

1. Financial services

THIS CHAPTER IN 1 MINUTE



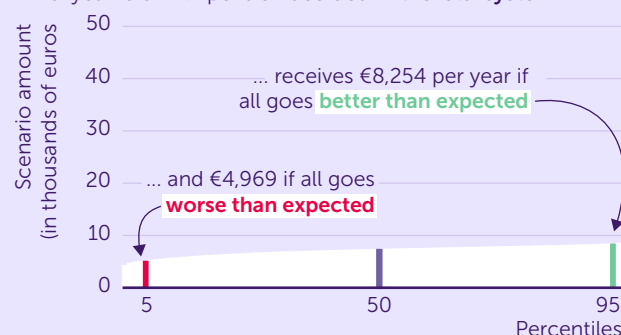
- **Digitalisation is leading to further personalisation** of the product range and AI-based advice. As a result, the product range and advice can be tailored (even more) to personal circumstances, but it can also lead to exclusion, opaque pricing or more complex products.
- **The pension transition** may lead to **unrealistic expectations** among pension participants about the amount of their pension, as this is highly dependent on the scenario that ultimately occurs (Figure on the right).
- Due to **geopolitical turmoil and high valuations of financial products**, financial markets remain vulnerable to sharp corrections that could hit retail investors and pension funds through losses on their investments.
- Climate change continues unabated and interest in sustainable financial products and services is undiminished. Because **sustainability claims are often insufficiently precise, verifiable and substantiated**, there is a risk that consumers or pension participants will not receive the products that match their objectives.
- The advent of GenAI has given rise to new forms of **digital fraud and scams**. In addition to investment and mortgage fraud, AI is increasingly used for payment fraud, with direct consequences for consumers. Although specific figures are lacking, broader analyses point to a sharp increase in consumer-facing fraud.

There are significant differences in possible pension outcomes between the old and the new pension system.

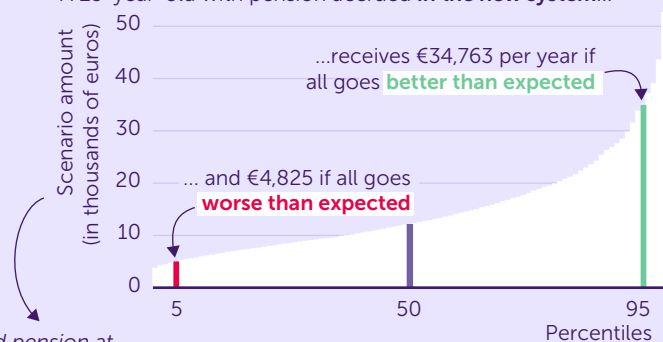
Three scenarios are specified by law:

- The pessimistic scenario (5th percentile)
- The expected scenario (50th percentile)
- The optimistic scenario (95th percentile)

A 25-year-old with pension accrued in the 'old' system...



A 25-year-old with pension accrued in the new system...



Expected pension at retirement age, per year

Source: AFM, in collaboration with Ortec Finance.

General developments

The use of artificial intelligence (AI) and the further digitalisation of the financial markets may increase the accessibility of financial services. Due to the growth of data sources and AI applications, financial services are becoming faster, more digital and more personal. By leveraging data in a smarter way, financial services can be better tailored to individual customer needs and customers can be segmented more accurately and served directly through interactive, digital channels. This increases ease of use and enables proactive support, for example through always-on chatbots.

European regulations must prevent the use of AI from leading to exclusion or discrimination as a result of biases or incomplete/incorrect data.¹³ In the case of data-driven underwriting and acceptance processes, in lending or insurance, the use of AI could lead to the exclusion of customers with a different risk profile.¹⁴ The AI Act should provide safeguards to prevent this. In addition, demographic developments, such as increasing population ageing and migration, may lead to an increase in groups that are relatively more likely to be financially vulnerable and have fewer digital skills. Examples include the elderly, people with a practical education, people with low literacy and Dutch people with a migration background.¹⁵ New European regulations, such as the Payment Services Directive 3 (PSD3) and the Financial Data Access Regulation (FIDAR), contribute to better accessibility of financial services. By giving consumers more insight into their financial situation, these rules also offer pathways to improve their financial health.

The vulnerability of specific target groups is continuing to grow because consumers are increasingly interested in alternative, riskier ways of financing purchases, such as 'Buy Now, Pay Later' (BNPL) and private leases with an option to buy. This involves growing risks, such as debt habituation, debt accumulation and loss of financial overview. BNPL grew by 17% in 2024, and that figure does not include e-commerce platforms that offer postpay themselves.¹⁶ In the case of private leases with an option to buy, more than four out of 10 users eventually want to acquire the product.¹⁷ At the same time, most users feel insufficiently informed about important conditions such as the acquisition price, rental costs and termination options. They are often tied to the contract for the entire term, without adequate testing of their creditworthiness.

Due to the implementation of the revised European Consumer Credit Directive (CCD2), these alternative forms of credit will be regulated as of November 2026. The CCD2 requires providers of BNPL and private leases with an option to buy to clearly inform consumers about the characteristics and risks of these products and to assess their creditworthiness. The threshold for such a creditworthiness test is currently €250. For higher amounts, credit providers must obtain information about the consumer's income and expenses in order to prevent excessive lending. AFM's investigation into the BNPL market shows that nine out of 10 BNPL transactions with payment problems are below this €250 threshold (Figure 1.1). It is therefore important that when the CCD2 is implemented the threshold for creditworthiness testing is sufficiently low, so that consumers are actually better protected against payment problems.

¹³ '<https://www.afm.nl/nl-nl/sector/actueel/2024/april/ai-rapport>', AFM, April 2024.

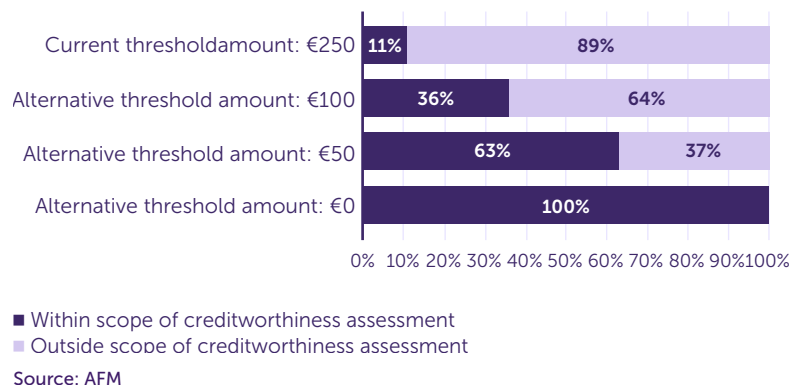
¹⁴ '<https://www.afm.nl/nl-nl/sector/actueel/2025/jun/sb-tech2035>', AFM, June 2025.

¹⁵ '<https://www.afm.nl/en/consumenten/actueel/2023/januari/toegang-financiele-dienstverlening>', AFM, January 2023.

¹⁶ '<https://www.afm.nl/nl-nl/sector/actueel/2025/juli/pb-marktupdate-BNPL-2025>', AFM, July 2025.

¹⁷ Consumer Monitor, AFM, 2025 (not yet published).

Figure 1.1 No creditworthiness test was carried out on nine out of 10 BNPL transactions with payment problems.



Crypto as a financial product remains risky and is becoming more accessible due to the increasing interconnectedness between the traditional financial sector and the crypto sector. Some European banks and investment firms are entering the market for crypto-asset services. This allows crypto to be blended with traditional investment portfolios. At the same time, some crypto companies are also entering the market for investment services and payment services. These developments are making the crypto market increasingly accessible. The market for crypto derivatives and crypto ETFs is also continuing to grow. It is important that consumers remain aware of the risks involved in trading crypto-assets, despite the entry into force of MiCAR. Furthermore, illegal crypto providers remain an issue. There has also been a strong increase in the use of stablecoins, as explained in more detail in the Capital Markets chapter.

Risky private investment products, including private equity and private credit, are increasingly being offered to retail investors.

While these investments can offer attractive benefits – such as the potential for portfolio diversification in private equity and stable income streams in private credit – they also carry significant risks. A key concern is limited liquidity. These investments are usually difficult to trade, and the capital is often tied up for a longer period of time. In addition, the valuation of private investments is complex. Since no daily market prices are available, it is difficult to determine the current value of these products – especially in volatile market conditions. Investment products in private markets are also often characterised by complex and high-cost structures. With the arrival of the Savings and Investments Union (SIU), it will be easier for European investment platforms to offer investment products to Dutch consumers. This may result in an increasing supply of risky private investment products that are offered without advice. This may increase the risk of retail investors investing in products that do not fit their risk profile.

The pension transition is currently in full swing, with many pension funds set to enter the new system in the coming years. Switching to the new system is an important milestone, but it is important to look beyond the transition now and for pension administrators to think about the structure of the new pension system. After the transition, pension administrators' attention should shift to sustainable long-term issues. This includes ensuring comprehensibility for participants by giving them realistic expectations about their pension, cost transparency and improving the position of consumers with little pension accrual – including by providing insight into possible action they could take.

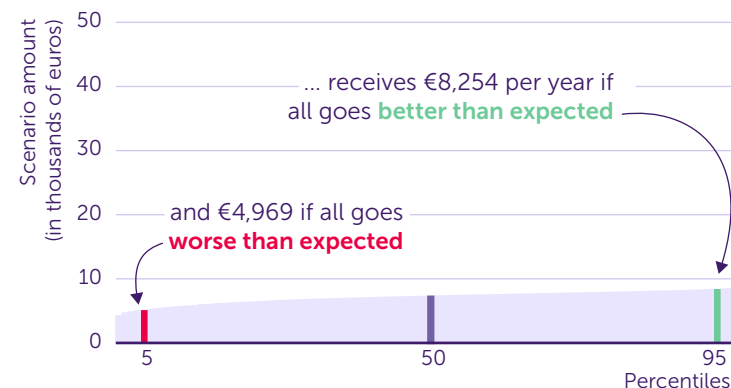
In the past year, the pension sector has taken positive steps to prevent unrealistic expectations among participants. Nevertheless, it is important to maintain the focus on possible unrealistic expectations, both during the transition and during the subsequent more structural phase. Correct, timely, balanced and clear information gives participants a realistic picture of their pension and the uncertainties that come with it. Moreover, even after the transition, it remains important that pension administrators explain the scenario amounts shown (for example on the annual uniform pension overview) in a way that is appropriate for and understandable by participants. This is the only way to prevent unrealistic expectations about future pension benefits. In the explanatory notes, pension administrators still have steps to take, and it is essential that they test the explanatory notes in advance with specific participant groups. During the transition, pension administrators must clearly inform their participants about the personal consequences of the pension transition no later than one month before and six months after the transfer of the pension scheme. Here too, the notes accompanying the amounts that the participants see must be explained. After all, calculations show that expectations under the new system can differ considerably from those under the old system (Figure 1.2). In the optimistic scenario, the outcomes are significantly higher than in the pessimistic scenario.

Figure 1.2 There are considerable differences in possible pension outcomes between the old and the new pension system.

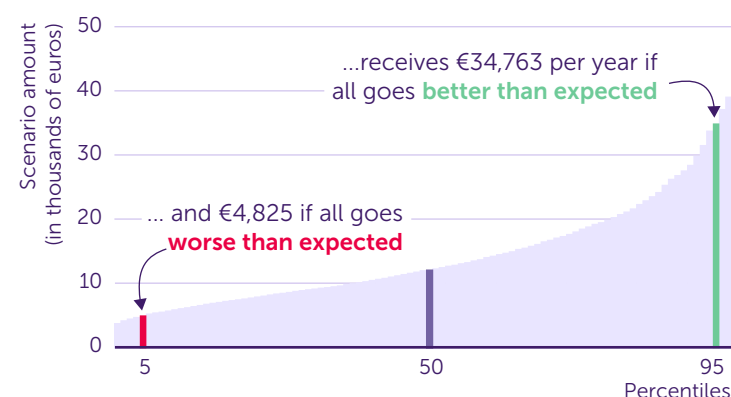
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A 25-year-old with pension accrued **in the 'old' system**...



A 25-year-old with pension accrued **in the new system**...



Source: AFM, in collaboration with Ortec Finance.

It is important that pension participants receive adequate choice guidance. Pension administrators have been working on setting up choice guidance and can still take the necessary steps, especially if the pension scheme is adjusted during the transition. An exploratory investigation by the AFM into the structure of choice guidance shows that there are pension administrators who have thought carefully about the structure of their choice guidance and have set it up in the interest of their participants.¹⁸ Changes and new insights may make it desirable or necessary for pension administrators to adjust their choice guidance or the information on the consequences of choices, for example in the event of changed market conditions, new legislation, adjustments to the pension scheme (such as during the transition) and new behavioural insights. In some adjusted schemes, the transition entails new choices and new consequences of choices, both during the transition (e.g. consequences of pension choices for compensation and the 'entry bonus') and after the transition. Furthermore, the option of withdrawing a lump sum may be introduced in the short term, and pension administrators must also provide participants with adequate guidance on this.

Consumers and financial service providers may be affected in various ways by rising geopolitical unrest. The current geopolitical turmoil is accompanied by considerable volatility and price shocks in the financial markets. For example, financial markets are vulnerable to sharp market corrections, which can then affect retail investors and pension participants through losses on their investments. Pension funds that are close to entering the new pension system may therefore be faced with difficult choices – such as having fewer buffers available to pay compensation. An escalation of the geopolitical situation could also lead to a slowdown in economic growth. This would increase the risk of payment arrears and rising debts among consumers. In addition, geopolitical unrest could lead to disruptions in the payment system. The high dependence on US financial institutions and infrastructure is a vulnerability in this respect.

Digitalisation

Digitalisation and the further personalisation of the product range and the choice environment have advantages but can also lead to opaque markets in which comparing products becomes increasingly difficult. Financial services are becoming increasingly digitalised. Digitalisation can lead to further personalisation of financial products and services, among other things providing consumers with solutions more tailored to their personal circumstances. In addition, the choice environment can be increasingly aligned with the individual preferences of the consumer – a process known as hyperpersonalisation.¹⁹ This offers opportunities, such as more appropriate lending or better insurance coverage. At the same time, personalisation can lead to undesirable effects. For example, solidarity in the insurance market may come under pressure if consumers only pay for their own, personalised cover. Personalised profit margins may also have undesirable effects, as previously investigated by the AFM.²⁰

In the future, consumers will increasingly be confronted with AI-driven advice, both solicited and unsolicited, sometimes to the advantage of the customer, but sometimes also with detrimental effect due to errors in the underlying decision rules. Financial companies can use AI in the entire customer journey, from product development and information provision to lending and claims handling. This may be in the interest of consumers: for example, information can be presented in a more understandable way, credit acceptance can be more robust and fraud can be prevented by the use of algorithms. It is important that these processes operate in the interest of the customer, and that they are not influenced by biases, errors in the data or incorrect decision rules, including in the case of outsourcing and access to external sources. In addition, a process must always remain explainable for consumers, for example when they are refused credit or insurance, or have questions about a premium increase.

¹⁸ <https://www.afm.nl/en/sector/actueel/2025/feb/sb-keuzebegeleiding>, AFM, February 2025.

¹⁹ Trend Monitor, in-depth analysis of hyperpersonalisation in the online choice environment, AFM, 2025.

²⁰ <https://www.afm.nl/~profmedia/files/rapporten/2025/deep-dive-margepersonalisatie-nl.pdf>, AFM, April 2025.

In addition, consumers are increasingly using public large language models during the orientation phase, especially the younger generations. Research shows that 17% of Gen Z consult AI tools for financial information, even though these tools are not trained to provide financial advice.²¹ AI accelerates and personalises access to information but makes it more difficult to critically assess that information.

Providers of online investment training and trading courses pose a risk to retail investors, especially when they operate at the intersection of education, promotion of financial products and financial advice. Online investment training and trading courses can help consumers learn to invest independently. For beginners, they offer a safe practice environment to gain experience (without risk). However, signals received by the AFM indicate that some providers also engage in a form of ‘finfluencing’, which involves very active marketing through social media platforms. Some providers present themselves as educational platforms, but in reality promote risky investments, for example in foreign exchange or cryptocurrency derivatives. Sometimes their revenue model is even set up in such a way that they benefit financially from the losses of their participants. In serious cases, there is even deception, incitement to excessive trading (churning), sham constructions such as ‘funded trading accounts’ (trading with other people’s money) or even investment fraud.

The likelihood of large-scale outages is growing as financial services become increasingly intertwined. Financial institutions are highly digitalised, and that also applies to the financial services they offer. At the same time, the market is increasingly interconnected, partly due to the growing operational dependence on IT, cloud technology, outsourcing and the use of multiple external parties. This digitalisation and interconnectedness also entails risks, including the risk of disruptions to services due to large-scale cyber incidents. Major incidents such as the one at CrowdStrike show that an incident at one party can lead to disruptions throughout the chain. Legislation such

as DORA focuses on making organisations resilient to these types of risks. It is also wise for parties that do not fall under DORA – such as smaller financial service providers – to investigate which dependencies exist within the organisation. They can then take appropriate risk management measures, for example by mapping all outsourced services.

Sustainability

More and more consumers want sustainable financial products.

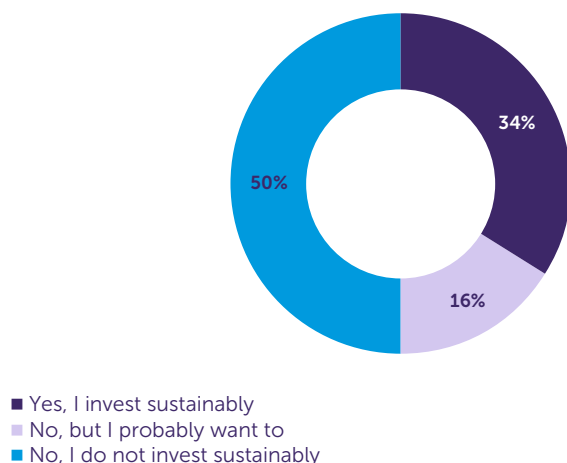
However, sustainability claims by financial companies could still be improved in terms of precision, verification and substantiation. Half of consumers indicate that they are interested in sustainable financial products and services (Figure 1.3).²² Financial companies respond to this by developing products and promoting sustainable features of products and services. In addition, financial firms make claims about their ambitions or achievements in the field of sustainability. Unfortunately, sustainability claims are still often imprecise and hard to verify or substantiate and/or overemphasise the positive aspects. Images and terms in claims can also create expectations that companies cannot fulfil.²³ As a result, consumers and pension participants run the risk of being misled about the actual sustainability performance, which may lead them to choose products that do not align with their sustainability goals. Partly due to the relaxation and postponement of European rules on sustainability information, such as the Corporate Sustainability Reporting Directive (CSRD), it remains difficult to compare and test companies’ sustainability claims.

²¹ <https://www.afm.nl/~profmedia/files/rapporten/2025/rapport-kantar-genz.pdf>, AFM, March 2025.

²² <https://www.afm.nl/nl-nl/sector/actueel/2024/november/consumentenmonitor-beleggers>, AFM, November 2024.

²³ <https://www.afm.nl/nl-nl/sector/actueel/2023/oktober/leidraad-duurzaamheidsclaims>, AFM, October 2023.

Figure 1.3 Half of consumers invest, or are interested, in sustainable financial investment products.



Source: Consumer Monitor, AFM, 2024 – Percentage of investors in sustainable investments.

In addition, home valuations still take insufficient account of climate risks, such as foundation damage. Both homeowners and prospective homebuyers should be aware of the potential consequences of more extreme weather on their home – and on its value. In most cases, this ‘climate damage’ cannot be insured. One of the biggest risks is foundation damage. Research shows that approximately 425,000 buildings and homes will face moderate to severe damage due to deterioration of the foundations by 2035.²⁴ Foundation damage can have major financial consequences. If consumers buy a house which subsequently turns out to have foundation damage, this can cause the house to decrease in value. If the owners have taken out a high mortgage to buy a home with foundation damage, they may find

themselves with negative equity. This means the mortgage debt is higher than the value of the home. In that case, they may be left with a residual debt when they sell. Due to the increasing foundation risks, ministries, including Housing and Spatial Planning, are taking a leading role and in July 2025 set out the broad outlines of a national approach to foundation problems.²⁵

Internationalisation

By increasing competition, growth of cross-border financial services can bring benefits to consumers, such as lower costs, higher savings rates and a wider range of financial products. Foreign insurers now have a share of around one-third of the Dutch non-life insurance market.²⁶ In addition, the Dutch are increasingly using cross-border investment service providers. The share of Dutch bank deposits abroad is also increasing – in the period 2022 to 2024, this share almost doubled from 1.3% to 2.4%. Although this is still a relatively low share, it is expected to rise further, given that during this period 15% of the total growth in bank deposits was placed with foreign banks (Figure 1.4).²⁷

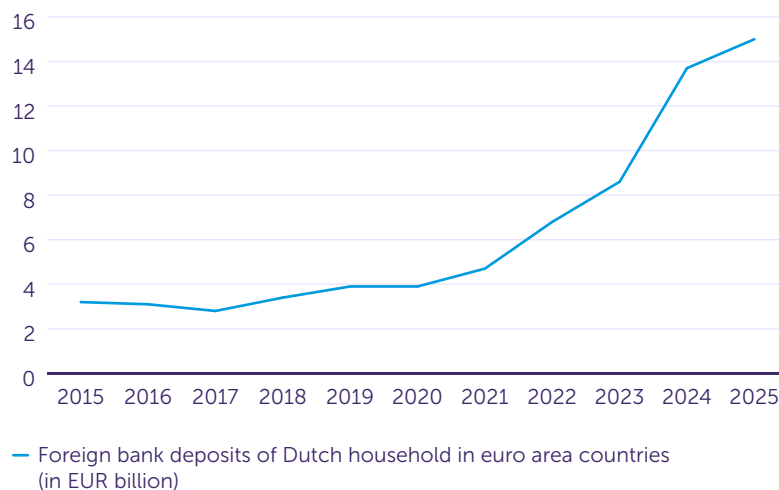
²⁴ <https://www.rli.nl/publicaties/2024/advies/goed-gefundeerd>, Rli, February 2024.

²⁵ <https://www.rijksoverheid.nl/documenten/kamerstukken/2025/07/04/kamerbrief-kabinetsreactie-op-advies-de-olifant-onder-de-kamer>, Dutch government, July 2025.

²⁶ <https://www.dnb.nl/statistieken/data-zoeken/#/details/premies-schaden-en-kosten-van-verzekeraars-per-branche-solvency-ii-jaar/dataset/3f37c91a-2e35-45ce-ab8c-083844972375>, DNB, August 2025.

²⁷ <https://www.dnb.nl/algemeen-nieuws/statistiek/2024/buitenlandse-banktegoeden-nederlandse-huishoudens-in-twee-jaar-tijd-verdubbeld/>, DNB, September 2024.

Figure 1.4 An increasing number of foreign bank deposits of Dutch households are held in euro area countries.



Source: DNB

However, foreign financial services may also apply different standards and working methods, which may make safeguarding the interests of the customer less effective. This could lead to differences in quality of service and consumer protection. Moreover, Dutch regulators, such as the AFM, have limited scope to intervene. The responsibility lies with the supervisor in the country of origin, which makes effective enforcement more difficult. Cross-border financial services therefore require continuous European cooperation. Only then can the customer's interests be safeguarded.

Integrity and criminal behaviour

The advent of GenAI has given rise to new forms of digital fraud and scams. Criminals use AI to create convincing deepfakes, synthetic identities, personalised phishing and disinformation campaigns on social media. These technologies make fraud scalable, credible and difficult to detect. AI is used not only for investment or mortgage fraud, but also for forms of payment fraud, which can mislead consumers and institutions in new ways. AI not only increases the threat to cybersecurity and the resilience of institutions but also lowers the threshold for criminals to target consumers directly. The automation of fraud processes makes it increasingly cost-effective for bad actors to recruit victims on a large scale, especially through social media platforms.

While there is still a lack of specific figures on the use of AI in fraud targeting retail customers in the financial market, broader analysis points to a strong increase. For example, a study into the use of AI in identity fraud in Europe shows an 80% increase in the number of fraud attempts in the past three years. The share of deepfake-based fraud increased from 0.1% to 6.5% of all fraud attempts.²⁸ In the long term, developments in AI may damage confidence in digitally available information and therefore in particular consumer confidence in digital financial services.

Mortgage fraud undermines confidence in the financial sector.

A central role in this is reserved for so-called fixers: intermediaries who link consumers to rogue advisers, falsify documents or facilitate criminal real estate use. This is often done without a licence and out of the sight of regulators. The AFM receives an increasing number of signals pointing to mortgage fraud.²⁹ This trend is confirmed by the police: it is estimated that 8,000 homes are associated with fraudulent activity, accounting for approximately €60 million in criminal assets, with properties being misused for drug storage, illegal housing or money laundering.³⁰ The AFM has established that fixers

²⁸ <https://www.signicat.com/the-battle-against-ai-driven-identity-fraud>, Signicat, 2025.

²⁹ <https://www.afm.nl/nl-nl/sector/actueel/2025/jun/sb-hypotheekfraude>, AFM, June 2025.

³⁰ <https://www.rtl.nl/nieuws/artikel/5511059/politie-wil-hypotheekfraude-beter-aanpakken>, RTL, May 2025.

play a central role in mortgage fraud by presenting themselves as advisers or confidants and taking over the application process from the consumer. In doing so, they provide services that may require a licence, even though they are not licensed by the AFM. Since there is no direct customer contact with the financial service provider, there is an increased risk of deception. Service providers that do have a licence collaborate either knowingly or unknowingly with fixers. This increases the risk of abuse of that licence.

Investment fraud is growing in scale partly as a result of facilitators using malicious software and fake websites.

The AFM, FIOD (investigation service for financial and tax crime) and the Police have seen a clear increase in investment fraud, including online.³¹ Fraudsters deceive investors using rogue software and fake websites. In doing so, they receive support from so-called facilitators: professional service providers who – consciously or unconsciously – help to set up, legitimise and maintain fraudulent investment structures. Research shows that this fraud is rarely isolated.³² It is often part of a broader criminal infrastructure. Facilitators play a key role in this. They recruit victims, conceal the criminal origin of money flows and provide a semblance of legitimacy. In addition to technical support, some legal and other advisers help structure investment products in such a way that they appear legal and reliable. In reality, these schemes are often deliberately designed to mislead investors, for example by abusing exemptions or by setting up international structures that hinder supervision and enforcement.

³¹ '<https://www.politie.nl/binaries/content/assets/politie/onderwerpen/publicaties/2024/fa4d5b66-a32e-4b1f-af15-90bd3c2918f8.pdf>', Police, September 2024.

³² '<https://www.europol.europa.eu/cms/sites/default/files/documents/EU-SOCTA-2025.pdf>', Europol, 2025.

Risk Map for Financial services

The risk maps describe risks that may arise or accelerate as a result of the above trends and developments.

Risk assessment Risk magnitude

- High
- Raised
- Very high

Probability of materialisation in the next two years

- Increase
- Remain the same
- Decrease

Keyword	Specific risk	Risk drivers	Importance
Financial vulnerability	The further digitalisation of the financial markets is putting pressure on the accessibility of financial services, making certain target groups more vulnerable.	- Digitalisation - Demography	
Overlending (instant credit)	Alternative, riskier ways of financing purchases (including 'Buy Now, Pay Later') can lead to excessively high loans or debt accumulation. They make consumers vulnerable in the event of a decline in purchasing power, changes in personal circumstances or an increase in interest rates.	- Digitalisation - Laws and regulations	
Risky investment products	Crypto remains risky, but it becomes more accessible through integration with the traditional financial sector. Risky private investments are also more often offered to retail investors. The introduction of the Savings and Investments Union (SIU) facilitates the provision of investment products but may also lead to riskier investment products.	- Digitalisation - Laws and regulations	
Pension transition	The pension transition creates unrealistic expectations about pensions when information is not correct, clear, timely and balanced. In addition, pension participants cannot sufficiently gauge the importance and impact of decisions they make.	Laws and regulations	
AI in financial advice and products	The use of AI can put pressure on solidarity if consumers only pay for their own personalised coverage.	Digitalisation	
Sustainability claims	Because sustainability claims are often insufficiently precise, verifiable and substantiated, there is a risk that consumers or pension participants will not receive the products that match their objectives.	Preservation	
AI as a catalyst for fraud	The use of AI, especially generative AI, increases the risks of fraud within the financial services industry. As a result, service providers are confronted with new forms of digital scams. In addition to investment and mortgage fraud, AI can also be used for payment fraud, affecting consumers directly.	- Integrity and criminal behaviour - Digitalisation	