



VOTUM

Verband Unabhängiger
Finanzdienstleistungsunternehmen
in Europa e. V.

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FRANCE

Submission in Response to the Call for Evidence on the retail investor journey

Dear Sir or Madam,

VOTUM Vereinigung unabhängiger Finanzdienstleistungsunternehmen in Europa e.V. (Association of Independent Financial Services Companies in Europe) is the industry association for independent financial and insurance brokers based in Berlin.

Around **100,000 independent insurance and financial investment brokers** are affiliated with VOTUM member companies. Our members' employees and cooperation partners **advise more than 11 million consumers** on pension provision, wealth creation and tailor-made insurance cover.

As part of our current survey, we forwarded a selection of questions from ESMA's Call for Evidence to our member companies. The responses received were assigned to the respective question codes. Based on this feedback, we have formulated a coordinated statement from the association on each topic, which you can read in the following text.

Vorstand:

Martin Klein (Geschäftsführender Vorstand)

Katrin Bornberg, Dr. Sebastian Grabmaier, Dr. Matthias Wald

Eingetragener Verein Amtsgericht Charlottenburg VR 37539 B

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Answer Q2a

Small investors' assessment of the complexity of investment products depends largely on their financial literacy and their willingness to engage with investment products in detail. Many investors lack this willingness and would like to seek advice when selecting investment products. For those investors who wish to deal with investment products themselves, the comprehensive statutory information requirements are often perceived not as a help but as additional paperwork. In the context of investment advice, simply structured investment products such as investment funds are usually quickly understood after the consultation. However, products such as turbo certificates, where factors other than the general investment risk, such as time restrictions or comparative developments with benchmarks, play an additional role, prove problematic. This often leads to misunderstandings about risks and cost structures. It is often observed that investors are given incorrect impressions by media reports or so-called 'finfluencers', which are then corrected by qualified investment advisors during consultations.

Answer F3

Yes, negative experiences often deter small investors from making new investments. It can also still be observed that past positive performance leads to reckless investment decisions. Strongly cyclical investment behaviour continues to be evident, with investors selling too early when book losses occur and entering the market too optimistically when the market is performing well. This is combined with investments in individual securities. Here, too, it is crucial that professional advice, especially during market downturns, prevents investors from overreacting and makes them aware of the long-term nature of their investment decisions and the importance of diversification.

Answer Q4b

When it comes to costs and fees, whether investors pay any attention to them at all depends very much on their financial literacy. There is no general concern about excessive investment costs and fees. Investors are willing to accept that investment services include advice and that there is a corresponding cost structure. Costs that are incurred without advice being offered are increasingly viewed critically.

Answer Q5a

Investors generally have confidence in the integrity and supervision of the securities markets. The level of regulation in Europe is perceived as high. This sometimes leads to such confidence also being placed in investments that are not subject to such a strict regulatory framework, e.g. cryptocurrencies.

Answer Q15c

Yes, there are situations in which MiFID II disclosure has deterred investors even though the investment recommended to them was suitable. One example of this is that even in the case of broadly diversified investment funds, an explicit risk of total loss is disclosed to customers, some of whom lack the ability to assess the probability of such a total loss occurring.

Answer Q22

In principle, retail investors understand AML/CFT issues. However, there is often criticism that such questions arise even when retail investors carry out their transactions as usual via a bank account that has already been legitimately verified. This often gives retail investors the impression that they are being double-checked.

Answer F29

In principle, customers consider the process of gathering information for the suitability assessment to be useful. However, the sustainability preference query continues to be seen as an alien element, as the explanation of European regulations such as the Taxonomy Regulation and the Disclosure Regulation is perceived as excessive.

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Answer F32

The current form of the sustainability preferences query is rejected by the majority of investors as overly complex. The way the questions are phrased has led to customers who were previously interested in sustainability refusing to engage with the topic as part of the suitability assessment. This has led to a decline in demand for sustainability-oriented product solutions among a large number of market participants. Some investors also complain that the relatively low percentage of sustainable investments in an investment product is perceived as contradicting their desire for comprehensive sustainability. Even after explanation, the terms and categories are difficult for investors to understand. There is often a desire for simpler, more practical designs. For example, customers express a desire to be presented with suggestions for sustainable investments as part of investment advice without any specific preferences.

Answer F6

In our experience, small investors who have made investment decisions based on personal advice have sufficient access to advice even in crisis situations. The situation is different for investment decisions made independently by investors, whether they have followed advice from friends or acquaintances or from social media. Here, it becomes apparent that there is a lack of advisory services in times of crisis. It is also apparent that customers consider the increasing restrictions on access to bank branches to be problematic.

Answer Q8a

Yes, a lack of financial knowledge makes small investors hesitate. In this context, investment risk is very often overestimated, even though a long-term investment horizon is available. Investors tend to overestimate the risk of price declines even with a long-term investment horizon, which prevents them from making an investment decision. Here, too, investment advice that can explain the time factor in reducing risk is therefore of crucial importance.

Answer F24

National tax systems create obstacles, particularly for people who move between European countries for work and thus encounter pension schemes with different tax incentives. The different capital gains tax regimes are also proving problematic. It is clear that the lack of a pan-European pension product (PEPP) is due to the fact that, in the absence of tax harmonisation, such a product can only be offered on a very limited geographical basis and is not scalable across the whole of Europe.

Answer Q28a

For Germany, it can be clearly stated that there are no major obstacles to accessing investment services agreements.

Berlin, July 21, 2025

Kind regards,


Martin Klein
Executive Director

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