

Stéphanie Yon-Courtin, MEP

Mairead McGuinness,
Commissioner for financial services, financial stability and Capital Markets Union,
European Commission
Rue de la Loi 200
1049 Bruxelles

Strasbourg, 14 March 2023,

Dear Commissioner,
Dear Mairead,

Chère Mairead,

I am writing in view of your preparatory work on the Retail Investment Strategy. I have noted with great concern that the European Commission is still considering to propose a ban of inducements for investment advice. Given the potential implications for consumers, for investors and for the final objective of this Strategy, it is my perception that this position should be reconsidered. I fully support the objectives of the Retail Investment Strategy that would also contribute to foster the Capital Markets Union and ensure that savings are used to finance the functioning of our economy. However, I am very worried that this measure would have the contrary effect and will not promote a better participation for retail investments.

First, I would like to draw your attention to the consequences that a ban on inducements would have on the access to advice in the retail investment value-chain. Access to advice is key when it comes to investing, as it is the gateway to investment for a significant proportion of investors. In particular, local networks play a key role in ensuring that all investors, modest and wealthy, tech-savvy or not, get access to a broad range of products with the appropriate level of protection. This local access to advice would no longer be possible if inducements were banned. I would like to underline the risk of the creation of an advice and investment gap to the smallest investors. Studies from the British and Australian experiences show the detrimental effects that a ban on inducement would have on financial inclusion and the provision of a tailor-made service through personalized advice. Such a ban on inducements would only favour the wealthiest investors who can afford having a personalized advice, while the majority of modest investors would be left on the side. Either, they will not invest anymore, which could be detrimental to our EU economy and will miss the objective of the Retail Investment Strategy. Or, they will invest in risky products without proper advice through execution services. The rise and fall of FTX demonstrated the need for professional advice when it comes to investing consumer's savings.

Second, I would like also that such a ban would be detrimental to fair competition and would favour non-EU industries, which would have a strong interest in replacing the existing model with an intermediary free scheme. Yet, this would not be in the interest of the end investor in the long-term but could seriously rise the price of advice and limit the long-term investment

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opportunities. A ban on inducements would weaken the competitive system of European asset management industry that currently allows offering a wide range of products to the end investor and would therefore strengthen the quasi-monopolistic position worldwide to non-EU players.

I agree with you that there is room of improvement to ensure adequate protection, bias-free advice, and promote open markets and transparent, comparable and understandable product information. However, given the reasons stated above, I urge you to work on credible alternatives to the ban that will preserve the possibility for everyone to invest as well as the competitiveness of our industry and EU economic model. I stand ready to work on alternative proposals with the European Commission. As member of the European Parliament, I am fully committed to work on the best solutions to protect consumers, investors and foster the European Capital Markets Union.

Best regards,

Stéphanie Yon-Courtin

