Recommendation on Savings and Investment Account

17 July 2025

The EU's Markets in Context

Our capital markets are still **too fragmented, too small scale and are not competitive enough** – This means less opportunities for citizens and businesses. We can see this compared to the US:

EU stock market is approx. 25% the size of the US → EU only has 10% of the venture capital compared to the US → EU securitisation market only 16% that of the US → US exchanges much larger and more liquid compared to the EU → US markets outperforming EU, attracting EU capital, location of choice for new companies

Progress with two CMU action plans and efforts in Banking Union, but not the desired extent.

IMF analysis shows that the barriers to cross-border investment, scaling and integration within the EU are **equivalent to a 100% 'internal tariff' on financial services.**

Draghi estimates at an **additional €750-800 billion needed per year by 2030** – this is further impacted by increased defence investments needed over the same period.

€10 trillion sits in bank deposits which are safe and liquid but generate low returns while all economic sectors have **high demand for new financing sources**

Previous initiatives – Capital Markets Union

- Progress with two CMU action plans and efforts in Banking Union, but not the desired extent.

Political Direction

First set out in President von der Leyen's Political Guidelines last July, and reiterated at the WEF in January:	Further detailed in Mission Letters, most notably to Commissioner Albuquerque:	Main SIU topics highlighted in the Mission Letter:
• "help leverage the enormous wealth of private savings in Europe to invest in innovation and the clean and digital transitions."	• "You will notably focus action on **supporting people to save better**, **fostering capital for innovation**, unlocking digital finance, ensuring the competitiveness of the financial sector and harnessing sustainable finance."	• tackle the **fragmentation**; design simple and low-cost **saving and investment products** at EU level; potential of **private and occupational pensions**; review the **regulatory framework [for] startups**; work on **risk-absorbing measures** to crowd in private funding; and increase the availability of **venture and other risk capital**; improve the **supervisory system** at EU-level; further develop the **Banking Union**; reviving the use of **securitisation**; strategy on **financial literacy**; remove barriers to the consolidation of stock exchanges and post-trading infrastructure.

Overview of SIU pillars

Strand A - *Citizens and Savings*	• Retail savers already play a central role in financing the EU economy via bank deposits, but they should have the opportunity to hold more of their savings in capital-market instruments, if they wish to do so. Aims to increase retail investors' participation in capital markets.
Strand B - *Investment and Financing*	• To stimulate investments in critical sectors, the Commission will introduce initiatives aimed at improving capital access for all businesses, including small and medium enterprises.
Strand C - *Integration and Scale*	• Remove barriers and enhance financial market integration within the EU.
Strand D – *Efficient Supervision in the Single Market*	• Ensure that all financial market participants are treated by supervisors in the same way, irrespective of where they are located in the EU.

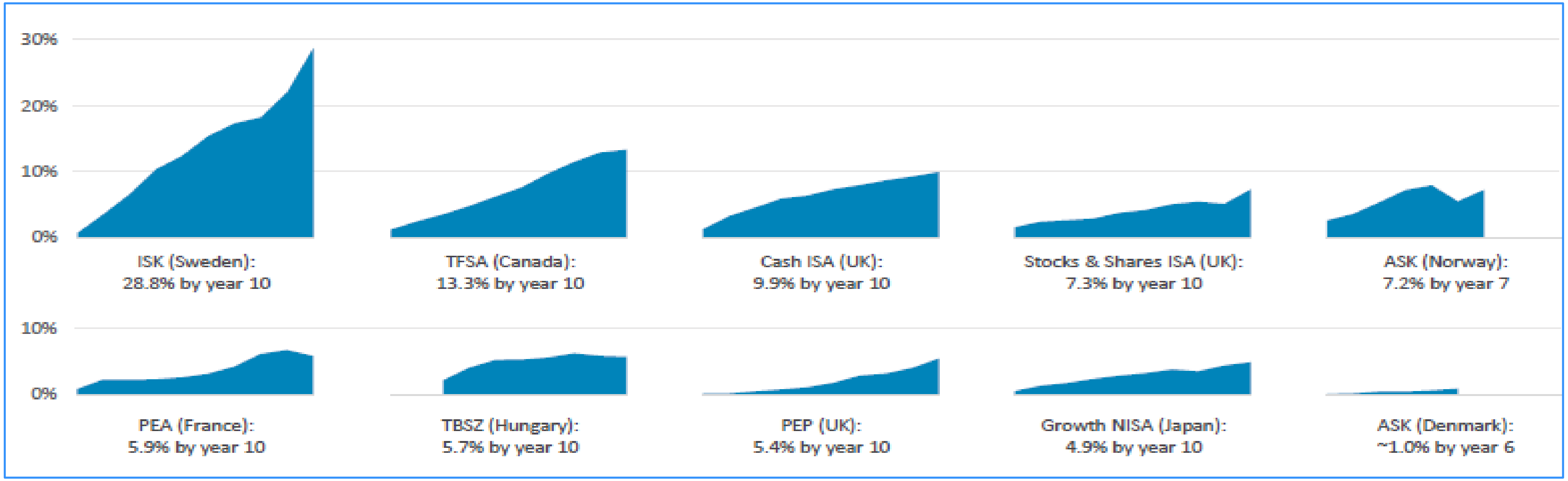
Strand A - Citizens and Savings

Retail participation in capital markets

- Create European blueprint for Savings and Investment Accounts (Q3 2025)
  - A recommendation for Member States to adopt Savings and Investment Accounts following best practices such as those done in certain Member States that already have such an account such as Sweden
  - The recommendation will not only call for these accounts to have a beneficial tax regime but will also recommend a set of other characteristics that will truly bring value for the retail investor if implemented
- Financial Literacy
  - The Commission will launch a Financial Literacy Strategy for the EU based on 4 main areas: Coordination and best practices; Monitoring and evaluation; research and funding opportunities; and Communication and awareness raising

Savings and Investment accounts

Experience in some Member States and third countries has already shown the potential for savings and investments accounts to boost retail participation in capital markets, especially when such accounts are matched with appropriate incentives and do not impose allocation constraints.



Value of assets under management in each account as a % of national GDP in the first 10 years after their launch

Source: New Financial "designing savings and investment accounts in the EU"

Objectives of the recommendation

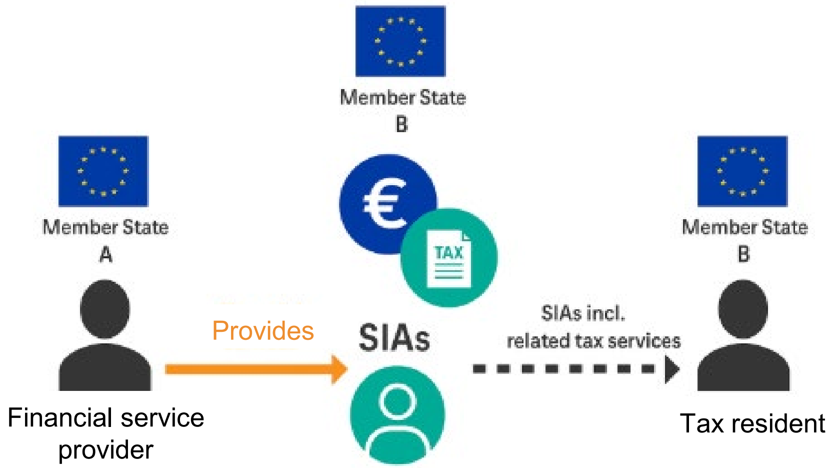
- The blueprint took the form of a Commission recommendation, jointly prepared by DG FISMA and DG TAXUD and presented on September 30th .

- The recommendation calls on Member States to introduce SIAs that would give retail investors easy access to a broad set of appropriate investment opportunities accompanied by simplified tax procedures and favourable tax treatment to build up their wealth.

- The key features for an SIA to increase retail investment are simplicity, user-friendliness, flexibility and an advantageous tax treatment.

Recommended features

- Who could provide SIAs – A wide range of EU-regulated financial service providers should be able to offer SIAs and users should be able to open multiple SIA across different providers.
- Competition of SIA providers across borders – A financial services provider authorised in Member State A should be able to offer the national SIAs incl. related tax services of Member State B to client's that are tax residents in Member State B, regardless of whether the financial services provider of Member State A is established in Member State B or not.



Recommended features (2/3)

- Low portability fees when switching SIA provider – Being able to switch SIA providers easily is key to enhancing competition. The recommendation will call for minimum fees when transferring assets or moving an account from one provider to another.

- Broad access to investments – SIA providers should provide access to a wide variety of investable assets that would allow retail savers to diversify their portfolios while enhancing their expected returns. As a minimum this should include equity, bonds and UCIT funds. High risk products would be excluded.

Minimum	Can be potentially be included	Excluded
- Equity - Bonds - UCIT fund units	-ELTIFs -Retail AIFs -IBIPs	- Cryptoassets[1] - Complex derivative instruments and related financial contracts

- User-friendly account – The recommendation will call for SIAs to have a simple, reliable and easily accessible interface.

European Commission

(1) This does not include crypto assets that qualify as a financial instrument;

Recommended features (3/3)

- Simplicity of the tax procedures, tax compliance and reporting – Simplicity in tax reporting is a key aspect in one of the most successful SIAs. The recommendation calls for a simple tax process where the burdens (including tax reporting) are not placed on the citizen but on the provider

- Beneficial tax treatment – Investment accounts should also be supported by a tax incentive to support uptake. It is left open for MS to decide how the tax incentive should take place. Some examples could be:

  - deductions from the taxable base, including allowing an amount invested in an SIA to be deducted from the taxable income;

  - tax exemptions, including providing an exemption from tax on the taxable income generated by the assets in an SIA;

  - tax deferrals, including deferring the taxation of the income generated through an SIA until it is withdrawn from the SIA;

  - or applying a uniform tax rate to the income generated by or the value of assets held in an SIA.

Comments and Questions