Commissioner Hill

In his speech at the Better Finance CMU conference, Commissioner Hill - responsible for Financial Stability, Financial Services and the Capital Markets Union – personally stressed that "*the Capital Markets Union will not work unless it works for individual savers and investors*".

In order to make it work for them, policy makers should start by getting rid of the high barriers to individual shareholder engagement in the real European economy. Sadly however, and despite the efforts of Better Finance, the current parliamentary discussion on the revised Shareholders Rights Directive (SRD) seems to blatantly ignore this CMU priority, as pointed out at the conference by the vice chair of the European Parliament's ECON Committee Markus Ferber: "*I am concerned that the Shareholders Rights Directive is turning into the "Intermediaries Rights Directive*".

Besides restoring easy access to equity markets for individual investors in Europe, the Capital Markets Union will need to look at improving long term net returns of intermediated – 'packaged' – investment products as a matter of urgency. As it stands, dismal returns are largely to blame on the high – and often not properly disclosed - fees charged by intermediaries who stand between the individual investor and the companies. According to Sven Giegold, the Green MEP spokesman, "*when you have, say, a fund investing in shares, and you demand from a consumer 1,5% in fees per year [...], then this is simply a form of organised robbery.*"

After all is said and done, without trust in the financial system, capital markets will simply fail to attract individual savers and investors back. "*How do we rebuild trust?*" asks David Wright, Chair of IOSCO, the worldwide organisation of financial supervisors. His answer "*won't please everybody: for those who miss-sell products deliberately, it should be jail. Jail! I'm tired of listening to people whose lives have been ruined by deliberate miss-selling of products*."

Great stuff!

Bill Johnston

It's a long time since we heard anything about the French being miffed about English rather than their own tongue as the official language of the EU. Perhaps they should ponder on the fact that it has been decided to change the name from 'the European Federation of Investors and Financial Services Users' to 'Better Finance', or in French *'Fédération Européenne des Épargnants et Usagers des Services Financiers'*. Apart from anything else, look at the time it saves.