



EUROPEAN
COMMISSION

Brussels, 30.9.2025
SWD(2025) 6800 final

COMMISSION STAFF WORKING DOCUMENT

accompanying the

COMMISSION RECOMMENDATION

**on Increasing the Availability of Savings and Investment Accounts with Simplified and
Advantageous Tax Treatment**

{C(2025) 6800}

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Abbreviations

Term or abbreviation	Meaning or definition
AIF	Alternative investment fund
ASK	Aktiesparekonto (Denmark; Stock Savings Account) or Aksjesparekonto (Norway; Share Savings Account)
AuM	Assets under management
CA	Canada
CAD	Canadian dollar
CRA	Canadian Revenue Agency
CSG	Contribution Sociale Généralisée (France; General Social Contribution)
DG FISMA	Directorate-General for Financial Stability, Financial Services and Capital Markets Union
DG TAXUD	Directorate-General for Taxation and Customs Union
DIS	Dlhodobé Investičné Sporenie (Slovakia; Long-Term Investment Savings)
DKK	Danish krone
ECB	European Central Bank
EEA	European Economic Area
ELTIF	European Long-Term Investment Fund
ESMA	European Securities and Markets Agency
ESTAT	Eurostat
ETF	Exchange-traded fund
EU	European Union
EUR	Euro (currency)
FTSE	Financial Times Stock Exchange
GBP	British pound sterling
GDP	Gross domestic product
HUF	Hungarian forint
IDD	Insurance Distribution Directive (Directive (EU) 2016/97)
INR	Individualnih Naložbenih Računih (Slovenia; Individual Investment Accounts)
ISA	Individual savings account (UK)
ISK	Investeringssparkonto (Sweden; Investment Savings Account)
JP	Japan
JPY	Japanese yen
JRC	Joint Research Centre (European Commission)
JSDA	Japan Securities Dealers Association
MIB	Milano Indice di Borsa
MiFID	Markets in Financial Instruments Directive (Directive 2014/65/EU)
MTF	Multilateral Trading Facility
NISA	Nippon Individual Savings Account (Japan)
NOK	Norwegian krone
NPISH	Non-profit institutions serving households
OECD	Organisation for Economic Co-operation and Development
OKI	Osobiste Konto Inwestycyjne (Poland; Personal Investment Account)
OST	Osakesäästötili (Finland; Equity Savings Account)
PEA	Plan d'Épargne en Actions (France; Equity Savings Plan)
PEA-PME	Plan d'Épargne en Actions-Petites et Moyennes Entreprises (France; Equity Savings Plan for Small and Medium Enterprises)

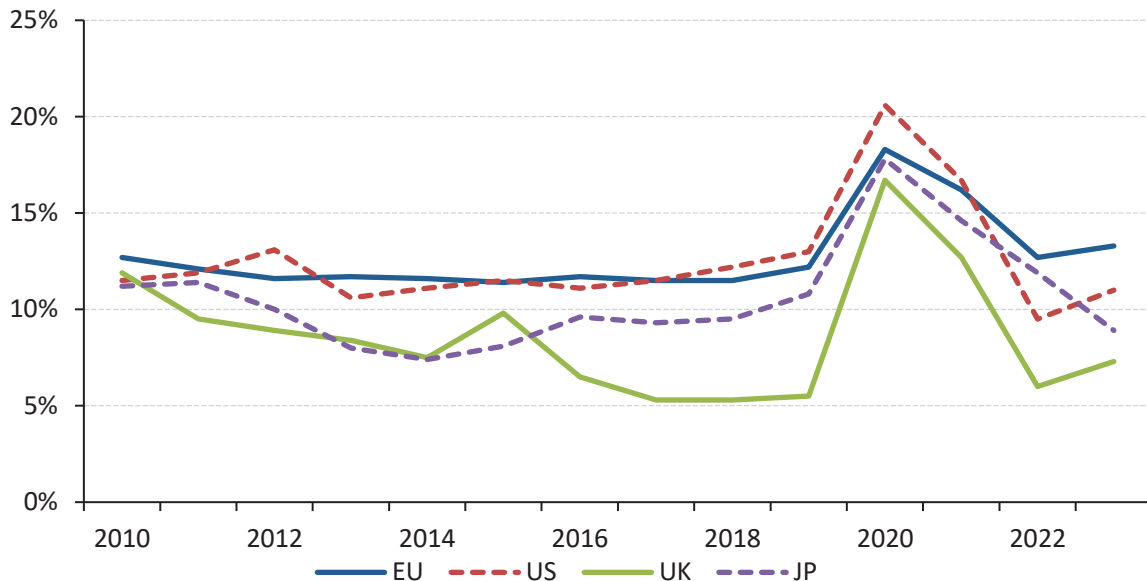
PIR	Piani Individuali di Risparmio a Lungo Termine (Italy; Individual Long-Term Savings Plan)
PIT	Personal income tax (Lithuania)
PLN	Polish złoty
Pop.	Population
SEK	Swedish krona
SIA	Savings and investment account
SIU	Savings and Investments Union
SME	Small/medium-sized enterprise
TBSZ	Tartós Befektetési Számla (Hungary; Long-Term Investment Account)
TFEU	Treaty on the Functioning of the European Union
TFSA	Tax-free savings account (Canada)
UCITS	Undertaking for collective investment in transferable securities
UK	United Kingdom

1. Introduction

1.1 Need for greater retail investment

EU households have one of the highest saving rates worldwide. Since 2010, the average gross household saving rate in the EU has been 12.9% of disposable income, spiking over 18% in 2020 (due to lower consumption during the pandemic), and the most recent figure coming in at 14.7% in 2024.

Figure 1: Gross saving rates in the EU, US, UK and JP



Source: Eurostat, AMECO.

The household gross saving rate is defined as gross household saving divided by gross disposable income, with the latter adjusted for the change in households' pension entitlements. Annual data from 2010 to 2023.

EU citizens hold a significant share of these savings in bank deposits, approximately EUR 10 trillion. While deposits are safe and easily accessible, they are not always suitable as long-term investments and do not protect savers from inflation, as on average they generate relatively lower return than investments in capital market instruments (see figure 2 below).

While banks and bank deposits will continue to remain important for both citizens and the financing of the EU economy, by investing more in capital markets, EU citizens could contribute more to EU economic growth and job creation by increasing the pool of risk capital available for productive investment.

The possibility for citizens to earn higher returns on their savings was recently highlighted by the ECB, which showed that a sample of selected funds ⁽¹⁾ delivered an average annualised net

¹ The sample is made up of low-cost (annual expenses below 0.5%) equity and mixed funds with at least 20% invested in EU stocks.

return of 6% over the past ten years ⁽²⁾. The ESMA annual report on cost and performance also provide a similar figure (6.1%) in terms of average net annual return on equity UCITS funds over 10-year rolling periods observed each year during 2019-2023³. These figures are in line with the return on European stock indices such as the MSCI Europe, and substantially higher than the interest rate on deposits, even fixed-term ones ⁽⁴⁾.

Figure 2: Cumulative returns of deposits vs a weighted average selection of funds



Source: ECB, Lipper for Investment Management data, ECB Data Portal.

Notes: Cumulative return during the period 1 April 2015 to 31 March 2025 net of the total expense ratio, assuming a reinvestment of capital gains and dividends. The selected funds have a total expense ratio below 0.5% and invest at least 20% in EU stocks. To compute the weighted average of returns of these funds, their monthly returns are weighted by fund size at the start of each month.

According to an ECB analysis ⁽⁵⁾, if EU households were to match their deposit-to-financial assets ratio (28%) with US households (10%), up to EUR 8 trillion could potentially be redirected into market-based investments – or a flow of around EUR 350 billion annually. If every EU citizen invested an extra 10 euro a month, this would generate roughly an additional EUR 50 billion per year. If that additional investment earned net returns comparable to the

² Banu, Evrard, Schmidt and Wedow, June 2025, “Crossing two hurdles in one leap: how an EU savings product could boost returns and capital markets” on the ECB Blog, available at:

<https://www.ecb.europa.eu/press/blog/date/2025/html/ecb.blog20250627~e439c6cd07.en.html>

³ European Securities and Markets Authority (ESMA), *ESMA Market Report: Costs and Performance of EU Retail Investment Products*, January 2025, available at: https://www.esma.europa.eu/sites/default/files/2025-01/ESMA50-524821-3525_ESMA_Market_Report_-_Costs_and_Performance_of_EU_Retail_Investment_Products.pdf

⁴ In the eurozone, the average interest rate on bank deposits with an agreed maturity was 0.94% over the last ten years, and 2.21% at the end of February 2025.

⁵ C. Lagarde, November 2024, “Follow the money: channelling savings into investment and innovation in Europe”, speech at the 34th European Banking Congress: “Out of the Comfort Zone: Europe and the New World Order”, available at: <https://www.ecb.europa.eu/press/key/date/2024/html/ecb.sp241122~fb84170883.en.html>.

ECB's benchmark, this would generate an estimated EUR 2.5 billion in additional income for EU citizens annually. When compounded over time, assuming reinvestment of capital gains and dividends, this could grow to a cumulative total of approximately EUR 750 billion in additional savings for EU citizens over a 10-year period ⁽⁶⁾.

1.2 Savings and investment accounts as tools for attracting retail investment

Increasing the level of retail participation in capital markets is a complex matter that depends on several factors. There is no single 'silver bullet' solution to increasing it. Nevertheless, experiences in some Member States have already shown the potential for savings and investment accounts (SIAs), especially when combined with appropriate incentives.

SIAs are investment platforms provided by authorised financial intermediaries, enabling individuals to invest in financial instruments such as shares, bonds, and investment funds. They often come with fiscal benefits (or other monetary benefits). It is important to distinguish savings and investment accounts from retirement accounts, which function similarly but generally restrict withdrawal of savings until retirement.

Introducing savings and investment accounts can greatly benefit retail investors, by offering them easier access to investments with more attractive returns. Such accounts have already been introduced in certain countries, including some EU Member States, to tackle the challenge of low retail participation in capital markets, but uptake varies widely depending on their features.

Evidence from the most popular SIA frameworks, shown in Section 3.1, demonstrate that, if designed properly, they can make capital markets more attractive for retail investors and help them build wealth more effectively. Successful examples place strong emphasis on simplicity and flexibility: facilitating access, investments and the handling of tax compliance while also offering preferential tax treatment and enabling investors to switch providers at a low cost. In some cases, the accounts and tax incentives are designed to encourage investment in European companies.

The proper implementation of an SIA framework can potentially lead to rapid inflows of household savings into capital market-based investments. A notable example is the reform of the Japanese Nippon Individual Savings Account (NISA), which came into effect in 2024. The NISA was made more flexible and attractive by making the tax-free holding period indefinite, raising the annual investment limit, and increasing the tax-free holding limit. As a result, assets under management (AuM) in NISA accounts rose from approximately EUR 118 billion at the end of 2023 to about EUR 212 billion by the end of 2024, an increase of EUR 92 billion in just

⁶ This results from the capitalisation of EUR 54 bn annual savings (EUR 120.00 x 450 million people) over the next ten years at a rate of return of 6%.

one year ⁽⁷⁾. This resulted in a 30% year-on-year increase in Japan's investment fund assets, which reached JPY34 trillion (EUR 207.2 billion) in 2024 ⁽⁸⁾⁽⁹⁾.

Increasing participation in capital markets requires, easy, simple and low-cost access to investment opportunities, an increased focus on financial education, and proper incentives for retail savers ⁽¹⁰⁾, taking into account evidence on gender inequalities in financial independence in the EU¹¹ while being attentive to ensuring accessibility for persons with disabilities, who often face additional barriers due to limited accessibility to information, tools, and support services. The creation of SIAs can provide a user-friendly platform for investing and should improve retail investor confidence when it comes to capital markets. Therefore, the implementation of an SIA framework, coupled with greater trust in financial products and increased levels of financial literacy, could be catalysts for increased participation by retail investors in capital markets.

1.3 Increasing investment in the EU economy – the home bias effect

Greater retail participation in capital markets could help EU companies raise funding more effectively. While retail savers already play a key role in financing the EU economy, indirectly through bank deposits, more substantial retail participation would help EU capital markets to acquire increased scale and depth, thereby providing wider and larger financing opportunities to EU businesses.

Studies show that both retail investors and institutional investors have a high degree of home bias in their investment choices ⁽¹²⁾⁽¹³⁾. This implies that they allocate a higher proportion of their portfolio to domestic assets than those assets represent in average capital market-based portfolios ⁽¹⁴⁾. For retail investors in particular, this tendency is often driven by language barriers and greater familiarity with domestic assets ⁽¹⁵⁾. While some investments from EU citizens may be directed towards non-EU assets, which is positive for the diversification of the investment portfolio, the natural home bias ⁽¹⁶⁾ prevalent among investors, especially retail investors, means that the increase in investments should largely flow to domestic and EU-based

⁷ Japan Securities Dealers Association (JSDA), *Shin NISA White Paper 2024* [新 NISA 白書 2024], published 30 June 2025, available at: https://www.jsda.or.jp/houdou/2025/shinnisihakusyo_20250630.pdf

⁸ AsiaAsset, "Japan Fund", available at: <https://www.asiaasset.com/post/29261-japan-fund-250203>

⁹ Bank of Japan, Basic Figures Flow of Funds for the First Quarter of 2025 (Preliminary report), June 2025, <https://www.boj.or.jp/en/statistics/sj/sjexp.pdf>.

¹⁰ 35% of respondents to the 2022 Eurobarometer survey on retail financial services who did not have investments cited excessive perceived risk and lack of knowledge as their main reasons for not investing

¹¹ European Institute for Gender Equality (EIGE), Financial independence and gender equality, available at: <https://eige.europa.eu/sites/default/files/documents/financial-independence-and-gender-equality.pdf>.

¹² French and Poterba, 1991, *Investor Diversification and International Equity Markets*; Karolyi and Stulz, 2003, *Are Financial Assets Priced Locally or Globally?*; Coeurdacier and Rey, 2013, *Home Bias in Open Economy Financial Macroeconomics*; Wallmeier and Iseli, 2022, *Home bias and expected returns: A structural approach*, Chniguir et al. (2018): "The Determinants of Home Bias in Stock Portfolio".

¹³ BVI Research: Analysing the Manager Home Bias.

¹⁴ Grinblatt and Keloharju 2001, *What Makes Investors Trade?*

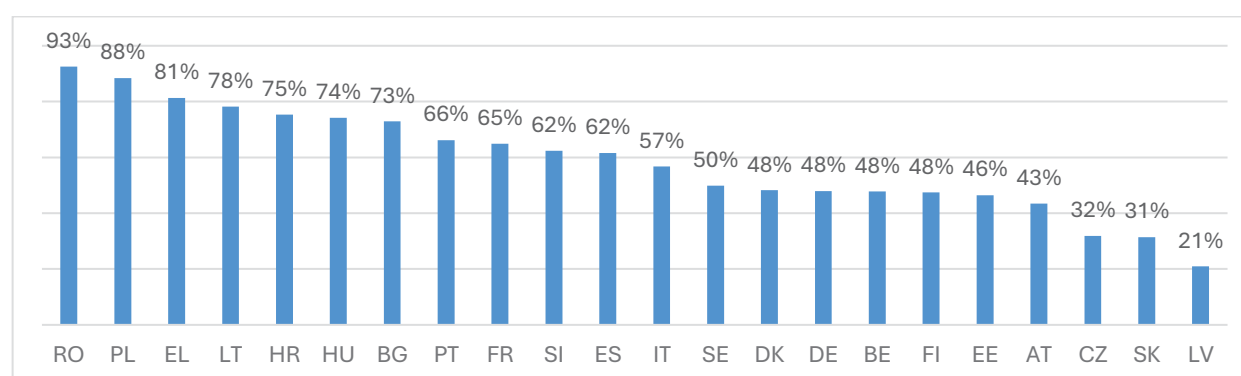
¹⁵ Huberman, G. (2001). *Familiarity breeds investment*. and Massa, M., & Simonov, A. (2006). *Hedging, familiarity and portfolio choice*.

¹⁶ Home bias is defined as the overweight of domestic assets vs the relative share of domestic equity market on global equity market.

companies. This natural home bias is likely to be further reinforced through increased availability and visibility of investment options that allow retail investors to channel their investments into the EU economy to contribute to strategic EU priorities.

The persistence of home bias in investment behaviour has been the subject of empirical and academic inquiry for decades. Despite globalisation, increased market integration and the declining cost of international diversification, European investors continue to show a marked preference for domestic assets. The JRC estimates the home bias in the EU (total economy) to be around 60%, with wide differences across Member States.

Figure 3: Home bias for listed equity in the EU (2024)



Source: JRC

Numerous papers provide support for the existence of home bias within the euro area. For example, by examining investment fund data from 2014 to 2021, the European Central Bank highlights that households and institutional investors alike allocate disproportionate amounts of capital to domestic equity via investment funds ⁽¹⁷⁾. Home bias can be attributed not only to regulatory and structural factors, but also behavioural factors. For household investors, the main determinant in asset allocation was found to be familiarity variables (language and distance).

Chniguir et al. (2018), in their cross-country analysis of 20 nations between 2008 and 2013, conclude that home bias remains high even in developed markets. Their findings suggest that this phenomenon is not confined to emerging or less financially literate economies but is embedded within advanced financial systems as well.

The prevalence of home bias is also demonstrated in how retail investors use savings and investment accounts in jurisdictions that have not tied preferential tax treatment to any geographical restrictions on investments. New Financial estimates that around one third of assets held in UK SIAs are invested in UK equities. In Hungary, one of the largest providers of Hungarian SIAs reports that nearly half its clients' savings are invested in Hungarian assets ⁽¹⁸⁾. In the Swedish SIA, 40% of investments are made into domestic financial assets which

¹⁷ European Central Bank's Working Paper No. 2924, Is Home Bias Biased? New Evidence from the Investment Fund Sector.

¹⁸ Bierbaum M., New Financial, Designing savings and investment accounts in the EU, May 2025.

amounts to EUR 68 billion (around 12% of GDP) (¹⁹). In all these cases, the share of domestic investments exceeds by far the weight of domestic capital markets relative to global capital markets in terms of capitalisation.

¹⁹ SCB/Sveriges Riksbank

2. Existing practices

In the EU/EEA, SIAs have been introduced in Denmark, Estonia, Finland, France, Hungary, Italy, Latvia, Lithuania, Norway, Slovakia and Sweden. Slovenia has recently adopted legislation establishing an SIA and Poland has also announced plans to introduce an SIA framework from 2026. In addition, industry groups in both Croatia ⁽²⁰⁾ and Ireland ⁽²¹⁾ have also proposed the creation of such accounts. Other Member States have implemented retirement accounts, but these are not analysed in this document.

Beyond the EU, there are successful examples in Canada, Japan, and the United Kingdom. A summary table of existing practices can be found below (Table 1).

²⁰ Forbes Hrvatska, *Kako oživjeti hrvatsko tržište kapitala? Financijashi predlažu uvođenje investicijskog računa s poreznim olakšicama* [“How to revive the Croatian capital market? Financiers propose introducing an investment account with tax incentives”], available at: <https://www.forbes.hr/kako-ozivjeti-hrvatsko-trziste-kapitela-financijasi-predlazu-uvodenje-investicijskog-racuna-s-poreznim-olaksicama/>

²¹ Davy, “*Proposals to Reboot Irish Equity Capital Markets: Pre-Budget 2025 Submission (Irish Equity Market Forum Submission)*”, available at: <https://www.davy.ie/binaries/content/assets/davy/davy-group/proposals-to-reboot-irish-equity-capital-markets-pre-budget-2025-submission-irish-equity-market-forum-submission.pdf>

Table 1: Comparison of savings and investment accounts

Country and account	Range of providers	Portability between providers	Scope of portfolio	Tax advantages	Tax simplicity	Contribution limits	Geographical restrictions	Minimum holding periods	Multiple accounts possible	Assets as % of GDP (latest figures)	Accounts as % of pop. (latest figures)
DK: ASK	Banks	Yes	Shares; UCITs	Reduced tax rate	Yes	DKK 166.2k (EUR 22.3k) total	None	None	No	0.8%	8%
EE: Investeerimiskonto	Banks; payment institutions; e-money institutions; investment firms	Yes	Securities, funds, unit-linked life insurance and crypto assets	Deferred tax	Yes	None	None	None	Yes	Not Available	Not Available
FI: OST	Banks and MiFID service providers (including EEA)	Yes	Money; listed shares (regulated market and MTF)	Deferred tax	Yes	EUR 100k total	None	None	No	0.9%	7.4%
FR: PEA	Banks; insurance companies	Yes	Listed shares; investment funds	Tax exemption	N/A	EUR 150k total (EUR 225k for the PEA-PME)	Yes	5 years	No	3.7%	11%
HU: TBSZ	Banks; brokers	Yes	Financial instruments, interest-bearing bank deposits	Tax exemption (after 5 years) / reduced tax rate (after 3 years)	N/A	Minimum limit of HUF 25 000 (EUR 63); no maximum limit	None	5 years (split into a 3-year and 2-year period)	No	6.8%	4.0%
IT: PIR	Banks, asset management companies, insurers, financial intermediaries	Yes	Shares, bonds, investment funds	Tax exemption	N/A	EUR 40k per year; EUR 200k in total	Yes	5 years	No	0.9%	Not Available
LT: Investicinė Sąskaita	Financial institutions and payment service providers	Yes	Securities; money market instruments	Tax deferral; flat 15% tax (from 2026), excluded from progressive income thresholds	Yes	None	EEA countries, OECD member states, or countries with a double taxation treaty with LT	None	Yes	Not Available	Not Available
LV: Ieguldījumu Konts	Banks; licensed investment service providers	No	Securities, funds, derivatives, money, bonds	Tax deferral	Yes	None	None	None	Yes	Not Available	Not Available

Table 1: Comparison of savings and investment accounts

Country and account	Range of providers	Portability between providers	Scope of portfolio	Tax advantages	Tax simplicity	Contribution limits	Geographical restrictions	Minimum holding periods	Multiple accounts possible	Assets as % of GDP (latest figures)	Accounts as % of pop. (latest figures)
NO: ASK	Banks; securities companies; management companies for securities funds	Yes	Listed shares; units in mutual funds	Tax deferral	Yes	None	Yes	None	Yes	9.5%	38.9%
PL: OKI	TBC – to be launched in mid-2026	TBC	Instruments traded on a regulated market; AIFs; investment funds; savings bonds; cash	Adoption of a tax base other than income and introduction of a tax-free amount and low tax rates	Yes	None	TBC	No	Yes	Not Available	Not Available
SE: ISK	Banks; fund managers	Yes	Money, financial instruments traded on a regulated market, financial instruments traded on an MTF, fund units	Reduced tax rate and tax-free allowance	Yes	None	None	None	Yes	29.8%	36%
SI: INR	MiFID providers	Yes	Shares; bonds; basic bills of exchange, ETFs; UCITS	Tax liabilities deferred until withdrawal from account, flat tax rate (15 %) and complete tax exemption on first withdrawal after 15 years without withdrawals	Yes	EUR 20k in the first year, EUR 5k each subsequent year. Total limit of EUR 150k	Additional EUR 5k contribution allowed per year if in Slovenian-issued financial instruments	No minimum holding period required (15 years for complete tax exemption on first withdrawal)	No	Not Applicable	Not Applicable
SK: DIS	MiFID providers	Yes	Securities, options, financial derivatives	Tax exemption	N/A	EUR 6k per year	None	15 years	No	Not Available	Not Available

Table 1: Comparison of savings and investment accounts

Country and account	Range of providers	Portability between providers	Scope of portfolio	Tax advantages	Tax simplicity	Contribution limits	Geographical restrictions	Minimum holding periods	Multiple accounts possible	Assets as % of GDP (latest figures)	Accounts as % of pop. (latest figures)
Non-EU/EEA SIAs											
CA: TFSA	Banks; insurance companies; credit unions; trust companies	Yes	Cash; funds; shares; bonds	Tax exemption	N/A	CAD 7k (EUR 4.4k) per year in 2025	None	None	Yes	19.2%	46%
JP: NISA	Banks; securities firms	Yes	Listed stocks; investment trusts	Tax exemption	N/A	JPY 3.6 m (EUR 21k) per year	None	None	No	5.2%	21%
UK: ISA	Banks; building societies; credit unions; friendly societies; stockbrokers; peer-to-peer lending services; crowdfunding companies; other financial institutions	Yes	4 types of accounts offered – cash ISA, Stocks and Shares ISA, innovative finance ISA, Lifetime ISA	Tax exemption	N/A	GBP 20k (EUR 23.2k) per tax year	None	None	Yes	18.0%	6%

2.1 Examples of savings and investment accounts in Member States in the EU and the EEA

2.1.1 Denmark – Aktiesparekonto (ASK)

In Denmark, the *Aktiesparekonto* (ASK; Stock Savings Account) is a tax-efficient savings account introduced in 2019 to promote investment in stocks by Danish residents. The ASK permits investments in publicly traded stocks, and equity-based investment funds and ETFs. Non-eligible assets typically include bonds, derivatives, private equity and non-listed shares. The ASK offers a favourable tax rate of 17% on returns, which is lower than the usual rates of 27% or 42% in regular investment accounts. The tax declaration is simplified as the tax rate is applied to gains at year-end based on the overall account value.

Each individual is allowed to open only one ASK account, with a total contribution limit of DKK 166 200 (c. EUR 22 000) as of 2025. This ceiling has been amended. The ASK has grown strongly since it was introduced, with 490 000 accounts by the end of 2024 – an increase of 135 000, or 38%, in a year ⁽²²⁾.

2.1.2 Estonia - Investeerimiskonto

In Estonia, the *Investeerimiskonto* (Investment Account) allows investors to defer income tax on gains, as the tax is only paid when the funds are withdrawn from the account (to the extent the withdrawals exceed the contributions made into the account). This deferred taxation system, applicable only as long as the funds remain within the investment account framework and are used for qualifying investment activities, encourages reinvestment without immediately incurring a tax liability, potentially leading to more substantial growth over time compared to a taxable account. The Investeerimiskonto also offers simplified record-keeping and tax reporting, as all investment-related income and expenses can be consolidated within a single account and in many cases the personal income tax return can be pre-filled with the relevant information.

There are no specific contribution nor number of account limits and the account can be used for investing in various financial instruments, without any substantial geographical limits. However, taxpayers must be aware of the rules and limits governing the Investeerimiskonto, such as the potential tax liability on withdrawals made for non-investment purposes.

The Investeerimiskonto was reviewed in 2024, with some of the reforms coming into force the same year and some in January 2025. The reforms added additional flexibility by extending the scope of eligible assets to include certain crowdfunding investments and crypto assets (subject

²² Finans Danmark, “2024 satte rekord: 135.000 danskere oprettede en aktiesparekonto” [“2024 set a record: 135,000 Danes opened an equity savings account”], available at: <https://finansdanmark.dk/nyheder/2025/januar/2024-satte-rekord-135000-danskere-oprettede-en-aktiesparekonto/>

to financial supervision) and by increasing the scope of providers to allow new providers to offer the investment account such as investment and payment service providers.

2.1.3 Finland – Osakesäästötili (OST)

In Finland, the *Osakesäästötili* (OST; Equity Savings Account) offers tax deferral on capital gains and dividends, allowing investors to reinvest their earnings without immediate tax deductions, increasing compound growth. Specifically, taxes on capital gains and dividends are deferred until withdrawal, with a tax rate of 30% on the first EUR 30 000 of profit and 34% on profit above that. When withdrawing funds, they are treated partly as return of capital (not taxed) and partly as profit (taxed), in proportion to the overall profit the account has made. Losses are tax deductible in the year the account is closed.

From 2024 onwards, the OST has a maximum deposit limit of EUR 100 000, allowing an individual to have money and shares in the same account, and individuals can hold only one account at a time. The account is designed for investing in stocks and selling shares or receiving dividends within the account will not cause any direct tax effects. Equity savings accounts are provided by banks, who also are responsible for submitting relevant information to the Tax Administration on behalf of customers.

At the end of May 2025, there were 414 900 active OSTs in Finland ⁽²³⁾, with the total market value of the investments in Finnish-listed shares being EUR 2.4 billion.

2.1.4 France – Plan d'Épargne en Actions (PEA)

In France, the *Plan d'Épargne en Actions* (PEA; Equity Savings Plan) is a type of regulated savings product that was introduced in 1992. It allows French residents to invest in stocks, funds, equities, units in a private limited company and index trackers without paying neither income tax nor social security contributions ⁽²⁴⁾ on the gains and dividends generated by these investments. However, income from investments in unlisted securities is exempt from income tax only up to a limit of 10% of the amount invested. This ceiling applies only to income as such, excluding capital gains on the sale of such securities.

A PEA is required to be invested in shares in EU/EEA headquartered companies in order to receive tax relief. The sums paid into the PEA may also be used for investments brokered only if these funds have a minimum investment quota of 75% in securities issued by eligible companies headquartered in the EU or EEA, even though PEA-compliant products can be benchmarked to non-EU indices ⁽²⁵⁾.

A standard PEA can be held in either a bank (*PEA Bancaire*) or in an insurer through a unit-linked capitalisation contract (*PEA Assurance*). In addition to the standard PEA, there is also

²³ Euroclear Finland – Tilastot: Osakesäästötilit (*Equity Savings Accounts statistics*), available at: <https://www.euroclear.com/finland/fi/statistics/equity-savings-accounts.html>

²⁴ In short, social security contributions are a set of contributions and taxes that finance social protection, social security safety net, and repayment of the social debt (which include CSG, CRDS, etc.).

²⁵ By using derivatives (e.g. total return swaps), asset managers can distribute PEA-compliant products linked to non-EU indices. For example, as of 22 August 2025, one quarter of PEA-compliant AMUNDI ETFs were linked to non-EU benchmarks, <https://www.amundiETF.fr/fr/particuliers/etf-products/recherche?pea=true>.

the PEA-PME (*Plan d'Épargne en Actions destiné au financement des Petites et Moyennes Entreprises*; Equity Savings Plan for financing Small and Medium Enterprises), which is more focused on investments into SMEs and intermediate-sized companies. To qualify as an eligible investment, a firm must be established in the EU/EEA and subject to corporate income tax meeting SME criteria under EU law (i.e. fewer than 5 000 employees with an annual turnover under EUR 1.5 billion or a total balance sheet of under EUR 2 billion).

To open a PEA or PEA-PME, one must be a tax resident of France, be at least 18 years old ⁽²⁶⁾, and can only hold one PEA at a time (although it is possible to hold a standard PEA and a PEA-PME at the same time). A PEA, like a PEA-PME, can only have one holder.

The PEA has an investment limit calculated from its opening date, with a standard PEA Bancaire/Assurance allowing for contributions of up to EUR 150 000 ⁽²⁷⁾ and a two-partner household being able to contribute up to EUR 300 000. If one chooses to invest in a PEA-PME, they can invest up to EUR 225 000 (or EUR 450 000 for a two-partner household) across the two products (PEA and PEA-PME). When the holder has both a PEA and a PEA-PME, the sums paid into these two plans by the holder may not exceed EUR 225,000, while complying with the specific PEA ceiling of EUR 150,000.

With certain exceptions, withdrawals or redemptions from the PEA made before the end of the fifth year of its operation will, in principle, result in the closure of the plan and the gain recognised within the plan is subject to a flat tax (*Prélèvement forfaitaire unique*) of 30% (which includes social security contributions of 17.2% and income tax of 12.8%) ⁽²⁸⁾. On the other hand, withdrawals after a holding period of five years or more are subject only to social security contributions of 17.2%. However, this is compared to the 30% flat tax for capital gains generated by each investment held in a standard broker account.

In regard to average fees, there is a custody fee of 0.4%, a transaction fee capped at 0.5% of the transaction value and a small token fee to open the account (EUR 10). The advent of new brokers and online banks has introduced further competition and to a reduction in these fees.

At the end of 2024 ⁽²⁹⁾, there were 7.3 million PEA accounts, holding around EUR 114 billion in assets.

²⁶ Since 2019, adult children aged between 18 and 25, who remain part of their parents' tax household, are also available to open a PEA for young people (PEA JEUNE).

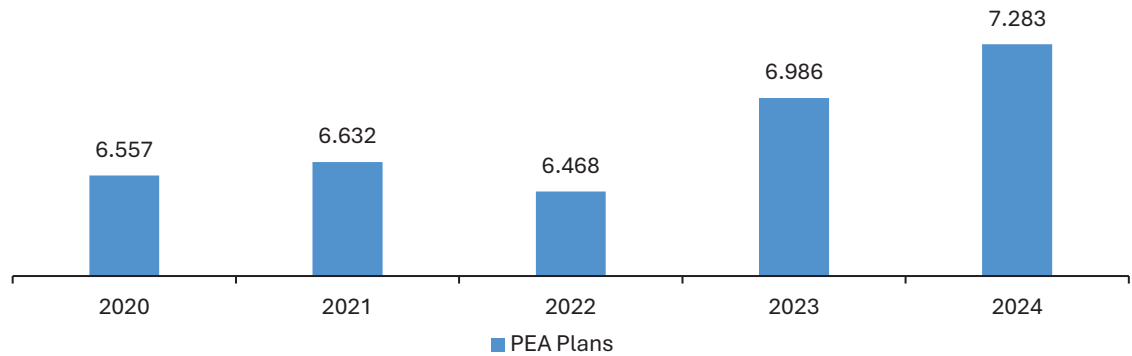
²⁷ The investment ceiling is reduced to EUR 20,000 for a PEA JEUNE.

²⁸ Unless an option for global taxation on the progressive income tax scale.

²⁹ Banque de France, *Plan d'épargne en actions 2024*, available at: <https://www.banque-france.fr/fr/statistiques/epargne/plan-epargne-en-actions-2024>

Figure 4: PEA number of accounts

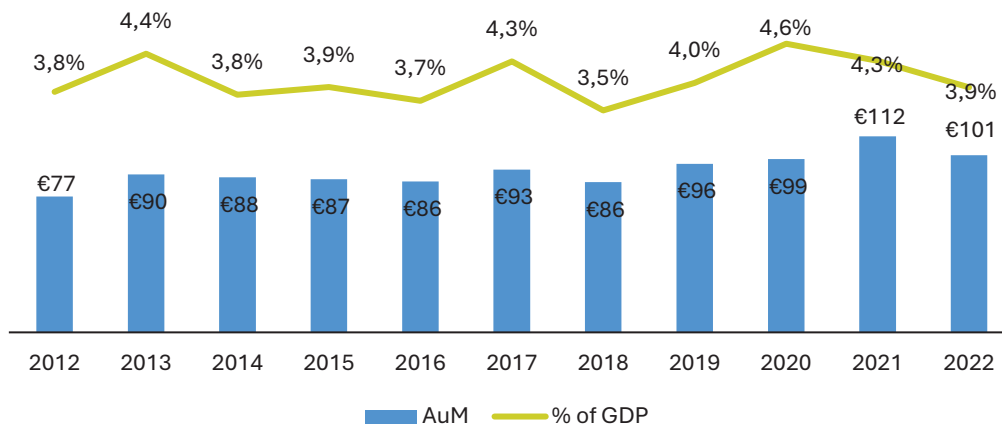
In mn



Source: Banque de France

Figure 5: PEA AuM

In € billion and as % of GDP



Source: Banque de France

2.1.5 Hungary - Tartós Befektetési Számla (TBSZ)

In Hungary, the *Tartós Befektetési Számla* (TBSZ; Long-Term Investment Account) offers investors tax benefits if they hold their assets for at least three years. Within this account, taxes on investment gains are reduced to 10% (after three years) or eliminated entirely (after five years), with no annual tax filings required on investment gains while the account is active. As of 1 January 2025, withdrawals within the first three years incur a 15% personal income tax and 13% social contribution tax, while withdrawals between three and five years incur a 10% personal income tax and 8% social contribution tax. After five years, both personal income tax and social contribution tax payments are reduced to 0%. Note that multiple TBSZ can be opened annually, but only with one per provider per year, which will be linked to an individual trading account. If an individual holds more than one account, fund transfers between accounts are not permitted.

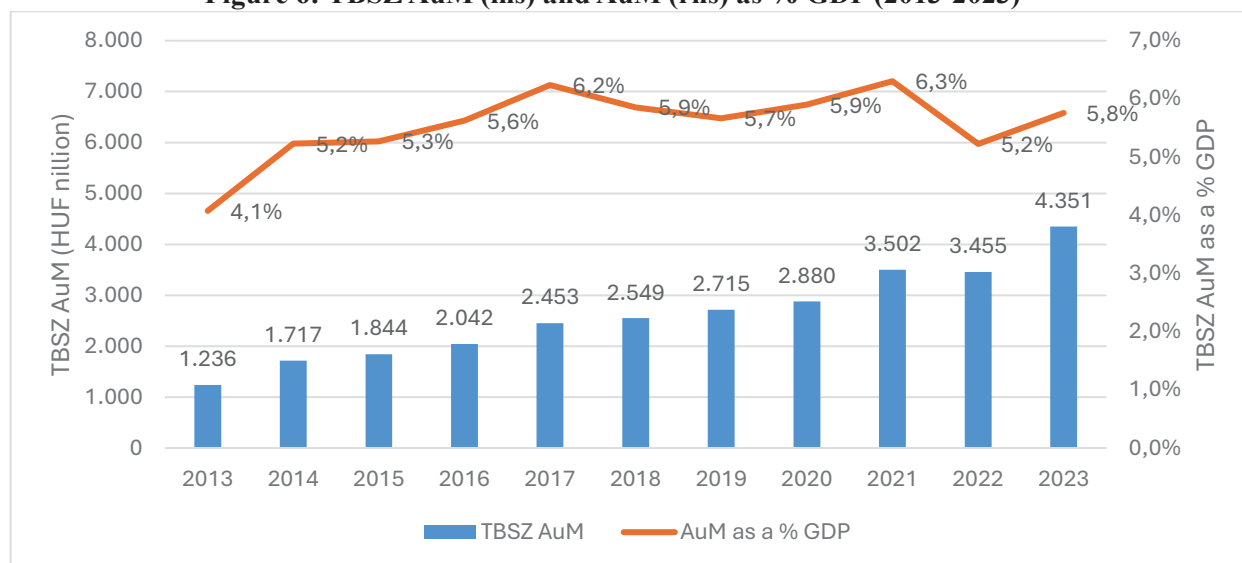
The following two types of accounts can be opened:

- an account for placement of financial instruments in controlled capital market transactions, or other financial instruments (e.g. government securities, investment certificates), the earnings of which are otherwise recognised as interest income; and
- an account for placement in interest-bearing bank deposit (including where funds are isolated on a payment account), or in savings deposit.

The TBSZ has a unique structure, starting with an initial ‘collection year’ where unlimited deposits are allowed, with a minimum deposit of HUF 25 000 (c. EUR 63). Following the collection year, a five-year lock-in period begins, split into a 3-year holding period 1 and a 2-year holding period 2. During this lock-in period, no new deposits are allowed, but trading is permitted, allowing investors to manage their portfolios. It's worth noting that the account terminates if left with under HUF 25 000 after the withdrawals or when the lock period ends – but when it does, investors can reinvest their assets in another TBSZ account, as multiple accounts are permitted.

In Hungary, during the first decade following their launch, the size of assets in TBSZ accounts have stabilised at around 6% of GDP, a trend broadly comparable to developments in France and the UK. Furthermore, the proportion of individuals with TBSZ, relative to the national population age, has not demonstrated any significant increase either. At the end of 2024, there were just over 385 000 TBSZ accounts, holding HUF 6.18 trillion (c. EUR 16 billion) in assets.

Figure 6: TBSZ AuM (lhs) and AuM (rhs) as % GDP (2013-2023)



Source: Magyar Nemzeti Bank and Központi Statisztikai Hivatal

2.1.6 Italy – Piani Individuali di Risparmio a Lungo Termine (PIR)

In Italy, the *Piani Individuali di Risparmio a Lungo Termine* (PIR; Individual Long-Term Savings Plan) is a tax-advantaged investment account that seeks to promote retail investment originally introduced in 2017. A new version for alternative investments (‘alternative PIR’) with a focus on small and medium enterprises was launched in 2021. The tax advantage involves a full exemption from taxes on income derived from PIR investments (such as capital

gains, interest, and dividends), as well as exemption from inheritance tax. To benefit from tax advantages the investments must be held for a five year minimum holding period.

There are geographical and sectoral restrictions on the securities that can be held within a PIR, which are:

- 70% of the investments must be made, for at least 2/3 of the year, in financial instruments of companies resident in Italy or other Member States of the EU or the European Economic Area (EEA), but with a permanent establishment in Italy;
- To foster investment into small caps, of this 70% at least 25% must be made in companies that are not listed in the FTSE MIB (Financial Times Stock Exchange Milano Indice di Borsa) or equivalent index of other regulated markets;
- To foster investment into unlisted companies and small-medium size listed companies, at least 5% of this 70% must be invested in companies not included in the FTSE MIB or FTSE Mid Cap of the Italian Stock Exchange or equivalent indices; and
- It is not possible to invest in companies resident in the countries that do not exchange fiscal information with Italy.

There is a maximum investment of EUR 40 000 per year required in a PIR, with a total maximum contribution of EUR 240 000. For alternative PIRs, the annual cap is EUR 300 000, with a total cap of EUR 1.5 million. When PIR was launched in 2017, it reached EUR 5 billion of investments in less than one year.

As of 31 December 2023:

- n. 66 traditional PIR amounting to € 17 billion (-2,8 billion net inflow in 2023)
- n. 17 alternative PIR amounting to € 2 billion (+0,2 billion net inflow in 2023).

2.1.7. Latvia - Ieguldījumu Konts

In Latvia, an investment account (Ieguldījumu Konts) has been available since 2008. It takes the form of a specialised account with simplified taxation rules. No personal income tax is charged on capital gains, dividends or interest as long as the funds remain inside the account. Taxable events only arise when total withdrawals exceed total deposits, at a tax rate of 25.5%. Accounts are provided by banks or licensed investment service providers, and allow investment in a wide variety of assets including shares, bonds, investment funds, ETFs and derivatives. Crypto assets are not allowed.

Investment accounts must be registered with the Latvian tax authority (State Revenue Service). Individuals report their withdrawals (those that exceed deposits) in the annual income declaration. Institutions providing the account could provide an account statement which can help an individual declare the correct amount of income.

2.1.8 Lithuania - Investicinė Sąskaita

In Lithuania, a new investment account regime (Investicinė Sąskaita) was introduced from 1 January 2025 as part of amendments to the Personal Income Tax (PIT) law, aiming to foster

a more encouraging environment for investors. This new regime is designed to shift the taxation of investment income to the point of withdrawal, rather than taxing all income annually. By implementing this structure, it encourages residents to reinvest their earnings across a wide range of financial products, such as securities, derivatives, crowdfunding, and government bonds, without facing immediate tax liabilities.

Specifically, investors have access to stocks and bonds, investment funds such as mutual funds and exchange-traded funds (ETFs), crowdfunding and peer-to-peer lending opportunities, and derivatives like options and futures, i.e. respective financial products named in Article 12-1 of the Law on PIT. An account cannot be used for direct investments into start-ups and crypto currency. There is no limit on the amount of funds that can be invested through the account. This setup is intended to incentivise long-term investment strategies, allowing investors to grow their capital over time.

Under this regime, taxes only apply when funds are withdrawn from the investment account. Withdrawn capital gains (withdrawn amount minus contributions to the account) will be taxed at the prevailing PIT rates of 15% or 20%, based on the investor's tax bracket (a 15% tax rate applies from 2026). However, the typical EUR 500 exemption that might apply to other capital gains does not apply to these withdrawals, meaning the entire withdrawn gain is subject to taxation. This focus on taxing only withdrawn gains highlight the regime's emphasis on promoting continuous investment within the account, aligning with the goal of supporting sustained capital growth. Interest on deposits is not classified as income in the investment account. It is taxed separately in the usual manner. Dividends on equity and interest on bonds are taxed when paid and treated as a contribution to the investment account, if these financial instruments were: 1) purchased through the investment account; or 2) purchased before 31 December 2024 and declared in the annual income tax return for the 2025 period.

To take advantage of this investment account, individuals must have accounts established either in Lithuania or within financial institutions located in EEA or OECD countries with which Lithuania maintains a double taxation agreement. Note that there is no limit on the number of accounts an individual can hold, providing investors with flexibility and adaptability.

2.1.9 Norway – Aksjesparekonto (ASK)

In Norway, the *Akjesparekonto* (ASK; Share Savings Account) is an account where an individual can buy and sell shares and mutual funds tax-free ⁽³⁰⁾. Gains are not taxed, and deductions are not granted as long as the value is kept in the account. An individual can withdraw the cost price (invested amount) tax-free at any time. If they withdraw more than the cost price, the excess – less the deductible risk-free return – is taxed. Savers using the ASK must invest their money in stocks or equity funds (with a minimum of 80% allocated to equities) domiciled in the EEA, but those funds are then free to invest in any region they want.

³⁰ Skatteetaten (Norwegian Tax Administration), “Share savings account (ASK): About shares and securities”, available at: <https://www.skatteetaten.no/en/person/taxes/get-the-taxes-right/shares-and-securities/about-shares-and-securities/share-savings-account-ask/>

An individual can have as many ASKs as they like, with either different or the same providers. Transferring assets between accounts is also possible. Accounts can be provided by banks, securities companies and management companies for securities funds. The account can be used to invest in listed shares of companies domiciled in the EEA and units in mutual funds domiciled in the EEA.

The provider of the ASK is responsible for reporting the tax values of the share savings account. Tax liable withdrawals and assets should be pre-filled in the individual's tax return.

The ASK has become popular in Norway since it was launched in 2017. By the end of 2024, there were over two million accounts with NOK 494.4 billion (c. EUR 42.6 billion) in assets held.

2.1.10 Poland – Osobiste Konto Inwestycyjne (OKI)

In August 2025, the Polish government announced (³¹) that it would introduce a new account termed the Osobiste Konto Inwestycyjne (OKI; Personal Investment Account), which will probably become available from mid-2026.

Income from assets invested via OKI will not be subject to income taxation. The value of assets accumulated in the OKI will be taxed, with the value of the assets up to PLN 100 000 (c. EUR 23 500) exempt from taxation, including up to PLN 25 000 (c. EUR 5 900) in the 'savings' part of the account. For funds above PLN 100 000, a low asset tax of 0.8 to 0.9% of the investment value will be applied. The investment part of the OKI will allow a natural person to invest in financial instruments admitted to trading on a regulated market or introduced to an alternative trading system and investment funds (the investment part of OKI).

On the other hand, in the savings part of OKI, it will be possible to open deposits and take up savings bonds (up to PLN 25,000 of the value of savings without tax). The Polish government estimates that the implementation of the OKI system will cost around PLN 300 million (around EUR 70 million) in the first calendar year of its existence.

2.1.11 Slovakia – Dlhodobé Investičné Sporenie (DIS)

In Slovakia, the *Dlhodobé Investičné Sporenie* (DIS; Long-Term Investment Savings) is a tax-advantaged financial planning tool designed to encourage individuals to save for long-term goals, including retirement.

The key feature of DIS is the potential tax advantage available when certain conditions are met, as it allows tax exemption of income from investment, including a minimum investment horizon of 15 years and an annual deposit cap of EUR 6 000 in a variety of securities, options or financial derivatives.

An individual can also transfer funds to another manager / broker within three months during those minimum 15 years. Providers offer the DIS as part of their portfolio management service,

³¹ Ministry of Finance (Poland), "*From savings to investment – investing tax-free*", 5 August 2025, available at: <https://www.gov.pl/web/finanse/od-oszczednosci-do-inwestycji--inwestowanie-bez-podatku>

allowing clients to invest regularly over the long term, irrespective of the amount of monthly contributions. This regime is applicable only to capital gains derived from the alienation of securities or options or to income from financial derivatives. The regime does not apply to assets that have been included in the taxpayer's business assets or to dividend income.

The Slovak system also offers other incentives for investors, including an exemption from capital gains tax on shares listed on a recognised stock exchange for period exceeding one year after one year of ownership, and a low 7% tax rate on dividends. These measures aim to promote both short-term and long-term investments in the organised market, while supporting the financing of private companies.

By combining these incentives with the DIS, Slovakia encourages consistent saving practices and provides an organised approach to achieving significant long-term financial goals, making it an attractive option for individuals looking to build wealth over time.

2.1.12 Slovenia – Individualnih Naložbenih Računih (INR)

In Slovenia, a law establishing Individual Investment Accounts (*Individualnih Naložbenih Računih*; INR) passed into law in June 2025, with the first accounts due to be available in early 2026.

This new account allows individuals (a tax resident of Slovenia) to invest in a range of financial instruments (securities, mutual funds and ETFs) under a favourable tax treatment.

Income from an Individual Investment Account (INR) constitutes a separate category of capital income. Tax liabilities on income from trading financial instruments through INR account (i.e. capital gains, dividends, interest) do not arise. Only the income withdrawn from the account is taxed, at a flat rate of 15%. The income is the positive difference between the account's value and the total deposits made into the account. Notably, if no withdrawals occur for 15 years, the first withdrawal is completely tax-exempt.

The system allows portability between providers, enabling account holders to transfer their INR to a different provider while maintaining all accumulated benefits and tax treatment. All tax obligations are processed automatically by the INR provider, eliminating any tax reporting or payment requirements for account holders.

The INR framework features two types of sub-accounts: the Basic INR Sub-account, allowing for annual deposits of up to EUR 5 000 (or EUR 20 000 in the first year) without geographical constraints, and the Special INR Sub-account, enabling an additional EUR 5 000 annually for investments specifically in Slovenian financial instruments. This setup allows a total annual investment amount of EUR 10 000. Total lifetime deposits in these accounts are capped at EUR 150 000. Note that deposits into the INR must be made in cash, necessitating the sale and reinvestment of any existing shares or bonds, if the individual decides to place those assets under the INR framework. An individual can open one INR account, which is also available for children. Account transfers between providers are free of charge for cash-only accounts, while accounts containing financial instruments may incur only direct technical transfer costs.

2.1.13 Sweden - Investeringsparkonto (ISK)

In Sweden, the *Investeringsparkonto* (ISK; Investment Savings Account) is an investment account that was introduced in 2012 to make it easier for citizens to save and invest in shares and other financial instruments. Only individuals who have a Swedish *personnummer* (personal identification number) can open an ISK; companies cannot open an account, and there are no limits as to how much each person can contribute to the account. The main draw of this investment account is that it offers favourable tax treatment as well as simplifications for tax reporting.

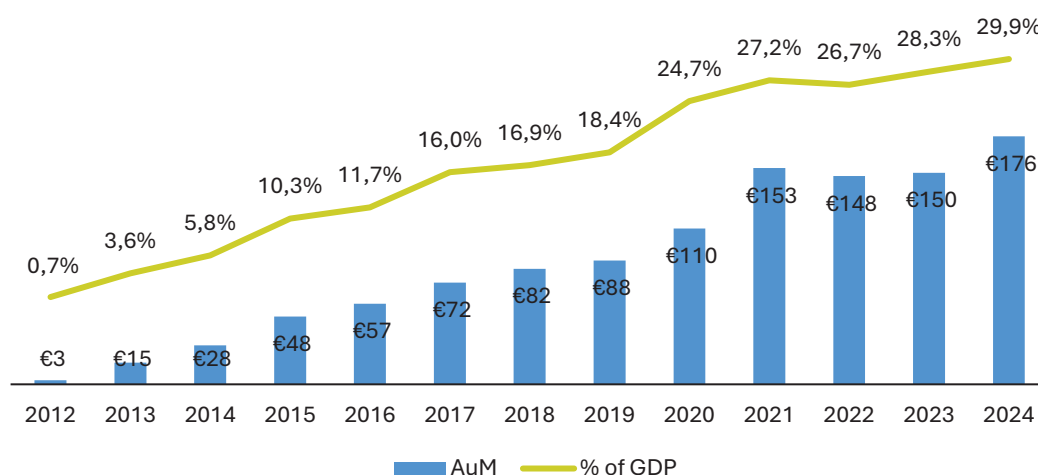
Unlike an ordinary securities account, no capital gains tax is paid on transactions, which has instead been replaced by a form of a lower annual standardised tax on assets above a market value of SEK 150 000 (c. EUR 13 000). This annual standardised tax is calculated as 30% of the government borrowing rate plus 1%. As a share of assets, the rate is 0.888% in 2025.

This rate is then applied to the average market value above SEK 150 000 of the securities held in the ISK across 4 quarters. Taxes paid on the basis of the annual standardised tax rate are typically lower than would be the case based on the ordinary Swedish capital gains tax of 30%, making this advantageous to individuals. In addition, dividends received on qualifying investments are tax-free.

As there is no capital gains tax on sales, but rather a tax on holdings, there are no tax consequences for reallocating an investment portfolio. However, this also means that no tax deductions are granted in the case of capital losses. The tax-free allowance of SEK 150 000 (c. EUR 13 000) which was introduced in 2025 will double to SEK 300 000 (c. EUR 26 000) in 2026.

ISK accounts have proven to be very popular among Swedish citizens, with 3.8 million of them running in 2023 and an estimated asset value of EUR 176 billion in 2024. Of this EUR 176 billion, around EUR 70 billion is invested in domestic assets.

Figure 7: ISK AuM (EUR billion and as % of GDP)



Source: SCB/Sveriges Riksbank

2.2 Other Member States' initiatives related to retail investment

In the context of the European Competitiveness Laboratory, which came into being at the end of 2024, seven Member States ⁽³²⁾ came together during 2025 and agreed on a “Finance Europe” label for retail investment. This label, which aims to provide an attractive framework for retail investors to increase their opportunities to invest in the EU economy, was agreed to on 5 June 2025.

The Member States which have signed up to the label are continuing their work to operationalise the label, which includes a number of key parameters. These parameters include:

- Eligible assets should include equity (listed or unlisted shares, ELTIFs, UCITS, AIFs and bonds, but not crypto assets);
- A minimum investment threshold in European assets of at least 70% (assessed at least every six months);
- Potential for a minimum investment in equity, infrastructure and/or SMEs/mid-caps;
- A long-term horizon of at least five years' investment; and
- Clarification that there is no public guarantee and that investing always comes with risk.

The tax advantages assigned to labelled products will be determined by the participating Member States, but they should be “attractive and simple” compared to other tax advantages for comparable investments at the national level.

It should be noted that the Finance Europe label is not an SIA framework *per se*, but is rather assigned to specific products or accounts with the objective of promoting them and increasing their visibility. This label can be complementary to an SIA framework in the sense that products benefitting from this label may also be eligible to be held in an SIA. The existence of the label could provide investors with useful “at a glance” information to assist them if they have a preference for investing in the EU economy more generally.

2.3 Examples outside the EU/EEA

2.3.1 Canada – Tax-Free Savings Account (TFSA)

In Canada, the Tax-Free Savings Account (TFSA) was introduced in 2009. The TFSA is a way for individuals who are 18 and older and who have a valid social insurance number to set money aside tax-free throughout their lifetime. Any amount contributed as well as any income earned in the account (for example, investment income and capital gains) is generally tax-free, even when it is withdrawn. Administrative or other fees in relation to TFSA, and any interest or money borrowed to contribute to a TFSA, are not tax deductible.

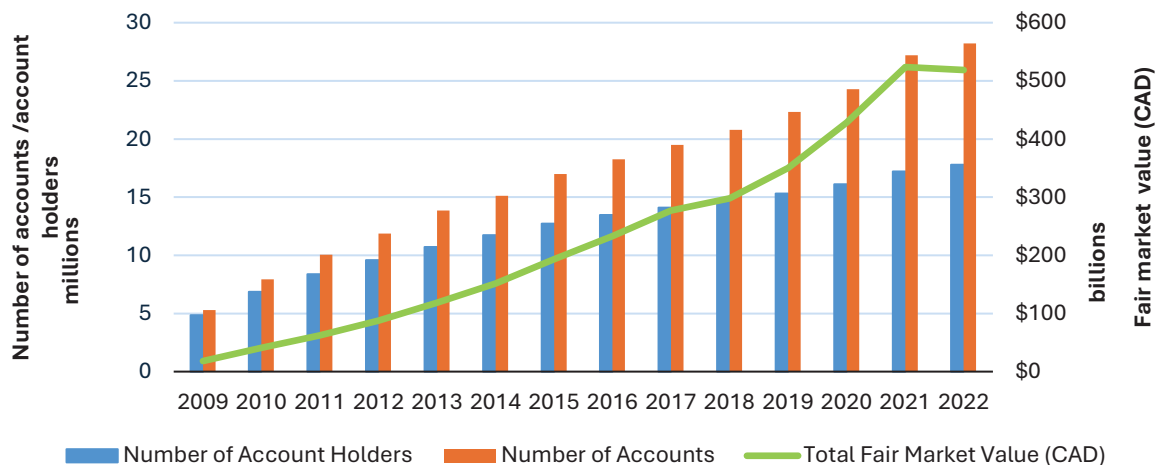
There are three types of TFSAs – deposit, annuity contract and arrangement in trust. Banks, insurance companies, credit unions and trust companies can all issue TFSAs. In 2025, the

³² DE, EE, ES, FR, LU, NL, PT.

maximum annual contribution that can be made to a TFSA is CAD 7 000 (c. EUR 4 335), this limit is indexed to inflation and rounded to the nearest CAD 500 annually).

In the 2022 tax year (the most recent year for which statistics are available), there were 28.2 million TFSAs held by 17.8 million individuals in Canada. Total contributions during 2022 were CAD 94.3 billion (c. EUR 58.4 billion), with the total fair market value of assets held in TFSAs being CAD 518.5 billion (c. EUR 321.1 billion), and an average fair market value per individual of CAD 29 173 (c. EUR 18 000).

Figure 8: TFSA data 2009-2022



Source: Canada Revenue Agency (CRA)

2.3.2 Japan – Nippon Investment Savings Account (NISA)

In Japan, the Nippon Investment Savings Account (NISA) was launched in 2014, and reformed in 2024. The system post-reform is sometimes referred to as the new NISA. NISAs can be opened by anyone aged 18 or over and feature an unlimited tax exemption period whereby there are no capital gains tax or dividend taxes. The annual investment limit is JPY 3.6 million (c. EUR 20 900; comprising JPY 1.2 million for a Tsumitate (‘Accumulation’) NISA and JPY 2.4 million for a Growth Investment NISA), with a total investment limit of JPY 18 million (c. EUR 111 600, of which up to 66% is in a Growth Investment NISA).

The Tsumitate NISA promotes long-term, regular and more passive investing, while the Growth Investment NISA has broader investment choices including higher risk/return assets. Eligible investments vary between the two NISA frameworks but include investment funds and stocks with no geographical restrictions.

The 2024 reform of the NISA made several changes with the objective of increasing the flexibility of the system and were very successful. Changes included:

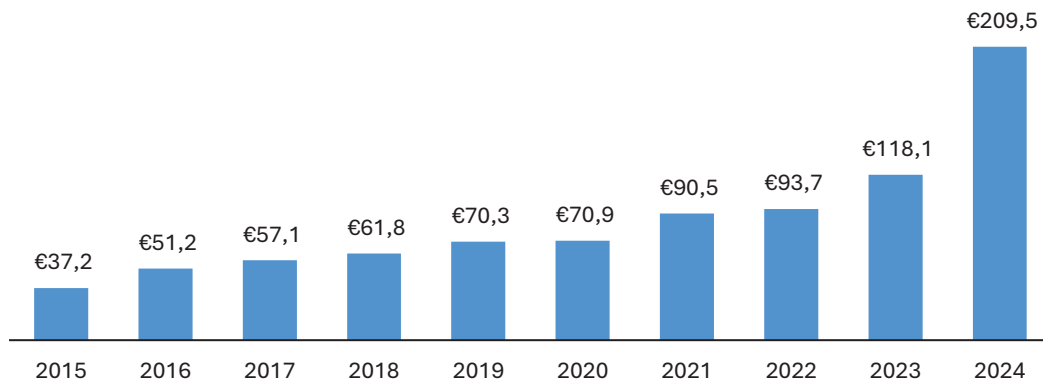
- Increasing the total annual investment limit from JPY 1.6 million (c. EUR 9 300), to JPY 3.6 million (c. EUR 21 000).

- Making the tax-free holding period indefinite (before the reforms, savers had to sell the assets within 5 years, or they would receive no tax benefit).
- Expanding the eligibility of stocks and investment funds to allow investment in foreign stocks and investment funds.

As a result of these changes, assets under management in NISA accounts surged from approximately EUR 118 billion at the end of 2023 to about EUR 210 billion by the end of 2024, an increase of around EUR 92 billion in just one year.

Figure 9: Total AuM in NISAs (Tsumitate + Growth)

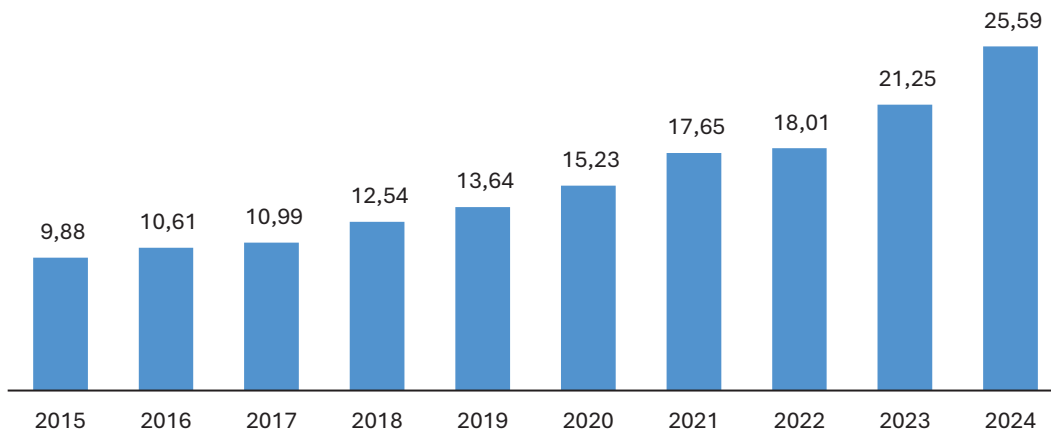
In € billion



Source: JSDA

Figure 10: Total NISA accounts (Tsumitate + Growth)

In mn



Source: JSDA

2.3.3 UK – Stocks and Shares Individual Savings Account (ISA)

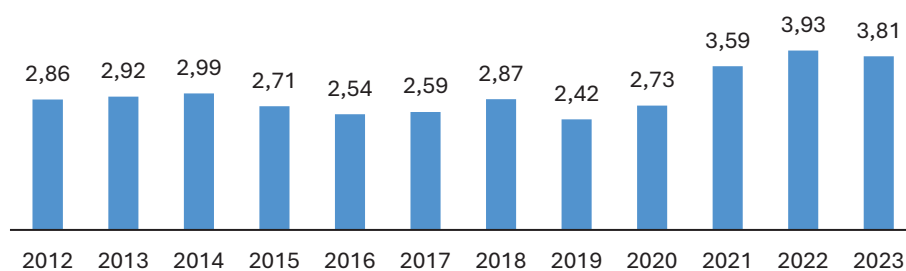
In the UK, the Investment Savings Account Scheme, commonly known as the Individual Savings Account (ISA), was introduced in April 1999 as a tax-efficient wrapper for savings and investment products. The primary objective of the ISA was to encourage individuals to save and invest by offering attractive tax advantages on the returns generated on investments held in the account. ISAs are available in several variations, including Cash ISAs, Stocks and Shares ISAs, Innovative Finance ISAs and Lifetime ISAs, each tailored to different savings and investment needs. Specifically, the Stocks and Shares ISAs – which would fit the description of a ‘savings and investment account’ – can invest in shares, investment funds, corporate bonds and government bonds.

Individuals can contribute up to GBP 20 000 (c. EUR 23 400) in one account or split across multiple accounts per year. One of the key features of ISAs is their tax-efficient nature. Within an ISA, investors can earn interest on cash deposits (Cash ISA) or generate returns from investments such as stocks, bonds, and mutual funds (Stock and Shares ISA), all without incurring income tax or capital gains tax liabilities. This tax-free status applies to both the interest earned and the capital gains realised within the ISA, providing a significant boost to the overall returns for investors. Additionally, dividends received on qualifying investments held in the ISA are also tax-free. There are no tax penalties for reallocating the investment portfolio and there are also no tax deductions in the case of capital losses.

In terms of uptake, the Stock and Share ISA scheme has proven to be less popular amongst the UK citizens than the Cash ISA with around 6.3 million Stock and Shares ISAs open as of 2020 compared to the 24 million Cash ISAs open as of the same date. At the end of the 2022 to 2023 tax year, the market value of Adult ISA holdings stood at GBP 725.9 billion (c. EUR 849.3 billion), of which GBP 430.8 billion (c. EUR 504 billion) was in Stocks and Shares ISAs. It is notable that Stocks and Shares ISAs hold a greater share of assets, even though the number of accounts is notably lower than Cash ISAs. There have been a number of proposals for further changes to the ISA in recent years, including potential reductions to elements of the annual allowance of GBP 20 000. In late 2024, the government abandoned plans for a ‘British ISA’ which would have channelled funds into London-listed stocks in a bid to boost the British economy, by allowing an additional GBP 5 000 per year to be invested in such stocks.

Figure 11: Number of ISA Stock and Share accounts

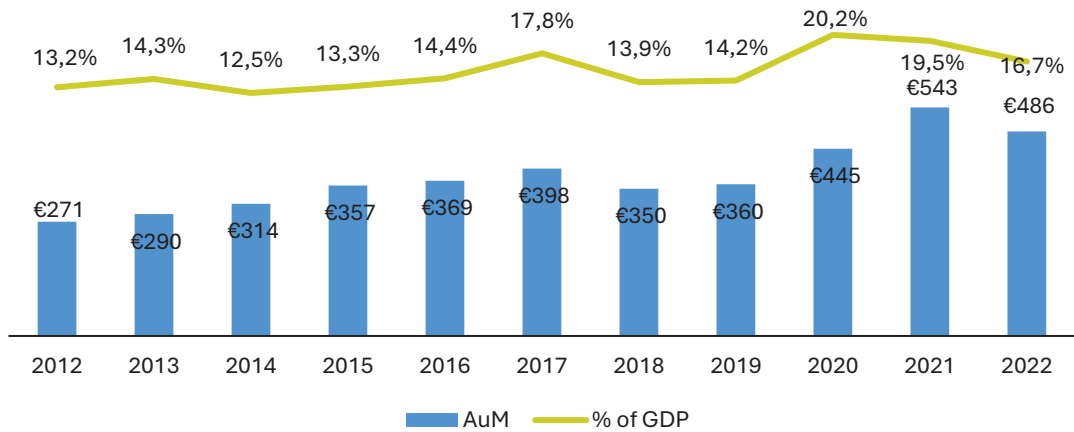
In mn



Source: HM Revenue and Customs

Figure 12: Stock and Shares ISA assets under management and % of GDP

In € billion



Source: HM Revenue and Customs

3. Identified best practices and features

3.1 Overview

After analysing existing accounts based on the objective of increasing retail participation in capital markets, the Commission has identified several best practices from the most popular accounts that could be incorporated into SIA frameworks by Member States. These accounts have been selected on the basis of their uptake and popularity among retail investors. These best practices follow three overarching principles: simplicity, flexibility and tax advantages. These principles will be discussed in more detail below. In brief, they relate to the following aspects:

Simplicity

- accessible via digital interfaces and other means;
- simplified tax reporting or exemption from reporting obligations;
- streamlined procedures to set up the account; and
- portability between providers.

Flexibility

- availability through a wide range of providers;
- ability to open multiple accounts (encourage competition);
- ability to hold a wide variety of assets within an SIA;
- no requirement for a minimum holding period; and
- no contribution limits.

Tax advantages

- Provision of tax advantages or exemptions.

There are additional metrics that can be used to measure the ‘success’ of SIA frameworks, such as the impact on the financing conditions for EU companies and on EU strategic priorities, the overall long-term fiscal impact, and the additional level of returns received and fees borne by retail investors over time. These have not been measured for the purposes of this document, as they are more difficult to quantify.

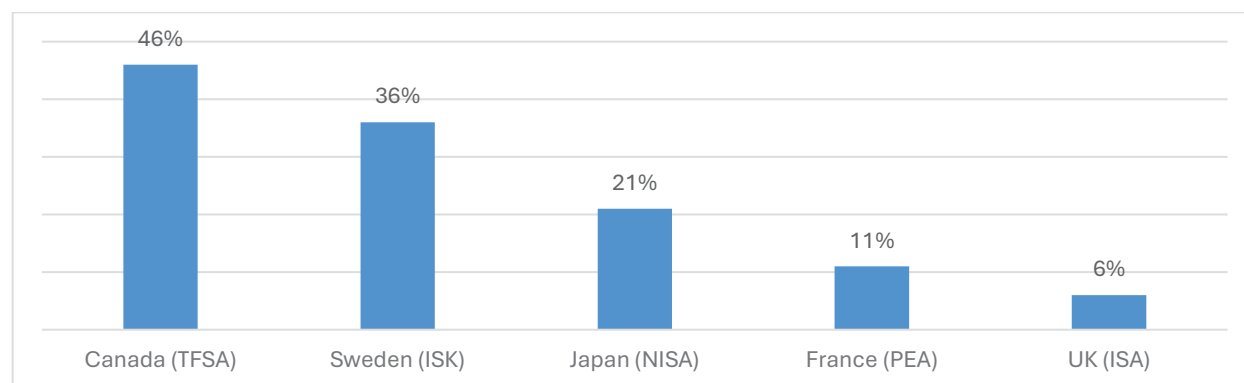
3.2 Success indicators

In assessing the most popular and successful frameworks in terms of take-up amongst retail savers, the Canadian TFSA, the United Kingdom ISA, the Swedish ISK, the Japanese NISA, the French PEA and the Norwegian ASK are considered the most successful, based on the number of accounts and assets under management relative to the size of population and GDP respectively. It should be noted that several SIA frameworks within the EU are still relatively new, and therefore it may take time for them to bed into their financial services landscape,

meaning it is currently too early to determine how successful they have been at improving retail investor participation.

In terms of the number of accounts as a percentage of the population, based on latest available figures, the Canadian TFSA ranked highest followed by the Swedish ISK and the Japanese NISA.

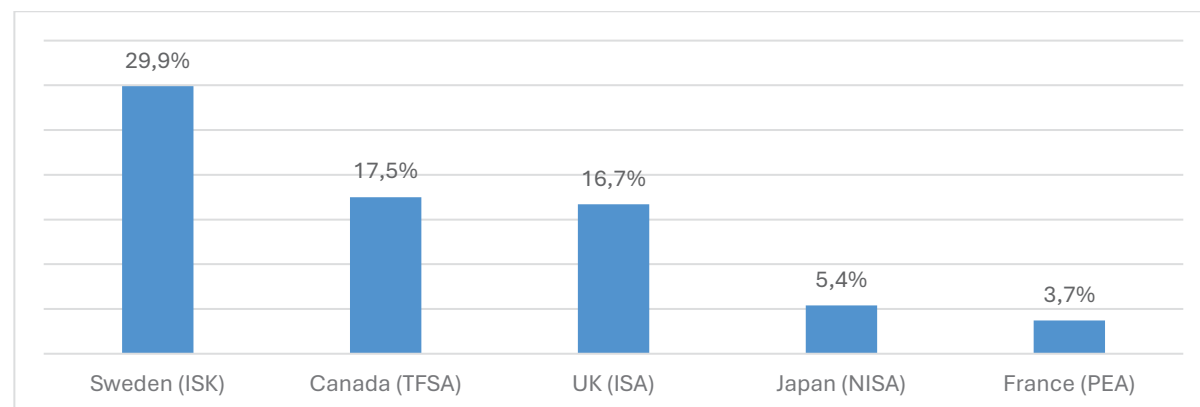
Figure 13: Total accounts as % of population ⁽³³⁾



Source: European Commission based on data from JSDA, Banque de France, HM Revenue & Customs, Canada Revenue Agency (CRA) and SCB/ Sveriges Riksbank.

In terms of assets under management as a % of GDP, based on latest available figures the Swedish ISK ranked highest followed by the Canadian TFSA and the UK ISA.

Figure 14: Total Assets under Management as % of GDP ⁽³⁴⁾



Source: European Commission based on data from JSDA, Banque de France, HM Revenue & Customs, Canada Revenue Agency (CRA) and SCB/ Sveriges Riksbank

3.3 Simplicity

One of the main factors for a successful SIA is simplicity. This applies not only for the SIA holder but also for the provider and for national authorities. Successful accounts are easy to

³³ Figures for the NISA and PEA are for 2024, for the ISK 2023, for the TFSA and ISA 2022 and for the NO ASK 2021. It should be noted that in Canada, Sweden and United Kingdom, individuals can open multiple SIAs, therefore figures for these countries may be somewhat overestimated.

³⁴ Note that for the UK, only the Stocks and Shares ISA is included.

understand, simple to open, user-friendly and easy to switch from or close. This simplicity also extends to the taxation and reporting of the income and gains from the accounts.

Simplicity in managing the account

It should be easy for SIA holders to manage their accounts. Most providers of existing SIAs ensure that a user-friendly online platform is available so that accounts can be accessed and managed in real time. This includes websites and the use of mobile apps. However, some providers also offer complementary services via more traditional methods such as physical branches for those that wish to avail of them. Where feasible, traditional channels should be available in addition to digital ones in order to ensure that SIAs are available to the widest scope of eligible holders.

Portability

Certain successful SIA frameworks allow account holders to switch from one provider to another, moving all their assets for a low cost and with little bureaucracy. This is the case for the Japanese NISA which allows the holder to move their account and all its holdings from one provider to another for a minimal cost once a year. Allowing retail investors to easily switch SIA providers and ensuring they incur only minimal fees for the portability of their securities when transferring their holdings fosters competition among providers and may lead to better and cheaper SIAs.

Currently, there is no framework to enable cross-border transfers of SIAs. Some frameworks – such as the Swedish ISK – cease to have special tax treatment when the holder is no longer tax resident, and the ISK becomes a regular investment account. In the UK, an individual who moves abroad and changes their tax residency can keep their ISA open but cannot deposit money into it – although they still benefit from the UK tax relief on money and investments already held in the country ⁽³⁵⁾. In France, if an individual moves abroad and changes tax residence they can continue to benefit from the PEA's tax treatment as long as the new country of residence is not a 'non-cooperative' state or territory ⁽³⁶⁾, but they cannot make further contributions. However, in both the UK and French cases, it is possible that the new country of (tax) residence may subject the individual to taxes on the returns or gains from the ISA or PEA. The UK and French approaches offer a practical solution which can encourage long-term investment, and also provide a solution for more mobile individuals who seek investment certainty.

However, in developing a network of EU SIAs, it would be important that Member States cooperate to ensure that SIA holders do not suffer from double taxation when they move between Member States. In most situations bilateral tax treaties should prevent double taxation. In the absence of such treaties Member States should allow the SIA holder to benefit from unilateral relief.

³⁵ [Individual Savings Accounts \(ISAs\): If you move abroad - GOV.UK](#). The income from investments left in the UK ISA would then be subject to the tax treatment provided for in the new country of residence.

³⁶ [Impots.gouv.fr, Keeping a share savings plan \(PEA\)](https://www.impots.gouv.fr/international-particulier/questions/keeping-share-savings-plan-pea), available at: <https://www.impots.gouv.fr/international-particulier/questions/keeping-share-savings-plan-pea>

Facilitating tax compliance

The fact that the provider manages the taxation reporting of the account is often claimed as one of the most attractive aspects of the Swedish ISK. Accordingly, in a successful SIA, the tax obligations should be as seamless and as simple for account holders to comply with as possible. Simple tax compliance procedures should be an automatic feature of an SIA, with no application process required other than providing a tax number for verification upon opening the account. If not entirely tax exempt, the proceeds from an SIA should be able to benefit from automated tax reporting and payment of tax by the financial institution hosting the account on behalf of the account holder, so that the account holders do not need to report or pay the relevant tax(es) themselves. This process works to the advantage of both the investor and the tax authority, who can be confident that the correct tax amount has been paid on time ⁽³⁷⁾.

3.4 Flexibility

Successful examples of SIAs offer a lot of flexibility for account holders – in terms of the choice of provider(s), the number of accounts which can be opened or held, the transfer of assets between accounts, contributions to accounts, the length of time an account must be opened to receive related benefits and the range of assets which can be held within an account. Flexibility is key to ensuring broad take-up of SIAs, and to making them an attractive alternative to holding money on deposit.

Variety of providers

Most existing SIAs allow a broad range of providers in order to foster competition. This gives individuals several options when choosing to open an SIA and to cater for their personal preferences. It is also crucial that account providers from other Member States, which hold the appropriate EU licence(s), are able to provide accounts on the same terms as domestic providers, either through Freedom of Establishment or Freedom to Provide Services. Examples of this can be found in the French PEA, Swedish ISK and Estonian Investeerimiskonto, all of which allow providers to passport in from other Member States.

Multiple accounts

The SIA frameworks with higher participation rates – Sweden, Canada and the UK – do not restrict the number of accounts an individual can hold at a given time. Allowing multiple accounts enables a retail investor to make the best choices for their personal circumstances. It also encourages ongoing competition between providers and can allow individuals to access a wider variety of investment products. While the possibility to open several accounts could make it more complex for tax administrations to manage the tax benefits being provided and for the financial service providers to manage the tax on behalf of their client, there may be design features of these tax benefits that can help mitigate these complexities.

Some SIA frameworks allow for money to be held within the account, which may possibly benefit from tax-free interest. Indeed, this is a feature of the UK Cash ISA, which is more

³⁷ The condition is that there is sufficient cash on customers' bank accounts, or the customers have sufficient credit line from their banks to pay relevant taxes.

popular than the Stocks and Shares ISA in terms of numbers of accounts. In the 2023-2024 tax year, there were nearly ten million Cash ISA subscriptions in the UK, compared to just over four million Stock and Shares ISA subscriptions (³⁸). One could infer from these numbers that, if the same tax advantages are given to a cash deposit and an investment account, individuals will tend to favour the cash deposit, not least due to liquidity considerations. This is not desirable in terms of stimulating investment, particularly if multiple SIAs were to be held as *de facto* deposit accounts.

Wide variety of assets

The most successful SIA providers offer access to a wide range of investable assets that allow retail savers to diversify their portfolios while enhancing their returns. Assets may include at least shares, bonds and UCITs, including exchange-traded funds (ETFs), and not just those assets manufactured or distributed by the provider. Other products may be eligible such as ELTIFs or retail AIFs.

The most successful investment accounts (in terms of take-up and total AuM and as a percentage of GDP) do not link tax benefits to specific geographic criteria for assets. These include the Canadian TFSA, the Swedish ISK, the Japanese NISA and the UK ISA.

The UK stocks and shares ISA has slightly fewer accounts (as a percentage of population) than other SIAs but this is likely due to the existence of other ISA frameworks in the UK, particularly the cash ISA.

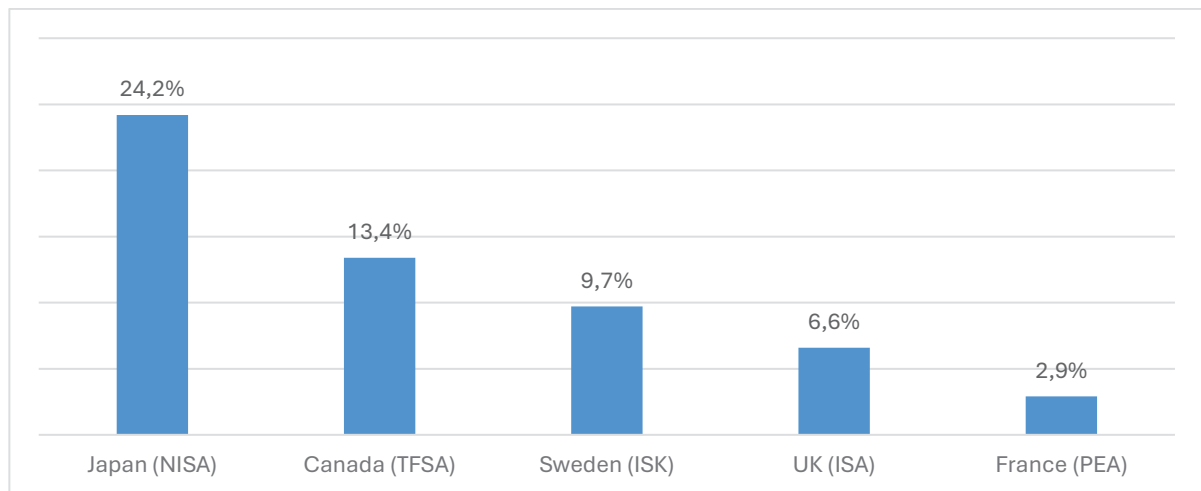
The Norwegian ASK does have geographical criteria, which do however only apply for direct investments. In the case of investments into funds, while the funds need to be domiciled in the EU/EEA, this is not the case for the underlying assets. The restriction thus only affects direct investments into foreign equities and bonds.

In Japan, the NISA initially only allowed Japanese stocks and selected investment funds in the account. This was changed in 2024 and was followed by a rapid uptake of the NISA accounts by Japanese individuals, turning the NISA into the SIA framework with the biggest growth in recent years (³⁹).

³⁸ *Commentary: Annual savings statistics: September 2025*, GOV.UK, [date of publication if known], available at: <https://www.gov.uk/government/statistics/annual-savings-statistics-september-2025-commentary>

³⁹ Research and Statistics Department Bank of Japan, (September 2025), Basic Figures Flow of Funds for the Second Quarter of 2025 (Preliminary report), <https://www.boj.or.jp/en/statistics/sj/sjexp.pdf>.

Figure 15: Compounded average growth rate of total AuM for the last 5 years



Source: European Commission based on data from JSDA, Banque de France, HM Revenue & Customs, Canada Revenue Agency (CRA) and SCB/ Sveriges Riksbank

In the UK, a ‘British ISA’ was suggested as an additional ISA that would provide individuals with an annual ISA allowance of GBP 5 000 annual (on top of the existing GBP 20 000 annual limit) to invest in UK shares. However, the proposal was scrapped due to mixed responses to the consultation on the proposal launched in March 2024. The British ISA was said to be unattractive for retail investors and stakeholders argued that it would end up adding complexity and an additional administrative burden to the ISA framework ⁽⁴⁰⁾.

In the context of EU law, Member States who may wish to link tax benefits to geographic criteria must comply with the principle of free movement of capital under Article 63 of the Treaty on the Functioning of the European Union (TFEU). This article prohibits all restrictions on the movement of capital, unless they are justified by legitimate public interests and do not go beyond what is necessary to attain these legitimate public interests. In any case, Member States must ensure that these measures do not discriminate between businesses established in the single market. It is also important to note that investments within the single market take place in a different legal context compared to third-country investments. It follows that limitation of intra-EU capital flows may be harder to justify than criteria restricting capital flows from non-EU countries. The Commission is currently examining certain Member States’ frameworks that appear to impose unjustified intra-EU restrictions.

Should Member States decide to apply geographic criteria, it would be important that they ensure that this does not lead to additional fragmentation and further restrictions on the cross-border availability of investment products and allow providers and manufacturers of investment products to scale up beyond national markets across the single market. Member States should also be mindful of avoiding undue administrative burden on providers and tax administrations.

⁴⁰ “Labour abandons £5,000-a-year British ISA”, *The Telegraph*, 25 February 2024, available at: <https://www.telegraph.co.uk/money/investing/stocks-shares/labour-abandons-5000-a-year-british-isa/>

People in the EU may want to invest in assets that benefit EU companies and that contribute to the strategic priorities of the EU such as the green, digital and social transitions, and the strengthening of EU security and defence. Providers should therefore be strongly encouraged to offer options to people that accommodate these legitimate preferences. Such an enabling framework, in combination with financial literacy initiatives, can also increase investors' awareness and ownership over investment decisions and their consequences.

Imposing geographical criteria on eligible assets for tax advantages should also be weighed against the objective of diversification. Research has demonstrated that an internationally diversified portfolio has had higher risk-adjusted returns than a nationally focused portfolio ⁽⁴¹⁾, implying lower risk for investors. If returns on nationally focused investments are lower than international benchmarks, this could have a potentially negative impact on retail investors' perception of the frameworks, thus reducing their uptake, and lead to suboptimal outcomes in terms of overall investments.

Holding periods

There is a wide variety of minimum holding periods among SIA frameworks. Some have a minimum holding period of 15 years, like the Slovakian DIS and the proposed Slovenian INR (in order to qualify for the best tax benefit), others have a shorter minimum holding period of 5 years, such as the French PEA, the Italian PIR and the Hungarian TBSZ. Some accounts have no minimum holding period at all, such as the Swedish ISK, the Canadian TFSA, the Japanese NISA and the UK ISA.

Minimum holding periods are usually imposed to foster long-term investing and to correct 'present bias' among retail investors who tend to give more weight to immediate rewards than future ones. However, evidence suggests that the most successful accounts in terms of take-up and AuM are those that do not impose minimum holding periods. While these minimum holding periods can have a positive impact on long-term investments and can ensure a more stable shareholder base, setting a minimum holding period for investments can deter investors who fear having their investments 'locked in' for a specific period of time, due to the preference of retail investors for a high level of liquidity. In addition, minimum periods may make it more difficult for public authorities to supervise compliance with the framework. For financial service providers, it may become more difficult to track the tax liabilities of a user due to the different timing of investments, buy and sell transactions, and the income generated by those investments, including those arising from scrip dividends ⁽⁴²⁾. These complexities are then compounded if investors are allowed to transfer their assets from one provider to another, increasing the risk that such information is lost or incorrect.

Contribution process and limits

Contribution limits are often seen as a way to limit the budgetary impact of any tax benefit provided to users of SIAs, or as a way to make sure the frameworks don't excessively benefit individuals with a high net worth. There are different approaches to applying the contribution

⁴¹ Gerke, Wolfgang and Röhrs, Alex and Mager, Ferdinand, *Twenty Years of International Diversification from a German Perspective*.

⁴² Scrip dividends are paid with newly issued shares rather than cash.

limits with some countries using total contribution limits (FR PEA, DK ASK, FI OST) others using annual contribution limits (UK ISA, JP NISA, CA TFSA, SK DIS) and some with no limits at all (SE ISK). The majority of the most successful accounts (in terms of take-up) have a contribution limit, with a prevalence for an annual contribution limit (UK ISA, JP NISA, CA TFSA). However, a contribution limit can have a negative impact on total AuM held in the accounts. For example, the relatively low limit in the DK ASK ⁽⁴³⁾ could be responsible for the lower levels of total AuM in the scheme when compared with accounts with similar take-up. In Denmark, the number of ASK accounts is equal to 8% of population. This level of take-up is similar to the UK ISA (6%) and French PEA (10%). The Danish ASK, however, has one of the lowest levels of AuM as a percentage of GDP of all accounts (0.9% for the DK ASK, 3.7% for the FR PEA and 18% for the UK Stocks and Shares ISA).

Such limitations on the amount of assets that can be held in an SIA have broader implications for retail investors who could lose the additional facilitations offered by SIAs, including usability, as well as simple or automated tax compliance procedures, for assets they may wish to hold above the contribution limit. This may act as a disincentive for retail investors to invest above those thresholds and could thus reduce the overall amount of funding made available to the economy.

The Swedish ISK is a special case in the sense that since the taxation is a percentage of the assets held in the account, it impacts all users equally, regardless of the amount of assets held in the account. Therefore, due to this unique system, there would be no added benefit to capping the contributions to the account. Nevertheless, Sweden has recently introduced a tax-free allowance to the ISK that means that the first EUR 13 000 or so of the account balance is not subject to tax, as of 2025 (rising to around EUR 26 000 in 2026). Therefore, even if there are limits imposed in terms of tax benefits, these do not equate to a need to introduce overall contribution limits. This helps ensure that investment remains possible beyond the amount that is eligible for a tax benefit rather than presenting the account holder with a limit on the amount they can invest in the account.

3.5 Tax advantage

The most successful SIA frameworks include a tax advantage for the account holder. Such tax incentives may take various forms, including but not limited to (i) a total exemption from taxes on income and capital gains, (ii) a reduced tax rate on income and capital gains; (iii) a deferral of tax on income and capital gains until funds are withdrawn from the SIA or (iv) applying a uniform tax rate to the income generated by or the value of assets held in an SIA.

Among the EU's most successful SIA frameworks, the Swedish ISK applies a nominal tax on the assets held in the account (at a lower rate than the taxation of assets held outside the ISK), while the French PEA framework provides exemptions from specific taxes. The Canadian TFSA and the United Kingdom ISA frameworks both offer an exemption from tax on income and capital gains within the account. Other accounts, such as the Estonian Investeeringimiskonto

⁴³ The total contribution limit of the ASK (EUR 22 000) is a fraction of the contribution limit imposed by other frameworks such as the French PEA (EUR 150 000) and the Finnish OST (EUR 100 000).

and the Finnish OST account, simply defer any tax payments until the money is withdrawn from the account.

For retail investors, tax advantages are a key incentive as they encourage the uptake of SIAs, remove financial obstacles that can deter many from investing in the first place and increase the financial returns from investments. In addition, ensuring that income and gains arising from an SIA do not affect existing entitlements to certain social programmes or other tax reliefs can provide reassurance to individuals that using an SIA will not trigger unintended penalties ⁽⁴⁴⁾.

The tax advantage for the taxpayer implies foregone revenues from the perspective of the government. Revenues that are foregone due to beneficial tax treatment can be considered expenditures to achieve a policy goal which would otherwise have required a budgetary allocation. They are accordingly often called tax expenditures ⁽⁴⁵⁾. On a general level, new tax treatments imply new taxes. Thus, such provisions tend to create additional rules for domestic tax codes and often increase the complexity of domestic tax legislation.

While foregone tax revenues can be expected, particularly in the early years of an SIA framework, this must also be considered as a tool to stimulate investment. The SIA and related tax incentives are meant to incentivise people that would not have otherwise participated in capital markets to invest and generate returns. This investment, which may not have occurred in the absence of such a framework, can create future taxable income, as well as other economic benefits. For example, larger EU capital markets can provide EU businesses with a wider range of financing options to grow their businesses, thereby creating more jobs and economic activity, which would also increase the tax base. Furthermore, the precise fiscal impact of the measures is closely linked to their design.

To ensure an appropriate calibration of the incentive system, it is therefore important that Member States carry out appropriate evaluations over the medium to long term of the effectiveness and impacts of any tax benefits which they may introduce into an SIA framework.

SIAs can attract savers by combining simplicity, flexibility and tax advantages, which could take the form of lower tax compliance costs and a lower tax compliance burden, including deferral of the tax obligation on income resulting from the account. Third-party reporting is generally also beneficial to overall levels of tax compliance. A lower tax compliance burden can promote the uptake of SIAs (more savers) and increase the levels of investments (more investments). Academic research ⁽⁴⁶⁾ suggests that sensitivity to taxation increases with income levels. It therefore stands to reason that facilitating tax compliance is the essential policy lever to encourage widespread participation (e.g. the proportion of the population that opens an SIA account) while the tax advantage might affect more strongly the overall amount of investment.

⁴⁴ For instance, the Canadian TFSA has [no impact on government benefits](#), while the Finnish OST does [not impact on student financial aid](#).

⁴⁵ An increasing number of Member States include comprehensive tax expenditure reporting in their budgetary cycle to provide information on the budgetary implications of uncollected taxes due to tax expenditures.

⁴⁶ Gstrein D., Herold E., NEUMEIER F., (2022). Harmful Practices and Competition in the Area of Personal Income and Wealth Taxation, European Parliament, Policy Department for Economic, Scientific and Quality of Life Policies Directorate-General for Internal Policies.

4. Assessment of the economic impact of EU households' greater participation in capital markets and of the fiscal impact of SIAs

4.1 Economic impact analysis

4.1.1 Introduction

This analysis estimates the potential impact of introducing savings and investment accounts, improving financial literacy among the population, and fostering a broader 'equity culture' to increase the retail participation of EU households in EU capital markets.

Based on recent experiences in Europe and elsewhere, SIAs, especially those characterised by low costs, favourable tax treatment, a streamlined and mostly automatised taxation process, and flexible investments, have been associated with high levels of participation in capital markets across the population, including among groups with lower incomes and reduced wealth. When designed inclusively, can help reduce participation gaps linked to gender, income and accessibility. For example, women and individuals from disadvantaged groups, who on average display lower levels of financial wealth and confidence in investment decisions, may particularly benefit from simplified, transparent, and accessible account structures. These accounts seem to work better, and in a mutually reinforcing manner, with financial literacy strategies, and benefit from and contribute to greater retail participation in capital markets, especially when such strategies are tailored to the specific needs of different groups, taking into account persistent gender gaps, varying income levels, socio-economic disparities and tailored accessible support, notably for persons with disabilities.

There is no definitive evidence of a strong causal effect between the availability of SIAs and growth in retail investment, as analyses of different accounts and countries show mixed effects. While it is reasonable to expect that, even in the absence of such evidence, SIAs and greater financial knowledge are among the most important factors in encouraging greater risk-taking, any conclusions cannot disregard that the SIAs analysed differ in terms of their key features. They are designed with different investment and tax benefit limits, minimum holding periods, and geographical focus, which are all important drivers for uptake of the accounts and investment allocation. Even where SIAs have very few limits or restrictions, e.g. the Swedish ISK, it is difficult to disentangle the impact of these accounts from other economic factors, like savings, economic growth or market conditions, as well as the development of the supplementary pension sector. Moreover, where the levels of financial literacy and the propensity to take risks are already high, as in Sweden, it is difficult to expect a significant increase in the share of risk assets as part of total financial wealth. On the contrary, all other things being equal, it is reasonable to expect that the introduction of SIAs could be most impactful in terms of greater participation in capital markets by households where financial literacy and risk-taking propensity are low.

4.1.2 Objective of the impact assessment

The main objective of this assessment is to simulate the economic impact of the introduction of SIAs in EU Member States, in combination with a comprehensive financial literacy strategy.

This is done from two main perspectives: a) the potential increase in EU households' income from more investments in liquid risk assets ⁽⁴⁷⁾; b) the potential increase in EU households' investments in EU liquid risk assets ⁽⁴⁸⁾. As discussed in the previous sections of this document, investing in risk assets can lead to higher expected returns over the long term compared with other categories of financial assets, notably deposits and debt securities. At the same time, more retail investments in capital markets can be conducive to greater liquidity and, in this way, make EU capital markets more attractive to both investors and issuers.

Ultimately, greater retail participation to capital markets could lead to greater wealth and economic security in EU households, and to cheaper and wider access to capital markets for EU businesses, which could lead in turn to higher productivity and job creation, and more sustainable economic growth.

The following paragraphs describe the methodological approach and present the main results of the assessment.

4.1.3 Methodological approach

The approach taken by the Commission is to simulate the convergence of EU household financial asset allocation towards a higher share of risk assets ⁽⁴⁹⁾.

Two asset allocation scenarios are used: a 'moderate' scenario where the allocation of savings by EU households to risk assets follows, at least, that of the 2010-2023 EU average (26.8%); and a 'optimistic/ambitious' scenario, where allocation of savings by EU households to risk assets follows, at least, the average of the five Member States with the highest average share of risk assets in households' financial asset portfolios (EU Top 5) during the 2010-2023 period (40.7%) ⁽⁵⁰⁾.

The modelling assumption is that convergence towards the target asset allocation would be achieved by reducing the share of safer and highly liquid assets (currency and bank deposits, and, to a lesser extent, debt securities) in EU households' liquid asset portfolios in favour of liquid risk assets.

Such convergence can occur by following different paths: 1) investment of new annual savings according to the target allocation, but without changing the allocation of existing stocks of households' financial assets; 2) outright reallocation of existing stocks from current holdings to the target portfolio allocation, e.g. by shifting part of a household's bank deposits, currency, and debt securities to riskier assets.

⁴⁷ In this document, with the term "liquid risk assets" we refer to listed equities and investment fund shares, even though financial instruments within these categories may present different level of liquidity. Within the broad "risk asset" category we also include unlisted equity, life insurance products, supplementary pension entitlements, derivatives.

⁴⁸ EU liquid risk assets are listed equity issued by EU companies and investment fund shares that invest in those listed equity.

⁴⁹ See Annex 4 for a detailed description of the methodological approach and assumptions made.

⁵⁰ No changes in the asset allocation are assumed in Member States with a risk asset allocation above the benchmarks.

The asset allocation scenarios and paths to convergence are not linked to any specific policy measure in terms of financial literacy programmes or tax treatment, the scope of investable assets, or investment limits associated with the savings and investment accounts introduced by Member States. Instead, they represent a range of the possible results of those policies on EU households' financial investments.

Key variables and parameters

1) Investments in liquid risk assets

The key variable estimated for the impact assessment is the amount invested by EU households in liquid risk assets and, given the focus on the mobility of investments across different categories of financial assets, their share of EU households' liquid financial assets. For the impact assessment, the definition of liquid financial assets includes the following categories: a) currency and deposits; b) debt securities; c) listed shares; and d) investment fund shares. Among liquid assets, risk assets are represented by listed shares and investment fund shares. These assets have a higher level of liquidity compared to other risk assets (e.g. unlisted shares, life insurance, pension products, derivatives) and, in this respect, they could be seen as the most suitable alternative to holding bank deposits for needs other than immediate consumption, while offering higher expected returns over the long term.

For the estimation of EU households' investments in risk assets we use Eurostat data on disposable income, saving rates, and financial assets, to which we apply the asset allocation scenarios described above.

2) Rate of return on investments in risk assets

According to the relevant financial literature⁽⁵¹⁾ and to historical observations⁽⁵²⁾, in the long-term equity investments should deliver higher expected returns than less risky assets, like bonds and bank deposits, given their higher risk (i.e. volatility) and subordination in liquidation. To assess the marginal benefit in terms of profitability from investing in equity compared to bonds and bank deposits, we calculate the difference between the relevant expected returns over the timescale of the simulation.

We use historical observations instead of theoretical pricing models⁽⁵³⁾ for the expected returns. Based on historical observations of EU equity and debt indexes, and interest rates on euro area bank deposits⁽⁵⁴⁾, and after applying conservative adjustments, we obtain the following parameters (see Annex 3 for further details):

⁵¹ Sharpe, William F.(1964). "Capital Asset Prices: A Theory of Market Equilibrium under Conditions of Risk." *Journal of Finance*. 19:3, pp. 425–42.

⁵² Damodaran, A., [Stern New York University, Historical Returns on Stocks, Bonds and Bills: 1928-2024](#).

⁵³ Fama, E. F., & French, K. R., The Capital Asset Pricing Model: Theory and Evidence. *Journal of Economic Perspectives*–Volume 18, Number 3–Summer 2004 –Pages 25– 46.

⁵⁴ For equity and debt indexes, the return was calculated on rolling periods of 10 and 20 years from 2002 to 2024. For bank deposits, the reference value was the average interest rate on deposits from households with an agreed maturity (new business) in the euro area in December 2024 (2.45%). The average interest rate on those deposits from January 2000 to December 2024 was 2.03%.

Table 2: assumptions regarding the return on investments

Return on listed shares and investment fund shares (gross of taxes and fees)	7%
Return on currency, bank deposits, and debt securities (gross of taxes)	2.5%

These values are broadly in line with studies on historical returns across various asset classes (⁵⁵).

3) Investments in EU assets

Greater participation by EU households in capital markets can increase not only the households' income from financial assets but also the liquidity of EU capital markets, and thereby their attractiveness to both investors and issuers.

According to the relevant literature, EU residents invest a considerable share of their financial wealth in domestic and EU assets, and their investment portfolios exhibit a significant home bias, i.e. the over-representation of domestic assets compared with foreign assets, based on the market capitalisation (⁵⁶).

We assume that 60% of EU households' investments in liquid risk assets would flow to EU capital markets (⁵⁷). We obtain this figure by extrapolating ECB estimates of euro area households' exposure to the rest of the world (⁵⁸), and focusing on liquid risk assets only (⁵⁹).

4.1.4 Results of the simulation

Following the approach described in section 4.1.3, we estimated the annual flows and stocks of liquid risk assets under both the EU average and EU Top 5 allocation scenarios. We then calculated the impact in terms of EU households' additional income and allocation to EU risk assets, applying the parameters for the return on investments and for geographical allocation.

For each scenario, we projected the impact over ten years, assuming the compound growth of returns (⁶⁰) on both the annual flows and stocks of risk assets (⁶¹). We compared these

⁵⁵ Oscar Jorda et al., (2019), 'A century of returns: The Rate of Return on Everything, 1870–2015', The Quarterly Journal of economics, Vol. 134, issue 3, pp. 1225-1298.

⁵⁶ The home bias is calculated as $1 - \frac{W_{FEU}}{W_{FG}}$, where W_{FEU} is the share of foreign assets in EU residents' portfolios in terms of market value, and W_{FG} is the share of foreign assets in terms of global market capitalisation.

⁵⁷ See Annex 3 for further details about the assumptions.

⁵⁸ European Central Bank (ECB), *Looking through households' investment in investment fund shares in the quarterly financial accounts*, April 2024, available at: https://www.ecb.europa.eu/stats/pdf/Looking_through_note.en.pdf

⁵⁹ According to ECB estimates, the exposure of euro area households to the rest of the world was 8.8% at the end of 2023. We rescaled this estimate by removing exposures to banks, insurance corporations, and pension funds from the euro area households' total financial assets, which resulted in 40.4% exposure to the rest of the world in terms of liquid risk assets. The share of exposure to the rest of the world is somewhat overestimated, as it also includes EU Member States outside the euro area.

⁶⁰ Except for the projections of the flows to EU risk assets, where the multi-year projections were obtained by multiplying the annual flows for the relevant number of years of projections.

⁶¹ For the multi-year projections of the annual flows, we did not assume any changes in the values of disposable income and saving rates compared to the most recent observation and last five-year average, respectively.

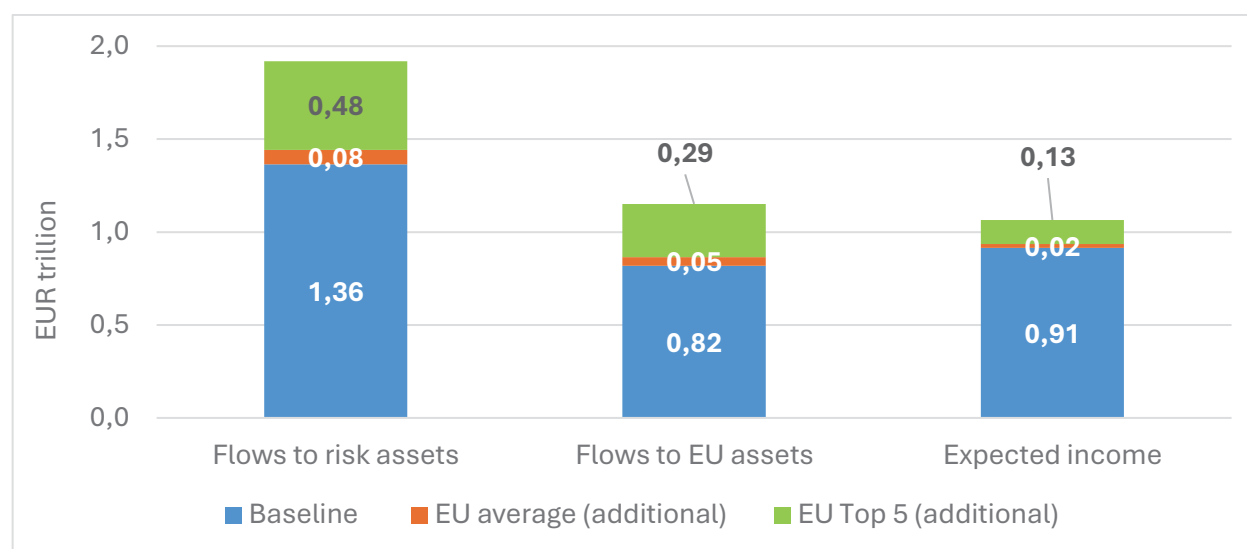
projections with a baseline scenario, i.e. assuming no change in the most recent asset allocation observed in each Member State ⁽⁶²⁾.

Allocation of annual savings to risk assets

Under the 2021-2023 EU average scenario, the flows to risk assets from EU households could increase by 5% compared to the baseline scenario, corresponding to EUR 7.7 billion annually. Over ten years, this shift could translate into a potential higher income of EUR 21 billion for EU households, along with an additional EUR 46 billion of investments in EU assets.

Under the more ambitious scenario (2010-2023 EU Top 5 average asset allocation), the annual flows to risk assets would increase by 26% (or EUR 47.7 billion) compared to the baseline. Over ten years, EU households could earn approximately EUR 129 billion more, and the flow of households' investments in EU assets could grow by approximately EUR 286.5 billion, representing a 35% increase compared to the baseline scenario.

Figure 16: Savings flows allocation to risk assets: 10-year projections



Source: DG FISMA own calculation based on Eurostat data

As regards the time to convergence, assuming that only annual savings are invested according to the benchmark asset allocation (without any reallocation of existing stock holdings) it would require approximately nine years on average for the composition of EU households' portfolios to align with the EU average between 2010 and 2023. Achieving convergence with the EU Top 5 average asset allocation would take slightly longer, approximately twelve years on average.

The lengthy period required to achieve the benchmark asset allocation for several Member States suggests a very risk-averse starting point in the households' asset allocation. In these cases, more effective measures may be needed to increase the pace of convergence, for example by encouraging the reallocation of existing stocks to risk assets. Overall, a greater share of annual savings and of existing stocks of financial assets invested in risk assets would also lead to more impactful results, benefiting the EU economy at large.

⁶² For the baseline scenario the 2024 asset allocation observed in each Member State was used.

Reallocation of existing stocks to risk assets

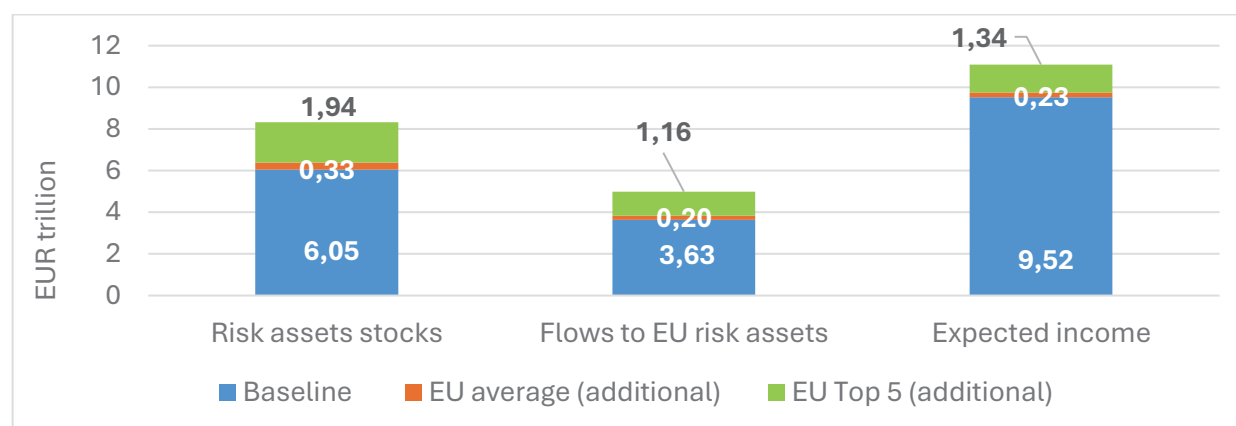
The range of potential impact of an outright reallocation of existing stocks of liquid financial assets to riskier assets would increase significantly compared to the case where only annual saving flows were following a riskier allocation.

Compared to the current asset allocation, under the EU average allocation scenario for 2010 to 2023, investments in risk assets could be EUR 330 billion higher (+5%), of which EUR 198 billion would be additional investments in EU assets.

Over ten years, EU households could earn around EUR 232 billion more than under the baseline scenario.

Under the 2010-2023 EU Top 5 allocation scenario, total investments in risk assets could grow by 1.94 trillion (+32% compared to existing stocks), out of which EUR 1.16 trillion would be invested in EU assets. In terms of expected additional income over ten years, EU households could earn EUR 1.34 trillion more than under the baseline scenario. Taking 2024 as the reference year, on average this would correspond to a 1.3% increase in EU households' disposable income.

Figure 17: Outright reallocation to risk assets: 10-year projections



Source: DG FISMA own calculation based on Eurostat data

4.2 Fiscal impact on Member States

4.2.1 Introduction

The recommendation envisages several alternative approaches through which the uptake of SIA's could be fostered: a one-time tax deduction when opening an account, a tax exemption of income earned from investments held in the SIAs, deferral of taxation of investment incomes in SIAs until funds are withdrawn and the application of a uniform tax rate to the income generated by or the value of assets held in an SIA..

Data limitations, the complexity of tax systems and importantly the uncertainty on the specific design of the tax incentive which will ultimately be employed by the Member States etc., prevent a detailed, country specific analysis. Instead, potential fiscal impacts will be evaluated on the EU level to understand the potential magnitude of fiscal implications. Macroeconomic

implications like increased consumption, excess burden of taxation or growth effect of government expenditures are beyond the scope of the present analysis.

To estimate the fiscal impacts of SIAs on Member States two examples of policy options are analysed. The first option would grant a one-off fixed tax deduction for opening an SIA. The second option would defer taxation until funds are withdrawn from the SIA. **It should be underlined that the fiscal conditions of Member States and their tax systems vary significantly and thus the details of options considered may not always be adequate.** These estimations comprise only the fiscal costs, without considering any of the positive impacts for investors and the economy described above. An overall assessment of an SIA framework needs to consider both dimensions.

Estimations are based on the following assumptions:

- over ten years the accounts will see inflows of EUR 1.5-4.8 trillion ⁽⁶³⁾.
- the average rate of return on assets in the SIA is 7%, the return on safe, liquid assets is 2.5%.
- the discount rate applied by the revenue agency also is equal to 2.5%.
- returns (net of tax) are reinvested.
- the average effective tax rate on capital incomes across the EU is 25%.
- The investment flows derived in the economic impact analysis in Section 4.1 apply. The economic impact assessment considers a moderate and an optimistic/ambitious scenario. The scenarios focus on the share of liquid assets invested in equity (i.e. risk assets). The first, moderate scenario assumes that the policy intervention would result in all the countries below the EU average converging to the EU average (in terms of risk assets as a proportion of all liquid assets). The second, optimistic or ambitious scenario assumes that all countries would converge to the average investment structure of the top five countries (again in terms of risk assets as a proportion of all liquid assets).

4.2.2 Fixed rebate per head as an incentive to open an account

In this scenario it is assumed that every user who opens an SIA will obtain the fixed rebate.⁽⁶⁴⁾ The total cost of the rebate is therefore the number of users who open an account multiplied by the value of the fixed rebate.

The value of the fixed rebate is assumed to be EUR 50, 100 or 250 for the purposes of this assessment. User numbers are assumed to be 5%, 10%, 25% or 50% of the total EU population. The results of the calculation are shown in Table 3. For example, if we assume that 10% of the population open such an account and that the associated rebate is EUR 250 per person, fiscal costs of EUR 11.2 billion would result.

⁶³ The estimates from New Financial (Bierbaum 2025) are used for illustrative purposes. No position on the plausibility of these estimates is taken.

⁶⁴ Of course, there are many other ways how such a rebate could be designed and this SWD does not seek to model the full set of options that would be feasible. One of the advantages of this option is that it makes calculations tractable.

This is an atemporal perspective. If we consider that 10% of the population would open such an account over ten years, this would imply annual tax costs of about 10% per year, i.e. EUR 1.1 billion ⁽⁶⁵⁾. If discounting would be applied, the overall figure over ten years would be somewhat higher than EUR 11.2 billion.

Table 3: Costs associated with first-time tax rebates over ten years in the EU (in € million)

Rebate\Pop-share	5%	10%	25%	50%
€ 50	1 124.6	2 249.2	5 623.1	11 246.1
€ 100	2 249.2	4 498.4	11 246.1	22 492.2
€ 250	5 623.1	11 246.1	28 115.3	56 230.6

Note: the table shows different proportion of the population participating in the SIA (columns) and the different values of the tax credit provided (rows).

The economic impact assessment in Section 4.1 indicated an increase in household income due to higher returns on investments. These additional incomes would result in additional capital income tax revenues. It is assumed that all capital income net of tax is reinvested. The effective tax rate on capital income is assumed to be 25% (as the EU average).

Under the moderate scenario, an increase in total tax revenues of EUR 5.1 billion over ten years is estimated (EUR 5.5 billion with discounting). While additional revenues of EUR 87 million could be realised in the first year, additional revenues could amount to EUR 947 million in year ten.

For the optimistic scenario, additional tax revenues totalling EUR 31.3 billion over ten years are estimated. The first year could see additional revenues of EUR 537 million, while there would be additional revenues of EUR 5.85 billion in year ten.

Table 4: Potential additional tax revenues (in million EUR)

	Year 1	Year 10	Accumulated over 10 years accumulated
Moderate scenario	87	947	5 065
Optimistic scenario	537	5 848	31 270

For the fixed rebate, annual costs can therefore range from EUR 112 million to EUR 5.6 billion (1/10 of the values shown in Table 3). Additional revenues can range from EUR 87 million to EUR 5.8 billion. Under these scenarios, additional revenues could thus overcompensate for the related costs, including during the first years of operating the SIA framework.

⁶⁵ The ECB Household finance and consumption survey reports that 10.9% of households hold publicly traded shares (ECB 2023). While the present analysis provides scenarios for the costs implied by different scenarios without prejudice as to what proportion will be realised, the ECB statistic provides some indication that the relevant proportion of the population could well be 20%, given that there are on average 2.3 people living in a household.

4.2.3 Deferred taxation

The second policy option suggests deferring taxation of income generated from assets in the account until the funds are withdrawn from the account. This means that the invested sum could be withdrawn tax free while all remaining funds could only be withdrawn with appropriate capital income taxation applied.

In addition to the assumptions taken so far, it is assumed that all funds are withdrawn after ten years so that this simulation calculates the fiscal costs of deferring capital income taxation from income generated in SIAs for ten years.

Since deferral effects strongly depend on compounding discount effects, the simplifying linearity assumption taken for the other two options must be discarded. The discount rate is assumed to be identical to the rate of return for liquid assets, i.e. savings in the current account (2.5%). To keep the analysis tractable, the distinction between revenues lost and revenues foregone however will be discarded.

The deferral of taxation has two effects that need to be considered separately. On the one hand, deferred taxation implies that deferred tax revenues need to be discounted. The related fiscal cost would be the sum of differences between the tax revenue in a given tax year and the net present value of these taxes at the end of the investment period. Deferred taxation however allows and motivates investors to retain and re-invest earnings. Since the expected return on assets is higher than the discount rate, a given investment over ten years with deferred taxation creates overall higher income than if taxes would have been deducted each year. There is thus a positive income effect associated with deferred taxation which in turn will increase the tax base, thus increasing taxes due once funds are withdrawn.

Accounting for compounding interest effects, it suffices to add about EUR 23/72 billion p.a. to SIAs each year to reach a total asset value of about EUR 1.5/4.8 trillion after ten years.

Summing up the differences between the net present value of deferred tax payments and non-deferred tax payments and balancing these against additional tax revenues from higher income due to higher investments resulting from retained earnings, the following fiscal impacts are estimated.

Table 6: Fiscal impact of deferred taxation over ten years (in billion EUR)

	Compounded interest loss	Tax revenue on additional income	Fiscal impact
Low scenario	1.51	1.15	-0.36
High scenario	4.72	3.60	-1.12

Compounding interest effects of deferred taxes create revenue losses for the fiscus between EUR 1.5-4.7 billion. Additional tax revenues due to higher income from higher investments result in EUR 1.1-3.6 billion EUR so that overall revenue losses for deferred taxation are estimated in the range of EUR 0.4 – 1.1 billion.

4.3 Conclusions of the economic and fiscal analysis

The preceding economic analysis models a change in EU households' allocation of assets, under the assumption that fostering a risk culture in the allocation of household savings, by introducing an SIA framework and improving financial literacy, could increase the share of household savings invested in capital markets (by comparison to holding cash deposit accounts). This increase could originate from a greater share of the annual saving flows invested in risk assets and/or a shift of existing stocks of assets from currency, bank deposits and debt securities into risk assets.

Under the 'moderate' scenario, EU households would review their savings allocation to align (at least) with the 2010-2023 EU average (⁶⁶). The inflow to risk assets would then increase by 5% per year (or EUR 7.7 billion). It would take roughly nine years for EU households' portfolios to match the target asset allocation by only adjusting their annual savings. A shorter period of convergence would be possible if EU households were also reallocating part of their financial asset portfolio to risk assets. Over a period of ten years, EU households' investments in risk assets could increase by EUR 77 billion to more than EUR 400 billion (⁶⁷), depending on whether or not any rebalancing of the existing stocks takes place. Given the higher return on investments in risk assets, over ten years households could earn a total additional income ranging between EUR 21 billion and EUR 250 billion (if both annual savings and existing stocks were invested according to the target asset allocation).

The "optimistic/ambitious" scenario, where EU households would review their savings allocation to align to the 2010-2023 EU Top 5, would be much more impactful. The additional annual flows to risk assets from households' annual savings would total approximatively EUR 477 billion over ten years, and the corresponding additional income would raise to almost EUR 130 billion. The EU households' overall investments in risk assets could increase by an additional EUR 1.93 trillion and their income could increase by EUR 1.3 trillion over ten years, were they to also reallocate their existing stocks of financial assets to align to the benchmark portfolio.

In terms of potential flows to EU assets, greater risk asset allocation could entail up to EUR 1.2 trillion of additional investments (+24% compared to current stocks).

The fiscal impact on Member States would depend on the type and specific design of the tax advantages chosen as part of an SIA framework and on the return on the investments. However, the SIA and related incentives can encourage people that would not have otherwise participated in capital markets to invest and generate additional returns that may be subject to tax. Furthermore, the analysis does not consider any potential positive second round or the trickle-down effects of higher income from investment in risk assets on household consumption and on the impact of larger EU capital markets with lower funding costs for EU companies on productive investments and growth.

⁶⁶ Where households' asset allocation to risk assets is above the benchmark asset allocation no change is assumed.

⁶⁷ This value is the sum of the flows of annual savings (EUR 77 bn) and of the reallocation of the current financial asset portfolio (EUR 330 bn) over 10 years.

5. Conclusions and recommendations

Based on the analysis of existing best practices among SIA frameworks, as well as the economic analyses, the Commission recommends that the following key features should be included in a blueprint for a successful SIA for a high take-up rate.

Wide range of providers, including cross-border providers

Best practices show that SIAs are successful when there is strong competition between providers, enabling retail investors to obtain the most advantageous offers and the best service. Therefore, a wide range of financial intermediaries should be permitted to offer SIAs to retail investors, including cross-border providers.

Facilitating the provision of SIAs across borders could increase competition between providers and encourage innovation, thus creating more opportunities for retail investors to get the best investment opportunities, as demonstrated by successful accounts that currently operate in the EU.

Simplicity and cost of operating accounts

Providers should provide a simple, reliable and easily accessible user experience for retail investors, both online and offline, that makes the buying and selling of assets within an SIA seamless. Further, the provision of SIAs should be as low cost to the user as possible, with information on fees associated with SIAs made readily available and understandable, in the interests of transparency. Simplicity should extend as well to the tax dimension of the SIA, as regards the applicable tax regime and the associated tax compliance.

Possibility to hold multiple accounts

In line with the principle of flexibility, it is important that retail investors be allowed to hold as many SIAs as they wish. Furthermore, by allowing multiple accounts, newer providers can be enabled to enter a market more easily. Retail investors should be spared lengthy delays, bureaucracy or costs in transferring a portfolio to or opening an account with a different provider. SIA frameworks that allow for multiple accounts and easy transfers between providers tend to show a higher participation rate and more capital in SIAs than those frameworks where investors are 'locked' into a single account. Therefore, in developing SIA frameworks, Member States could explicitly facilitate multiple accounts for individuals.

Low portability costs and bureaucracy

Excessive fees and cumbersome administrative processes associated with transferring assets between SIAs or switching SIA providers can create obstacles to competition. In some instances, such transfers may imply a need to sell of a portfolio with the first provider, followed by a transfer and re-investment of the assets with a new provider. Therefore, Member States could ensure that the process of transferring accounts and assets is streamlined and incurs minimal fees, and that it does not constitute a taxable event, even where it involves a sale of the assets with a subsequent transfer of the proceeds and re-investment with a new provider.

Minimum investment universe (shares, bonds and investment funds)

In broad terms, investing requires a certain degree of diversification to minimise the exposure to risk. In addition, and in line with the objectives of the Savings and Investments Union (SIU), SIAs can promote investment in the real economy. Therefore, it is important that an SIA framework should permit access to a diverse range of financial assets. At a minimum, this ‘basket’ should include shares, bonds and units or shares of UCITS (including exchange-traded funds), from a wide variety of issuers. In jurisdictions such as Canada, Sweden and the UK, more ‘open’ SIA frameworks have resulted in higher participation rates and have contributed to more developed capital markets. In addition to the assets already mentioned, Member States could also consider including other specific instruments, such as units or shares of ELTIFs and retail AIFs, as part of this minimum ‘basket’ for investors. The availability of such instruments could enable retail investors to diversify their portfolios and contribute to the funding of important infrastructure projects as well as unlisted companies, including start-ups, scale-ups and SMEs. In defining the acceptable basket of instruments, Member States should consider the objectives of SIAs – to enable investors, including new investors, to gain exposure to capital markets.

Exclusion of crypto assets and complex derivatives

The objective of SIAs is to help retail investors, including citizens who have not previously invested in capital markets, increase their wealth in a prudent and sustainable manner through capital markets, thus bringing new investors to the markets. This can be best achieved by investing primarily in non-complex financial instruments, which do not expose retail investors to risks that are difficult to understand, and which help to finance the real economy. Therefore, eligible assets for an SIA should exclude certain assets that are highly risky or complex, those that do not have a reference asset, and those whose reference asset is itself considered highly risky or complex. Such assets include, for instance, highly risky or complex financial instruments such as certain derivatives and crypto assets other than those that qualify as a financial instrument that is eligible to be held in an SIA. Investments in such assets are not aligned with the objectives of the SIA framework to foster investing in a prudent and sustainable manner and entail higher risks for the individual investor.

Eligibility of a wide variety of financial assets

The implementation of SIA frameworks across the EU is expected facilitate investment in the real economy and in particular the European economy. Following the analysis of best practices, Member States should carefully assess whether they should introduce geographical restrictions that require a specific allocation of investment in EU assets. Evidence shows that the most successful SIA frameworks, in terms of take-up and value of assets under management, do not have any geographical limitations on the assets that can be held in the account. On the other hand, as SIAs often come with tax incentives attached, these benefits could offset any potential higher return coming from more diversified portfolios. This could also be the case where a requirement to allocate a minimum share of the portfolio to EU assets is set as a condition for the retail investor to obtain the fiscal benefit. Member States should however be mindful of limiting administrative burden for providers and tax administrations in relation to compliance with such restrictions, as well as avoiding fragmentation in the single market. Furthermore,

Member States' SIA frameworks must comply with the requirements of the free movement of capital under Article 63 TFEU.

In any case, investors tend to have a 'home bias' and invest in markets that are familiar to them. Increased participation by retail investors in capital markets is therefore expected to organically increase financing opportunities for European businesses. In order to respond to this legitimate demand and offer people the individual choice of focusing their investments on the EU economy and on strategic EU priorities, including the digital, green and social transitions and the strengthening of EU security and defence, providers should be strongly encouraged to offer these options within their SIAs. This could help further the development of European capital markets and increase available financing for EU businesses in a seamless manner while limiting complexity for providers. Coupled with initiatives focused on increasing financial literacy, it could also help foster deeper awareness and ownership by retail investors of the impact of their investment decisions, including the economic effects of choosing to finance certain activities.

No minimum holding periods and ease of withdrawal

A key reason why savings rates in the EU remain high is that individuals tend to prefer instant access to their savings. Therefore, people may be more amenable to moving part of their savings into an SIA if they can access their savings at any time and if these savings are not 'locked in' for a defined period. Evidence indicates that SIA frameworks without restrictions on withdrawals (such as in Canada, Sweden and the United Kingdom) tend to have higher participation rates and greater assets under management compared with frameworks that impose minimum holding periods. This flexibility improves the attractiveness of SIAs by reducing the perceived commitment and by enabling people to deposit additional funds as they become available, with the assurance that they can be withdrawn at any stage should the need arise. This is particularly important for individuals with lower or irregular incomes who may be less able to commit to longer-term investing.

Taxation incentives to encourage participation

Offering some form of tax advantage to individuals is key in encouraging the uptake of SIAs. Indeed, it can be seen that those SIAs with more advantageous tax benefits – such as France's PEA, the UK's ISA and Canada's TFSA (which exempt gains from the SIA in full) – tend to have higher participation rates among individuals than those that merely offer tax deferrals (such as the Estonian Investeeringimiskonto or Finland's OST). Therefore, we can conclude that it is important that Member States, in developing SIA frameworks, should adopt tax incentives to achieve higher participation among individuals.

Offering tax advantages can have a fiscal impact on Member States and, therefore, there is no single prescribed action which we can recommend. The precise fiscal impact on Member States can vary significantly depending on the type and specific design of the tax incentives. Such advantages should be carefully tailored to the local market to encourage the take-up of an SIA, without creating barriers to the single market.

In designing such tax advantages, Member States should be mindful of the fact that a cap on the amount of assets that can be held in an account can have broader implications for retail investors who could lose the additional facilitations offered by SIAs, including usability, ease

of transfer of assets, as well as simple or automated tax compliance procedures, for assets they may wish to hold above the contribution limit. This may act as a disincentive for retail investors to invest above those thresholds and could thus reduce the overall amount of funding made available to the economy. In this regard, it is noted that some of the most successful existing frameworks include design features that allow retail investors to hold additional assets in the account even where they may not be eligible for tax incentives.

Simplified taxation processes for the end user

The simplification of the taxation process can be a great benefit to retail investors who are deterred by the complexity of tax procedures related to investment income and gains. It is also important to state that this is a benefit for retail investors that should not have any budgetary impact on Member States. When settling taxes on assets held in SIAs, individuals should be able to avail themselves of simple, streamlined, and (as much as possible) automated tax systems. Therefore, Member States could develop frameworks in which national tax authorities should rely on SIA providers for tax declarations and withholding related to SIA investments and should reduce to the minimum possible any administration for the holders of these accounts. To ensure a level playing field and foster competition, providers of SIAs that are authorised and supervised by the competent authorities of another Member State should be able to provide these facilitations to the holders of the accounts under the same conditions as domestic providers.

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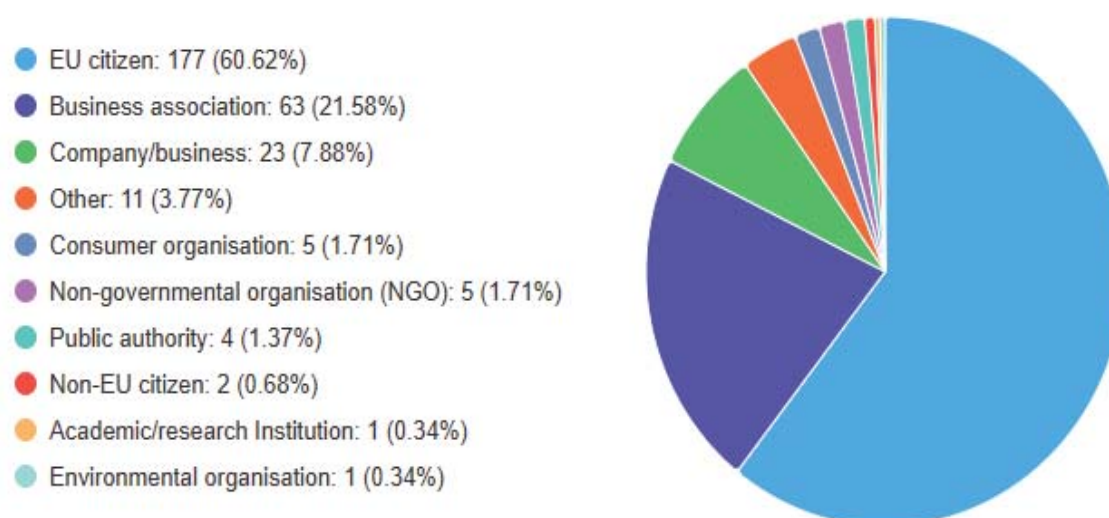
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Annex 1 – Call for evidence

1. Introduction

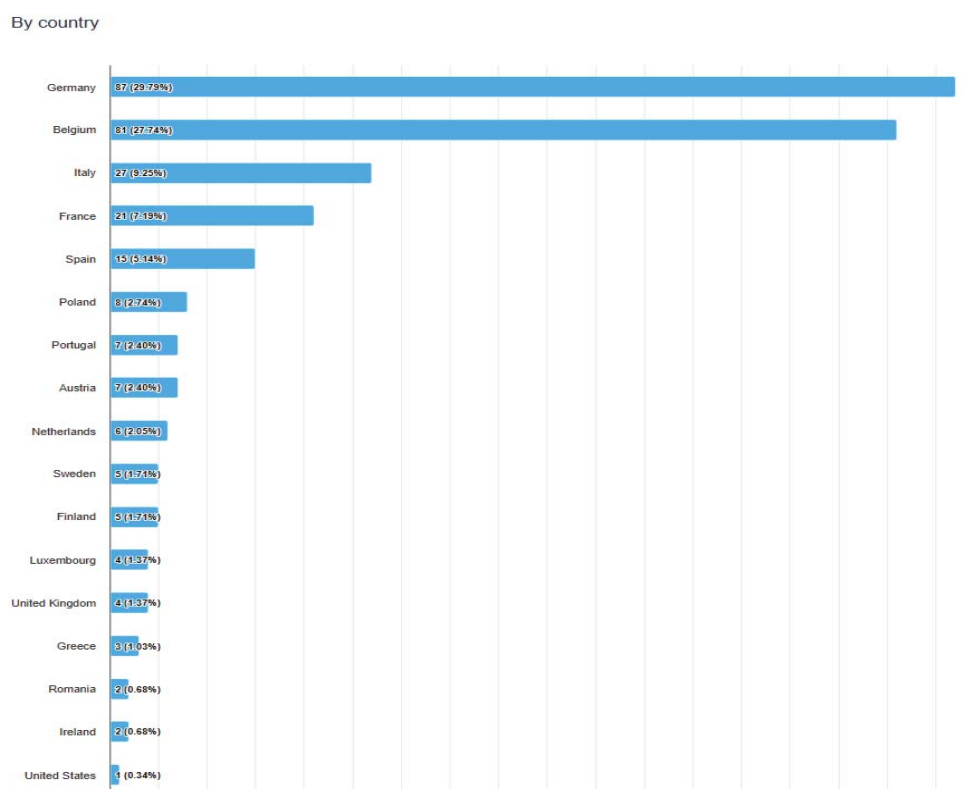
The call for evidence on savings and investment accounts attracted a total of 292 responses. The majority came from EU citizens (177 responses, 60.62%), followed by business associations (63, 21.58%) and companies (23, 7.88%). A smaller share of contributions came from consumer organisations, NGOs, public authorities, non-EU citizens, academia and environmental organisations, each representing less than 2% of respondents.

Figure 18: Breakdown of responders by category



Geographically, participation was concentrated in a few Member States: Germany (87 responses, 29.79%) and Belgium (81, 27.74%) together accounted for over half of all replies, while Italy (27, 9.25%) and France (21, 7.19%) also featured prominently. Other countries such as Spain, Poland, Portugal and Austria provided a moderate number of contributions, whereas responses from northern and eastern Europe were more limited. Only a handful of replies came from outside the EU, including two from the United States (0.34%). This distribution illustrates both strong citizen-level engagement and active interest from financial industry stakeholders, with a geographical concentration in core EU financial centres.

Figure 19: Breakdown of responders by country of origin



2. Summary of responses by category

2.1 EU citizens

The 177 responses from EU citizens to the consultation on the proposed savings and investment accounts (SIAs) reflect a highly diverse set of views, ranging from enthusiastic support for the initiative to outright rejection. Many respondents welcomed the idea of creating a simple, pan-European framework to help households invest more effectively, but this support was often conditioned on strong safeguards for transparency, fairness and sustainability. Others expressed deep scepticism, perceiving the proposal as an undue intrusion into personal finances or even as a threat to financial security and sovereignty.

A first major theme emerging from the contributions concerns financial literacy and investor protection. Many citizens stressed that financial education is not a box-ticking exercise but a precondition for meaningful participation in capital markets. They argued that without robust, long-term financial education strategies, SIAs risk benefiting primarily wealthy and financially sophisticated investors, while exposing less-informed savers to losses, misleading claims and fraudulent practices via digital platforms or social media. Respondents therefore called for stronger regulation of online trading apps, robo-advisers and ‘finfluencers’, and for financial education programmes in schools and workplaces. Some also argued that citizens should be empowered not only as consumers but also as active shareholders, with better rights to

participate in general meetings, more transparency on proxy voting, and clear information on the environmental and social impact of their investments.

The second dominant theme relates to the scope of eligible investments and sustainability considerations. Many respondents insisted that only investments contributing to productive, green and socially responsible outcomes should qualify. They strongly opposed the inclusion of private equity or speculative products, which were seen as high-risk and short-termist. Several linked the proposal to EU debates on corporate sustainability reporting (CSRD, ESRS) and due diligence (CSDDD), warning against deregulation or dilution of standards. Several citizens were particularly critical of US asset managers, arguing that they dominate the EU market for low-cost funds, often vote against environmental, social and governance (ESG) resolutions, and invest disproportionately outside Europe. They cautioned that EU tax incentives should not subsidise such practices or facilitate capital outflows to non-European markets.

A third cluster of responses focused on taxation, incentives and portability. Many citizens expressed strong interest in international models such as the UK's ISAs, Sweden's ISK, or the US Roth IRA and 401(k). Such models were praised for their simplicity, digital accessibility and powerful tax advantages. Respondents stressed that harmonisation of tax treatment across the EU is essential, as fragmented rules, double taxation of dividends and burdensome reporting requirements currently discourage cross-border investment. Proposals included fully tax-exempt treatment up to an annual cap, simplified EU-wide reporting, and protection against arbitrary changes in national tax law. Some also highlighted portability as a crucial feature, enabling accounts to move seamlessly between Member States, and called for flexibility in contributions, including from third parties such as family members or employers. Conversely, others cautioned against overly generous subsidies, warning that they might benefit mainly the financial industry, create distortions or favour foreign providers.

Citizens also highlighted issues of accessibility, fairness and trust. Several warned that without careful design, SIAs could deepen inequality, as wealthier citizens are better placed to participate, while lower-income households may be left behind or exposed to higher risks. Others argued that risk-averse savers valuing liquidity and capital preservation must not be excluded. Suggested safeguards included default lifecycle funds, partial guarantees, and options to withdraw funds in cases of hardship. A recurring concern was loss aversion, with citizens stressing that restrictions on liquidity or capital guarantees could discourage participation. To address this, some recommended penalty-based withdrawals, hardship clauses, or 'waterfall' account structures offering greater flexibility at the expense of reduced tax benefits.

There was also strong opposition to the idea of SIAs, especially from citizens perceiving the initiative as an illegitimate encroachment on private savings. These responses frequently invoked sovereignty, subsidiarity and financial freedom, arguing that citizens should decide independently how to use their after-tax income. Critics associated the SIU proposal with broader fears of EU overreach, centralisation of power, and erosion of democratic control. Some explicitly linked the proposal to the digital euro or to EU defence spending, warning against what they saw as an attempt to 'seize citizens' money' for political projects. These

contributions often rejected the premise of mobilising private savings in capital markets altogether, pointing instead to risks of financial crises, short-term profit motives, and inequality.

Despite these divisions, a considerable number of respondents converged on the view that trust and transparency will determine success. Due to past crises, many Europeans remain sceptical of financial markets, perceiving banks, insurers and asset managers as serving their own interests rather than those of retail clients. Several stressed that without building confidence in EU institutions and financial intermediaries, uptake will remain limited, regardless of tax incentives or design features. For others, however, the SIU initiative was seen as a ‘once-in-a-generation opportunity’ to deepen the Capital Markets Union, strengthen European companies’ access to financing, and help the population build wealth more effectively – provided it is delivered with ambition, fairness and clear safeguards.

2.2 Banking sector

The responses from the banking sector came from 21 business associations, and 5 companies/businesses.

Of the 26 respondents from the banking sector there was broad alignment on the need for flexible, simple and non-disruptive SIAs that enhance existing national frameworks. The prevalent view was that SIAs should complement well-functioning national frameworks rather than replace or cannibalise them. Flexibility should also cover account structure (e.g. wrappers, custody accounts, insurance products), contributions and implementation. Tax incentives, regulatory proportionality and investor freedom were seen as critical enablers. Some divergence existed around labelling, portability and integration with other EU initiatives such as the Finance Europe label. Several respondents also recommended creating scoreboards or sharing best practices to monitor SIAs’ effectiveness. Finally, there was widespread consensus that regulatory and compliance requirements should be proportionate, especially for small institutions, and that additional regulatory burdens should be avoided (such as imposing new distribution or suitability rules beyond existing frameworks under the Markets in Financial Instruments (MiFID) and Insurance Distribution (IDD) Directives).

On tax incentives – 17 business associations agreed that favourable tax treatment is crucial to increase uptake and make SIAs attractive. Examples cited included lower tax rates on long-term capital gains (e.g. assets held >1 year), tax exemptions on reinvested dividends to promote compounding, tax credits or incentives for long-term investment plans (5-10 years), and special incentives for ESG and innovation-linked investments. There was a preference for flat-rate taxes, tax exemptions during the accumulation phase, and deferred taxation at payout. There was a general agreement that the details of taxation should remain a Member State competence. Similarly, harmonisation at EU level was seen as desirable to reduce fragmentation and support cross-border investments, but it should not hamper Member States’ autonomy. All 5 companies/businesses agreed on the effectiveness of tax incentives on income (capital gains, dividends, interest) or inheritance in some cases, but 1 stated that administrative simplicity (such as a flat-tax rate) has more impact for citizens. On tax reporting, 8 business associations and 3 companies/businesses explicitly mentioned that simplicity of tax procedures and user-friendliness are essential for a well-working SIA.

On deposit limits – 7 business associations and 1 company/business stated that there should be none, or they should be very high. One business association preferred that the decision be made at national level.

On eligible assets – 12 business associations agreed that SIAs should support a broad investment universe, such as shares, bonds, ETFs, investment funds and cash; some also added structured investment products and derivatives for professional investors, while there were diverging views on whether crypto assets should be explicitly included or not. There was consensus not to limit the range of eligible assets to simple products exclusively, and that product neutrality should be respected. From companies/businesses, 2 agreed that only vanilla (i.e. simple) products should be included, while 2 others stated that the universe of product should be broad.

On geographical restrictions – 6 business associations and 2 companies/businesses disagreed with introducing any restriction, while 1 company/business stated that there should be some requirement to invest in EU assets.

On a minimum holding period – 6 business associations were against, while 1 supported having a minimum holding period or not depending on e.g. whether tax incentives might require it. A single company was in favour, and one was against.

On portability – 6 business associations responded positively on portability between providers, but with some differences on cross-border portability. There was agreement among 3 companies/businesses on providers, but 1 of the 3 was against the cross-border option.

2.3 Insurance industry

From the insurance industry, 9 business associations and 3 companies submitted a response. It is important to underline that the 3 insurance companies also have significant asset management business arms.

Nearly all respondents from the insurance sector emphasised that insurers and insurance-based investment products (IBIPs) must be explicitly included in SIA initiatives as this would maximise reach, mobilise capital and provide tailored solutions for diverse retail investor needs. They also took the view that insurance are key players due to their broad distribution networks, customer and local knowledge, and risk mitigation features. There was a strong consensus that the term ‘account’ is too bank-centric and risks excluding insurance products. Alternative terms like ‘wrapper’, ‘solution’, ‘product’, or ‘investment instrument’ were widely recommended. Respondents also broadly agreed that the SIAs framework should be provider-neutral, ensuring fair competition and investor choice among insurers, banks, fund managers, and intermediaries. Other areas of consensus were: (i) the need to ensure Member States’ flexibility to adapt or maintain existing national products; (ii) that national discretion and subsidiarity must be respected; and (iii) on distribution, where hybrid digital and human advice models were preferred over purely digital access. Divergence emerged over the use of labels: some warned against multiplying product labels as this could confuse savers, while others supported flexible, inclusive definitions.

On tax incentives – among 8 business associations there was consensus that tax incentives are crucial. However, there were divergences on whether one-size-fits-all approaches should be avoided (respecting Member States’ specificities and the principle of subsidiarity) or whether tax harmonisation could increase engagement and simplicity. A widely shared view was that tax incentives must encourage long-term investments focused on societal benefits such as retirement security, infrastructure, the green and digital transitions, and closing pension gaps. Similarly, it was felt that public funds and tax benefits would be justified only when they serve these clear societal or economic goals, rather than promoting short-term or general-purpose savings. Administrative simplicity was also identified as key to promoting investor engagement. More specifically:

On eligible assets – 5 business associations widely agreed on the need for provider neutrality, while underlining that IBIPs should be included and explicitly recognised as eligible for SIAs. They also welcomed access to a broad range of investment products, including both liquid and less liquid assets like infrastructure, private equity, venture capital and government bonds, with an emphasis on long-term investment horizons. There was agreement from 2 companies on the need for IBIPs to be explicitly included, with one company underlining that investors should retain broad choice based on their preferences.

On geographical restrictions – only 1 business association specified that products should allow investments in both EU-focused and global funds, possibly with incentives for EU-focused options. However, complexity for customers should be minimised.

On a minimum holding period – the 2 business associations that expressed an opinion had contrasting views on whether it is needed or not.

On portability – 6 business associations stated that portability is not a top priority or should be limited. While some saw it as desirable in principle, the majority expressed clear concerns that rigid portability requirements could undermine long-term capital formation by encouraging short-term switching or easy exits. Some suggested functional portability (e.g. value transfer instead of physical product transfer) as a compromise to protect long-term investments. Moreover, they emphasised significant technical, legal (licensing) and tax hurdles to implementing portability, especially across borders. One company/business expressed the same concerns.

2.4 Asset management sector

The responses from the asset management sector came from 16 business associations and 8 company/business respondents.

There was broad alignment on the need for flexible, simple, and attractive SIAs that complement existing national savings vehicles and pension schemes rather than duplicate or undermine them. Respondents highlighted the importance of long-term participation, administrative simplicity and digital accessibility. A recurring theme was that regulatory and compliance requirements must remain proportionate, without adding new layers beyond existing MiFID/IDD frameworks. Financial literacy and better investor communication were also widely emphasised.

On tax incentives – A sizeable majority (at least 19 out of 24 respondents) argued that preferential tax treatment is essential to stimulate uptake. Proposals included: (i) exemptions or reductions of capital gains/dividend taxes; (ii) deferred taxation until payout; (iii) incentives for long-term savings (5–10 years); and (iv) targeted incentives for ESG- or innovation-linked investments. While tax design should remain under Member State competence, many respondents underlined that simplification and some EU-level convergence would reduce fragmentation. Only 1 respondent did not explicitly take a position.

On tax reporting – At least 10 respondents (7 associations, 3 companies) explicitly called for simplified, uniform procedures, ideally managed by providers through automatic or pre-filled reporting. Several stressed that user-friendliness is crucial to avoid deterring investors. A few respondents did not take a position.

On deposit limits – Most respondents either opposed contribution caps or did not take a position. Among those who expressed views, at least 3 associations explicitly opposed annual or lifetime limits, while 1 association suggested flexibility at national level to allow regular contributions.

On eligible assets – A clear majority (at least 15 respondents) supported a broad universe of eligible instruments, including equities, bonds, ETFs, UCITS, ELTIFs, AIFs, insurance wrappers, and in some cases real estate or structured products. Diverging views included: 2 companies advocating for ‘vanilla only’ instruments, and 1 association supporting a long-term SME allocation. Crypto assets were rarely mentioned.

On geographical restrictions – Most respondents opposed mandatory EU or national quotas (at least 10 respondents, both associations and companies). However, 3 respondents supported some form of allocation towards the European economy or SMEs. Others stressed product neutrality and investor freedom.

On a minimum holding period – A majority (at least 9 respondents, mostly associations) opposed mandatory holding periods. Around 4 respondents, however, favoured a defined long-term holding period when linked to tax incentives or pension objectives. The prevailing view was that SIAs should encourage long-term saving without rigid constraints.

On portability – Several respondents (at least 9) supported portability across providers within a Member State, and some extended this to cross-border portability. A minority saw portability as desirable but not essential, while others did not address the issue. Digital-first solutions were highlighted to facilitate portability.

On other recommendations – Many respondents stressed financial literacy campaigns and investor education as prerequisites for success. Proposals included: balanced risk warnings, auto-enrolment models (UK NEST, Polish PPK), EU-wide transparency platforms, and ensuring complementarity with pension reforms.

2.5 Market infrastructures and intermediaries

The responses from the market infrastructure and intermediary sector came from 21 business associations and 8 company/business respondents.

There was broad support for the use of SIAs to mobilise retail savings, provided they are flexible, digitally accessible and competitive and build on successful national models such as the French PEA, Italian PIR or Nordic ASK. Respondents consistently underlined the need for strong tax incentives, simplified reporting and financial literacy measures. They also stressed that compliance requirements must remain proportionate, avoiding additional obligations beyond existing MiFID/IDD frameworks.

On tax incentives – There was near unanimity: 23/29 (16 associations, 7 companies) explicitly supported preferential tax treatment and 4/29 expressed overall positive comments. Only 2 did not address the issue and none opposed it. Suggested measures included tax exemptions or reductions on long-term capital gains and dividends, deferred taxation until withdrawal, and credits for holding periods of around five years. National frameworks such as France's PEA and Italy's PIR were cited as models. Some respondents favoured greater EU-level convergence to reduce fragmentation, while others stressed the need to preserve Member State competence. The prevailing view was that without compelling tax incentives, SIAs would fail to gain traction.

On tax reporting – A majority (15/29 respondents: 10 associations and 5 companies) explicitly called for simplified or automated systems such as provider-handled yearly filing, pre-filled returns, centralised EU databases, or CRS-style frameworks. Widespread support was given by 1 respondent, while 13 did not address the issue. Divergent national rules were identified as a major barrier, especially for cross-border investors. Many stressed that reporting obligations should rest with providers rather than investors, ensuring ease of use and consistency.

On deposit limits – Positions were more divided. 8/29 (3 associations, 5 companies) supported ceilings or allowances, while 4/29 (1 association, 3 companies) opposed caps outright. 4/29 gave general remarks, for example on phased thresholds or national discretion, and 13/29 did not address the issue. Views ranged from calls for fiscal prudence and alignment with national practices to advocacy for unlimited flexibility.

On eligible assets – The vast majority (18/29 respondents: 11 associations and 7 companies) supported a broad and diversified investment universe including equities, bonds, ETFs, UCITS, ELTIFs, AIFs, employee share ownership, infrastructure and in some cases structured products or derivatives for informed investors. There was opposition from 1 association to including 'grey capital market' instruments, citing consumer protection. Some 9 respondents gave more general comments, often stressing flexibility or differentiated account tiers, while 1 did not address the issue. The common position was that restricting SIAs only to simple products would reduce their attractiveness.

On geographical restrictions – Opinions were mixed. Having some EU or EEA allocation focus was supported by 10/29 (6 associations, 4 companies), usually inspired by models like the PEA's 70% EU rule or by a wish to channel funds to SMEs. 4/29 (2 associations, 2 companies) opposed quotas, warning that they would limit diversification and reduce competitiveness. Some 9 respondents offered general reflections on cross-border competition and market access, while 6 did not address the issue. The balance shows significant interest in linking SIAs to EU objectives, but also firm resistance to rigid mandates.

On minimum holding periods – Views were divided. 10/29 (8 associations, 2 companies) explicitly supported a defined holding period, often around five years. 7/29 (5 associations, 2 companies) supported conditional rules where tax incentives would encourage longer holding periods without strict lockups. Mandatory periods were opposed by 2 respondents (1 association, 1 company). A total of 3 gave general or neutral comments and 7 did not address the issue. Most respondents agreed that SIAs should encourage long-term saving but diverged on whether this should be achieved through mandatory requirements or incentives.

On portability – Support was strong. 15/29 (11 associations, 4 companies) explicitly supported portability, generally across providers and in some cases across borders. There was 1 respondent who gave a general supportive remark, while 13 did not address the issue. Examples such as the PEA were cited as workable precedents. Many stressed that digital solutions are key to cost-efficient portability, though some noted complications when tax residence changes.

On other recommendations – Beyond these core design elements, 15/29 respondents called for financial literacy campaigns and 14/29 stressed digital onboarding and e-ID solutions. 4/29 favoured linking SIAs to the Finance Europe label, and 3/29 suggested state subsidies or matching contributions for low-income savers. Many urged regulatory proportionality and warned against requirements that would duplicate MiFID/IDD requirements. Others underlined the importance of improving post-trade and cross-border tax processes.

2.6 Consumer organisations

Feedback to the call for evidence was received from 5 consumer organisations. They expressed clear support for the Commission's initiative on SIAs as a beneficial move to boost retail investment. Most responses favoured a standardised approach across Member States to avoid fragmentation and complexity. Digital access was considered essential, but there was strong consensus that non-digital options must remain available to ensure inclusion. There was broad agreement that users will only trust and adopt the products if there is transparency in fees and if costs are proportionate and provide genuine value. Several responses highlighted existing successful models as templates to build upon, rather than creating entirely new frameworks. Finally, a sizeable majority advocated for binding legislation (such as regulations or directives) rather than non-binding recommendations. There was also wide support for the idea that SIAs should enable shareholders to fully exercise their rights and ensure active investor engagement.

On tax incentives, 4 respondents agreed that they are essential to make SIAs attractive and successful, particularly for retail and small investors. There was wide endorsement of the idea of drawing inspiration from existing national models, with calls for tax neutrality across products and attention to social equity in policy design. Respondents also strongly supported simplifying tax-related processes to reduce investor burden and increase participation. On eligible assets, there was strong consensus that SIAs should include simple, low-cost products (e.g. shares, bonds, ETFs, UCITS). There was a clear preference for passive and exchange-listed products to ensure transparency and easy transferability across providers, and for the exclusion of complex and high-risk products. There was explicit disagreement from 2 respondents on the idea of introducing geographical restrictions. On portability, almost all respondents agreed that SIAs should be portable across providers (and across borders if it does

not raise complexity). One respondent recommended EU-level passporting to enable smooth cross-border account transfers and uniform investor experience across Member States.

2.7 NGOs

There were 6 responses to the call for evidence from NGOs. Their areas of focus were mainly: (i) empowering shareholders and ensuring their rights; (ii) demanding that SIAs and the wider financial ecosystem align with the EU's climate and social goals; (iii) asking that the EU's simplification efforts do not undermine current sustainability standards; and (iv) supporting long-term investment and the financial inclusion of under-represented groups.

2.8 Public authorities

Out of the 4 public authorities that responded to the call for evidence, 3 submitted feedback on SIA features. They expressed broad agreement that adequate consumer protection is essential to build trust in capital markets and encourage retail investor participation. They also supported broad provider eligibility within existing regulatory frameworks. On tax incentives, they shared a strong view that they are important, but the approach must be flexible and respect tax neutrality and national tax systems. A minimum holding period was mentioned by only 1 respondent, but only in relation to possible tax incentives. On eligible products, the respondents agreed on a broad range (equities, bonds, UCITS, ETFs and ELTIF shares), with the exclusion of crypto assets and complex derivatives. They also recommended products that are easy to understand and free of complexity, well-diversified, and with a focus on value for money. One respondent advocated for geographical restrictions.

2.9 Others

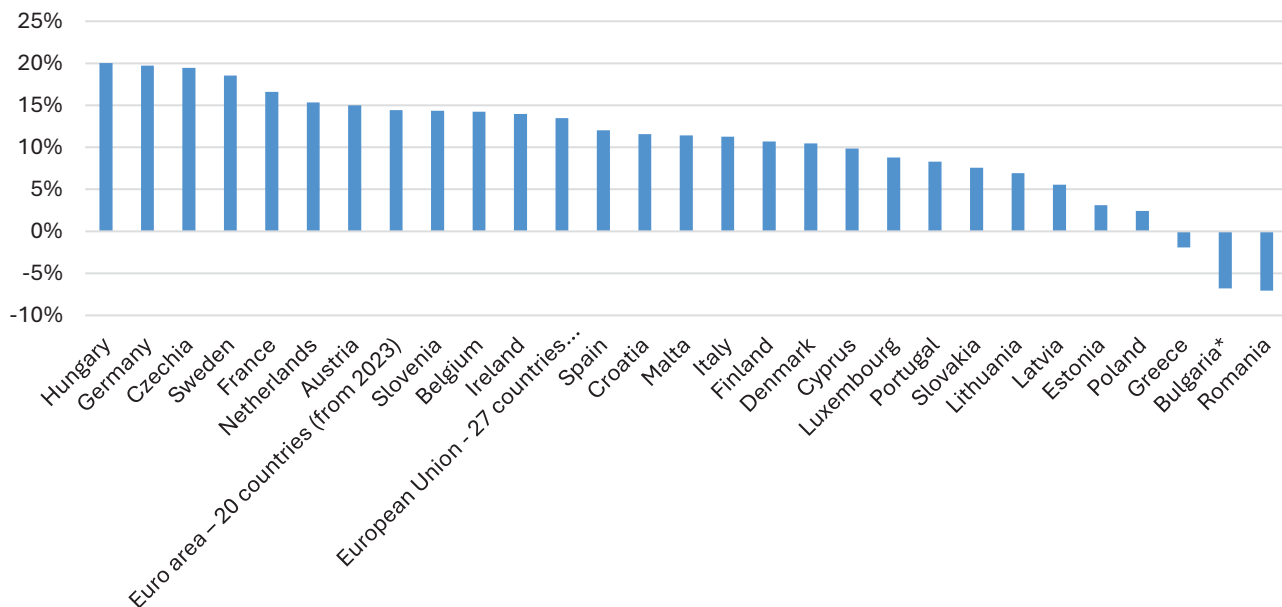
Among the respondents to the call for evidence, 8 self-identified as 'others'. Among 6 of them, majority views could be found on the need for easy and user-friendly digital accessibility, and for simplifying the investor journey and advisory mechanism. Some respondents also saw an EU label for savings products promoting EU investments as feasible and beneficial, provided it includes minimum common criteria and national tax discretion instead of full EU standardisation. On this latter point, the main view was that deep harmonisation, such as a unified pan-European product, remains contentious due to national tax differences and prior implementation challenges (e.g. the Pan-European Personal Pension Product case). On tax incentives, 5 respondents were strongly in favour, with 1 recommending tax exemptions/allowances on interest and capital gains. A majority believed that eligible assets should include a wide range of investment products (UCITS, AIFs, pension and insurance products, stocks, ETFs, funds, deposits, bonds). There was also broad agreement that integrating savings and investment products under a unified tax regime would increase simplicity and effectiveness for investors. One respondent stated that actively managed products should be preferred to passively managed ones (e.g. ETFs) due to ESG implications, shareholders' voting rights and EU capital sovereignty. Only 1 respondent was in favour of geographical restrictions, while 2 were explicitly against. There was support for portability from 3 respondents, but with the main concerns being that it should not create obligations for the new provider to take on the contract and should not complicate administrative/tax

procedures. Finally, 2 respondents rejected altogether the idea of EU savings and investment accounts.

Annex 2 – EU households' savings

Households' saving rates significantly differ across EU Member States, from -7% in Romania to almost 20% in Hungary, based on latest available data ⁽⁶⁸⁾.

Figure 20: EU households' saving rates, 2023



Source: Eurostat, DG FISMA calculation

* For Bulgaria data refer to 2022

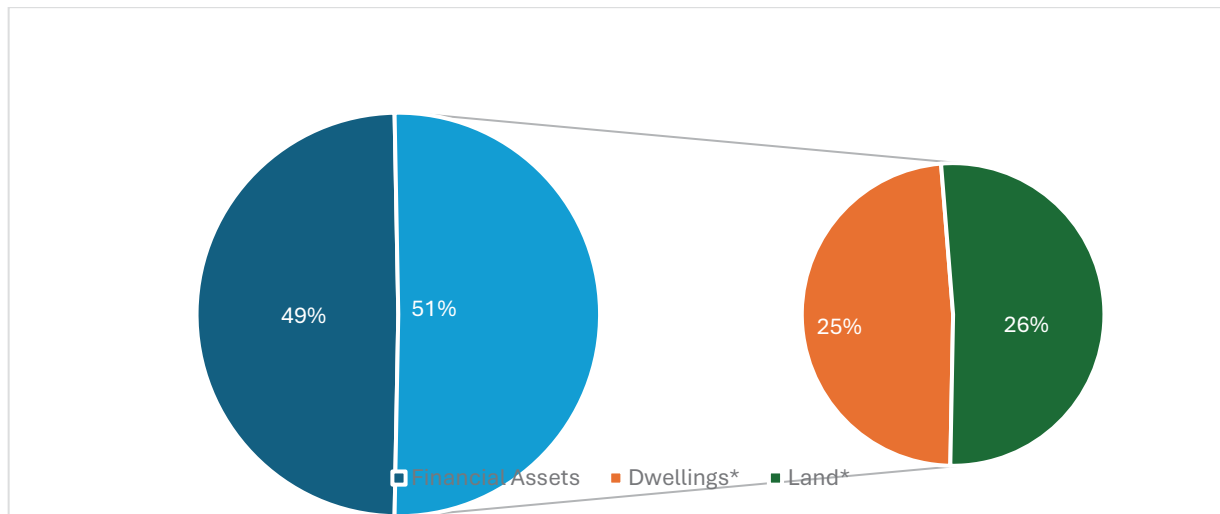
Supported by growing saving rates, EU households' total wealth increased by 59.1% in cumulative terms over the 2010-2024 period, from EUR 51.3 trillion to EUR 81.7 trillion, based on DG FISMA's calculation. At the end of 2024, most of this wealth (51%, corresponding to EUR 44.5 trillion) was held in form of real estate (of which dwellings 48.5%, and land 51.5%). The rest was held in financial assets, the latter representing a growing share of the total (from 41.9% in 2010 to 49% in 2024, corresponding to EUR 43.4 trillion) ⁽⁶⁹⁾.

⁶⁸ Eurostat, Key indicators – quarterly data (Q1 2024),

https://ec.europa.eu/eurostat/databrowser/view/nasq_10_ki_custom_12290412/bookmark/table?lang=en&bookmarkId=13d45823-d049-49ce-8eba-fcb787a4c8ee&c=1721909758445.

⁶⁹ Using the most recent available data for all the components of EU household total wealth (2022), the share of financial assets reduces to 46%.

Figure 21: EU households' total wealth composition 2024

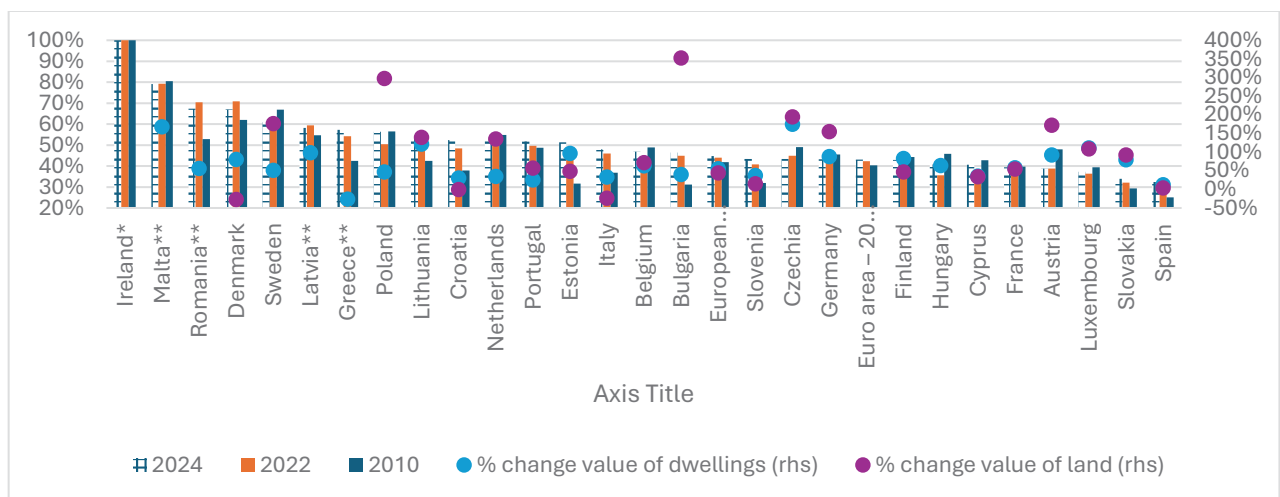


Source: Eurostat, DG FISMA calculation

* Data as of 2022

There was a generalised increase in the relative importance of financial wealth. Exceptions to this occurred in eight Member States, which experienced among the highest growth in house and land prices (Austria, Czechia, Germany, Estonia, Hungary, Poland, Sweden) or net divestments in financial assets (Cyprus). In Greece and Italy, the increase was also the consequence of stagnant house prices.

Figure 22: EU households' financial assets share of total wealth 2010-2024

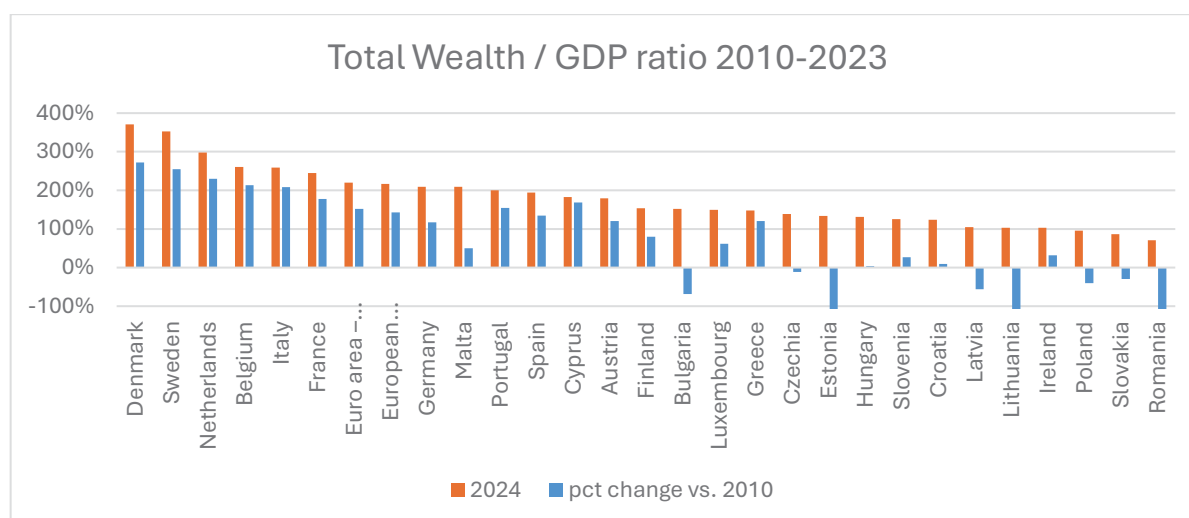


Source: own calculation based on Eurostat data

Notes: *: Data on dwellings and land missing; **: Data on land missing

Excluding those cases with relevant missing data, among Member States, Denmark and Sweden stand out in terms of financial assets' share of total wealth, both at the beginning (62% and 66.8%, respectively) and at the end (67.1% and 61%, respectively) of the observation period. These two Member States also exhibit the highest values by far for the total financial assets/GDP ratio, and the largest increase in this ratio over the period considered.

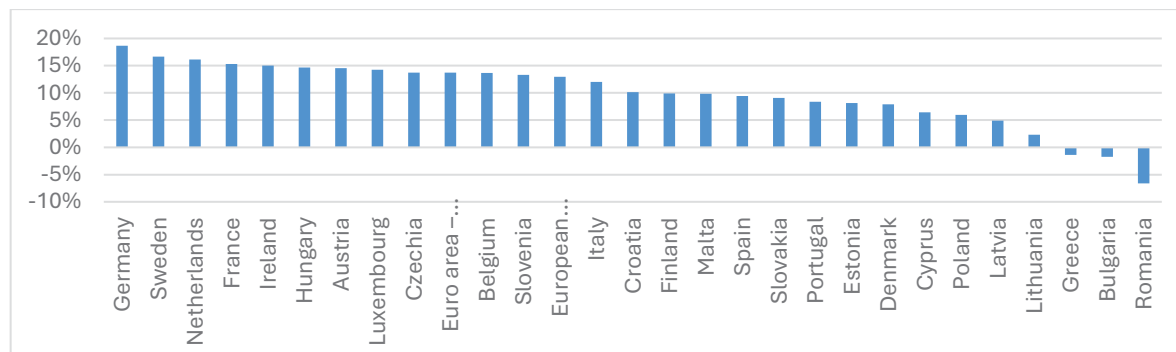
Figure 23: EU households' financial assets / GDP ratio 2024 and % change 2010-2024



Source: own calculation based on Eurostat data

While in the case of Denmark the increase in the ratio was mainly driven by market valuation effects (91.6%), for Sweden a significant part of the increase was due to additional inflows to equity and investment fund shares (18.5%) and to insurance and pensions (32.6%) (⁷⁰). The additional inflows in Sweden were supported by the second highest households' saving rate in the EU (16.7% on average over 2010-2023), after Germany.

Figure 24: EU households' saving rates 2010-2023 average



Source: own calculation based on Eurostat data

Together with the Netherlands, Denmark and Sweden showed the lowest level of relative holdings of currency and deposits, and the highest level of relative holdings of pensions and life insurance products, followed by investment funds and listed equity (⁷¹).

Several factors may be responsible for this situation. They include the structure of the pension system (Denmark and the Netherlands), the high level of financial literacy (⁷²), and the

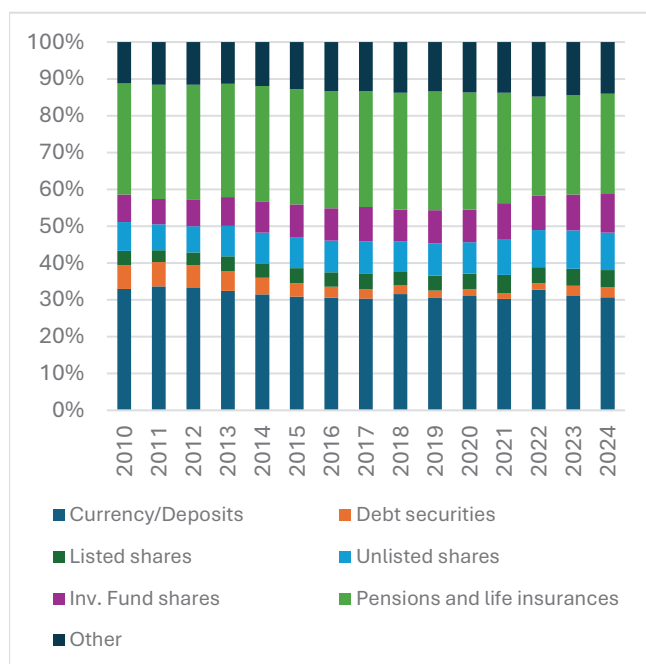
⁷⁰ Over the observation period, DK and SE showed very similar GDP growth (27% and 28% respectively).

⁷¹ At the end of 2023, currency and deposits represented 13%, 13.1% and 19% of households' financial assets in DK, SE, and NL respectively. Life insurance and pensions accounted for 38.8% in DK, 54.9% in NL, and 37% in SE. Investment fund and listed shares accounted for 13.7% in DK, 18% in SE, and 5.3% in NL.

⁷² 2023 Eurobarometer, <https://europa.eu/eurobarometer/surveys/detail/2953>.

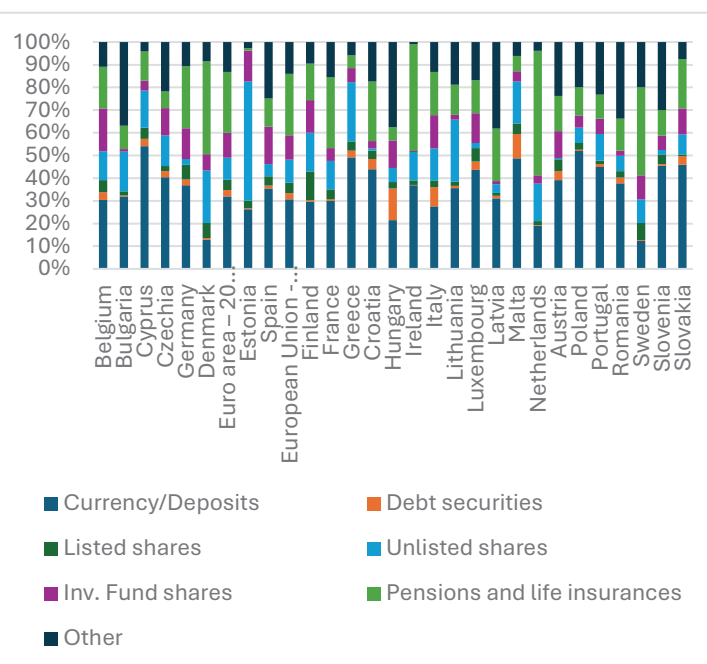
existence of savings schemes (like the ISK in Sweden) encouraging retail investments in long-term assets.

Figure 25: Composition of financial assets held by EU households 2010-2024



Source: Eurostat, FISMA calculations

Figure 26: Composition of EU household financial assets across EU MS



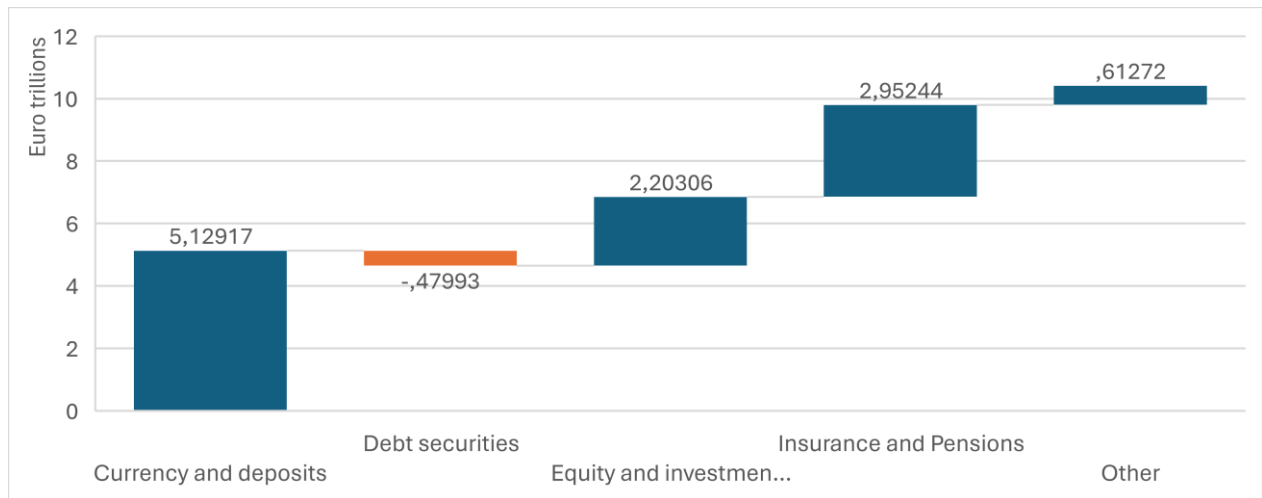
Source: Eurostat, FISMA calculations

At the end of 2023, EU households' financial assets were mainly composed of currency and deposits (31.2%), followed by pensions (13.1%), life insurance (13%), unlisted shares (10.4%) and fund shares (9.6%). These figures showed slight changes from the composition at the end of 2010⁷³. Listed equity (4.6%) was only a marginal category of EU households' financial holdings, indicating a preference for investment funds and other asset management products. As regards the high holdings of unlisted shares in many Member States, the data mainly reflect the importance of family-owned enterprises rather than representing pure financial investments.

Over this period, only debt securities experienced net divestments, likely caused by lower interest rates. Meanwhile, the holdings of all the other categories registered positive inflows, with currency and deposits registering the largest absolute inflows (EUR 4.7 trillion, 50% of the total).

⁷³ The residual category 'Other' includes loans, financial derivatives, other equity and other receivables.

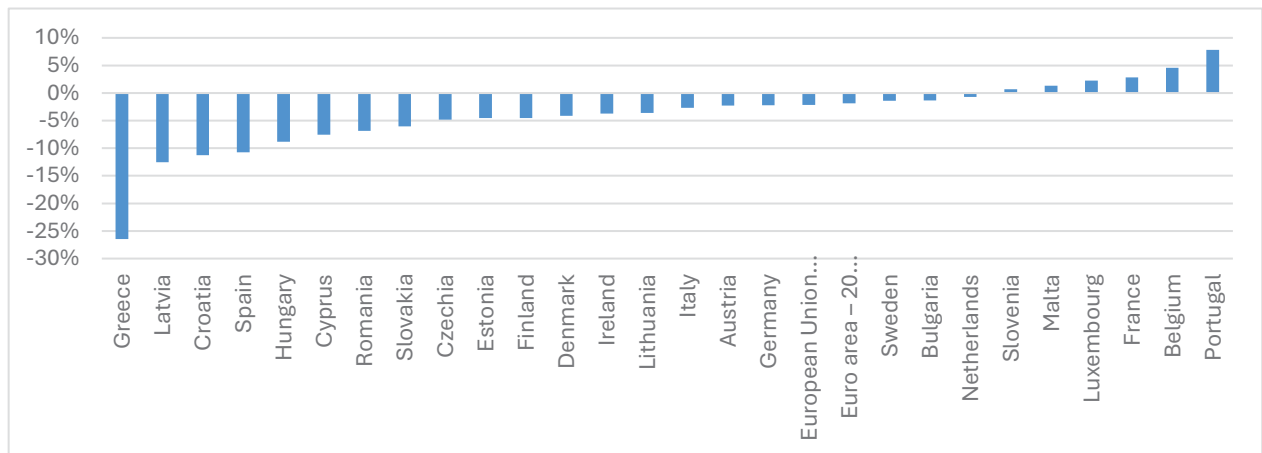
Figure 27: EU households' financial assets transactions (2010-2024)



Source: Eurostat, DG FISMA calculation

However, due to positive valuation effects on equity and investment fund shares and on insurance and pensions, the relative share of currency and deposits decreased in most Member States.

Figure 28: EU households' currency and deposits, share of financial assets – change 2010-2024 (% pps)



Source: Eurostat, DG FISMA calculation

Annex 3 – Impact assessment methodology and estimation of parameters

To assess the impact in terms of households' investments, the Commission used annual sector accounts (ESA 2010 – nasa 10) data from Eurostat on the stocks and transactions of financial and non-financial EU households and non-profit institutions serving households (NPISH) ⁽⁷⁴⁾ assets by Member State.

The period covered for estimating the key parameters for the projections (saving rates and asset allocation) was 2010-2023. This is long enough to smooth volatility and at the same time capture more recent economic trends. Compared with using more recent data (e.g. the last 5 or 10 years), this choice leads to more conservative estimates given the generalised increase in the share of risk assets compared to other financial asset categories.

For the other variables and parameters, the following sources were used: (i) the most recent data from Eurostat (2023, and 2024 where available) for the stocks of financial assets and disposable income; (ii) historical time series from commercial databases for the return of listed equity, and bonds; (iii) the ECB data warehouse for interest rate on bank deposits; and (iv) ECB Securities Holding Statistics for the data on the euro area households' financial assets allocation.

1. Methodological approach

The modelling assumption is that convergence towards the target asset allocation would be achieved by reducing the share of safer and high-liquid assets (currency and bank deposits, and, to a lesser extent, debt securities) in favour of risk assets in EU household liquid asset portfolios. Such convergence can occur by following different paths or scenarios.

For this assessment, we consider two possible theoretical models that serve to define the possible range of end -results of greater risk- taking by EU households, according to ambitious but not unreasonable assumptions in terms of financial asset allocation. The first one is the outright reallocation-allocation of existing stocks of household financial assets from current holdings to the target portfolio allocation, e.g. by shifting part of their bank deposits to riskier assets. This path implies an abrupt change in the risk culture and very strong incentives to act in this direction, for example unlimited tax benefits linked to SIAs and the broadest investment options available.

The second path is the case where EU households invest their future annual savings following the long-term target allocation, but without changing the allocation of existing stocks. This scenario, while still ambitious, would require a change in EU households' mindset like that of the first case; however, it may entail the adoption of milder incentives, for example tax benefits limited up to a certain amount of annual investments through SIAs.

⁷⁴ Data on the household sector are not available before 2012 for IE, NL, and the EU and euro area aggregates. The NPISH sector, however, is very small and does not materially affect the estimates and conclusions.

Many more other paths are possible. These may be combinations of the two just described, where households reallocate part of their financial assets towards a target portfolio and, at the same time, allocate an increasing part of their annual savings towards riskier assets.

For this impact assessment, we do not make any assumptions about specific tax treatment, scope of investable assets, or investment limits characterising the savings and investment accounts, even though these are clearly key determinants of the uptake and of additional investments into capital markets, and of the convergence speed towards the target asset allocation. As existing practices show, Member States may introduce SIAs which differ widely in terms of these features. For this reason, we estimate the maximum potential flows to risk assets according to the two paths described above (outright reallocation, and allocation of annual savings), under the assumption that EU households' financial assets allocation would converge towards pre-defined benchmarks. The speed of convergence can vary across Member States, and we do not make any assumption in this respect. However, we calculate an estimate of the minimum years necessary for Member States to achieve the target financial assets' composition when household sectors annual savings are invested according to the target asset allocation.

Key variables and parameters

1) Investments in risk assets

The key variable estimated for the impact assessment is the amount of EU household investments in risk assets and, given the focus on the mobility of investments across financial asset categories, their share of EU household liquid financial assets.

While EU household financial assets cover a broad array of financial instruments, not all of them are characterised by the same level of liquidity. Low liquidity is generally characteristic of unlisted shares, some financial derivatives, and pension and life insurance products, which in many Member States represent significant shares of household portfolios. This makes them hardly fungible with other assets, unless at high transaction costs. Moreover, the holdings of those assets respond to very specific needs and can be driven by a variety of factors, including the structure of the pension system. The convergence of EU household holdings of these assets would be not only difficult to model but is also unlikely to materialise given the structural changes they would entail.

For these reasons, unlisted shares, some financial derivatives, as well as pension and life insurance products have not been included in the analysis. Therefore, for the economic impact assessment, the definition of liquid financial assets includes the following categories: (a) currency and deposits; (b) debt securities; (c) listed shares; and (d) investment fund shares. Among liquid assets, risk assets are represented by listed shares and investment fund shares. These assets have higher level of liquidity than other risk assets. In this respect, they could be seen as the most suitable alternative to holding bank deposits for needs other than immediate consumption, while offering higher expected returns over the long term.

For each Member State, the investment flows to risk assets are estimated according to the following formulas:

a) *Outright re – allocation*: $\sum_{i=1}^{27} LA_i \times \text{Max} (W_{RA_{Target}} - W_{RA_i}; 0)$

b) *Annual savings allocation*: $\sum_{i=1}^{27} DI_i \times s_i \times S_{LA_{EU}} \text{Max} (W_{RA_{Target}} - W_{RA_i}; 0)$ where:
 LA_i are the most recently available households' total liquid assets of the household sector in Member State i ; $W_{RA_{Target}}$ and W_{RA_i} are the share of risk assets in the target asset allocation and, respectively, in Member State i of households' liquid assets in the last year

DI_i is the most recently available households' disposable income in Member State i ;

s_i is the average saving rate as percentage of disposable income of the household sector in Member State i over the estimation period;

$S_{LA_{EU}}$ is the average rate of households' savings allocated to liquid assets at EU level over the estimation period;

$\text{Max} (W_{RA_{Target}} - W_{RA_i}; 0)$ ensures that, for Member States where the household sector's liquid asset allocation to risk assets in the last year is higher than the benchmark, that higher allocation is retained ⁽⁷⁵⁾.

However, for those Member States with negative average household saving rates, the share of disposable income allocated to liquid assets was used; where this parameter was also negative, no additional investments to risk assets were assumed.

2) Rate of return on investments in risk assets

Both financial theory and empirical evidence support the idea that investing in risk assets like equities should generate higher expected income in the long term compared to other, safer financial assets like bank deposits and debt securities, particularly because of the larger risk premiums required by investors. In the long run, equities have outperformed debt investments. This is also shown in the following table, which compares the average 10-year and 20-year returns for several EU asset classes ⁽⁷⁶⁾.

⁷⁵ The EU average was used. This was because for several Member States individual parameters would have resulted in allocation to risk assets higher than the annual savings or a negative allocation. These are difficult to explain and to assume for future projections.

⁷⁶ At the same time, note that equity investments present a higher risk than debt investments, as shown by the volatility indicator. According to the Sharpe ratio, a measure of risk-adjusted performance, EU equities have underperformed in relative terms.

Table 7: Historical returns on different EU asset classes

	Sovereign bonds (10Y)	Corporate bonds (5Y)			Equity			
		A	BBB	High yield	Listed	Growth funds	Venture funds	Infrastructure funds
10-year holding period								
Average annual return	1.5%	1.1%	1.4%	4.3%	7.3%	23.6%	16.0%	18.0%
Volatility	1.1	1.3	1.3	1.6	11.9	NA	NA	NA
Sharpe ratio	0.7	0.6	0.8	2.4	0.6	NA	NA	NA
20-year holding period								
Average annual return	3.4%	1.6%*	1.9%*	5.1%*	8.1%	17.3%	8.3%	9.0%
Volatility	1.9	1.3*	1.4*	2.1*	16.3	NA	NA	NA
Sharpe ratio	0.9	0.7	0.9	2.1	0.4	NA	NA	NA

Source: FISMA calculations with ECB, Eurostat, Bloomberg and Invest Europe data.

Notes: Sovereign bonds are the average of EU Member States with 10-year maturity. corporate bonds returns across rating categories are the averages of corporate bond indices with maturity around 5 years over 15 years (the longest available time period). Listed equity is annual change in % of Eurostoxx 600 performance index. GCF (growth capital funds), VCF (venture capital funds), PIF (private infrastructure funds) are returns on a sample of funds that were liquidated, i.e. returns realised. Volatility as standard deviation of monthly observations. The Sharpe ratio is the difference of average returns to the German sovereign 10-year bond divided by the volatility of the relevant asset class, 5-year German bond for corporate bonds.

The average annual returns on listed equity over 10 years (7.3%) and over 20 years (8.1%) are broadly in line with studies from the ECB (⁷⁷) and ESMA (⁷⁸) indicating, respectively, the long-term real return on capital investments in the EU and the net annual return on equity for UCITS over 10 years to be approximately around 8%.

Returns on debt securities and on currency and bank deposits represent 5% and 65% of EU household liquid assets respectively. For these, the interest rate on deposits with agreed maturity in the euro area has averaged around 2.03% since March 2000. At the end of 2024, the average interest rate on these deposits was 2.45%.

To estimate the returns on liquid assets, we use these historical observations. focusing on European markets. Taking into consideration that about two thirds of household liquid risk assets at the end of 2023 were represented by investment fund shares, and under the assumption that around 25% of the assets invested by those investment funds were held in debt securities

⁷⁷ Hutchinson, J., and Saint Guilhem, A. (2024), 'The return on capital and its determinants in recent times', *ECB Economic Bulletin*, Issue 5/2024.

⁷⁸ *ESMA Market Report*, January 2025, 'Costs and Performance of EU Retail Investment Products' 2024.

and deposits ⁽⁷⁹⁾, we apply conservative adjustments to the observed returns. These result in the following parameters used for the impact assessment:

Table 8: Assumptions regarding the return on investments

Return on listed shares and investment fund shares (gross of taxes and fees)	7%
Return on currency, bank deposits, and debt securities (gross of taxes)	2.5%

3) Investments in EU assets

Greater EU household participation in capital markets can not only increase their income from financial assets but also increase the liquidity of EU capital markets, thereby increasing their attractiveness to both investors and issuers.

According to relevant literature, EU residents invest a considerable share of their financial wealth in domestic and EU assets, and their investment portfolios exhibit a significant home bias, i.e. an overweight of domestic assets in comparison to foreign assets based on the market capitalisation ⁽⁸⁰⁾. Using the FinFlows dataset ⁽⁸¹⁾, the Commission estimated the home bias in equity and bond holdings at the end of 2024 at 56.5% and 85.1% respectively for the total EU economy, with the former decreasing from 63.6% and the latter slightly increasing from 83.6% in 2015 ⁽⁸²⁾. The home bias differs widely across EU Member States, ranging from 21% in Latvia to more than 90% in Romania.

To derive an estimate of the home bias for the EU household sector, we use data extracted from the ECB Securities Holdings Statistics. These provide the value of security holdings by sector and geographical area of the counterparties for euro area residents. Based on these data, 2.8% of financial assets held by euro area households at the end of 2023 were issued by foreign counterparties. As described by the ECB, by applying a look-through approach to investment funds, the share of foreign financial assets in euro area households' portfolios would increase to 8.8% ⁽⁸³⁾. This corresponds to approximately 50% of the value of investment funds held by euro area households.

However, these data include assets like bank deposits and other assets issued by monetary institutions (41% of total financial assets of euro area households), the bulk of which can be reasonably expected to be established in the euro area.

To estimate the amount of EU households' liquid assets issued by foreign counterparties, we extrapolate those calculated for the euro area and recalibrate proportionally those estimates by

⁷⁹ According to [ECB data](#), at the end of 2024, euro area investment funds held around 25% of their assets in deposits and debt securities.

⁸⁰ The home bias is calculated as $1 - \frac{W_{FEU}}{W_{FG}}$, where W_{FEU} is the share of foreign assets in EU residents' portfolios in terms of market value, and W_{FG} is the share of foreign assets in terms of global market capitalisation.

⁸¹ The database contains bilateral financial investment stocks and flows of yearly bilateral financial investment positions between the OECD, the EU and offshore countries (stocks and flows) from 2000.. In total, more than 80 countries are concerned. Financial investments are broken down into foreign direct investment (FDI), portfolio and other investments. <https://data.jrc.ec.europa.eu/dataset/807d5d4f-2d73-4f17-81db-7ba2171bab83>.

⁸² European Commission, Joint Research Centre, 'Home Bias in European Financial Markets: Evidence from Cross-Border Holdings Data', internal note.

⁸³ European Central Bank, *Looking through households' investment in investment fund shares in the quarterly financial accounts*, https://www.ecb.europa.eu/stats/pdf/Looking_through_note.en.pdf.

taking out currency and deposits and non-liquid risk assets (mainly pensions and life insurance products). This results in a share of about 40% of total liquid risk assets issued by non-EU counterparties. This is in line with the Commission's estimate of home bias, discussed above⁽⁸⁴⁾.

Under the assumption that EU households' preferences remain stable over time, and setting aside any market valuation effects, for the impact assessment we consider that 60% of EU households' investments in liquid risk assets would flow to EU capital markets.

2. Asset allocation scenarios

The impact assessment simulates EU households' investment flows towards listed shares and investment fund shares under the assumption that overall liquid risk asset holdings in each country converge towards pre-defined benchmark asset allocation.

The benchmark asset allocation is expressed in terms of share of listed equity and investment fund shares (from now on also referred to as 'risk assets') with respect to liquid assets. The latter are defined as the sum of currency and deposits, debt securities, listed shares and investment fund shares. This follows the argument that were households to replace some of their financial assets to invest in listed shares and investment fund shares, they would more likely decrease their deposits and/or debt securities rather than pension or life insurance products, which represent long-term investments and may be costly to withdraw from.

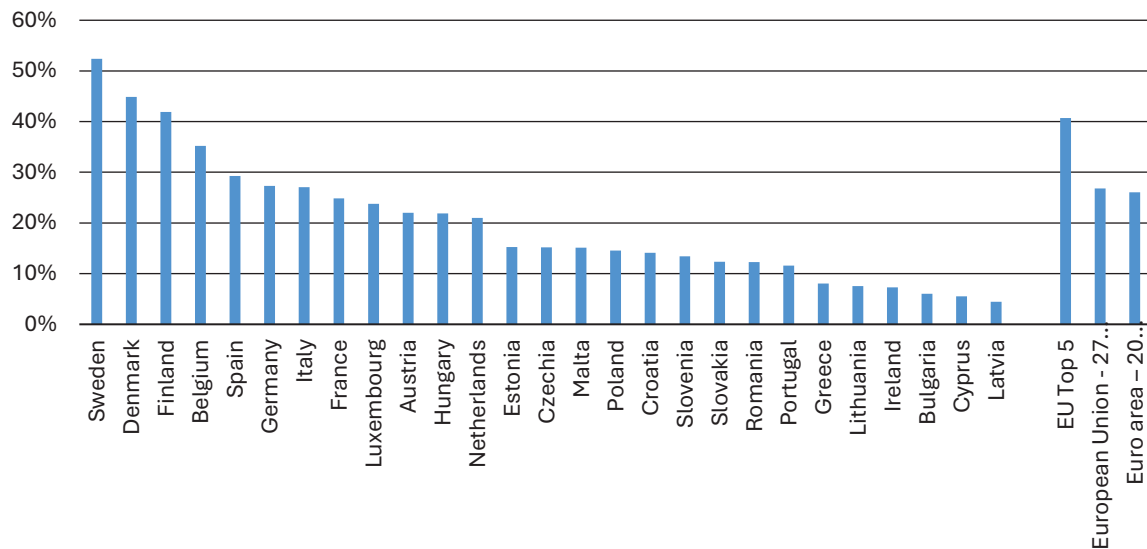
To assess potential household investments in risk assets, the analysis assumes convergence towards two benchmarks⁽⁸⁵⁾:

- a) the 2010-2023 average asset allocation to listed shares and investment fund shares of household financial assets in the five Member States with the largest share of these assets in their portfolios (optimistic/ambitious scenario): 40.7% of liquid financial assets;
- b) the 2010-2023 EU average (moderate scenario): 26.8% of liquid financial assets.

⁸⁴ At the end of 2023, the EU share of global equity market capitalisation stood at 11% of the global equity market capitalisation, with the share of non-EU assets in EU households' portfolios estimated to be 40.4%. By applying the academic framework established by Schoenmaker and Bosch (2008) (home bias = 1 - (foreign holdings share / optimal foreign share), the resulting home bias is 54.6%.

⁸⁵ No changes in the asset allocation are assumed in Member States with a risk asset allocation above the benchmarks.

Figure 29: EU households' percentage allocation of liquid assets to liquid risk assets (2010-2023 average)



Source: Eurostat, DG FISMA calculation

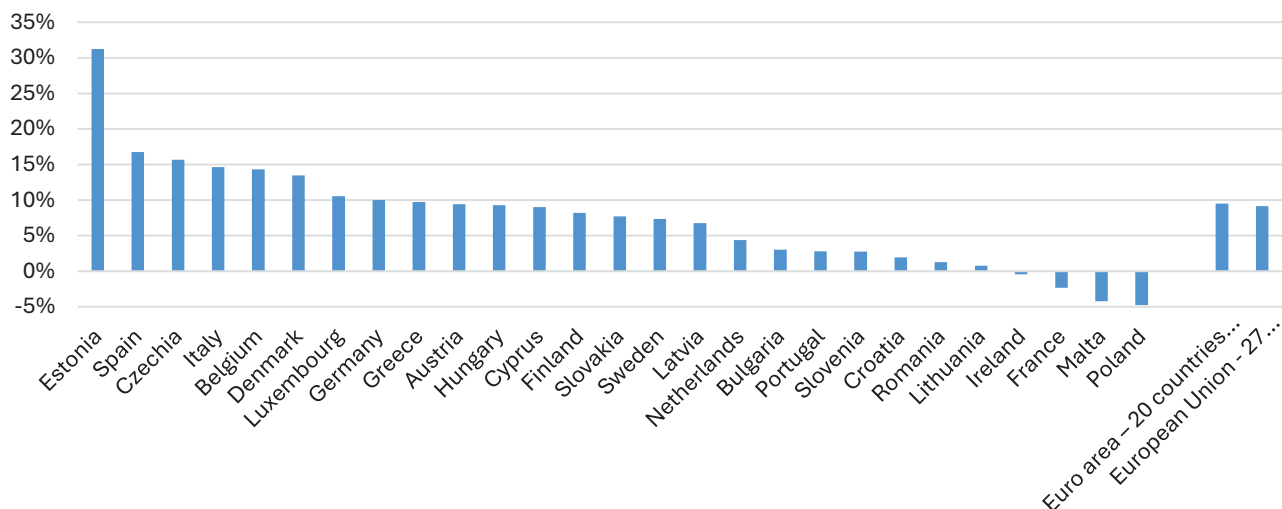
The benchmark asset allocations are applied both to the current stocks of liquid financial assets and to annual savings of EU households. When applied to stocks (i.e. outright reallocation), the result represents the potential maximum flows to risk assets as if household financial assets were invested according to the benchmarks. It provides an estimation of the maximum theoretical substitution effects across liquid financial assets, and more specifically of the financial flows from currency and bank deposits and from debt securities towards risk assets according to the benchmark asset allocation. When applied to annual savings, the analysis provides an estimate of the annual saving flows to risk assets according to the relevant benchmark asset allocation. It also provides the marginal increase in such flows compared to most recent asset allocation observed in each Member State.

All other things being equal, the cumulation of annual flows with the existing stocks of liquid financial would lead to the benchmark asset allocations over a certain number of years ⁽⁸⁶⁾. One could expect some reallocation of the existing stocks across liquid financial assets, the extent of which may also depend on the type and extent of incentives associated with the savings and investment accounts.

As regards the magnitude of the risk assets increase, the use of a long-term average ensures a certain degree of conservativeness in the estimates given the increasing trend in the share of those assets in the EU household portfolios, which occurred in almost all the Member States (Figure 30). In 2023 this also resulted in a liquid asset to risk asset allocation higher than the 2010-2023 average for almost all the Member States.

⁸⁶ Under the assumption of no substitution effects between existing stocks of liquid financial assets.

Figure 30: Liquid risk assets' share of EU households' liquid assets percentage change 2010-2023



Source: Eurostat, DG FISMA calculation

Among the Member States that experienced the largest increase, the case of Estonia seems to be driven by discontinuity in the reporting of statistical data on investment fund shares. The decrease in the relative share of risk assets for some Member States was driven by a more-than-proportional increase in currency and deposits compared to listed shares and investment fund shares during the observation period ⁽⁸⁷⁾. Moreover, according to Eurostat data, during 2010-2023 EU household holdings of liquid risk assets experienced total net inflows of EUR 1.4 trillion, of which 88.9% were new flows to investment fund shares and 11.1% were flows to listed shares. France and Luxembourg were the only two Member States that registered net outflows from listed shares and investment fund shares. These were more than offset by market revaluation effects, leading to a net increase in the absolute value of those assets.

3. Results of the simulation

The following tables and figures provide the summary and additional details of the simulation described in Section 4.1.

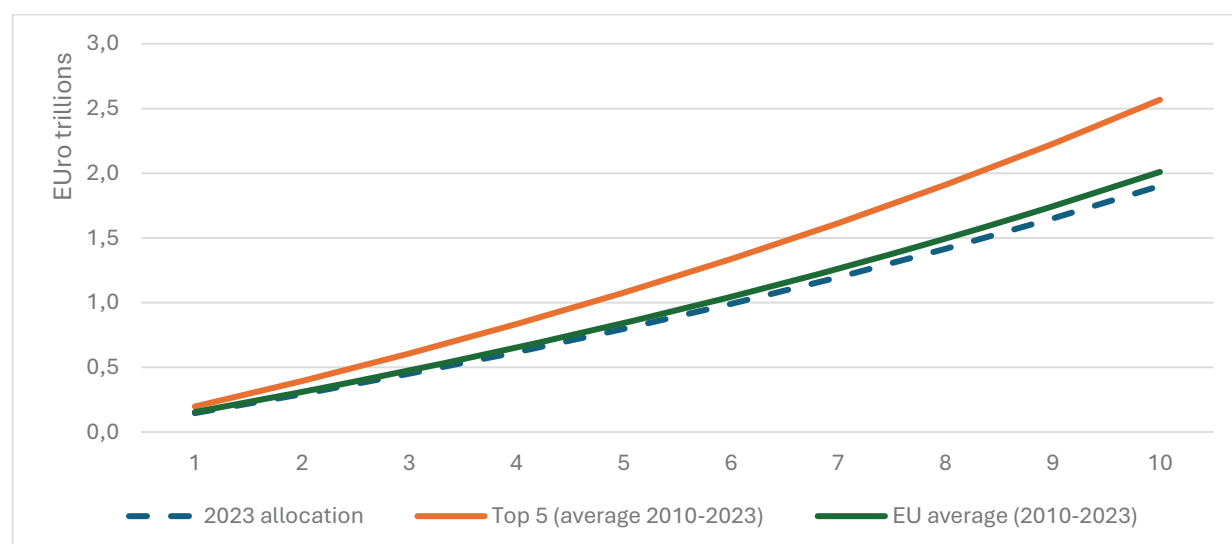
⁸⁷ In those Member States, the value of both listed shares and investment fund shares registered an increase.

Table 9: Annual flows to risk assets according to target asset allocations

EUR mn	Annual flows to risk assets			Higher expected income (difference vs baseline)		Flows to EU assets			
Asset allocation	Scenario simulation	Diff. vs baseline	Years to benchmark min., max., av	1Y	10Y	Scenario simulation 1Y	Scenario simulation 10Y	Diff. vs baseline 1Y	Diff. vs baseline 10Y
EU average	144,138	7,734	2; 19; 9	348	20,964	86,483	864,828	4,641	46,405
EU top 5	184,153	47,750	3; 26; 12	2,149	129,427	110,492	1,104,920	28,650	286,497

Source: DG FISMA own calculation based on Eurostat data

Figure 31: Annual flows to risk assets: 10-year projection



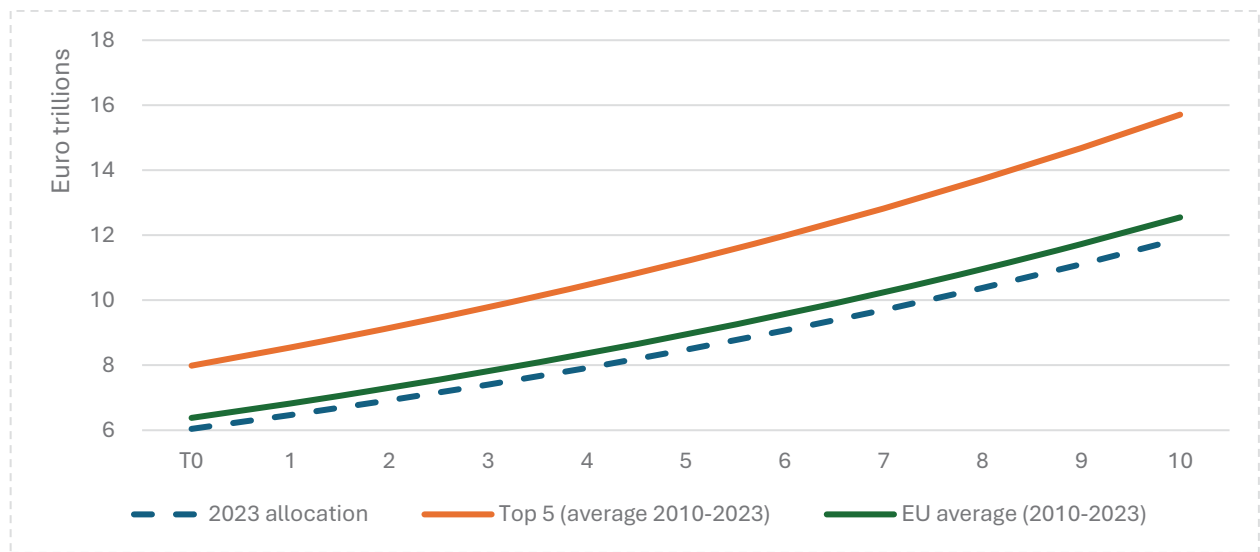
Source: DG FISMA own calculation based on Eurostat data

Table 10: Outright reallocation of existing stocks according to target asset allocations

EUR mn	Allocation to risk assets		Higher expected income (difference vs baseline)		Flows to EU risk assets	
Asset allocation	Scenario simulation	Difference vs baseline	1Y	10Y	Scenario simulation	Difference vs baseline
EU average	6,379,437	330,266	15,187	231,876	3,827,662	198,160
EU top 5	7,986,675	1,937,504	87,513	1,336,155	4,792,005	1,162,502

Source: DG FISMA own calculation based on Eurostat data

Figure 32: Outright reallocation to risk assets: 10-year projection



Source: DG FISMA own calculation based on Eurostat data