

## **Viewpoint: Unlocking the potential of Europe's savers**

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In its plans for a Savings and Investment Union (SIU), the European Commission rightly identifies the need to channel retail savings from bank accounts to investment products as a means to fuel growth not just for Europe's economy, but also for its citizens.

Harnessing the savings of retail investors will go a long way to drive competitiveness and support the digital and green transitions. Directing those savings into long-term insurance and pension products also has the benefit of helping to close Europe's significant pensions gap.

So, what needs to be done to realise the potential of Europe's savers?

First, let's work with what we have.

We need to move on this agenda, so it is essential to focus on what can bring the agenda forward swiftly. The proposed reviews of the IORP II Directive and the PEPP framework present a valuable opportunity to contribute to achieving the SIU's objectives. EIOPA would welcome a pragmatic result, keeping it simple, ensuring it can be implemented and can be done soon.

When it comes to occupational pensions, also known as pillar II pensions or workplace pensions, EIOPA's Eurobarometer research showed that only 20% of people surveyed stated that they were a member of an occupational pension scheme, so incentivising participation, for example through auto enrolment, has to be a priority. We know from the same research that 56% of consumers trust their employer to design a product that will ensure a good consumer outcome and an adequate retirement outcome, highlighting the important role that occupational pensions play in people's retirement planning.

Second, we need a wider range of savings products.

It is crucial to encourage additional savings also through third-pillar pension schemes or insurance products. To do this, we need more simple, transparent and reliable pension products that offer value for money and that are suitable for long-term savings. Products should be designed with retirement in mind, for example offering tax advantages and restricting access until retirement, yet still being flexible and portable. For all long-term savings products that are targeted to retirement, whether they are insurance or pension products, it is just as important to consider both how and how much people save as well as how and how much people can withdraw in terms of income.

For both occupational and personal pensions, we cannot overlook the new work dynamic and must provide options for people who frequently change jobs, are self-employed or leave the workplace.

Furthermore, pension dashboards and tracking systems are powerful tools to better understand pension gaps: on the one hand, enabling governments to take the appropriate policy measures, on the other hand enabling people to keep track of their pension savings and act when needed.

Third, we have to acknowledge the importance of trust.

According to our recent research, only 18% of people surveyed said they had a personal pension product. To change this, we need to improve financial literacy and promote a savings culture so that

people are more confident and better placed to make informed decisions about their investments. We must also make sure that savings and pensions products offer value for money. Less than half of the people that we surveyed believed that their pension or long-term insurance savings product offered value for money. While value for money issues are not widespread, people will not shift their savings away from low-performing bank accounts if they do not fully trust investment products.

Fourth and finally, we cannot overlook the important role that supervision will play in fostering a well-functioning Savings and Investments Union. Good supervision is at the heart of EIOPA's mission to protect the public interest. It is central to maintaining trust and confidence in Europe's insurance and pensions sectors.

Given the importance of strengthening our Single Market, and based on our own experience, it is important that there are sufficient supervisory tools in place so that we can best protect people and offer a fair environment for business. We therefore welcome the proposal for more unified supervision of capital markets and believe a similar approach would be beneficial for the insurance sector in the future. We also encourage work on the harmonisation of Insurance Guarantee Schemes to enhance the trust of retail investors.

An important objective of the SIU is increasing Europe's competitiveness. There is a lot of potential in the EU to make that happen, so let's unlock this. More investment opportunities for investors in the EU will incentivize more investment in EU. Directing more savings in to retail investments will result in more returns for individuals while supporting the economy.

We have to capture the current impetus to unlock the potential of Europe's retail investors. Pensions may very much be a national issue, yet it is important to build on the momentum we have now and push forward to a positive ecosystem where national, regional and European players all support the overall growth of the EU economy to benefit its citizens. EIOPA stands ready to work with the European Commission to maximise the potential of the Savings and Investments Union so that European citizens do not only experience improved retirement outcomes, but also overall benefit from a more stable, efficient and competitive financial system.