KEYNOTE

From cacophony to composition

Keynote Laura van Geest

Ladies and gentlemen,

Imagine Europe as an orchestra. Not just any orchestra, but a large ensemble on the world's most important stage; the financial markets. Talent is there, as is ambition. And if you listen carefully, you will hear a lot. But it is not always a symphony. We are dealing with a variety of Member States, each with their own views on the management of their financial sector and advocating different measures.

The result? No harmony. And harmony is what we aim for! Because effective cooperation between Member States builds trust. And trust is not a luxury; it is infrastructure. Without trust, there is no broad participation. Without participation, no scale. And without scale, no deep, liquid market—the kind Europe needs to stay competitive and to deliver on its ambitions for growth and stability. Let me now leave this visionary helicopter, and I descend briefly to our mundane daily business.

The message I want to convey today is clear: the discussions and debates about reforms in the financial sector are often framed as either increasing consumer protection or lowering barriers for firms. As either pro market or pro consumer. In my opinion, this contradiction is a misunderstanding. Retail investors and consumers need to know that the sector has their interests at heart before they can fully trust the sector. And the market also needs to be free enough to allow competition and innovation. It is not a duel, but a duet. It is not either protection or market force, but both together.

But how do we achieve such a situation? Well, not by silencing one voice. But by reviewing the score and setting the tempo. Because by doing so, we create a European landscape that empowers us. A European capital market that works for people and the economy. Of course, this is easier said than done. But setting a clear goal for the future matters.

Let us now turn to the practicalities—starting with the demand side. Consumers and retail investors, in other words. **Managing behavior is the biggest challenge.** We often assume that if people know enough, they will automatically make better choices. So, we pile up leaflets, webinars, and teaching kits. But let's be honest: who reads them?

The problem is not ignorance; it is human nature. People avoid complexity, procrastinate, follow the herd, and are allergic to fine print. That is not a character flaw—it is behavior. And behavior is stubborn.

The evidence is clear. In the Netherlands, despite years of financial literacy campaigns, around 40% of households still struggle to understand basic financial information. Awareness alone does not translate into action.

In the United Kingdom, auto-enrolment in workplace pensions pushed participation rates above 90%, with opt-outs below 10%—a success driven not by more education, but by smart defaults that made the right choice effortless. OECD research confirms this pattern: financial education programs consistently improve knowledge, yet their impact on actual behavior is minimal. People know more, but they still procrastinate and avoid complexity.

European evidence reinforces this point. ESMA's retail investor trends show that even informed investors often fail to diversify or rebalance portfolios, leading to suboptimal outcomes. Behavioral inertia is systemic, not national. And the digital paradox adds another layer: while fintech apps and robo-advisors promise empowerment, adoption remains uneven.

In some EU countries, fewer than 20% of retail investors use digital advice tools, despite their potential to simplify decisions. Colleagues, what does this tell us?

Knowledge is necessary, but it is not sufficient. Behavioral biases—loss aversion, status quo preference, complexity avoidance—remain powerful forces. If we truly want to broaden participation, we must design systems where the right choice is also the easy choice:

- Automatic enrolment as the default
- Simple, transparent onboarding
- Digital nudges embedded in product design, not relegated to optional apps
- Questions that make risk tangible—"What will you do if your investment drops by 20%?"—instead of abstract profiles

So, I ask you: do we continue to invest in education simply because it is politically low-cost? Or do we dare to acknowledge that knowledge alone is not enough—and take a different path?

My message to you is clear: do not choose the path of least resistance. Choose policies that work. Policies that make participation in the norm, not the exception.

In practice, this requires:

- Defaults: "You are enrolled" as the standard, unless you actively say "no."
- Simplification: onboarding without escape-room like complexity

And please, let us stop asking, "What is your risk profile?" Instead, ask the human question: "What will you do if your investment drops by 20%?" Because only questions like these make risk concrete, relatable, and human. If we want to broaden retail investing, we need to lower barriers—not by piling on information, but by structuring choices so that the sensible option is also the easy one.

And let's stop treating behavioral interventions as fun pilots. They must become fully-fledged policy instruments, embedded in regulation, product design, and supervision. Because if we continue to do what we have always done, we will get what we have always got: a market that mainly works for the assertive minority.

And now, let's turn to the other side of the orchestra: the suppliers—the financial sector.

Because even if we protect consumers, there's always one key question: *what kind of products do they actually have access to?*

Too often, the answer is: products that are simply too expensive. Not because providers have bad intentions, but because the system still rewards the wrong behavior. Today, business models rely too much on indirect costs, complex structures, and commissions. And the barriers to internal trade— for services equal to tariffs as high as 110%, the IMF estimates—block the competition that could bring new players to the market. Players who innovate, who lower costs, who make market forces work for citizens. And the figures speak for themselves. Year after year, EIOPA shows that costs for retail insurance products—especially unit-linked products—remain high. For some, costs exceed three percent per year. And while ESMA reports that costs for investment funds are decreasing, the progress is marginal.

I can see you thinking: Should we accept that high costs and incentives are 'just part of the market'? Or do we really dare to change the playing field? If you ask me, here's my advice: dare to choose incentives that truly reward quality.

What does that mean?

First, lower barriers by removing excessive requirements in onboarding procedures—but only for products that genuinely serve the client's interest. Products that are simple, diversified, low-cost, and designed for the long term.

Second, embrace smart harmonization and digitization. Less regulatory pressure, lower costs—without compromising protection.

This is where the RIS was supposed to come in: make investing easier and more transparent, cut costs, increase trust and provide access to better products. The commission proposal was not perfect, but an ambitious compromise.

After more than two and a half years of negotiations, it remains to be seen whether the final text will deliver on its original promise. On the positive side: it contains mandates to take into account consumer behavior when, for example, designing disclosures. It makes it easier to stop finfluencers from spreading false information. But will it be the game changer we hoped for? I doubt it.

The value-for-money framework looks too complex, and it's unclear how it will work in practice—or whether it will truly drive down costs. And while we'll have to wait two more days for the finale of the RIS, one thing seems clear: it might turn out to be a posterchild for how not to simplify regulations and reduce burdens.

Banning inducements, as the Commission proposed more than two years ago, may have been disruptive in the short term but also much simpler than the value for money framework. Paradoxically, taking the sector's interest into account may have produced overregulation, rather than less. Because of this, a cost-benefit analysis of the final text could turn out negative, especially for countries with a ban on inducements, or where products already offer good value for money.

In light of this, a review clause of whether the total package has achieved the policy goals would help improve the legislation. The cacophony of competing interests is leading to a compromise that serves no one. Financial firms will face additional rules—rules that, frankly, I doubt will lead to sensible investing.

Whether or not we see a RIS finale, one thing is clear: it has already been overtaken by recent developments—such as the publication of the Draghi report. That report sets out a bold vision for deepening Europe's capital markets and strengthening competitiveness. It reminds us that the real challenge is not more rules, but better rules—rules that create simplicity, trust, and scale.

So let's look ahead to more promising initiatives. Take the recommendation on Savings and Investment Accounts. It reflects many of the principles I've highlighted today: simplicity, transparency, and accessibility.

There are positive elements worth noting:
- Making it as easy and frictionless as possible for investors to participate.
- Emphasizing simple, diversified, and transparent products that serve long-term goals.
- Encouraging digital solutions and harmonization to reduce costs without compromising protection.

Because this is what Europe needs: a market that works for citizens, not against them. A market that rewards quality, not complexity. And a market that turns ambition into action. We / Europe cannot afford to wait. The urgency is real and multidimensional. If we fail to act, fragmentation will persist, costs will remain high, and competitiveness will erode — especially compared to the United States and Asia, where deep, integrated markets attract global capital at scale.

Ladies and gentlemen,

Today I've spoken about reforms, incentives, and the reality of consumer behavior. And if there's one conclusion, it's this: complexity still has the upper hand. Unfortunately. Consumers face choices that feel like escape rooms. Providers operate in a system that rewards opacity over simplicity. And policymakers—too often—end up writing rules that look good on paper but fail in practice.

So here's the challenge: do we keep layering compromise upon compromise, hoping it will somehow produce harmony? Or do we dare to simplify? Because the real game changer is not another directive—it's clarity. Clarity that makes the right choice the easy choice. Clarity that rewards quality, not complexity. Clarity that lowers barriers without lowering protection.

Recent initiatives, like the SIU, point in the right direction: simple, transparent products, frictionless onboarding, and digital solutions that cut costs. That's what the financial sector needs. Europe cannot afford to play at half the tempo. Every year we delay, costs remain high, participation stays low, and innovation waits in the wings. A strong European capital market will not come from compromise alone. It will come from courage—the courage to harmonize, to digitize, and to embed behavioral insights into real policy.

The courage to rewrite the score so that every part—consumer protection, market access, innovation—plays in tune. Let's pick up the pace. The time to act is now. Every month of delay is a missed opportunity for integration, competitiveness, and confidence.

A strong and trusted capital market is essential; it is the backbone of Europe's economic sovereignty and a driver of growth. When we harmonize rules and build trust, capital stays in Europe, companies gain the scale to innovate and compete globally, and households will have real opportunities to build wealth and resilience. That future is within reach—but only if we choose to act now.

Thank you