

Keynote speech

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Chair

Good afternoon, ladies and gentlemen

Thank you for inviting me here to Vilnius to participate in this important International Financial Markets Conference.

Savings and Investments Union Developments

This conference comes at an opportune time as we progress on building the European Savings and Investment Union.

It is important to acknowledge that past initiatives such as Capital Markets Union have helped lay important foundations. We have made some progress in harmonising rules, improving transparency, and deepening cooperation among supervisors. Yet, despite these achievements, our markets remain fragmented. Barriers are hindering companies, particularly SMEs, from finding capital and ordinary citizens remain largely disconnected from investing in Europe's growth story.

This is why the European Commission's Savings and Investments Union Strategy represents a logical but also essential step. It leverages off what has been achieved, recognises what needs to be done, - and is fused together by a renewed political momentum. It recognises that building an integrated financial system is not only about the plumbing of markets, but about making that system work for citizens and companies.

As we at ESMA emphasised in our 2024 Position Paper, a true single market for capital requires action on both the **demand side** and the **supply side**. It is about helping people invest and helping companies grow.

Let me start with the **demand side** – how to empower Europe's citizens as active investors.

Across Europe, households hold more than €14 trillion in savings, yet most of this remains in bank deposits, earning little or no return. Redirecting even a small fraction of these funds towards productive investment could transform Europe's financing landscape. But to do that, we need to address the barriers that keep retail investors on the sidelines: limited financial literacy, lack of trust, and insufficient incentives to participate.

The Commission's strategy aims to build a more coordinated approach to retail participation. Member States need to play an active role, for example, by introducing "savings and investments accounts" as outlined in the Commission's recent Blueprint, supported by fiscal incentives, to encourage long-term investment in capital markets.

At the same time, we need to empower citizens with financial education and good information. The aim should not be to push people into risky investments, but to equip them to make informed choices, to understand risk and reward, and to invest with confidence. Once again, the Commission has brought out a Financial Education strategy to help coordinate national efforts.

Still on the demand side, please also allow me to share with you some further reflections on which, I'm sure, we will come back during the coming panel debate. In particular I would like to focus on the role of digitalisation in shaping the retail investment landscape and some reflection on whether the investor journey could be improved.

Digitalisation

In recent years, digitalisation has changed the retail investors' perspective - how they interact with firms and advisors, and how they obtain and consume information.

We have been witnessing a shift from traditional, in-person interactions to online investment platforms. Where investors once relied on local bank branches, many now manage their investments entirely online. This transition offers clear advantages: greater accessibility for new and smaller investors, broader exposure to diverse investment opportunities, and enhanced convenience. The rise of cross-border banks and online brokers, often with lower fees, has further intensified competition, expanding investor choice and driving innovation across the sector. Periodic data on cross-border investment services (that we are analysing and on which we will soon publish a report) show that the number of clients using such cross-border services grew significantly in 2024 compared to 2023.

While the phenomenon of the rapid growth and user-friendly design of digital platforms offers clear benefits, it also introduces certain risks. Just to mention an example, some entities may employ design techniques, such as dark patterns, to encourage constant investor engagement, which may not align with investors' best interests. Additionally, we have observed

that several of these platforms prominently feature complex and high-risk products that may be unsuitable for the average retail investor.

It is clear that, while we should aim to harness the innovative potential of new channels and entities to boost retail participation, we should also ensure to support long-term investing, with appropriate risk-reward profiles and responsible product offerings.

When talking of the investors' experience today one topic deserves specific attention, that is the role of finfluencers, increasingly driving many investors' choices. Indeed, in today's digital age, finfluencers also play an important role in decision making, especially for younger investors. These financial influencers, often active on platforms like YouTube, TikTok, and Instagram, are redefining how many people access and engage with financial information. With simplified messaging, they are bridging the gap between traditional finance and everyday investors. However, this trend also raises important questions around transparency, accountability, and investor protection. Supervisors have already witnessed cases where finfluencers promoted highly risky, or even unauthorised, investment products and services. As this phenomenon grows, once again we as regulators and also the industry players must consider how to best balance innovation with appropriate safeguards, ensuring that finfluencers act in the interest of consumers.

In this respect, I welcome the proposals of co-legislators to include proper safeguards in MiFID II where firms make use of finfluencers [this is currently being negotiated in the Retail Investment Strategy]. Let me also use the opportunity to mention that later this month, ESMA will publish a factsheet for finfluencers with tips for responsible promotion of financial products and services.

Investor journey

An important related angle of this discussion, especially in today's world, is what we call the "investor journey". We believe that the citizens' experience when starting down the investor journey deserves further attention. We as regulators should facilitate a more streamlined approach when it comes to the information investors get and the interactions they have. This is why we launched a Call for Evidence in May 2025 to understand better the challenges faced by retail investors in accessing investment products. The feedback we received confirmed that there is no single hurdle and that potential barriers to retail participation seem to be due to multiple different reasons, both regulatory and non-regulatory.

We are currently finalising the analysis of all the feedback received and are now focusing on how to address key concerns related to, for example, information overload, complexity of disclosures and the advice process. Our goal is to support retail investors to have easier and more effective access to investments and engaging in capital markets.

Consumer testing should play a crucial role in future efforts to ensure that regulatory changes provide true benefits for investors, such as clear and concise disclosures. This initiative also fits neatly with the push for simplification and burden reduction – another key priority at this point in time.

What is already clear is that us making some regulatory changes in specific sectoral financial legislation alone will not suffice. We see there are hurdles for firms to offer investment services and for investors to access such services throughout Europe. Some of them are due to local tax rules, or administrative burden for investors related to tax filings or reclaim procedures. But also wider topics like trust in the financial sector, and the costs related to investing, are among the potential hurdles for individual investors. Improving the investor journey will therefore be a joint effort of the policy makers, legislators, national governments, supervisors and the industry.

After this certainly not exhaustive overview of the demand side and how to engage retail capital into the EU capital markets, a specific focus is also needed on the **supply side**. And this is a side on which we face a different but complementary challenge. Europe's capital markets remain far too shallow compared to the size of our economy. Companies, particularly innovative and high-growth firms, often look abroad - notably to the United States - for scale, liquidity, and investor appetite.

If we are serious about building a Savings and Investments Union, we must make our markets more attractive and dynamic. That means making it easier and more desirable to list on European exchanges, simplifying reporting and disclosures while maintaining appropriate investor protection, and fostering liquidity through well-integrated secondary markets.

We should also look at ways to connect pools of capital more effectively – through pension funds, insurance investments, and long-term savings vehicles – to the companies that need them most.

As ESMA has consistently highlighted, this will require a renewed focus on market infrastructure — ensuring that trading, clearing, and settlement systems are efficient, resilient, and seamlessly connected across borders. These are key parts of our capital markets and strengthening them will improve market depth and liquidity as well as resilience.

While reforms to boost both supply and demand in our capital markets are important, we must also think about the supervisory framework. A well-functioning market is not just about good policy and regulation – it is also about effective implementation, supervision and enforcement. We believe that enhancing the supervision of cross-border market infrastructures can play a critical role in improving how markets operate in practice.

Market infrastructures – trading venues, CSDs, and CCPs – are increasingly pan-European in nature. Yet their supervision remains largely national. This mismatch can limit the consistency

and efficiency of oversight, and in some cases, hinder the development of truly integrated markets.

This is why we believe there is a strong case for more centralised supervision of certain cross-border pan-EU entities, to ensure that risks are monitored coherently, that rules are applied consistently, and that investors and the companies themselves can rely on a level playing field across the Union.

I look forward to the panel discussion that is going to follow and to discuss and explore with colleagues in a deeper way some of the topics I just mentioned. Thank you very much for your attention.