

**Contact: Johannes Kleis: +32 (0)2 789 24 01**  
**Date: 02/07/2012**  
**Reference: PR 2012/022**

## **Commission to unveil plans to better protect small investors**

A triple proposal of EU laws is due tomorrow 3 July, which aims to address widespread concern among consumers investing their savings in funds, insurance products or other packaged investments. Measures expected to be announced include:

- The introduction of a so-called Key Investor Document (KID) for packaged investment products such as investment life insurance<sup>1</sup>;
- The strengthening of the liability of depositaries of investment funds<sup>2</sup>;
- The disclosure of commissions paid to insurance mediators<sup>3</sup>.

BEUC would support the introduction of the Key Investor Document as an overdue means of giving clearer information to consumers about the potential risk profile of a product. A further advance is that sales rules on similar investment products, which until now differed if sold by banks or insurance brokers, will now be harmonised.

Regrettably, plans to oblige insurance brokers to reveal their commissions are insufficient to substantially tackle conflicts of interest as the risk remains that intermediaries continue to recommend the product with the highest commission.

Monique Goyens, Director General of The European Consumer Organisation, commented:

“For too long, small investors have been lured into buying risky and unnecessarily complex products which all too often benefitted no-one but the bank salesperson. This Key Investor Document should help consumers to better understand the risk profile of a product and the charges they have to pay for it.

“We hope legislators will stand firm in defence of these commendable proposals against efforts to water them down. Conceding a ‘business as usual’ attitude within the financial sector is a risk we cannot afford.

“More transparency of commissions in the insurance sector will not eradicate conflicts of interest. The sector is malfunctioning due to misconceived incentives given to bankers and intermediaries. More openness will only reveal the problem, not change the system.”

END

<sup>1</sup> Proposal for a Regulation on Transparency in Packaged Retail Investment Products (PRIPS)

<sup>2</sup> Revision of the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive)

<sup>3</sup> Revision of the Insurance Mediation Directive (IMD)