**3.1 Understanding non-regulatory barriers to retail investor participation**

Q1: What are the key reasons why many retail savers choose not to invest in capital

markets and instead keep their savings in bank deposits? *Please explain and provide*

*practical examples, or evidence drawn from experience, where available.*

Key reasons:

1. Lack of knowledge, lack of information by retail savers. This may be linked also to the fact that capital market in Slovenia has been established only 30 years ago.
2. Negative experience from the past. Negative experience can be their own (e.g. expropriation of investors in a bail-in procedure over issuing bank), but mostly not even their own; retail savers tend to generalize negative information they have heard about and is related to a particular issuer or financial instrument, to all investment possibilities.
3. Financial literacy is too low. Even the younger generation is often not familiar with basic concepts (like interest rates).
4. Risk aversion.

Q2a: To what extent do retail investors find investment products too complex or difficult

to understand? *Please select one of the following options and please explain and*

*provide practical examples, or evidence drawn from experience, where available.*

• **A major barrier to investment**

• A moderate concern, but not the main factor

• A minor issue compared to other factors

• Not a concern at all

Q3: Do past experiences with low or negative returns significantly affect retail investors’

willingness to invest again? *Please select one of the following options and please explain*

*and provide practical examples, or evidence drawn from experience, where available.*

• **Yes, negative experiences strongly discourage future investment**

• Somewhat, but other factors (e.g., trust, risk appetite) play a bigger role

• No, past experiences with poor returns are not a major factor in investor decisions

Q4a: Do high fees and costs discourage retail investors from participating in capital

markets? *Please select one of the following options and please explain and provide practical*

*examples, or evidence drawn from experience, where available*

• Yes, fees are a major obstacle to investment

• **Somewhat, but investors consider other factors as well**

• No, fees are not a significant concern for most retail investors

Q5a: Have you identified a lack of trust in investment service providers as a factor

influencing retail investors’ reluctance to invest? *Please select one of the following options*

*and please explain and provide practical examples, or evidence drawn from experience, where*

*available.*

• A major factor

• A contributing factor, but not the main issue

• A minor factor compared to other concerns

• **Not a factor at all**

Q6: Do retail investors feel they have adequate access to investment advice and

relevant information when they encounter difficulties in understanding investment

products? If not, what forms of support would be most helpful*? Please explain and*

*provide practical examples, or evidence drawn from experience, where available*

Retail investors could get adequate access to relevant information, but they do not make use of the possibilities available to them.

As a bank which is not offering the investment advice service, we are also obliged to be careful not to cross the line of mere giving information (not giving investment advice). Sometimes this is frustrating for customers. E.g. they are asking questions which we cannot answer: answering them could mean crossing that line.

Opening the possibility to have some kind of “light” investment advice (with fewer, or simplified, regulatory requirements) would in our view be beneficial.

Q8a: To what extent does a lack of financial education or investment knowledge

contribute to retail investors’ reluctance to invest in capital markets? *Please select one*

*of the following options and please explain and provide practical examples, or evidence drawn*

*from experience, where available.*

**• A major barrier to investment**

• A contributing factor, but not the main issue

• A minor factor compared to other concerns

• Not a factor at all

Q11: What role do digital platforms and mobile applications play in shaping the investor

journey? Are there digital features or tools that have simplified the investment process

or improved investor understanding and decision-making? Conversely, are there

aspects that may complicate the experience for some retail investors? *Please explain*

*and provide practical examples, or evidence drawn from experience, where available*.

Digital access (web and mobile) to brokerage services has, in our experience, significantly increased the number of clients’ orders and clients’ engagement in general. This is because the services are available to them outside working hours and on a click (no need to go to the bank’s premises or to place a phone order).

It has also been noted that through those channels customers can see all the variety of financial instruments available to them and consequently they tend to diversify their portfolios.

However, there are certain numbers of customers that do not want to use digital channels. For those we are still offering traditional channels (branch, phone).

Q12: How effective do retail investors find the current mechanisms for filing complaints

and obtaining redress when issues arise with investment products or services? Do

issues with these mechanisms play a role in retail investors’ hesitation to invest? If yes,

which improvements can be made? *Please explain and provide practical examples, or*

*evidence drawn from experience, where available.*

We have not observed any issues with the mechanisms for filing complaints and obtaining redress. Retail investors use the complaints channel implemented within the bank, sometimes also established out-of-court dispute resolution mechanisms.

Q13: What measures - whether market-driven or policy-driven - could help improve retail

investor participation in capital markets? *Please explain and provide practical examples,*

*or evidence drawn from experience, where available.*

1. Individual investment account: a measure already underway – will be implemented from 5th March 2026 on (accordingly to the respective national law: [Zakon o individualnih naložbenih računih (ZINR) (PISRS)](https://pisrs.si/pregledPredpisa?id=ZAKO9154)).
2. Inserting financial literacy topics into school curriculum.
3. Releasing educative webinars to retail clients – from industry associations or even from the regulator or the Ministry of Finance (if provided from firms themselves, those are perceived as marketing materials).
4. A more favourable or more stimulating tax policy

**3.2 Understanding the appeal of speculative and volatile investments among young investors**

Q14a: Do you believe that young investors are more attracted to speculative and volatile

markets (e.g., cryptocurrencies) rather than traditional investments (e.g. investment

funds)? If yes, what are the main reasons for this? *Please select one or more of the*

*following options and please explain and provide practical examples, or evidence drawn from*

*experience, where available.*

• **The expectation of high returns**

• **The perception of lower costs (e.g., no management fees, low transaction costs)**

• **The ease of access and fewer entry barriers compared to traditional investments**

• A preference for decentralised, non-intermediated investments

• **Influence from social media and online communities**

• Distrust in traditional financial institutions and advisers

• Other (please specify

**3.3 Ensuring meaningful and effective disclosures for retail investors**

*General MiFID II requirements on information to clients*

Q15c: For firms: Have firms observed cases where retail investors disengage or hesitate

to invest due to the volume, complexity, or presentation of disclosures? If so, what are

the main factors contributing to this? Which disclosures and contractual documents do

firms consider genuinely necessary, regardless of specific legal requirements under

MiFID II or other sectoral legislation? *Please explain your reasoning and provide practical*

*examples, or evidence drawn from experience, where available.*

Genuinely necessary we consider the following disclosures/contractual documents:

* disclosures on costs and related charges,
* confirmation,
* periodic reports on investments.

*Product disclosure*

Q16a: Do retail investors find the PRIIPs KID helpful in understanding investment

products? *Please provide details notably on the elements that are the most helpful and on*

*ways to improve them. If not, are there alternative ways to protect retail investors that could be*

*considered, while not increasing the volume of required disclosures*.

For UCITS funds KID-s:

They are useful for retail investors, although most retail investors do not read the KID, or they do not read it in whole or in detail, before taking investment decisions. Many look at its key elements (to match information in the KID with the information presented by a salesperson). However, the KID is always handed out to the retail investor at the start of the sell process and before signing any relevant documents; the retail investor has the possibility to read the whole KID in detail before signing.

A salesperson presents information from the KID to a retail investor also orally – he/she uses the KID as a useful reminder and concept what information needs to be presented and how to do it. In practice, the most helpful information for a retail investor is information on risk level, scenarios and costs.

*Information on costs and charges*

Q18: Do retail investors find the costs and charges disclosures helpful in understanding

the costs of investing? *Please provide details notably on the disclosures that are the most*

*helpful (e.g., total costs, illustration of cumulative effect of costs on return) and on ways to*

*improve them.* If not, are there alternative ways to protect retail investors that could be

considered while not increasing the volume of required disclosures?

Disclosures on costs and related charges are very important for retail investors. In general, retail investors find them very difficult to understand, especially if foreign markets are involved and especially regarding the costs of other intermediaries and market infrastructure participants that have been transferred and charged to them.

As concerns the disclosure of costs and charges that need to be done before a retail investor places an order on the market, in our view it should be structured differently: only the costs and charges related to that specific order should be disclosed, without including also the costs and charges of related ancillary services. By including the latter, the disclosure is, in many cases, confusing for retail investors and may discourage them from continuing to place an order. This can be mitigated when orders are placed in live interactions with a broker (by giving necessary additional explanations), but in e-channels this poses a greater challenge.

The yearly *ex post* disclosure of costs and charges and their effect on return of the investment within a brokerage service does not serve its purpose. Based on the comments from retail clients receiving them, we can understand that this report is not of much practical value to them.

Q19: Do firms apply layering of information on costs on charges on digital platforms or

in mobile applications (e.g., by showing only the total amount and percentage on the

order screen, and all required information in a PDF)? *Please provide details, also on the*

*appreciation of retail investors of this application of layering.*

Our trading app applies layering of information on costs and charges, as described in the example given in the question. Information on costs and charges is available to investors before they place their order. In our opinion retail investors do appreciate such layering, but the content of the information should be different: total amount and percentage (in the first layer, on the order screen) should only relate only to the costs of that particular transaction, not also to costs of related ancillary services. Those could be shown to customers on demand (in the second layer, in PDF) and clearly separated from the detailed costs of the transaction.

*Post sale disclosures (periodic reports on investments)*

Q20: Do retail investors find the quarterly statements helpful in keeping track of their

investments? *Please select one of the following options and please explain and provide*

*practical examples, or evidence drawn from experience, where available.*

• Yes, it provides clear and relevant information

**• Somewhat, but the frequency could be lower**

• No, the information is usually readily available to the retail investor online and thus the

statements do not have much added value

• Mixed views (please elaborate)

Q21a: Do retail investors find the information on every 10% depreciation of leveraged

instruments, or the portfolio value in case of portfolio management, helpful in keeping

track of their investments? *Please select one of the following options and please explain*

*and provide practical examples, or evidence drawn from experience, where available.*

• Yes, it provides timely and relevant information

• Somewhat, but the trigger for sending the information could be improved (e.g., when

the performance of the portfolio is x% worse than the benchmark, if a benchmark has

been agreed)

• **No, this information may arrive at a moment of temporary market stress, triggering**

**impulse-driven investment decisions at the wrong time.**

• Mixed views (please elaborate)

The above answer is in our view valid for portfolio management service. In our experience, such information tends to induce panic reactions with retail clients, consequently they tend to take detrimental sell investment decisions.

*Customer due diligence for anti-money laundering and countering the financing of terrorism (AML/CFT) purposes*

Q22: To what extent do questions and measures on customer due diligence in

accordance with AML/CFT requirements create barriers that prevent retail clients to

start investing? *Please select one of the following options and please explain and provide*

*practical examples, or evidence drawn from experience, where available.*

• A major barrier to investment

• A contributing factor, but not the main issue

• A minor factor compared to other concerns

**• Not a factor at all**

Q23: Do questions and measures on customer due diligence in accordance with

AML/CFT requirements affect the onboarding experience for retail investors? Are there

particular steps in the process that cause delays or confusion? *Please explain and*

*provide practical examples, or evidence drawn from experience, where available.*

Questions and measures on customer due diligence in accordance with AML/CFT requirements influence onboarding experience for retail investors. Customers don't always understand the importance of gathering the required data on the bank’s side. Some customers are especially negatively oriented regarding the information on the source of funds (not just when onboarding, but also during the duration of business relationship when bank additionally checks the source of funds, which is arising from transaction monitoring – e.g. some customers closes their trading accounts due to such inquiries, because they don't want to provide the information or are very much frustrated because they believe respective information are not something that the bank should ask for).

Requirements of submitting all the information and documents slow down the onboarding process. The specified issue is more common with customers associated with higher ML/TF risk (PEPs, non-residents…) and with customers with unusual or high cashflow.

*Taxes*

Q25: To what extent do tax-related issues discourage retail investors from investing in

investment products issued or manufactured in another Member State? *Please explain*

*and provide practical examples, or evidence drawn from experience, where available.*

In our brokerage service, we do not notice any discouragement on the side of our retail investors when investing in products issued or manufactured in another Member State, due to tax-related issues.

**3.4 Regulatory disclosures and marketing material**

Q28: For firms and trade associations: Which steps do firms take to make investment

service agreements (contracts) more accessible and understandable to retail investors?

*Please explain and provide practical examples, or evidence drawn from experience, where*

*available.*

The investment service agreements (contracts) that we use are structured as required by respective regulations. In our opinion we do not have much room to tailor them differently. We are also restrained about any kind of simplification, because it could be understood or interpreted as omitting/hiding some important information from retail investors.

**3.5 Suitability assessment related to investment advice and portfolio management**

*Collection of client information and length of the process*

Q29: To what extent do retail investors find the process of regularly/periodically

providing and updating personal and financial information for suitability assessments

clear and workable? *Please explain and provide practical examples, or evidence drawn from*

*experience, where available.*

The process of regularly/periodically providing and updating personal and financial information for suitability assessments is in our experience well accepted by retail clients of portfolio management (under pre-condition that the questions are well structured, understandable and sensible to retail investors, and not too numerous).

The process is beneficial also for the bank, to have up-to-date insight into a client’s situation.

*Integration of “sustainability preferences” in the suitability assessment*

Q32: How do retail investors perceive the integration of sustainability preferences in

suitability assessments? How has it impacted the investment advice/portfolio

management services they receive? *Please explain and provide practical examples, or*

*evidence drawn from experience, where available.*

Retail investors perceive the integration of sustainability preferences in suitability assessments mostly only as a burden. Questions are very difficult for them to understand, since they are related to complex notions as defined in their respective regulations. In our view, the results of introducing this addendum to the suitability questionnaire give rather poor input on customers’ real sustainability preferences.

Mostly it has not impacted the portfolio management services retail investors receive, simply because they do not express their sustainability preferences. Where they do express them, we are facing difficulties finding investments to address those preferences and therefore have very limited possibilities to make recommendations on suitable portfolios.

Q34: For firms and trade associations: Have firms observed cases where clients

struggle to express their sustainability preferences in a meaningful way? How have

these issues been addressed to help retail investors? *Please explain and provide practical*

*examples, or evidence drawn from experience, where available.*

Clients struggle to express their sustainability preferences in a meaningful way in most cases (please see also our answer to Q32). We are trying to give them additional explanations orally, during the profiling process.

**3.6 Appropriateness assessment for non-advised services**

Q36a: Do you believe the MiFID II appropriateness assessment helps ensure that retail

investors understand the risks of the products they invest in? *Please select one of the*

*following options and please explain and provide practical examples, or evidence drawn from*

*experience, where available.*

• Yes, it is an effective safeguard.

• Somewhat, but there is room for improvement.

**• No, it is not particularly effective.**

• Mixed views (please elaborate).

Retail investors, in most cases, do not pay attention to the content of the appropriateness questionnaire (despite our encouragement and explanations). Consequently, its output (a) may not be accurate to the client’s real knowledge and experience and/or (b) is not understood by the client – despite the questionnaire filled-in and possible warnings received they still do not understand the risk related to specific classes of financial instruments.

Moreover, in most cases, retail investors do come to invest with an idea already built and they are not open to any warnings.

Q39a: Do you believe the current approach to assessing client knowledge and

experience via the appropriateness test (i.e., going beyond self-assessment) creates

any barrier to retail engagement in financial markets? *Please explain and provide practical*

*examples, or evidence drawn from experience, where available.*

In our view the current approach to assessing client knowledge and experience via the appropriateness test does not create any barrier, but on the same time it is not taken seriously by clients – they do not see any added value in them.