambling, or as neither – and each reading triggers a different regime, or none at all. For savers the ambiguity is the whole risk: they deserve to know whether they are investing or wagering. A clear, common test for when an event contract is a financial instrument would protect consumers in this regard.

Here the current framework is only partly fit for purpose. The single market for retail financial services still behaves like 27 markets. Passporting works well on paper, yet divergent national implementation of consumer-protection rules, gold-plating, inconsistent tax procedures, and fragmented identity and AML onboarding create real friction that raises cost and deters entrants. The Deposit Guarantee Schemes Directive is the quiet success story – harmonised EUR 100,000 protection is precisely what makes a saver comfortable placing money with a bank they had never heard of in another country. That is the template: strong, harmonised, portable protection paired with genuine freedom to distribute.

Supervisory convergence matters as much as the rules themselves. Where the same instrument is treated differently by different national authorities, the cost of operating one European service multiplies. A genuine single rulebook, applied consistently, would let compliant platforms scale across the Union and pass the resulting efficiencies back to savers as higher net returns.

The prize is large and measurable. If even a fraction of Europe's dormant deposits earned competitive, cross-border returns or moved into diversified, low-cost investment products, the effect on household wealth and on the depth of EU capital markets would be significant. The platforms to do this exist and are regulated today. What they need is a supervisory framework that trusts harmonised protection, embraces technology neutrality, and treats the single market as genuinely single. Get that right, and the Savings and Investment Union becomes something savers actually experience – not a policy aspiration, but a better account, opened in minutes, anywhere in Europe.

DANIEL KAPFFER

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Investor education as the foundation for effective long term investing

The European asset management sector is undergoing rapid transformation, as technology and innovation create new retail investment models.

Notable developments include the growth of digital platforms, ETF savings plans, AI-powered investment services, tokenized investing, and crypto-asset-linked products.

Retail investors now enjoy unprecedented access to financial markets, often requiring only a few clicks on a mobile device. While these innovations have enormous potential to broaden retail participation in EU capital markets, they also introduce significant challenges—especially whether retail investors are given the means to invest in those assets that fit their goals.

The advent of ETF savings plans has been especially impactful, allowing investors - even those with modest means - to build diversified portfolios in a cost-effective manner. In Germany, the surge in ETF savings plans and automated regular investment products has democratized investing, especially among younger generations. Still ETF are only a wrapper. Often investors have limited knowledge about the composition of the index and might therefore be surprised by its volatility (i.e. MSCI World).

AI-enabled services are also gaining traction, offering robo-advisory, personalized alerts, and portfolio optimization tools. Still most professionals realize that AI is only as good as the context it is been given. General training data does not contain any information about the client nor about his current holdings.

At the same time, tokenization is set to revolutionize asset access by enabling fractional ownership of assets such as real estate or art, while blockchain technology supports the emergence of new crypto-asset-linked products.

Technology is not merely an efficiency driver, but a behavioral framework

Which of these innovations are likely to become mainstream? ETF savings plans and automated investment products have already proven their viability and appeal, lowering entry barriers and mitigating market timing risk through regular, automated contributions. Digital platforms further streamline the process for end users, minimizing procedural complexity.

Investing requires skills and advice not just easy access to markets.

Although tokenization offers great promise, its widespread adoption depends on robust regulation and harmonized infrastructure. Crypto-assets, meanwhile, remain a niche: their volatility and regulatory ambiguity limit their suitability for broad retail uptake. Conversely, AI-powered decision support is set to become mainstream, enhancing user experience and supporting better risk-adjusted investment choices.

It is thus increasingly evident that technology is not merely an efficiency driver, but a behavioral framework with the power to facilitate mainstream adoption.

To ensure that the average retail client truly understands their investments, financial education is critical. The goal should not be to maximize the number of retail investors at any cost, but rather to promote wise, goal-aligned investing and curb speculative, short-term behaviors. In this context, access to professional advice is indispensable. The shift toward self-directed investing should not compromise informed decision-making. If professional advice becomes too complex or inaccessible, retail investors are pushed toward self-directed platforms, where the risk of suboptimal outcomes is higher.

Studies already show that self-directed portfolios show significant weaknesses in terms of diversification (industries, geographies, portion held in cash).

Moreover, new investment models must be regulated equitably. Regulatory discrepancies - particularly in emerging areas such as financial influencers or prediction markets - create systemic vulnerabilities. Influencers wield significant influence, especially among young investors, but are often minimally regulated, and their partnerships with product providers can blur the boundaries of transparency and inducement.

Additionally, following the ban on Payment for Order Flow (PFOF), some platforms have moved to structures in which brokers and exchanges may share common ownership, introducing possible conflicts of interest.

Germany exemplifies how structural improvements—such as ETF savings plans and streamlined digital onboarding—can substantially broaden market participation. But this expansion must be aligned with investor education and accessible professional advice, ensuring that retail clients make decisions in line with their objectives and risk tolerance.

The future of retail investing in the EU is unequivocally digital, but it also requires rigorous safeguards. Success will not be measured solely by participation rates, but by the extent to which retail investors achieve their long-term financial goals.