

# The Voice of European Citizens as Savers and Investors

the European Federation of Investors and Financial Services Users

BETTER FINANCE is the dedicated representative of financial services users at the European level. It counts about fifty national and international members and sub-member organisations.

## **4 million financial services users across the EU**

Since the BETTER FINANCE constituency includes individual and small shareholders, fund and retail investors, savers, pension fund participants, life insurance policy holders, borrowers, and other financial services users, we have the best interest of all European citizens at heart.

BETTER FINANCE organised a workshop last year with view on identifying best practices in EU Member States that could potentially be rolled out Europe-wide. More on that a little later...

# Key Priorities for the Next Five Years | 2019-2024

2019 European Elections: BETTER FINANCE calls for a NEW DEAL for EU Citizens as Savers and Investors! To this end it has outlined [10 key financial policy priorities for 2019 – 2024](#) and is asking EU Politicians to address the critical issues we are confronted with through this [online questionnaire](#).

				
<b>Transparency</b> Better access to simple and transparent products	<b>Attractiveness</b> Make European capital markets more attractive for EU citizens	<b>Competitiveness</b> Improve the competitiveness of European capital markets for SMEs	<b>Clarity</b> Better access to comparable, fair, clear and non-misleading info	<b>Sustainability</b> Improve long-term and sustainable value creation
				
<b>Fairness</b> Ensure fair and equal access to redress	<b>Knowledge</b> Promote investor education as key to the success of a real CMU	<b>Consistency</b> Ensure the consistency of all EU financial user protection rules	<b>Support</b> Sustain EU support for the involvement of financial users in policy making	<b>Efficiency</b> Increase the efficiency of EU institutions' procedures

10

Key Priorities | 2019-2024

Ahead of the European Elections, BETTER FINANCE launched a public call to ask EU Politicians for their feedback on a NEW DEAL for EU Citizens as Savers and Investors, comprised of 10 priorities

→ n°7

Knowledge

Promote investor education as key to the success of a real CMU

# Financial Education with a caveat

## A lack of trust: too much complexity and too little financial literacy

Finance often seems far removed from our daily lives. The increasing complexity of products and services and the increasingly tenuous links between financial activities and the real economy, in which people operate and live, make it often seem irrelevant and far too technical for the average citizen to engage with. Yet finance touches virtually every sphere of human endeavor...

In the last decades individual investors and savers have been crowded out of equity markets and pushed into too often under-performing packaged products, leaving capital markets in the hands of a few financial intermediaries. It is time to empower financial users and bring the different market participants together to restore much-needed trust.

## Empowering investors and financial services users

BETTER FINANCE agrees that a sound financial system, at the very least, needs two elements to come together: well-functioning, competitive and sound financial institutions need to go hand in hand with financially literate consumers, investors and entrepreneurs. Financial literacy is a crucial component for the empowerment of consumers and investors... but:

# 01

### Reducing complexity

Financial education should not relieve financial institutions of their responsibility when providing individuals and businesses with effective, clear and comprehensible information.

# 02

### Being an individual investor is not a full-time job

Providing simpler products is a first step towards investor empowerment but much more should still be done to provide individual investors with the necessary information and tools to make informed choices. Improving transparency on performance and fees of all investment products would go a long way towards achieving this.





## Knowledge

Promote investor education as key to the success of a real CMU

# Investor Education is a Priority for BETTER FINANCE

## Investor education as key to the success of a real CMU

Even though financial education has its limits in empowering financial services users, BETTER FINANCE does believe it has a crucial role to play. Although less wide in scope, BETTER FINANCE has decided to focus on Investor Education since it is closer to the areas of expertise of our members and will allow for a more focused approach.

## Concrete measures in our 2019-2024 Priorities

BETTER FINANCE recommends the following measures:

- |           |  |           |  |
|-----------|--|-----------|--|
| <b>a.</b> | <b>school</b><br>Provide basic financial math and investment education already at school.                                  | <b>b.</b> | <b>distributors of retail investment products</b><br>Require the distributors of retail investment products to improve the financial education of their staff members, especially with respect to equities, bonds and ETFs |
| <b>c.</b> | <b>industry</b><br>Financial education efforts from the industry should be monitored and supervised by independent bodies. | <b>d.</b> | <b>Being investors' licence</b><br>Introduce an investors' license as an important tool for investing.   |

# Identifying best practices in Investor Education

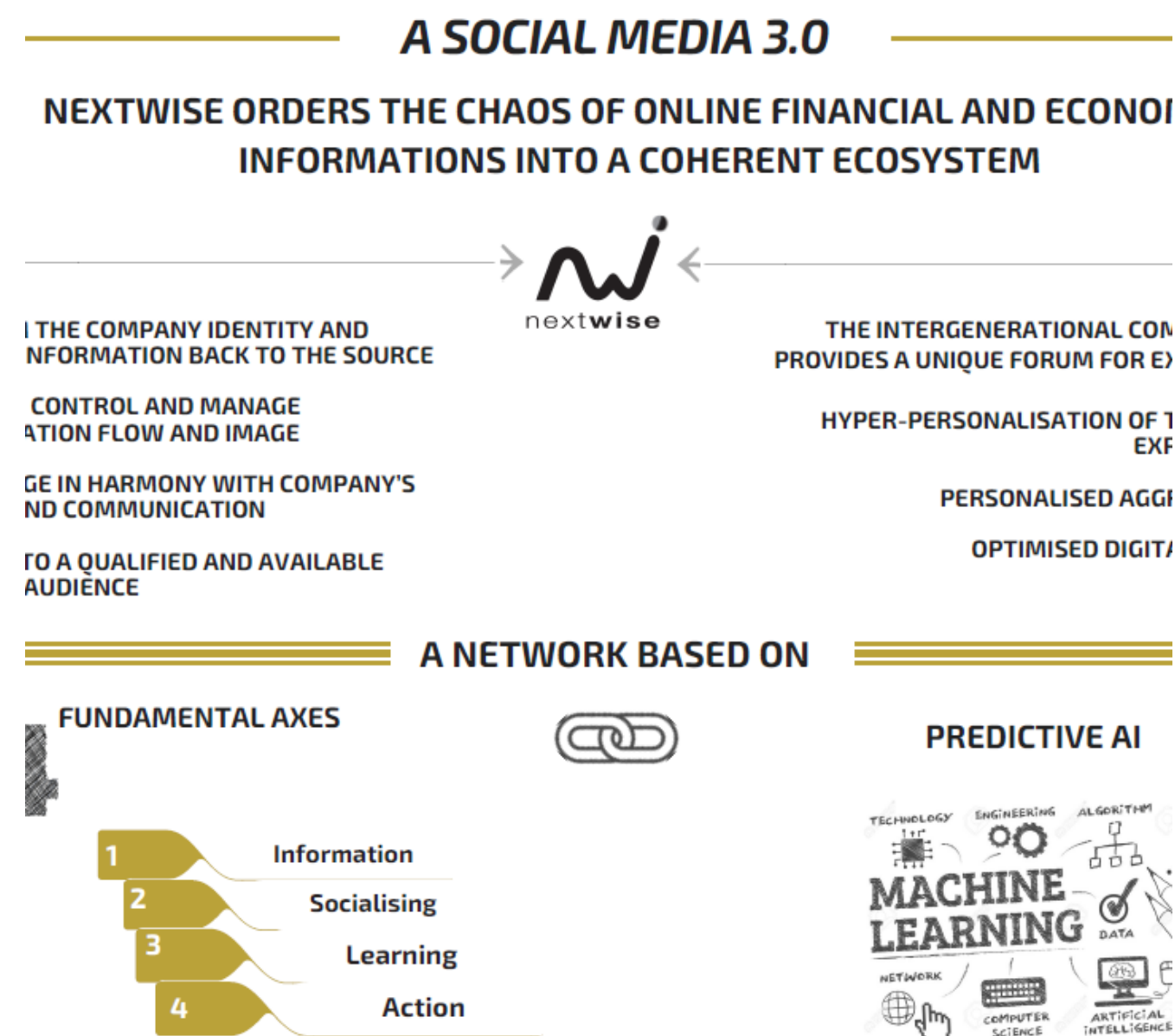


In 2018 BETTER FINANCE organised a workshop with its members aimed at identifying best practices in investor education in different EU Member States and beyond. Two best practice cases were selected through a vote.

## FinGRPlay – Czech Rep. (SČS)



## NextWise - France (F2iC)



FingrPlay by SČS, the Czech Consumer Association:

Online game for almost anyone on how to manage and deal with money, simulating a family's finances over 30 years. Scenarios include mortgages, pensions, education, etc. Different financial instruments feature throughout the game.

NextWise by f2ic, the French Federation of Individual Investors & Investment Clubs:

First social network for investors, addressing the issues of the transmission of financial education and the new challenges that digital communication imposes. It's a digital tool that centralises information flows and enables companies to communicate more effectively with individuals.



# the financial education angle

BETTER FINANCE increasingly includes a financial education angle in its communications, campaigns and research projects.

We actively seek to make information easy to access and to understand by including infographics in our communication efforts and provide easy to understand information in our campaigns and studies as well as educational background information and explanations of financial concepts.

## closet indexing campaign

To accompany the findings of our investigation into closet indexing, BETTER FINANCE created a website where investors could check whether the funds they are invested in are potential closet indexers. The website also thoroughly explained the harmful practices of closet indexing for the layman.

## robo advice research

Our study examined robo-advisers for their suitability, transparency, cost-effectiveness and user-friendliness, with a strong focus on financial education since these platforms still deal with rather complex and difficult to understand products and services, requiring clients to be relatively financially literate to really understand the value of their offers.

## PEPP capital protection scam

# PEPP capital protection scam – a video

The issue of the Capital Protection proposed for a Pan-European Personal Pension is relatively complicated and BETTER FINANCE wanted to ensure that those directly concerned - i.e. EU Pension Savers - could understand what's at stake.



THANK YOU!

