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Targeted consultation on options to enhance the suitability and appropriateness assessments

Fields marked with * are mandatory.

Introduction

Following the 2020 capital markets union (CMU) action plan, the Commission is preparing a retail investment strategy, which aims to take a holistic view of investor protection rules. One of the key objectives of the CMU is to make the EU an even safer place for individuals to save and invest long-term and to increase participation of retail investors in capital markets. To this end, the Commission is looking at possible ways to increase the level of trust that retail investors have in capital markets.

Investors should be empowered and better supported to be able to identify investments that take into account their needs, objectives and constraints. Digital innovation is expected to enable new and more efficient means for investors to understand the markets and invest in an informed manner.

In the answers received to the 2021 public consultation on the Commission's retail investment strategy for Europe, many stakeholders, on the industry and consumers side, called to simplify, improve, automate and standardise the way investors' profiles are currently assessed. Some have also expressed support for more focus on the overall investor portfolio composition rather than on individual products. Respondents also highlighted the need to adjust the different investor assessments to make them better adapted to the online environment, as well as the importance of improving data quality of the suitability and appropriateness assessments. Some also recommended anticipating the evolution of robot-assisted advice or fully automated advice. Finally, some also requested more independence in the suitability assessment process.

Taking stock of these results, the Commission's Services are currently exploring different ways to improve the suitability and appropriateness regimes to address the above-mentioned issues. The Commission' services are assessing, *inter alia*, the idea of whether and how all retail investors, and not only wealth management clients, might benefit from a new suitability assessment that could provide them with more support along their investment journey to better achieve their investment objectives and to enhance their participation in the capital markets.

By means of this targeted consultation, the Commission Services intend to complement the 2021 public consultation exploring the feasibility of a new retail investor-centric assessment to improve the current suitability and appropriateness tests. Not only might such an approach modify the current MIFID II/IDD suitability and appropriateness tests with the view to no longer differentiate among the various investment services offered to retail investors, but it might rather replace the current "per product" approach with a new element, a personalised asset allocation strategy.

The new retail client suitability rules, together with the personalised asset allocation strategy, would represent a personal investment plan intended to help retail investors achieve their defined investment objectives. Its main goal would be to provide retail investors with the best possible expected returns, taking into account their personal circumstances and risk tolerance. While the personalised asset allocation strategy would provide concrete guidance on optimal investment allocations, the investor would remain free to choose the products it wants to invest in.

The personalised asset allocation strategy could achieve this objective by setting out an investment plan that relied on an optimal diversification of various asset classes considered fit for retail investors. This could include a defined (in % terms for instance) exposure to any financial instruments and products distributed to retail investors, including but not limited to, shares, bonds, funds, structured products (including insurance based investment products). The personalised asset allocation strategy could identify, on an overall portfolio basis, the appropriate risk-return for each individual versus profile with a view to achieving the investor's investment goals. However, retail investors should ultimately remain free to take autonomous investment decisions, even where they do not align with the allocation strategy.

The retail client assessment, together with the personalised asset allocation strategy, could be provided and recorded in a structured and machine-readable format for future reference by the retail investor, financial intermediaries (with clients' consent) and competent authorities. Introducing this new approach might increase the level of intelligibility and comparability of investments with the purpose of limiting risks of mis-selling or ill-advised investments.

A key element of this new tool could be the transferability (or portability) of the client assessment (enhanced with a personalised asset allocation strategy) with any financial intermediary the client chooses, including on-line brokers and platforms which would allow investors to easily switch between or using multiple brokers/financial intermediaries. The question of the transferability of the client assessment will be specifically consulted in the context of the Commission's Open Finance framework.

Subject to the portability of a personalised asset allocation, this consultation aims to assess to what extent any subsequent intermediaries should be allowed to depart from the asset allocation and under what conditions (e.g. where there are objective reasons to justify a change, including in the case of a material change in personal circumstances of the retail investor).

Responding to this consultation and follow up

In line with the Commission's stated objective of "an economy that works for people", this targeted consultation aims to gather stakeholders' views on a possible enhancement of the current suitability and appropriateness regimes. This consultation does not prejudge any outcome nor prevent the Commission from considering alternative options.

The consultation covers the following points

A. an enhanced client assessment regime – General

B. a personalised asset allocation strategy

Responses to open questions are limited to 5000 characters (including spaces and line breaks, i.e. stricter than the MS Word characters counting method), but you can also complement your answers by uploading one or several additional document(s) in the last section of the questionnaire called "Additional information".

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-suitability-assessments@ec.europa.eu.

More information on

- [this consultation]
- [the consultation document]
- [retail financial services]
- [the protection of personal data regime for this consultation]

About you

* Language of my contribution

- ○ Bulgarian
- ○ Croatian
- ○ Czech
- ○ Danish
- ○ Dutch
- ● English
- ○ Estonian
- ○ Finnish
- ○ French
- ○ German
- ○ Greek
- ○ Hungarian
- ○ Irish
- ○ Italian
- ○ Latvian
- ○ Lithuanian
- ○ Maltese
- ○ Polish
- ○ Portuguese
- ○ Romanian
- ○ Slovak
- ○ Slovenian
- ○ Spanish

- Swedish

* I am giving my contribution as

- Academic/research institution
- (x) Business association
- Company/business organisation
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* First name

Maximilian

* Surname

Lange

* Email (this won't be published)

m.lange@gdv.de

* Organisation name

255 character(s) maximum

Gesamtverband der Deutschen Versicherungswirtschaft e. V.

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- (x) Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](). It's a voluntary database for organisations seeking to influence EU decision-making.

6437280268-55

* Country of origin

Please add your country of origin, or that of your organisation.

- Afghanistan
- Åland Islands
- Albania
- Algeria
- American Samoa
- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Djibouti
- Dominica
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Libya
- Liechtenstein
- Lithuania
- Luxembourg
- Macau
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Saint Martin
- Saint Pierre and Miquelon
- Saint Vincent and the Grenadines
- Samoa
- San Marino
- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan

- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar/Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda

Chile	Isle of Man	Panama	Ukraine
China	Israel	Papua New Guinea	United Arab Emirates
Christmas Island	Italy	Paraguay	United Kingdom
Clipperton	Jamaica	Peru	United States
Cocos (Keeling) Islands	Japan	Philippines	United States Minor Outlying Islands
Colombia	Jersey	Pitcairn Islands	Uruguay
Comoros	Jordan	Poland	US Virgin Islands
Congo	Kazakhstan	Portugal	Uzbekistan
Cook Islands	Kenya	Puerto Rico	Vanuatu
Costa Rica	Kiribati	Qatar	Vatican City
Côte d’Ivoire	Kosovo	Réunion	Venezuela
Croatia	Kuwait	Romania	Vietnam
Cuba	Kyrgyzstan	Russia	Wallis and Futuna
Curaçao	Laos	Rwanda	Western Sahara
Cyprus	Latvia	Saint Barthélemy	Yemen
Czechia	Lebanon	Saint Helena Ascension and Tristan da Cunha	Zambia
Democratic Republic of the Congo	Lesotho	Saint Kitts and Nevis	Zimbabwe
Denmark	Liberia	Saint Lucia	

*Field of activity or sector (if applicable)

- [x] Insurance
- [ ] Investment services
- [ ] New Technologies
- [ ] Pension provision
- [ ] Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- [ ] Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)

- [ ] Social entrepreneurship
- [ ] Other
- [ ] Not applicable

The Commission will publish all contributions to this targeted consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association, 'consumer association', 'EU citizen') is always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

* Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

- ( ) **Anonymous**
  Only the organisation type is published: The type of respondent that you responded to this consultation as, your field of activity and your contribution will be published as received. The name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.
- (•) **Public**
  Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

- [x] I agree with the personal data protection provisions

A. An enhanced client assessment regime – General

The new regime would be built around two parts: a first part focused on assessing, via a unique standardised questionnaire, the retail investor's investment objectives, risk tolerance and personal constraints and a second part dedicated to establishing a basic but personalised asset allocation strategy for the retail investor's investment portfolio.

Question 1. Do you consider that a unique and standardised retail investors' assessment regime, as described above, applicable to all investment services and enhanced with the provision of a personal asset allocation strategy, could address the weaknesses of the current suitability and appropriateness regimes?

- Yes
- (selected) No
- Don't know / no opinion / not applicable

Please provide a detailed answer to question 1:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Current regulation already ensures a high level of consumer protection:

The current system for assessing suitability and appropriateness under IDD (Directive (EU) 2016/97 - Insurance Distribution Directive) has proven its effectiveness. It provides for a rigorous yet practicable regulatory framework. It works well in practice for consumers, intermediaries, and insurers. This is evidenced by the recent EIOPA report on the application of the IDD, which did not reveal any significant failings in the application of the suitability test for insurance. EIOPA highlighted that it would be important to reassess the application of the IDD at a later stage, prior to proposing any major changes to the legal framework. The feedback (to the EC's public consultation "A Retail Investment Strategy for Europe" (RIS)) revealed no indication that there is a need for action regarding the assessment of suitability and appropriateness. The proposal consulted here also does not identify the weaknesses that it intends to address. Thus, we see no need to redefine the whole regime now.

IBIPs are primarily insurance and often pension products:

Insurance-based investment products (IBIPs) are more than just investments. Insurance-specific features include protection against market fluctuations and biometric risks. In Germany most of IBIPs are pension products that additionally have a lifelong pay-out phase. These are essential elements of IBIPs and not mere add-ons to an investment. As a result, the business models and distribution systems of banks, fund companies and insurers differ considerably. The new regime does not take this into account. Standards developed only from the perspective of pure investment cannot do justice to IBIPs.

Consumer-centric approach needed instead of standardised asset allocation:

The current regulatory framework specifies the minimum data which must be collected for the financial analysis of a private household. The assessment of the consumer's objective and subjective features and the resulting recommendation must remain individual. Q 17 of this consultation paper confirms our view by stating: "Competition between financial intermediaries in establishing an optimal asset allocation strategy for a given set of client data could yield better quality asset allocation propositions for the client." We disagree with the suggestion that a standardised assessment in combination with a personalised asset allocation strategy would be more consumer centric.

Question 2. Do you think a new retail client assessment (enhanced with a personalised asset allocation strategy) and its transferability could bring benefits and opportunities to retail investors and financial intermediaries?

- ○ Yes, it could bring them benefits and opportunities
- ● No, it would not bring them specific benefit
- ○ Don’t know / no opinion / not applicable

Please explain your answers to question 2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Consumers benefit from the current well-functioning system:

As currently proposed by the EC, we see no particular benefit for consumers in the introduction of a new retail investor assessment. The current suitability test already covers the most important aspects required and will soon be updated to include ESG preferences.

The evaluation and assessment of the customer's data and the development of a personalised strategy is and should remain essential parts of the advisor's service. We believe that the introduction of a standardised assessment will not meet the requirements and needs of the individual customer. We therefore plead for a separate consideration of the data collection on the one hand and the evaluation of this data on the other hand as well as the individual advice, which includes the suitability assessment and resulting recommendations.

Question 3. Should retail investors be able to transfer the results of their assessment together with their personalised asset allocation strategy to brokers/financial intermediaries of their choosing in order to facilitate switching between or using multiple brokers/financial intermediaries and generally enhance the investor experience?

- ○ Yes
- ● No
- ○ Don’t know / no opinion / not applicable

Please explain your answer to question 3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Proposed possibilities to transfer already exist:

Any open finance approach must be based on the client's explicit consent to access their data. The suitability assessment under the current rules of IDD and MiFID II provides for a solid basis to enable consumers to shop around and to request a second or a third opinion from other intermediaries.

Furthermore, we would like to flag that switching for highly personalised long-term products such as IBIPs is of much less importance than for short-term products where provider changes are much more frequent. IBIPs are made for long holding periods. Extensive switching could come along with disadvantages for the customer e.g., cancellation costs, lower guaranteed interest rates, or poorer biometric parameters due to changed entry age or health status.

Question 4. Would you see any drawbacks that could emerge from the creation and use of such a new suitability assessment applicable to all investment services (including its sharing/portability if any) for retail investors and financial intermediaries?

- (x) Yes
- ( ) No
- ( ) Don't know / no opinion / not applicable

Please explain your answer to question 4:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Access to financial advice would be restricted rather than enhanced:

In our view, the proposed concept is very likely to restrict rather than enhance access to financial advice. It obliges consecutive advisors to rely on the analysis of the first advisor approached by the customer. It, therefore, eliminates the additional safety of double-checking which is usually an important objective of the customer seeking a second or third opinion.

Remuneration:

The proposed approach leaves open how each part of the mentioned services (data collection, assessment, recommendations/advice, placement of products, portability, and after-sales services such as funds switching's) would be remunerated. Moreover, as mentioned in the questions 9, 9.1 and 9.2 these services need to be updated.

The whole concept apparently fits better into fee-based remuneration systems than into the commission system. This has major implications for the supply of and demand for these services. We believe that the proposed approach disadvantages the commission-based distribution system. From the consumer's point of view, this would entail several disadvantages:

One of the strengths of the commission system is that it enables accessible and affordable advice and ongoing support for all kinds of consumers, including less affluent ones. The payment of commission effectively pools the cost, with all consumers who ultimately enter a contract financing advice for all those who receive it. This allows prospective consumers to shop around and receive advice from more than one financial service provider without being required to repeatedly pay for the service. Consequently, poor service does not have to be paid for. This stimulates competition and increases the quality of the service by encouraging consumers to compare different providers.

In contrast to the commission model, fee-based models have the disadvantage that each service is charged separately during the term of the contract. Services such as the adjustment of the integrated funds to changed circumstances of the client (e.g., change to low-risk funds at a higher age) and/or capital market conditions are charged separately. The overall costs could even be higher compared to a one-off commission-based remuneration. It seems to be a basic hypothesis that fee-based advice comes at lower costs for the consumer. Recent studies, such as the KMPG Study “Commission-based remuneration vs. Fee-based remuneration: is there a better model for retail investors?” from November 2021 (see here: https://www.afg.asso.fr/afg-document/commission-based-remuneration-vs-fee-based-remuneration-is-there-a-better-model-for-retail-investors/), show that this is not necessarily the case.

Limiting the consumers choice between both remuneration systems could have far-reaching consequences that ultimately harm consumers, intermediaries, and the capital markets.

Finally, national differences in pension systems, tax systems, etc. create a heterogeneous environment for old-age provision, leading to different national requirements for the distribution of insurance products and consequently for remuneration schemes in the EU. Hence the impact of any amendment would not be comparable across the EU markets.

Liability issues:

In addition, the sharing of data and its portability raises fundamental questions regarding responsibility for the service provided. The question is who is responsible if the client's expectations are not met. Since the final recommendation of a product may be the result of several successive assessments by different advisors, it would be difficult to determine which of the service providers engaged by the client is liable for the shortcomings. The assertion of claims for damages could therefore prove to be complicated.

Special characteristics of insurance-based products:

We are concerned, because rules for all investment products, including IBIPs, risk failing to address the characteristics of insurance-based products. The current rules on the suitability assessment offer a practicable balance between the regulatory objective and the flexibility to ensure efficient handling in practice. By way of example, it would be unclear how to automatically handle switching and dynamic adjustment within dynamic unit-linked products, life-cycle models, or similar product features of MOPs.

Additional drawbacks could result from a poor alignment with other workstreams, a missing impact assessment and poor stakeholders’ involvement e.g., due to short consultations periods. Please see also our response to Q18.

Question 5. Who should prepare the clients' assessment and their asset allocation strategy?

- ○ Any financial intermediary selected by the retail investor
- ○ An independent function within the financial intermediary selected by the retail investor
- ○ An independent financial intermediary selected by the retail investor
- ● Other (e.g. public entity)

Please specify to what other entity/ies you refer in your answer to question 5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We encourage that the EC's Retail Investment Strategy does not create barriers to the accessibility and affordability of financial advice. Anyone who meets the legal requirements for assisting consumers with financial decisions and complies with the rules for practicing this profession should be allowed to do so. It would be counterproductive to restrict consumer choice to independent functions or intermediaries. Any proposals at the EU level that restricts supply or access to advice for consumers by limiting options would be unfortunate.

The distribution of IBIPs in many markets is predominantly renumerated on the basis of commission. This commission-based advice offers advantages to consumers and should not be put at risk by this new initiative. The IDD is neutral with respect to distribution channels: from the consumer's perspective, the same consumer protection rules apply to all distributors, regardless of whether they are independent or not. GDV advocates regulatory neutrality. Consumers should have the choice whether to take advantage of fee-based advice, use an intermediary who receives a commission, or address a product provider directly.

Providers of the statutory pension insurance (e.g. the Deutsche Rentenversicherung Bund) or comparable public advisory services are also eligible if they offer a comparable range of services and meet the requirements.

Question 6. What should be the key components of a standardised personal investment plan?

Please select as many answers as you like

- [ ] A description of the investor
- [ ] A description of **duties and responsibilities of the investment adviser** drawing up the personal investment plan, custody arrangements and the duties of the client to signal changes in her personal circumstances
- [x] **Procedures and reviews** that are necessary to keep the IPS topical and up-to-date
- [x] **Investment objectives**
- [x] **Investment constraints**
- [ ] **Technical guidelines** specifying technical aspects on how the investment should be carried out, such as permissible use of leverage or derivatives; exclusion of specific types of assets from investment, if any
- [x] **ESG factors**, such as specific types of assets to be excluded from investments
- [ ] **Evaluation and review**
- [ ] Rules on identifying **strategic asset allocation** – including the baseline allocation of portfolio assets to asset classes
- [ ] **Rebalancing** – policies on rebalancing asset class weights

Please explain your answers to question 6:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In principle, we believe that personalisation and standardisation cannot be achieved at the same time. Individual and personally tailored solutions cannot be standardised. For this reason, the "standardised personal investment plan" seems to us inadequate and raises many concerns. The key components of the suitability assessment are addressed in sufficient depth in the existing regulatory framework. These rules have worked well in practice. In their abstraction they allow distributors to take account of the specific characteristics and needs of the individual customer. Thus, we see no need for a standardised personal investment plan.

The questionnaire focuses exclusively on pure investments and features of insurance products are not listed in the selection. For one thing, firstly the consumer’s need for protection against risks must be identified and addressed. For another, as already mentioned, due to fundamental differences in local pension systems, tax systems, etc., insurance-based investment products play different roles in different the Member States. This hampers the definition of standardised key components across Europe.

Rules on identifying strategic asset allocation should not be included since consumers do not necessarily want to examine a holistic strategic asset allocation or reallocation when buying a single investment instrument. This is especially true for IBIPs with a significant degree of biometric risks protection. They cover the need for protection , for which strategic asset allocation is usually not required. This extensive concept could overburden clients, ultimately preventing them to cover risks or saving for old age provision. Sometimes consumers just wish to buy an investment or an insurance product without a comprehensive procedure preceding. Here it would be better to have the possibility of needs-specific advice - as opposed to an all-encompassing approach. The same applies to rebalancing policies. We believe that it should be sufficient to review and update the assessment from time to time.

Bearing in mind the overall objective of streamlining access to insurance-based investment products (IBIPs) it should be prevented to overload consumers with many irrelevant questions. In this regard, we would like to point out that article 9(3) and 9(4) CDR 2017/2359/EU specifies that certain information is only required to be collected ‘where relevant’. Article 9 also includes a degree of proportionality, which should not be compromised.

Besides, different points are unclear to us in this question 6. For example:

- The "description of the investor" could mean several things e.g., the identity of the consumer, the description of the investor’s risk affinity, or the status of the client (professional or semi-professional client, vulnerable consumer).

- The question refers to a concept of “standardized personal investment plan”. Would that be the same as the mentioned “personal asset allocation strategy”?

- We assume that an “IPS” is an “Investment Policy Statement”, a common instrument in portfolio management, but not in the insurance sector.

Question 7. What are the main investment objectives and constraints that should be addressed in a personal investment plan?

Please select as many answers as you like

- [ ] **Return objectives**: Long-term investment return per year, in nominal terms, net of fees
- [x] **Constraints**: Liquidity – expected investor outlays, etc.
- [x] Time horizon
- [x] Tax situation
- [ ] Legal and Regulatory factors, if any
- [x] Unique investor circumstances, e.g., ethical or environmental preferences

Please explain your answers to question 7:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As above, the list proposed in this question does not include many of the key features of an IBIP and focuses only on the investment component. If IBIPs are included in the scope, the questions must also be geared to this and cover the core components of these products. Hence, it also needs to be asked for biometric protection such as lifelong pension , disability, death cover, etc.

Besides that, we believe that the ability and willingness to bear losses are very important. The same applies to the time horizon designated by the consumer.

It is well known that the future returns of most investment products are not known. They cannot be known since historical data are not an indicator of future returns. Thus, it is not feasible to quantify the return wishes a priori. Furthermore, the question on return objectives will not yield meaningful results, as the answer would probably always be as high as possible. Thus, we consider it to be a false and misleading approach.

The topics of the advice should be:

- Demands and needs

- Issues of biometric protection

- Investment horizon

- Risk capacity/tolerance

- Knowledge experience

- Sustainability preference

- Ethical preferences

These are in line with current legislation.

Question 8. Storage and accessibility of the new suitability assessment, including the asset allocation strategy.

Do you agree with the following statement?

All data in the suitability assessment and the personalised asset allocation strategy (the personal investment plan) should be stored electronically and, subject to the client’s consent, the investment plan personal should be accessible to all financial intermediaries that the client employs (“open finance”).

- Yes
- No
- Don’t know / no opinion / not applicable

Please explain your answer to question 8:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

This question on storage and accessibility has strong interconnections to the intended portability/ transferability, hence we refer to our answer in Q 2 and Q 3 again. Additionally, we are of the view, that any open finance approach must be based on the client's explicit consent to access their data. As mentioned under Q 3 the current rules of IDD and MiFID II provide for a solid basis to enable consumers to shop around and to request a second or a third opinion from other intermediaries.

Working with the consumers information - especially assessing it and deriving personalised recommendations is at the core of any intermediary's economic value proposition. Considerations should be made on possible unintended side effects resulting from the "open finance" approach. As described in more detail in Q4, negative effects are very likely to emerge e.g. on liability and remuneration issues, if data that has already been processed is made accessible to other financial intermediaries.

Currently, many aspects of the eventual open finance framework are still under development. The extent to which the associated benefits and risks will materialise thus also depends on the exact nature of the resulting framework. Early experiences from the PSDII adoption indicate two challenges, which should be considered when designing an extended open finance framework: implementation cost and level playing field concerns.

Firstly, the costs of connecting to the designated system or standard should not be underestimated. This substantially influences the achievable scale and success of open finance approaches overall. The economic costs of developing and implementing the standard are therefore a critical success factor. Companies should be involved early to ensure that the designed solution is cost-effective and manageable for all parties involved.

Secondly, risks might occur for fair competition and market distortions. For example, market dominance issues could be aggravated, or business secrets could be unintentionally made accessible via a combination of different data sources. One particular concern is single-sided data sharing for some market participants while others (e.g., BigTech firms), are not obliged to share their data, or do not do so in an easily utilisable format. These market participants might develop unfair competitive advantages against incumbent financial service providers or start-ups, e.g., by being able to combine newly accessed financial data with their non-financial user data, e.g. on social media. In addition to the need for the financial education of retail investors adequate digital education is essential.

Policy options should focus on promoting the development of market-driven solutions with the right framework conditions as can be observed, for example, in the area of sectoral and cross-sectoral initiatives of the individual member states. The regulatory framework could support this if it were used to reduce existing legal obstacles (e.g. in antitrust law) or legal uncertainties (e.g. in data protection law).

Question 9. How often should the client's assessment and asset allocation strategy be updated?

A personal investment plan should be reviewed regularly in order to ensure that it remains consistent with the client's investment objectives and constraints. A personal investment plan should also be reviewed as soon as a financial intermediary becomes aware of a material change in the client's circumstances. A client may request an update of her personal investment plan when her objectives, time horizon, personal circumstances of liquidity needs change.

Question 9.1 When the investor is NOT under advice:

Please select as many answers as you like

- [ ] a. once per year
- [x] b. upon significant changes in the retail investor's personal circumstances or objectives, communicated by the investor to its financial intermediary
- [ ] c. upon suggestion of the financial intermediary selected by the investor, subject to providing the investor with any necessary written justification evidencing the need for an update, and subject to the investor's agreement + duly stored
- [x] d. other

Please specify to what other update frequency you refer in your answer to question 9.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Compared to other investment products, IBIPs are long-term contracts. On the other hand, IBIPs are flexible to accommodate changes in life circumstances and needs of consumers. Thus any adjustments could be made up on the request of the consumer or upon significant changes in the retail investor's circumstances or objectives. For IBIPs, an annual information is required; these automatically sent reports can give the customer reason to seek advice.

Please explain your answers to question 9.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Compared to other investment products, IBIPs are long-term and stable over time. Consumers that are interested in long-term pension products do not show speculative behaviour that changes quickly. On the other hand, IBIPs are made flexible to accommodate changes in life circumstances and needs of consumers. Thus any adjustments could be made up on the request of the consumer, a constant reassessment is not necessary. However, consumers should not be nudged to do a holistic assessment if they are not willing to do so, execution-only orders or buying respective readjusting financial products without a holistic assessment should remain possible on consumers’ request.

Question 9.2 When the investor is under advice/portfolio management:

Please select as many answers as you like

- [ ] a. once per year
- [x] b. upon significant changes in the retail investor's personal circumstances or objectives, communicated by the investor to its financial intermediary
- [x] c. at the initiative of the financial intermediary providing the advice and subject to written justifications evidencing the improvement, communicated to the investor and duly stored
- [ ] d. other

Please explain your answers to question 9.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We do not consider mandatory annual advice for consumers to be necessary. IBIPs cover a specific demand and advice is needed when the demand changes. This is regularly the case when life circumstances change. If the customer decides to communicate these changes, they can be reflected by the advisors. Consumers should be able to decide for themselves whether and when to seek advice. Otherwise, consumers could feel nudged, which could ultimately result in a general aversion to investing and would run counter to the goals of the Commission's Retail Investment Strategy. The existing regulatory framework (Article 14 No. 3 and 4 DR 2017/2359) already provided clarity on this point.

The described system requires that all financial intermediaries are able, willing, and allowed to advice cross-sectoral on all kinds of products including IBIPs. This is currently not the case. Intermediaries have to register for their respective activities. German insurance intermediaries are not automatically registered as investment advisors and vice versa. By the way, registration requirements are different under MiFID and IDD. Knowledge is specifically addressed and the requirements for further professional education and training divert.

Question 10. Please provide us with an estimate of the necessary costs to set-up and update this possible new client assessment (including the personalised asset allocation strategy) in a structured and machine-readable format as well as for its storage in a way accessible for future reference by the retail investor and competent authorities:

	Estimate (in €)
One off costs	
Ongoing costs	

Please explain your answer to question 10 and provide a breakdown of the most important cost components:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Given the very short time for this consultation and the remaining open questions regarding the scope of the changes to be expected, we cannot provide reliable information on the estimated costs. Besides that, this approach is short-sighted. The entire system of POG process, advisory process, and finally suitability and appropriateness test would be affected. The required estimate of implementation costs would have to take this into account.

However, as a point of reference, the one-off costs for the implementation of the IDD for German insurers are estimated at 862 million euros. Most of the one-off costs (319 million euros) were related to the necessary adjustments to the advisory process.

Based on this practical experience, we strongly recommend a thorough evaluation of the existing rules and a solid impact assessment before considering any further changes to the legal framework.

Question 11. Please provide us with a cost comparison between the costs associated to this possible new client assessment regime (including the personalised asset allocation strategy) in and your current costs associated to compliance with the current suitability and appropriateness regimes?

	Estimate (in €)
Your current costs associated to compliance with the current suitability and appropriateness regimes	
Estimate costs associated to compliance with the possible new suitability assessment regime (including the personalised asset allocation strategy)	

Please explain your answer to question 11:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We cannot provide the required cost comparison for the reasons given above.

Question 12. Do you consider that the new client assessment regime would allow material cost savings for financial intermediaries taking into account the standardised and single nature of the possible assessment regime, once the initial sunk costs are absorbed?

- ○ Yes
- ● No
- ○ Don't know / no opinion / not applicable

Please explain your answer to question 12:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Notwithstanding, that the question originally refers to cost savings for financial intermediaries we would like to take the consumers' view as well. From that angle, we see the risk that the cost could even increase. The retail client assessment would probably contain two components, the analysis in terms of request of objective information such as investment experience, financial situation, etc., and the assessment of this information such as the derivation of the ability to bear losses or the development of a personalised asset allocation strategy. Even though the pure collection of data could be standardized it is – as all the other parts of the value chain - a service that cannot come for free. Depending on how often the client's assessment is to be updated the costs for the assessment would emerge more than once. "Initial sunk costs" is therefore a misleading term. The costs of implementing the personalised asset allocation strategy through concrete transactions are added to the "initial costs". Any costs have to be borne by the customer.

IBIPs are designed with several options to meet consumers changing demands and needs over very long holding periods. The predominant system to pay for this advice is the commission-based distribution model where the costs must be borne only when concluding the contract. Ultimately, this existing system could be cheaper for the consumer. Moreover, it encourages to shop around and compare several offers as mentioned above.

As mentioned above, we advocate the consideration of data collection and analysis on the one hand and the individual advice, which includes the evaluation and assessment of the data and the resulting recommendations - not to forget the after-sales services – on the other. All these components are today part of the definition of "insurance distribution" under IDD. Each component must be adequately remunerated. This also applies to actively addressing consumers. And it applies to the provision of data in a machine-readable format.

Insurance intermediaries are liable for damage resulting from incorrect advice. They will therefore always carefully check, question and probably update the information transferred to them before they start their advisory service. If the current level of consumer protection is to be maintained, the new regime will not significantly reduce the level of costs – neither for financial intermediaries nor for customers.

B. A personalised asset allocation strategy

A personalised asset allocation strategy would be the main output of the new client-centric assessment carried out by a financial intermediary. It would represent a basic investment framework for achieving the retail investor's investment objectives and aim to provide the investor with maximum returns in view of its personal circumstances, while exposing the investor to an optimal amount of risk. This would be achieved by setting out a unique plan for exposure (in % terms for instance) to an optimal diversification of broad asset classes (e.g. fixed income, equity, commodities, etc.) and set the right risk-return profile for the retail investor's investment goals.

The rules on asset class categorisation could feature a varying level of details and granularity. For example, the legislation could establish very general asset classes across which diversification should be ensured (e.g. equity, bonds, commodities, real estate, private equity, hedge funds) or it could foresee or allow for a creation of more detailed 'sub-asset classes' (government bonds vs. corporate bonds, high yield vs. investment grade bonds, large cap vs. small cap shares, etc.).

This personalised asset allocation strategy could then be made portable and transferable across financial intermediaries that the retail investor chooses to interact with. It should then be determined whether and to what extent financial intermediaries should be allowed to depart from this personalised asset allocation strategy and under what conditions.

Question 13. Should the rules on personalised asset allocation strategy foresee standardised investor profiles based on retail investors' personal constraints, risk/return appetite and objectives?

- Yes
- (x) No
- Don’t know / no opinion / not applicable

Please provide a detailed answer to question 13:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We do not believe that a rigid framework of standardized investor profiles can represent the diverse world of highly individual client needs and objectives, so this would be a deterioration compared to the status quo. There are too many individual factors that must be considered when choosing the right products. Standardised profiles would not meet this. We consider it to be consumer-unfriendly, as such standard profiles restrict consumers' freedom of choice regarding the investment products, they intent use. As mentioned within Q17 we share the perception, that competition between financial intermediaries in finding optimal and individual solutions results in better quality for the client.

We are concerned that a personalised asset allocation strategy is to be stretched to the limit regarding managed funds, as the asset managers would then no longer be able to shift between different asset classes. This would be even worse with all types of collective investments where there is no personal allocation of assets to individual contracts at all. As a result, the approach seems to favour direct investments and ETFs.

There are already different classification systems for products in place e.g. risk assessment of the financial instrument, risk and return profile according to PRIIPs (Class 1-7), or German PIA-CRK (class 1-5, see here: https://pia-crk.de/). These existing product classifications would have to be compatible with the envisaged system of standard investor profiles. We are concerned that the proposed standardised investor profile excludes IBIPs as an option because they only focus on investments – like this consultation paper - and do not consider insurance features.

It is also important to note that with some IBIPs, the investment is not performed by the consumer herself, but by the insurer. Particularly when the product entails certain levels of guarantees granted by the manufacturer the consumers cannot fully influence the specific investment allocation of the insurers.

Once again it is unclear how insurance-specific solutions such as dynamic life cycle or guarantee models should fit into such a standard system; these are deliberately designed to be dynamic to meet changing customer needs and dynamic market environments.

Question 14. Which elements should form the basis for distinguishing between asset classes within the asset allocation strategy?

Please select as many answers as you like

- [ ] Risk
- [ ] Return
- [ ] Paired correlation with other asset classes
- [x] Additional criteria

Please explain your answer to question 14 and provide details on the additional criteria if any:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The aspects of IBIPs do not seem to have been considered in this question either. There are indeed several other elements that need to be taken into account such as biometric protection and expectations regarding the pay-out phase (annuity phase), duration or recommended holding period.

Besides that, the consultation paper does not provide sufficient details on the proposal of “standardised investor profiles” and a “basic but personalised asset allocation strategy”. It is not clear if the asset allocation strategy would be assigned after a holistic assessment of the client’s overall financial and insurance position, investment goals and priorities. A holistic assessment would be important to raise consumers’ risk awareness and help them bridge their protection gap in a diversified saving plan. Priority must be given to insuring against risks that are particularly important for the client (e.g. old-age provision) or that threaten the client's existence (such as occupational disability insurance or nursing care insurance) before the remaining budget can be used for short term investment. This would be ambitious to achieve through a “unique standardised questionnaire” and would require extensive expertise on the part of the adviser. For sure, he /she would also have to meet all formal requirements such as registration, education, and training for this kind of cross-sectoral service.

Question 15. Exposure to assets, as set out in the asset allocation strategy, could be achieved either by investing directly in securities (e.g. shares, bonds), or via investment in potentially complex financial products (e.g. funds, structured products, insurance-based investment products) or a combination thereof.

How should a financial intermediary assess best value-for-money when considering asset classes or sub-asset classes offering the optimal exposure for the retail investor?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The design of the question is stating that the structure of IBIPs is per se more complex than some other retail investments. We think that “complexity” is the wrong term. IBIPs are or could be more sophisticated. From a consumer perspective, most IBIPs in the German market are not complex. IBIPs may well be easier to understand for consumers than direct investments, which require some expertise. Example: Modern IBIPs often include risk mitigation techniques (such a technique is also possible within a PEPP, which is considered as simple and not as complex) This often comes together with increased variability which may be perceived as complex. However, it can be easily explained and is not detrimental to the client, as it considers his/her risk appetite in the investment process. With such techniques, in contrast to direct investment, the client no longer needs to understand how the product works in detail. The product manufacturer provides a certain minimum guarantee on which the client can rely.

To invest successfully, consumers need a well-structured and diversified portfolio. Achieving this is a very difficult task for most consumers since a lot of factors (diversification in sectors, regions, risks) need to be considered. It is time-consuming and causes relatively high (transaction) costs, particularly with low investment amounts. Some investments are excluded from the outset because certain minimum investment amounts are required that are hardly achievable for retail investors. Furthermore, consumers can barely assess whether and to what degree their portfolio is diversified. Finally, investments do need to be actively monitored. By offering products that invest in a large pool of assets insurers take on this task. As professional investors, they can optimise the outcome for retail investors and shed them away from unexpected risks they are not able or willing to take. They can also take advantage of economies of scale. They also allow to choose from a variety of funds without fund subscription fees. This applies to all types of IBIPs, as customers are given access to larger investment projects. Furthermore, IBIPs are a great vehicle through which many retail investors can access investments in asset classes and areas to which they would otherwise not have access (e.g., infrastructure projects, investments in sustainable energy projects, or water supply). This is worth being preserved.

Q 15 does not properly consider that retail investors may not have the time or are not willing to take an active role in the ongoing management of their savings. Many consumers prefer a product which they chose once and into which they continually invest their savings during a long period. From an economic perspective, many consumers have no other choice, as they can only save small amounts over a long period to cover their retirement needs. They, therefore, need appropriate products which meet these demands and needs. Naturally, a corresponding product has to provide several options to be suitable and adaptable to changing circumstances of life.

Retail investors should not be nudged into purchasing financial products which are only suitable for the experienced investor even if these are chosen based on an initial financial assessment. There is a high risk that they will not monitor the development of these instruments as this would be necessary, and would, therefore, be likely to suffer losses in the long term. On the contrary, most insurance-based investment products, are conceived precisely for this type of customer. The mechanisms and features of insurance-based investment products to mitigate risks may not be necessary for professional or highly experienced investors. But for many retail investors, they are a prerequisite for participation in the capital markets.

Some of the existing information sheets for insurance- and investment products (i.e., PRIIP-BIB, AltZertG-PIB) are at least supposed to support the assessment of best value-for-money. E.g., in §7.1.10 AltZertG, which applies in Germany. There is explicit mention of "information on the price-performance ratio". However, these sheets are currently only available for investment products, not for direct investments, e.g., in shares. Assigning all IBIPs to the generic definition of “complex products” fails to recognise the distinctive features and benefits of insurance products. The difficulties in standardising the KID for all PRIIPs have already demonstrated the impossibility of applying a single standard to all these products.

As to costs, the reduction in yield (RIY) is a robust and accurate indicator that can be used to comply with requirements in MiFID or the IDD, as noted by the ESAs in the 2019 Joint Consultation Paper concerning amendments to the PRIIPs KID. RIY should be used for all products since different indicators for different products will not enable customers to compare the cost components of different products.

Question 16. The rules on the asset allocation strategy should allow for the establishment of asset classes that are fit to achieve the investment objectives of retail investors.

How should those rules take into account situations where the investment intermediary wishes to offer products that do not fit into one of the common asset categories?

- ( ) Where the intermediary proves that the risk, return and correlation properties of the product are equivalent to those attributed to one of the established asset classes, he/she can consider that instrument as belonging to that asset class
- ( ) Such products should only be made available to the investor at his or her explicit request, and not as a part of the investable universe determined by the asset allocation strategy
- (x) Other solutions

Please specify to what other solution(s) you refer in your answer to question 16:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 16:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In general, all IBIPs provide consumers an overall concept to achieve consumes' objectives that goes far beyond pure investment goals. Therefore, not all IBIPs can be divided in asset classes. Furthermore, this approach does not take into account investments wholly or partially in the general account, which represent the vast majority of IBIPs in Germany. The same applies for dynamic hybrid insurance-based investment products where the asset allocation is managed by the manufacturer in order to grant a certain level of guarantee. There, the investment is performed by the insurer who is a professional investor and follows strict asset allocation rules stemming from Solvency II. Thus, the objective of retail investors is achieved by the overall investment of the insurer and not through the choice of direct investments.

It is important to respect consumers' preferences and not limiting their choice to defend standard classes. We do not see any benefit in restricting consumer choice, by proposing basic asset allocation strategies with more restricted or more complicated opportunities of personalisation than today. In addition, companies should remain autonomous in defining their business strategy and intermediaries' role.

As to the first option, it would be burdensome and lengthy for intermediaries to prove the equivalence and difficult for supervisory authorities to objectively assess the intermediary's judgment.

As to the second option, it is unrealistic to expect an average retail investor to pro-actively demand an specific product or asset allocation strategy that is more sophisticated than the one recommended under the standardised process envisaged in this consultation paper.

Question 17. Although the form and content of the asset allocation strategy should be prescribed to a certain extent, financial intermediaries will always exercise a degree of discretion when establishing the asset allocation for a given investor. Competition between financial intermediaries in establishing an optimal asset allocation strategy for a given set of client data could yield better quality asset allocation propositions for the client. On the other hand, changing without objective reasons the investment guidance set out by the asset allocation strategy should be avoided in order to ensure that his or her investment goals are attained.

Should a financial intermediary other than the one that drew up the client assessment be able to propose a different asset allocation strategy than the one originally established, where the data required to produce the asset allocation strategy are made available to that financial intermediary?

- ○ Yes, but only when there are objective reasons (see notably (b) and (c) in question 9.1 and 9.2 respectively.)
- ○ No
- ● Don't know / no opinion / not applicable

Please explain your answer to question 17:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Again, we advocate the separate consideration of data collection and analysis on the one hand and the individual advice, which includes evaluation and assessment of the given information and the resulting recommendations, on the other. Yes, competition between financial intermediaries in establishing an optimal strategy for a given set of client data can achieve better results. Therefore, we see the possibility for the consumer to shop around and get different advice as an advantage rather than a disadvantage. The advantage can only be realised if the consumer is free to choose another intermediary who is not bound to the result of an existing asset allocation strategy. Apart from this, the consumer should anyway be free to invest as it pleases him/her.

The current regulatory framework under IDD ensures that any advice and any recommended product has to meet the demands and needs of the customer. Additionally, any advice on IBIPs has to be suitable in regard to the given set of consumer data – including the ability to bear losses, the intended time horizon, ESG preferences, protection against market risk, biometric protection and expectations regarding the pay-out phase (annuity phase). Intermediaries must be registered and meet the requirements for this. They do provide information and documentation. They are liable for damages resulting from incorrect advice. All these measures to protect the consumer are established in the existing legal framework.

Question 17.1 Should the investor be required to give explicit consent for the development of a new asset allocation strategy?

- ○ Yes
- ○ No
- ○ Don’t know / no opinion / not applicable

Please explain your answer to question 17.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 18. Would you have any general comments on an enhanced client assessment regime and/or personalised asset allocation strategy?

- ◉ Yes
- ○ No
- ○ Don’t know / no opinion / not applicable

Please explain your answer to question 18:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Special characteristics of insurance-based products:

We are very concerned by the fact that the proposal presented by the EC in this document is only based on pure investments and hence not suitable for insurance-based investment products. IBIPs are mentioned in the scope, but they do not seem to have been part of the preliminary work. Topics that are essential for IBIPs, such as insurance cover, pension arrangements or guarantees, are not addressed. We are irritated that the insurance industry is supposed to be in scope, but apparently, no sufficient content-related coordination within the Commission has taken place on insurance aspects. Even the basic approach to the asset allocation strategy does not fit the specifics of the insurance sector.

Once again, the existing provisions on the distribution of IBIP under IDD provide for a rigorous yet practicable regulatory framework, which has just been introduced with great effort. It works well in practice for consumers, intermediaries, and insurers.

Furthermore, the framework of the suitability and appropriateness assessment under IDD and MiFID II is already aligned. Why should all this have to be redesigned?

Both analogue and digital innovations are necessary:

The introduction to this consultation document states: "Digital innovation is expected to enable new and more efficient means for investors …" Why should only digital innovations be desirable? We are convinced that there is also promising innovation in the analogue world. Consumers act hybrid in practice. They switch between digital and face-to-face contacts and interact situationally. Both analogue and digital innovations are necessary to achieve the goals of RIS.

Alignment with other workstreams:

There are currently many parallel workstreams whose interdependencies and overlaps cannot yet be assessed. Some of them should be named here as examples:

- the new rules for dealing with customer’s sustainability preferences, which may be fleshed out by guidelines from the ESAs.

- the announced new legal framework on Open Finance.

- the proposals for the European Single Access Point (ESAP).

Missing Impact Assessment:

The implementation of any new regulatory system needs to have clear benefits for consumers. Considering that some IBIPs are bought only once in a lifetime because they are long-lasting contracts, it has to be carefully considered whether the implementation of a comprehensive portability concept has sufficient benefit. A solid impact assessment is urgently needed since it would take a lot of effort to replace the current system. However, this impact assessment would only be useful if insurance aspects were included in the assessment. In particular, the feasibility should be examined and whether real improvements would result. Also, the acceptance by consumers of treating all investment and life insurance transactions together should be examined. Part of an impact assessment would also have to be the question of how the services (data collection, assessment, recommendations/advice, placement of products, portability, and after-sales services such as funds switching's) will be reimbursed in the future.

Consultation period:

Last but not least, we have to conclude that one month is not enough time to fully consider these new proposals and their implications. Please keep in mind, providing stakeholder with the time to provide high quality input is crucial to ensure that legislation works in practice and achieves its goal.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous**.

The maximum file size is 1 MB.
You can upload several files.
Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

Useful links

More on this consultation (https://ec.europa.eu/info/publications/finance-consultations-2022-suitability-appropriateness-assessments_en)

Consultation document (https://ec.europa.eu/info/files/2022-suitability-appropriateness-assessments-consultation document_en)

More on retail financial services (https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consume finance-and-payments/retail-financial-services_en)

Specific privacy statement (https://ec.europa.eu/info/files/2022-suitability-appropriateness-assessments-specific-privacy-statement_en)

More on the Transparency register (http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

Contact

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