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EU moves to lift financial investment product fog

An EU law aiming to better inform consumers before making financial product investments will be voted on in the European Parliament tomorrow.

A 'Key Information Document' (or KID) is at the centre of the push and aims to standardise and simplify the fog of jargon faced by savers. What is however a consumer-friendly tool is at risk of being devalued at the last-minute as some MEPs move to exclude life-insurance and pension products from its scope.

In line with consumer organisations' long-standing demands, a KID should be mandatory for all investment and savings products. Only this will allow Europeans to compare a broad range of products when making investments. Without such a comparison sheet inexperienced investors are vulnerable when exploring the entire market to place their money.

Another important prerequisite is that the KID must display all sales-related costs such as salespersons' commissions, taxes or administration fees.

Monique Goyens, Director General of BEUC, commented:

"Increasingly ordinary consumers need to set money aside to cope with future needs. Thus being sold a bad deal is one thing consumers cannot afford when deciding how to invest their savings. Better understanding and comparing products is one way to prevent this from happening. MEPs should raise the bar by making this Key Information Document a real tool to compare a broad range of investment products.

"Since the financial crisis hit, this is the only piece of EU law designed for savers. Pensions and life-insurance are top of the list of those wanting and needing to set money aside for the future. It would be a huge setback if there would be no information document to compare such different products."

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